

# COVID-19 PANDEMIC AND ITS IMPACT ON DYNAMICS OF BUSINESS AND ECONOMICS, WITH RESPECT TO INDIA

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## ABSTRACT

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*International business is essential for the countries to generate Economic growth or to increase in exports and reduce in imports, it encompasses all commercial and economic activities between the nations to promote the ideas, resources, transfer the goods and services, technologies across the national borders. In every country has limited resources therefore a country cannot produce all the goods and services that it requires. The present context of the world, there is imbalance in production and supply factors due to Covid-19 pandemic, which has resulted in market imbalances (demand and supply). The world economy has been hit hard by the ongoing Covid-19 pandemic, as on June end more than ten 10 million people around the globe had been affected by this pandemic, India, USA and others are worst hit countries with decrease in GDP (Gross Domestic Product) and increase in unemployment rate. It may be useful to also note that prolonged lockdowns will eventually imply production shortfalls, may lead to increase in unemployment; decrease in demand for products, slowly running out stocks. In recent forecast of World Trade Organisation (WTO) indicated a clear fall in world trade between 13 per cent and 32 per cent in 2020, perhaps the highest fall since the Great Depression of 1930s.*

*India and world can overcome the challenges by specific government fiscal and monetary policies, by providing economic relief packages and increase in employment opportunities by digitalisation in all the sectors of the economy to increase in accountability, convenience, and gross production, and investment, job security to casual labours or migrant workers. These factors may change the world present situation to productive or welfare economy. The purpose of the research paper is to explain Economic and Business crisis, due to covid-19 in present situation in India and the world.*

**KEY WORDS:** COVID-19, GDP, ECONOMY and GLOBAL CRISIS.

## I. INTRODUCTION

Corona virus (covid19) is one of the global pandemic disease, was detected first time in china in Wuhan city, Hubei province of on 31.12.2019, from December to end to one month only few cases infected with pneumonia of unknown cause was found, these made china to declare National emergency, by intimating to WHO (World Health Organisation), WHO named Corona virus as COVID-19, and declared as public health emergency on 30<sup>th</sup> January 2020. The Indian economy has been hit hard by the ongoing Coronavirus (COVID-19) pandemic global crisis. As on June 22, about 425282 people in India and more than 60 percent of the world are facing hurdles in one or the other way due to the fluctuations in the business cycles as COVID-19 impact. A health crisis worldwide has generated a global economy standstill. Indian economy is facing three major challenges. First is to save the economy from the unfolding economic crisis due to the dual effects of the Coronavirus pandemic. Second is to save the country from the spread of Covid-19,

which is a 'health emergency'. Third is to provide a relief package to migrant workers, who are vulnerable in this crisis in different states in India & the world in this global and national lock down.

If we observe the world scenario, countries around the globe are facing serious consequences and damages to economies. According to the International Monetary Fund (IMF), many economies may face negative per capita income growth in 2020, due to the Coronavirus pandemic & unavailability of labour, WTO .has also slashed growth forecasts for the Indian economy, projecting a GDP growth of 1.9 per cent in 2020. In its recent World Economic Outlook, IMF does project a rebound in the growth of the Indian economy in 2021, at a rate of 7.4 per cent. India is one of the fastest developing country in the world depending on migrant and unorganised sector workers for construction works, service-related jobs, due to Coronavirus pandemic most of the migrant workers are finding hard to live in the cities else move to their natives. But in the year 2020, Indian growth

rate is decreasing due to the effect of covid-19. Most of the growth contributing sectors are unable to contribute, due to lack of demand in the economy, ADB (Asian Development Bank) has predicted Indian growth rate is to be 4% in the fiscal year 2020-21, due to lockdown implemented by the government. According to data released by Centre for Monitoring Indian Economy (CMIE), India's unemployment rate in May 2020 was around 23.5 percent, due to unavailability of labour and government restrictions, leading to Economic crisis.

## II. REVIEW OF LITERATURE

### UC CDC Definition

Pandemic refers to an epidemic that has spread over several country or continents affecting large number of people.

### WHO

"A pandemic is a worldwide spread of new disease. An influenza pandemic occurs when a new influenza virus emerges and spread around the world and most of the people do not have immunity".

**Adam Smith:** Economics of the time were dominated by the idea that a country's wealth was best measured by its store of gold and silver. Smith proposed that a nation's wealth should be judged not by this metric but by the total of its production and commerce—today known as the gross domestic product (GDP)

### III. NEED OF THE STUDY

1. The outbreak of the covid-19 is posing a challenge to many Business and economic activities and labour sections in India and the world.
2. To understand the problems faced by migrant workers during covid-19 pandemic.
3. To understand the policy and packages by the government to overcome unemployment in world, with government rules and regulations.
4. A business strategy that involves selling products and services in different foreign markets without changing the characteristics of the product/service to accommodate the cultural norms or customs of the various markets.
5. A comprehensive strategy addressing the impact of the current crisis may put the Indian economy back on a sustained economic growth path and strengthen countries trade and foreign trade policy.

## IV. STATEMENT OF THE PROBLEM

Overall Covid-19 has brought uncertainty to a large section of low income of population around the globe. Especially low-income individuals, workers or migrants are worst hit by this pandemic in India, due to 40 day's lockdown of the Indian Government. The uncertainty about future looms heavily in the mind of both consumer and producers. But the concerted action by the countries in the world will surely turn the tide. India and some other countries have great opportunities in this circumstance especially looking at the composition of global value chains in the world trade with surplus manpower, but the problem of increase in disequilibrium of payment, sudden increase and decrease in price, monopoly market of some powerful MNC's (Multi National Companies) in developing countries has made these countries to depend more on other Developed countries for import of technology and investment.

## V. OBJECTIVES OF THE STUDY

1. To understand government fiscal policies, packages to overcome the problem of health crises, with suitable fiscal policies to achieving India's goal Self Reliant India or Atmanirbhar Bharat
2. ..To enable substantial growth of production, labour and service sector in national and international trade.
3. Its effects national income, flexible trade, good business and balance of payment.
4. To understand employment, inclusive growth and security for unorganised sector in the economy.
5. It understands the sustainable growth of the economy, by increase in HDI (Human Development Index), raise in PCI (per Capita Income) in Macro view.

## VI. RESEARCH METHODOLOGY

This research output is the outcome of an overview conducted on the impact of covid-19 on Indian Economy, migrant workers and international business, Economic crisis and trade in the Indian context experiential approach. It uses secondary data for analysis, discussion with experts from part of the research work.

### i NATURE OF STUDY

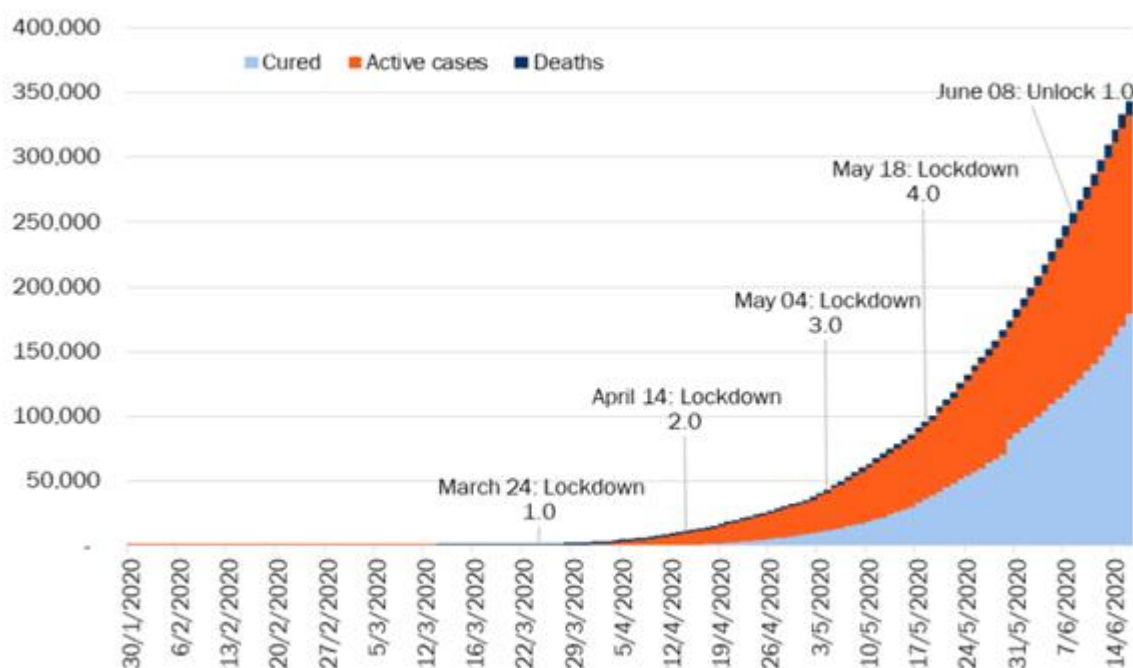
The study is mainly descriptive in nature; secondary data are used for the purposes of the study.

### ii SECONDARY DATA

Secondary data was collected from websites, various articles and journals

**DATA AND STATISTICS**

**Figure 1. Total (cumulative) number of cases of COVID-19 in India**



Source: Ministry of Health and Family Welfare, Government of India.

**BROOKINGS**

The graph indicates that most of the Economic activities in India was almost standstill, this resulted in low demand for petroleum products, oil, sales and business activities, but after lockdown 3 and 4 there was some concision given to

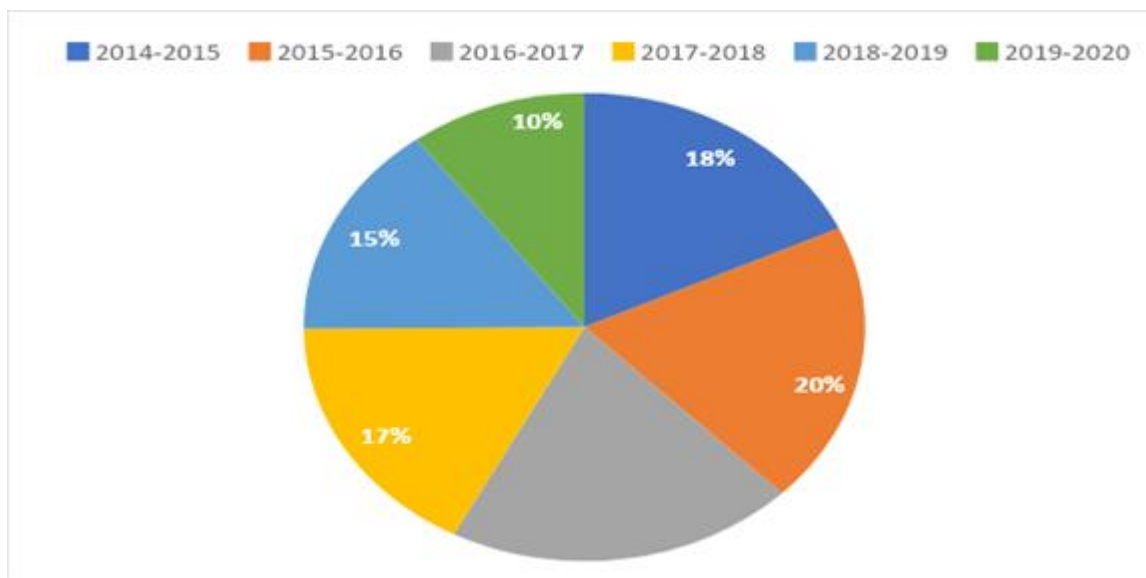
some development and economic activities, unlock phase after June 8 resulted in drastic increase in covid-19 cases, but resuming economic activities in India.

ii



The above graph explains the increase in unemployment percentage during Covid-19 pandemic from July 2019 to June 2020, as most of the working population in India works in unorganised sector, there is sudden rise in unemployment from March 2020.

### iii India's GDP Growth Hits New Low



Above graph signifies the decrease in GDP (Gross Domestic Product) in India from year 2014 to 2020, where the contribution of all sectors of GDP is unable to contribute accordingly in year 2020. data shows negative impact of Covid-19 on Indian Economy.

#### VII. RESULT AND DISCUSSION

Global pandemic Covid-19 which initially made China to suffer health and economic losses, now it has its impact on India and most parts of the world, from March 2020 India's GDP, world GDP has been hit hard, resulted in increase in unemployment, decrease in demand in India and globally. Government and international agencies has to take care to resuming economic and business activities, otherwise it may impact severely in a long run.

#### VIII. FINDINGS

1. Covid-19 has emerged as a bigger challenge for the globe to resume economic and trade related activities.
2. Most of the national, international movement of labour has led to increase in unemployment ratio of India, around 11 percent in June 2020, according to the data published by (CMIE).
3. In India due to lack of sanitization and precautionary measures, migrant workers are facing hardship to sustain in metro cities, and they are finding hard to earn their daily wages.
4. International trade may increase job opportunities, but due to governments' lockdown from March 2020, international trade related economic activities are persistent.
5. It is a tuff task for government to provide enormous digital facilities for unorganised sector in short span of time, like digitalisation, relief package.

#### IX. RECOMMENDATIONS \SUGGESTION

1. Promotion of MSME (Micro Small and Medium Enterprises) which contributes around 29 percent in GDP and digital India to all economic, financial sectors of the country.
2. Flexible tax evaluation for all section of society, including relief packages to economically weaker sections of the society during covid19, to reach

India's goal "Atmanirbhar Bharat or Self Reliant India".

3. Fiscal and monetary policies implemented according for the flexible demand and supply of labour, capital in a country accordingly.
4. India has to implement properly government schemes like "Make in India and Digital India", because India still use most of the foreign developed technology in some sensitive fields like defence, security.
5. Macroeconomic policies like Swatch Barat Mission have to be implemented to provide job security for migrant workers, unorganised sectors and below poverty line individuals.

#### X. CONCLUSION

International trade includes new economic, foreign policies implemented by the government, EXIM policy, and it creates employment to large section of population. Indian foreign trade which has come to stand still due to unavailability of workers at airports, seaports as many trade sectors are finding hard to export and import goods and services due to the pandemic. Indian workers who migrated to foreign countries for better job facilities and to increase in standard of living, most of them have returned to India due to covid-19, India has a huge task to invest in job providing sectors like MSME, Every country has limited resources therefore a country cannot produce all the goods and services that it requires, due to some trade benefit factors like comparative advantage, availability of labour, technology, capital resource, land and required goods which cannot be produced or the amount is insufficient as require, needed to be provided from other countries similarly, countries sell their products to others also when the production of goods comes in surplus quantities than demanded in the country. International trade has led to growth of various sectors in India and the world, especially after 1991 LPG (Liberalisation, Privatisation, Globalisation), various industries likes automobiles and increase in inflow of FDI (Foreign Direct Investment) and services, this growth led to increase in competition of world market, but due to effect of covid-19, most of the countries international trades exports and imports has been decreased, due to unavailability

of labour and border restrictions. Covid-19 has resulted global economic crisis, from March 2020 it has resulted in negative economic growth in Indian Economy, increase in unemployment, decrease in standard of living and problem of migrant workers. Prime Minister Narendra Modi has launched Make in India, initiative on September 25, 2014, with the primary goal of making India a global manufacturing hub by encouraging both multinational as well as domestic companies to manufacture their product in the country. Trade is central idea to ending global poverty, unemployment; International trade aim is to increase employment ratio and global inclusion.

#### **XI. LIMITATION**

- 1) Covid-19 has led to global economic crisis and can create imbalance in demand and supply of labour in the Indian economy and the world.
- 2) Trade can be led to over specialisation with workers at work of losing their jobs when domestic goods are not exported due to covid-19 restrictions, may lead to increase in disequilibrium of balance of payments in the economy.
- 3) It has resulted in country dual economics in underdevelopment countries, as a result of inflexible trade and labour policies by the government, where migrant labourers or casual workers are vulnerable.
- 4) Dumping can result in destruction of normal market of a country, by cheap imports, where domestic entrepreneurs and domestic migrant labours between the states are at risk.

#### **XII. SCOPE OF THE STUDY**

India's major export items are related to agricultural and informal sector activities, whose export demand also has come down, But this depressing situation is not expected to continue for long period of time, though it is not certain how long this pandemic will force the countries to keep all such activities under lock. Items of daily need have to be either produced or imported by all countries once the stock is over. In this respect India can go for diversification of some products depending on its expertise, especially in medical items, whose demand has got a sudden peak up in international market. And try to depend more on domestic production, increase exports may lead to create employment to large unorganised migrants or domestic labourers of the country, flexible fiscal and monetary policies may try to narrow the trade imbalance, increase in GDP growth, development of all the sectors of the economy providing job security.

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