



# IMPACT OF ECONOMIC POLICIES DURING PANDEMIC LOCKDOWN- A PERSPECTIVE

**Mr. R. Ravichandran,**

Assistant Professor, School of Commerce Studies, Jain deemed to be University, Bangalore  
Email :rchandrain@yahoo.com

**Dr Reshma Sultana PH**

Assistant Professor, School of Commerce Studies, Jain deemed to be University, Bangalore  
Email :reshmaph2013@gmail.com,

**Dr Sudha BS**

Asst Professor, School of Commerce Studies, Jain deemed to be University, Bangalore  
Email : Sudha.surana19@gmail.com

## **ABSTRACT:**

The impact of covid 19 on the economy has been quite substantial. This has forced industry to look at new ways of looking to cope up with the emerging scenario. In the aftermath of Covid -19 setting in the majority of industries with special reference to construction , hospitality , Aviation, food chain system, Logistics, Engineering and Automobiles etc were adversely affected. The sudden shutdown announced on 23<sup>rd</sup> March 2020, and the accompanying stoppage of train services pan India had put untold suffering to the migrant labour, and caused serious dent in their savings and purchasing power. It also created serious labour shortage later on opening of restrictions, due to reverse migration already having happened. The impact of all these aspects was quite severe in terms of output, employment, GDP and dampened the business climate over the last two years. The stock market went very volatile and the economic policies announced by the Govt , by way of injection of funds to the tune of over Rs2.50Lacs crores has been instrumental in maintaining liquidity and reinforced the confidence for business and trade in the economy. The labour force too though initially distraught with the sudden curb announcements had reconciled to some extent and started coming back to Cities/ Metros where they were prior to Covid. The ability and capability of the Govt to meet the challenges was put to serious test, and though initially it was dismal, over the next year it was able to see good traction and efforts made started falling in place. Overall it appears the Indian Economy has become more resilient and stronger , than in pre-covid stage, having jump started the digital revolution and policies of Govt were quite favourable to industry during these times.

**KEYWORDS:** Covid-19, Economic policies, Govt role, Vaccination, Recovery, digital technologies, Supply chain, RBI liquidity support

## 1. INTRODUCTION:

The Study on impact of Pandemic related lockdowns due to Govt Policies is an exploratory study and aims to analyse the various measures taken by Govt , implications for policy makers, challenges encountered by authorities and administration , effectiveness of outcome of programs and the reach of the program to the beneficiaries. The authors made an attempt to look at an overall perspective and see how the pandemic handling of the Govt has been effective giving the economic policy measures being adopted by the Govt from time to time, to contain the Pandemic as well as keep the economy moving albeit at a slower pace.

The authors examine the past literature in this regard in India and globally and then go on to understand the policy measures implemented by Govt of India and whether it is beneficial to the economy in controlling the ill effects of the pandemic.

## 2. REVIEW OF LITERATURE

### **Madhav Et al**

According to a study, the growth of COVID-19 has become humanity's greatest challenge. The pandemic caused economic disruption in a variety of ways, including human behavioural changes, fear aversion at work, and serious economic damages at public meetings. The quality of life and socioeconomic position were also impacted, and the study indicates that the government should intervene to provide health-care facilities and help to businesses in order for them to continue operating throughout the pandemic

### **UNESCO 2020, UNDESA 2020**

According to the study, 1.5 billion students were infected as a result of COVID-19, leading to the closure of educational institutions. Around 66.9% of those infected reported experiencing household income loss, and people with undergraduate degrees experienced income reduction due to the non-operation of a few business sectors. The mean EQ-5D-5L and EQ-VAS scores were 0.95 (0.07) and 88.2 (11.0), respectively, and demand for various products fell precipitously, resulting in a drop in economic and business operations. During the epidemic, the population experienced poverty, with elders, youth, and indigenous people in particularly susceptible positions, as well as the effects of the SARS-CoV-2 virus.

### **Vietnam Credit 2019, Ebbighausen 2020, Heming 2020**

The study found that during COVID-19, both health and the economy were vulnerable. In terms of economics, China was the country's second largest export market, and production in Vietnam was dependent on raw material imports from China. In terms of health, China, which shares a long border with Vietnam, was frozen due to the virus's spread, affecting the country's economy.

### **Vu and Tran 2020**

The Vietnamese government opted to enforce a lockdown to limit the spread of COVID-19 and gave empirical information on freezing movement over the number of deaths that occurred during that time period, infection numbers increasing, and recovery in the second stage is slow. The government established trade restrictions and maintained a national social distance by providing a high quality of life, taking prompt action, and ensuring the general population's health and socioeconomic well-being

### **VoV 2020, Le 2020, Manh & Dinh 2020**

A cross sectional study using web based approach used on the survey monkey platform conducted on April 6<sup>th</sup> 2020. The study showed partial lockdown imposed in many places with alert zones such as red, orange, blue and green, the government passed order the stating people to remain indoor, only go for essential services like food, medicine and emergency cases, people had to maintain social 2 meters social distance, public places gatherings were prohibited and only basic amenities or essential were allowed to be sold non-essential items

business were asked to shut down during the period. The main motive to prevent spread of COVID-19 from transmission in overseas and community.

### **Jagan Mohan 2020**

COVID-19 has the greatest impact on the tourism business, according to the report. It is expected that international tourist arrivals will drop by 20-30 percent. India's tourism industry contributed 9.2% of GDP in 2018, generating \$247.3 billion in revenue and 26.7 million employment, making it the world's eighth largest economy in terms of GDP contribution. In 2017, foreign visitor arrivals (FTAs) surpassed 10 million for the first time. Because to the COVID-19 pandemic, foreign mobility was restricted, resulting in lower revenue collection and a slower pace of GDP growth.

### **Goldman Sachs 2020**

According to the study the COVID-19 pandemic showed its signs from 15<sup>th</sup> April 2020 had adverse impact on economic growth of country and on global economy. It is said GDP growth in India at showed decline up to 4.8% and had adverse impact on socio-economic consequences in the region, across borders, areas of tourism, trade and financial linkages, it is estimated that GDP during 2019-2020 at 5.0% and 6.8% in 2018-19 .The nominal GDP estimated at ₹ 204,400 in February 2020 , The GDP estimated 8% to 7.1% in the first quarter, 7% to 6.2% in second quarter and 6.6% to 5.6% in 3<sup>rd</sup> quarter and Goldman Sachs estimated with GDP growth rate at 1.6% during 21 days of lockdown.

### **Jan Saahas Survey 2020**

The poll indicated that migrant workers earning between \$400 and \$600 per day, or \$600 more than the minimum pay rate, were subjected to exploitation. These workers were in debt and had difficulty obtaining basic necessities. According to the study, 49.2 percent of workers did not have rations, while 39.4 percent stated they had rations that would last up to two weeks. Further its said around 99.2% said workers had Aadhaar card and 86.7% said they had bank accounts or Jan Dhan documents and 61.7% of ration cards & 23.7 % (BPL), However irrespective of documents government provided relief packages ₹1.700 billion which few of workers faced difficult to avail the benefits. Despite government financial assistance, migrants returned home to face inequalities, hunger, poverty, social exclusion, and the struggle to overcome crises.

### **Pandey, A., and Saxena, N. K. (2022)**

The authors studied the demographic features connected to COVID-19 spread and proposed a criteria for measuring the efficacy of government efforts to battle the virus. The study hypothesises that the total number of confirmed COVID-19 patients is influenced by the urban, rural, and elderly populations, as well as population density and poverty rates. The difference between the COVID rank of the ith state based on the anticipated model and the actual COVID rank of the ith state is used to construct the policy efficacy indicator.

## **3. DISCUSSION**

After reviewing the above literature, the authors looked at the current economic and global conditions, as well as how countries around the world, including India, have reacted and responded to pandemic containment using a variety of health and economic measures, and how these have changed the economy's dimensions. The random and unexpected lockdown has impacted migrant labour and caused unspeakable hardship to the teeming millions in the villages, as well as putting enormous strain on the economy, health system, and financial sector. The following can be seen in the Indian context:

i)Migrant labour has been severely harmed, and as a result, construction work has been harmed, resulting in a halt in economic growth. People's purchasing power has been eroded as a result of the collateral damage, putting the industry in significant jeopardy.

- ii) The education system has been badly damaged at the school and university levels, while job losses and accompanying economic losses resulting from shutdowns in the manufacturing and service sectors have had a significant impact on the people.
- iii) Due to the closure of schools and colleges, students must re-skill in order to equal or scale up to pre-covid levels, which necessitates a bigger budget allocation on the costs and investment side.
- iv) Govt imposed severe curbs and it was one the strictest lockdowns in the world and this had the desired effect of tapering or flattening the curve , at the first stage , but due to the second wave the situation was more grim and health care apparatus was unable to meet the demands of the economy .
- v) Shortage of Hospital beds, ventilators have been responsible for loss of many a lives though in the overall the death rate was lower at 2-3.5%
- vi) Indian health care system had virtually collapsed during the second wave and many youngsters were left without parents, imposing untold suffering on the growing population with chaos situation at medical centres, hospitals. After the initial set back the Govt took initiatives to rope in private hospitals to allocate beds for the Covid 19 patients district wise and state-wise which had a desired effect .
- vii) Vaccination was given top priority, and emergency approvals were granted to Covi-shield, Co-vaccine, sputnik V . etc which was helpful to ensure that the majority of population had at least one dose by the 15<sup>th</sup> month of the initial onset of pandemic. Also the vaccines were exported to some friendly countries in Africa. Vaccine prices were reduced initially, but later the govt made the vaccine free for vaccines taken at PHC and Govt hospitals. It also fixed an upper limit for Covid -19 patient per bed price and per vaccine shot , which was reasonable .
- viii) The Govt Implemented the WFH( work from home) policy, which was design to bring contactless applications and integration as well as was instrumental in moving the economy virtual and digital all in a span of only 6months . These actions helped industries, to quickly change gears and put it on a steep learning path , albeit with some difficulties and growth of industries though got affected , the recovery in certain sectors was quickly visible. IT services and Banking services went mostly digital, and reduced traffic on roads. Tourism, Real estate and Construction activities along with Logistics was adversely affected, However IT services sector in India saw a boom and the valuations went soaring up, due to cost reductions, job losses and a jump shift to online mode of work or hybrid mode of working . Learning curve for industries was initially steep but later the curve got flattened as the industries were now able to handle similar situation coming up in future due to move to digital platforms and extensive use of remote working tools, application interfaces. However this brought a new risk of Cyber attack to which the industries and corporates are now trying to cope up with .
- ix) Logistics industry was badly affected , and supply chain disruptions were severely impacting the economy , and in particular the electronic , IT industry and mobile phone sales which have their supply base in China's factories.
- x) RBI pumped in more funds and improved the liquidity and reduced volatility in financial markets .
- xi) The social distancing norm, and segment wise lockdowns have had a crippling effect on the economic growth and the GDP, PMI , and IIP , all fell considerably, as compared to pre-pandemic times.
- xii) A comprehensive economic plan has been unveiled, with USD 21.9 billion allocated to the 'Pradhan Mantri Gareeb Kalyan Yojana,' which will benefit 800 million people affected by the blockade.
- xiii) The 'Aatma Nirbhar Bharat Abhiyan' (Self-Reliant India Campaign) was unveiled in May 2020 as a unique economic package of USD 265 billion. It comprises relief and credit support for enterprises, particularly MSMEs; the poor, including migrants, farmers, and street vendors; agricultural infrastructure logistics; and structural reforms in important sectors like coal, aviation, and power, among others.
- xiv) The World Bank has given \$1 billion to help India's COVID-19 Social Protection Response Programme get off the ground. (In May of 2020)

- xii) A comprehensive economic strategy has been announced, with USD 21.9 billion set aside for the Pradhan Mantri Gareeb Kalyan Yojana, which will aid 800 million people affected by the blockade.
- xiii) In May 2020, the 'Aatma Nirbhar Bharat Abhiyan' (Self-Reliant India Campaign) was presented as a USD 265 billion economic programme. Relief and loan support for businesses, notably small and medium-sized enterprises (MSMEs); the poor, including migrants, farmers, and street vendors; agricultural infrastructure logistics; and structural reforms in vital sectors like as coal, aviation, and power, to name a few.
- xiv) The World Bank has agreed to contribute \$1 billion to India's COVID-19 Social Protection Response Programme. (In the month of May 2020)
- xv) The Indian government and the World Bank struck a \$400 million agreement to protect India's impoverished and vulnerable citizens.
- xvi) The Reserve Bank of India (RBI) has stated that EMIs on all existing loans will be suspended till August 31, 2020.
- xvii) The Reserve Bank of India lowered the repo rate by 40 basis points to 4% in an effort to enhance liquidity. As a result, the MSF and bank rates have been cut to 4.25 percent from 4.65 percent, while the LAF reverse repo rate has been cut to 3.35 percent from 3.75 percent. All Indian financial institutions will be eligible for USD 6.5 billion in special refinancing facilities
- xviii) The time frame for realising and repatriating export revenues has been extended to 15 months from the date of shipment for exports made up to and including July 31, 2020
- xix) Testing facilities, personal protection, isolation beds, ICU beds, ventilators, and medical and paramedical staff training are all part of the USD 1.96 billion budget.
- xx) 'Pradhan Mantri Garib Kalyan Package: Insurance Scheme for Health Workers Fighting COVID-19' approved, with funds taken from the District Mineral Fund to supplement and increase medical testing, screening, and other initiatives. A total of 2.2 million public healthcare practitioners, including community health workers, will get USD 65,000 in insurance coverage for ninety (90) days. It will also cover unintentional death as a result of getting COVID-19.
- xxi) Since the lockout on March 24, around 84 million farmers have benefited from the Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) Scheme.
- xxii) MSMEs have been given access to a USD 39 billion emergency working capital facility. A further USD 2 billion in subordinate debt has been set aside for strained MSMEs.
- xxiii) A USD 3.9 billion special liquidity scheme for NBFCs, HFCs, and MFIs has been established. Liabilities of NBFCs/MFIs are now covered by the USD 5.9 billion partial credit guarantee Scheme 2.0.
- xxiv) USD 8 Billion have been provisioned for subsidizing fertilizers provided to support agriculture

#### 4. LIMITATIONS OF STUDY

The study does not bring into account /focus the empirical aspects based on interlinkages between the policies of the govt and the action outcomes on the ground as visible in terms of delivery effectiveness of programs, under challenging times.

#### 5. CONCLUSION:

The Govt of India ,as with other national govts globally seems to have been sensitive to the situation to hand and been able to quickly put in measures and regulations to ease the restrictions with no stoppage of essential goods and services for consumption to masses. The proactive measures and new style of working by industries has shifted the work to a new Normal of Hybrid working , WFH, more use of AI tools, applications and interfaces etc. The pandemic has also given a boost to the local vaccine manufacturing industry and today

India is the largest vaccine producer in the India with many new companies arriving on the horizon. These hold immense promise for the Vaccine and Drug industry and new measures like Vaccine pill, drops have been waiting their turn to see their day, at approval stage. The recovery in the economy also has been quite good, with certain sectors having grown the K-shaped way while rest are most in the U-shaped recovery path, though some may have a V-Shaped recovery (which is in very few sectors and for shorter time duration). All in all the Govt policies and Economic policies have certainly helped to bring the back the growth on track.

## References

- Tran, B. X., Nguyen, H. T., Le, H. T., Latkin, C. A., Pham, H. Q., Vu, L. G., ... & Ho, R. (2020). Impact of COVID-19 on economic well-being and quality of life of the Vietnamese during the national social distancing. *Frontiers in psychology*, 2289.
- Women, U. N., & Snyder, D. (2020). COVID-19 and the care economy: Immediate action and structural transformation for a gender-responsive recovery. *Gender and COVID-19 Policy Brief Series. UN Women, New York.*
- KISTAK, S. AN ANALYSIS OF HOW CHINA IS EMERGING AS THE CHAMPION OF FREE TRADE WITH A LONG-TERM GLOBAL STRATEGY. *Journal of Research in Economics*, 6(1), 20-44.
- Quang, T. D., Tran, T. C., Tran, V. H., Nguyen, T. T., & Nguyen, T. T. (2022). Is Vietnam ready to welcome tourists back? Assessing COVID-19's economic impact and the Vietnamese tourism industry's response to the pandemic. *Current Issues in Tourism*, 25(1), 115-133.
- Ramos-Bossini, A. J. L., Galvez-Lopez, R., & Perez-Rosillo, M. A. (2021). Pneumoperitoneum and COVID-19. A causal association?. *Revista espanola de enfermedades digestivas: organo oficial de la Sociedad Espanola de Patologia Digestiva*, 113(9), 689-690.
- Thunström, L., Newbold, S. C., Finnoff, D., Ashworth, M., & Shogren, J. F. (2020). The benefits and costs of using social distancing to flatten the curve for COVID-19. *Journal of Benefit-Cost Analysis*, 11(2), 179-195.
- Amutha, D. (2020). COVID-19 Epidemic and Its Impact on Economy and Society. *Available at SSRN 3737535.*
- Chaudhary, M., Sodani, P. R., & Das, S. (2020). Effect of COVID-19 on economy in India: Some reflections for policy and programme. *Journal of Health Management*, 22(2), 169-180.
- Pandey, A., & Saxena, N. K. (2022). Effectiveness of government policies in controlling COVID-19 in India. *International Journal of Health Services*, 52(1), 30-37.