



## IMPACT OF COVID 19 ON INDAN RURAL ECONOMY

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### ABSTRACT:

Even as India has reached a new level in Covid-19 with over one lakh positive cases, there is no clear idea yet on the incidence of the disease in the rural areas. Irrespective of any such incidence, rural areas have also come to bear a major brunt of the lockdown imposed since March 25. With hordes of migrants returning to rural areas, there could be the double-whammy of the spread of Covid-19 and the worsening of the socio-economic situation. The current study offers insights on the plight of migrant labourers and impact of COVID-19 on rural economy in India. The governments of most countries, including India, have already taken several measures to reduce the spread of COVID-19, such as lockdown, social distancing, closure of shopping malls, gyms, schools, universities, religious gatherings, etc. This lockdown has affected every Indian sector, such as the Economy, Retail Sector, Tourism Industry, etc. This paper aims to explore to what extent a 2020 epidemic like Covid-19 had impacted the Indian economy using a machine learning approach. The statistical data from esteemed and trustworthy information sources were gathered to realize the impact of the Corona Virus on the Indian economy. Based on this trusted data, analysis has been performed using the various regression models

**Key words:** - COVID-19, Migrant Labourers, Agriculture, Rural Economy

### INTRODUCTION:

The SARS-CoV-2 virus has profoundly impacted the economy, environment, health, and social structure of the globalized world. The expenses associated with containment and treating this contagious disease are absurdly high, which is difficult to sustain even for the wealthiest and developed countries. Even as India has reached a new level in Covid-19 with over one lakh positive cases, there is no clear idea yet on the incidence of the disease in the rural areas. Irrespective of any such incidence, rural areas have also come to bear a major brunt of the lockdown imposed since March 25. With hordes of migrants returning to rural areas, there could be the double-whammy of the spread of Covid-19 and the worsening of the socio-economic situation. The large-scale reverse migration that has been witnessed under the duress of lockdown is an unprecedented tragedy which needs to be understood well. COVID-19 was first declared a public health emergency and later a

pandemic by the World Health Organization (WHO). The central and states government in India under the special economic package, Pradhan Mantri Garib Kalyan Yojna (PMGKY) scheme etc. tried to take care of the economy and the poorest among the poor but effective implementation of this scheme poses a big challenge. Migrant's workers are the engine of growth from centuries which have been working day and night for the economic success of any region across the globe. On the other side, they are the most vulnerable and have no access to any kind of social security.

The COVID-19 had adverse effects on society like the healthcare system overburdened, economic downturn, starvation of the poor people, slow down of the stock market, losses in the retail sector, and downfall to the tourism sector. The current study offers insights on the impact of reverse migration on rural society and the economy. Status of the Indian economy and success Indian planning is also assed. The

status of the health infrastructure of India and bias in COVID-19 cases due to low testing is examined.

#### **Objectives of the Study :**

A- To analyze theoretical linkages of COVID-19 and the economy.

B- To study about overview of the Indian economy and health infrastructure.

#### **Health Infrastructure**

In India, private healthcare is expensive and unavailable for the majority of peoples who leave public healthcare as the only option in the time of need. For critical COVID-19 patients, we require healthcare facilities such as intensive care units (ICU) and ventilators. Currently, all the COVID-19 positive cases are transferred to government hospitals. Hence, it is important to assess where India and its states/union territories stand in terms of health infrastructure to fight the novel virus. Table 2 reports healthcare indicators of India and majorly affected countries of the world from the COVID-19. In India, private healthcare is expensive and unavailable for the majority of peoples who leave public healthcare as the only option in the time of need. For critical COVID-19 patients, we require healthcare facilities such as intensive care units (ICU) and ventilators. Currently, all the COVID-19 positive cases are transferred to government hospitals. Hence, it is important to assess where India and its states/union territories stand in terms of health infrastructure to fight the novel virus. Table 2 reports healthcare indicators of India and majorly affected countries of the world from the COVID-19.

#### **2. Impact of COVID-19 on Indian Economy**

The countrywide shutdown has brought an immediate end to almost all economic activities. The instability of demand and supply powers is continuing even after the lifting of the lockdown. The Indian economy will need time to return to its normal state. India's growth fell to 3.1 percent in the fourth quarter of the fiscal year

2020, according to the Ministry of Statistics [16]. The unemployment rose to 26% in April, from 6.7% in March 2020. The 140 million people lost employment during this lockdown, and others got salaries cut. During the first phase of lockdown (25 March-14 April 2020), the Indian economy was expected to lose \$4.5 billion every day<sup>2</sup>. Impact of COVID-19 on Indian Economy The countrywide shutdown has brought an immediate end to almost all economic activities. The instability of demand and supply powers is continuing even after the lifting of the lockdown. The Indian economy will need time to return to its normal state. India's growth fell to 3.1 percent in the fourth quarter of the fiscal year 2020, according to the Ministry of Statistics [16]. The unemployment rose to 26% in April, from 6.7% in March 2020. The 140 million people lost employment during this lockdown, and others got salaries cut. During the first phase of lockdown (25 March-14 April 2020), the Indian economy was expected to lose \$4.5 billion every day.

#### **Impact of COVID-19 on Stock Market**

The International Monetary Fund (IMF) has already said the society is experiencing a terrible effect due to the pandemic of the Corona Virus and has entered a financial crisis. Not only in the global stock market but also in the Indian stock market, Covid-19 created a crisis[19]. This also causes concern about the global economic crisis and recession. Many big brands in India, such as BHEL, Tata Motors, UltraTech Cement, Grasim Industries, and L&T, etc., have shut down its operations or reduced the services significantly. The Sensex plunged a lot from Jan 2020 to March 2020 on the Bombay Stock exchange.

#### **Theoretical Linkages of COVID-19 and Economy**

The broad economic channels of the theoretical linkages between COVID-19 and the economy are presented in figure 2. The present theoretical link is adopted from Evans & Over (2020);

Boone (2020) and Singh & Neog (2020). The health sector would play a vital role in the economy. The sickness and mortality caused through COVID-19 will overburden healthcare system which will have both short-run and long-run effects on the economy. In the short-run sickness and mortality would impact wages and income which would increase in mass poverty.

#### **Issues and Challenges**

COVID-19 brings crisis on several economic and non-economic fronts over the globe. There would be demand and supply shocks because of trade restriction and labor mobility. In India, there would serve consequence on 81 per cent people employed in the informal sector. In the current situation, the internal migrant labourers in India are around 450 million. Field realities show migrant labours are higher in case of UP and Bihar followed by MP, Punjab, Rajasthan, Uttarakhand, Jammu and Kashmir and West Bengal. Currently, returnees are coming with empty hands which have left their destination to save their life from poverty and hunger. According to ILO estimates around 400 million workers in India in the informal economy are at the risk of falling deeper into poverty during the crisis.

#### **CONCLUSION :**

Our Indian Prime Minister Narendra Modi announced a mega 20 lakh crore rupees package for the Indian economy on 12th May 2020 which is 10 per cent of total GDP. COVID-19 disease started from Wuhan, China, in December 2019 and has become a pandemic according to WHO. The disease has spread across the globe and emerged as a deadly risk to human health. The disease is spreading very quickly, and the number of people locked up is rising day by day. COVID-19 has badly impacted every aspect of life. This research concludes the economic impact of COVID-19 in India. We have performed data analysis on the Stock Market vs. COVID-19 patients in India from March 2020 to July 2020. We used machine learning to predict the opening SENSEX rate by using different regression models. The increasing number of COVID-19 cases directly impacted the stock market. In the future, this work can be extended by including other features like the number of deaths, the number of recovered cases, etc. to analysis the impact on the stock market in India.