

COVID-19: Microeconomic Impacts Scenarios

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Submitted to the

International e-Conference on Microeconomic Impacts of COVID-19 Pandemic

October 2-3, 2021

Organized by

Center for Academic & Professional Career Development and Research (CAPCDR)

CAPCDR

Abstract

WHO has declared a state of emergency in relation to the COVID-19 global pandemic, which has a huge impact on GDP, employment, inflation, stock markets, etc. This outbreak has badly affected the global economy. Measures to contain the spread of the pandemic have curtailed economic growth prospects on countries due to the prolonged effects of lockdowns and restrictions on travel and movement of goods. According to economists, this had a serious negative impact on the global economy. Preliminary estimates suggest that most major economies will lose at least 2.9% of their gross domestic product (GDP) in 2020 if the virus becomes a global pandemic. COVID-19 has worsened the condition of the economy not only of India but also of the world. According to the World Bank report, India's economy is also going to have a massive impact due to COVID-19. India's economic growth rate will drop drastically due to the virus. The availability of raw materials, production and distribution of finished products has been affected due to the lockdown. The onslaught of COVID-19 has brought a big problem for the economy. There are two problems facing the world at this time, first to stop the infection of COVID-19, secondly to get the economy back on the growth track. The global economy faced a severe recession due to the lockdown and the rules of maintaining distance from each other (social distancing). Governments and central banks across the world have supported economies through various measures such as lowering policy rates, quantitative easing measures. Therefore, appropriate measures should be taken to get the economy back on track while controlling the spread of the pandemic.

Keyword- inflation, stock market, global, pandemic, economy, World Bank, Covid-19, lockdown, GDP, development, social distancing, Government, countries.

Introduction

COVID-19 pandemic is a global crisis and it has also attached economic system. So that unemployment, reductions in income according to WHO pandemic crisis has not only affected economy but also impact across production, business and tourism. Global financial markets have been heavily impacted by the effect of COVID-19 pandemic. The globally economy was badly hit by the COVID-19 pandemic. Most of these impact on GDP, employment, inflation, stock market and poverty so that lost of their jobs due to this pandemic. Asia's economic growth this year will decline for the first time in 60 years, according to the International Monetary Fund (IMF) as the Covid-19 crisis has taken an "unprecedented" negative impact on Asia's services sector and major exporting countries. In a report released by the IMF for the Asia-Pacific region, the growth rate of Asia's economy is expected to be zero for the first time in 60 years.

COVID-19 Impact of microeconomics-

The world is in the grip of the COVID-19 pandemic. Almost all the countries are facing many economic and social crisis due to this epidemic. India is also no exception to this. The measures adopted to contain the spread of the COVID-19 pandemic have created an unprecedented economic crisis in India as well as the rest of the world. Like every country in the world; COVID-19 has affected the Indian economy too. During the unlock in India, various steps were announced regarding the demand. The public investment program was centered around the National Infrastructure Pipeline to accelerate demand and drive further improvements. Structural reforms were implemented by the government in agriculture markets, labour laws, definition of MSMEs, mining and production based incentives in 10 key sectors to bring the economy back on track. ADB, S&P Global Ratings, Moody's and India Ratings have also cut India's economic growth rate estimates due to the damage caused to the economy by the infection of COVID-19. NDB and ADB announce

emergency aid to India to help India stop the spread of COVID-19 and cause human, social and economic losses.

Asia-Pacific Economic Cooperation (APEC) leaders meeting focused on the COVID-19 pandemic and its economic impacts on how it is important to respond collectively to accelerate economic recovery or address barriers to the efficient delivery of vaccines and related goods includes removing. Most of the Southeast Asian countries fall under middle-income countries and are battling the impact of the COVID-19 pandemic, which has brought their economic activities to a standstill. Which are mainly focused on tourism and export oriented industries? The imposition of travel restrictions has hit the tourism sector, while disruption of supply chains and the temporary closure of factories are affecting ASEAN economies that rely on export-led growth.

To counter the emerging economic slowdown, Southeast Asian countries are announcing massive new fiscal stimulus. Malaysia has so far announced three rounds of fiscal stimulus of US\$4.8 billion, US\$57 billion and US\$2.3 billion, to counter the economic impact of the COVID-19 pandemic and increase its GDP is 20%. Singapore has so far announced three fiscal stimulus packages worth US\$42 billion.

The Economic shock has been faced by many countries in the month of March, 2020. When the pandemic named 'CORONA' enters in different nations. The entire world is suffering miserably without having any way to escape the pandemic and the countries only left with the policy of "Lockdown". Because this is the only tool available to weaken the spread of virus and yes, this will surely affects the health of an Economy of all the countries.

INDIA, a fast developing country also faces severe effects of this Natural phenomenon. Pandemic come critical disturbances like: -

- Financial disturbances
- Social Disturbances
- Political Disturbances.

The Nationwide lockdown not only affects the industries and economy, but also the other areas, as before ICRA said that: -

- The Indian Economy will face a sharp down in 84 of F42020 and it is expected to be fallen to 4.5%.
- GDP Growth for F421 shall constrain to around 2%.
- Slowdown of Domestic Production.
- Negative Growth in global Export.
- Lowers the domestic demand.
- Arouse a situation of 'Mass job' Losses.

Micro – Economic Impacts of Coved-19 Pandemic on Different Sectors such as: -

➤ **Manufacturing Eo-Production**

The manufacturing and production sector of India is highly suffering due to Lockdown situation all big names like Aditya Birla Group, ITC, Dauber India, Ultra Tech Cement etc have put off the production completely.

➤ **E-Commerce: -**

Almost, all E-commercial companies like Amazon, Flip kart, Grojers etc started to focus their sale only for essential goods due to the legality involved in the essential and Non-essential items during the lockdown situation.

➤ **AGRICULTURE: -**

Due to lack of logistics and the unavailability of labor, this sector also finding difficult to manage with the situation. Due to unavailability of logistics, Transport, Packaging and labour, Likewise, Production of Tea & Coffee is also comes to a stand ill.

➤ **Service and live event sector: -**

The organized sector like education IT has to perform their duties from their home. Many life events and industries have been closed down completely. It is estimated that the Industry will lose around INR 3,000 Crore.

➤ **Aviation E Tourism: -**

This sector is a Big Combustors to the Indian Economy with 7.5%. A large no. of National / International Tourists and Businessmen visits in India every year. The suspension of Tourism Activities highly Impacts the Indian Economic.

➤ **Stock Market: -**

The Biggest Dip in the history of stock market in India has been seen on 23 March, 2020 (where Sensex you 4000 points (13.15%).

COVID-19 could affect the global economy through three channels:

- 1-Direct impact on production
- 2-Supply chain and market disruption
- 3-Financial impact on firms and financial markets

Conclusion- Countries focused on protecting lives and livelihoods due to the COVID-19 pandemic. This effort is based on the humanitarian principle, under which people's lives cannot be brought back, but due to the lockdown, it has helped in protecting people's lives and securing livelihood. GDP decreased due to the pandemic. Due to this epidemic, the whole world had to face an economic recession; this global financial crisis was more severe. An epidemic is a big disaster for any country. This has been coming in the form of disaster all over the world, due to which a large number of people have died. Due to the outbreak of these epidemics, there is a very bad effect on the physical and economic health of any country. At this time the whole world is struggling with a big pandemic called COVID-19. This virus was first detected in the city of Wuhan, China, which is continuously spreading all over the world, due to which the World Health Organization has declared it as a "global pandemic" on March 11, 2020. Due to the COVID-19 pandemic, every type of section has been affected, such as farmers facing different types of problems, including problems related to harvesting of Rabi crops, problems of selling ready crops in the market, problems of farmers related to dairy industry, crop Problems related to storage and apathy of the government towards agriculture etc. The strategy to deal with the epidemic will have to be controlled, fiscal policy and long-term structural reforms, financial and monetary support, relief to the weaker sections during lockdown, investment promotion, and debt relief. However, with the introduction of the vaccine, economic activities have become even more normal.

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