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Analysis of Primary and Tertiary Sectors of the Economy Post-covid

AYUSHMAN TRIPATHI¹

ABSTRACT

The coronavirus pandemic has generated an unparalleled loss and disruptions all around the globe. From developed to developing, no nation has been immune from its impact. In this study, we have evaluated the effects of COVID-19 on the economic system of India thus far. An assessment based on the available literature is done on all three sectors—primary, secondary and service sectors including the influence on migration, health, unemployment, job losses, informal economy, environment, and so forth. The entire sectors of the economy have been disproportionately affected including within a sector, there is a disproportion loss. The social repercussions are catastrophic also with lost jobs, mental issues, greater family abuse, and so forth. Some good benefits may be noticed in terms of better pollution levels, quality of water, wildlife but the durability of such influence is dependent on post-COVID and everyone's lifestyle and future regulations connected to the environment.

I. INTRODUCTION

The World Health Organization has declared COVID19, a pandemic caused by a new virus of coronavirus that emerged in Wuhan, China, in December 2019. It has produced an insecure atmosphere for people, as well as a loss of business and employment opportunities. Because of its contagious nature, it has interrupted a vast number of economic activities. As of June 24, there were about 9,129,146 instances worldwide, with 4,73,797 people losing their lives. India ranks fourth in the world in terms of cases reported and the first in Asia. In India, there were 4,56,183 confirmed cases, with 14,476 deaths, mostly in the states of Maharashtra and Delhi. The majority of countries, even affluent ones such as the United States, Italy, and the United Kingdom, are unprepared to cope with the epidemic. Currently, the concern is not just for human well-being, but also for the global economy, which is taking a severe blow from all angles. Economic disruptions are likely to be more severe and widespread in emerging and developing countries, due to larger national outbreaks and more delicate and vulnerable health services, as well as greater exposure to global spillovers through different channels such as trade, tourism, raw material and financial markets, weaker macroeconomic frameworks, and

¹ Author is a student at Guru Ghasidas Vishwavidyalaya, India.

widespread informality and poverty. It is not only a health problem; it is also an economic and social issue that many economists have dubbed a "black swan." Because of its contagious nature, practically every country preferred a lockdown to prevent it from spreading. After this, on March 22, 2020, India declared the "Janata Curfew." Following that, India was placed under a complete lockdown for 21 days, which was then prolonged for another 19 days, and then it was expanded further with slight exemptions. Many concessions were made after June 1 to allow for the continuation of commercial activity, although certain states' borders remain closed until today, depending on the severity of the health issue in that state. However, following a total stop on all economic activity, certain relaxations have been granted, but an unparalleled loss has already happened, and the market has been severely rocked.

II. IMPACT ON PRIMARY SECTOR

To restrict the spreading of COVID19, India enacted a total shutdown in March, which overlapped with the height of the Rabi crop harvest season in India, mostly in the northwestern states, causing significant losses to farmers. Although the agricultural industry was given some leeway during the shutdown, farm owners nonetheless faced transportation limits, mobility restrictions, and a labour shortage owing to the reverse movement of workers to their homelands. Farmer in Maharashtra said it was a tougher condition than it was during the 2016 demonetization.

Prior to the epidemic, India's rural areas had been seeing a fall in earnings of mostly temporary employees, as well as decreasing rural wages. When food costs began to rise in January 2020, there have been some lights of optimism, and with this major crisis, all dreams were dashed.

Agricultural and related activities are not a homogeneous collection of activities; rather, they constitute a covering of several activities, each with its own set of characteristics. As a result, the influence of COVID19 on this area varies depending on the activities involved, such as agriculture, cattle, fishery, and so on. Horticultural and foodgrain production are both crops that are affected in distinct ways. Horticulture is much more likely to bear the brunt of the effect due to perishability, while food grains are nonperishable and, apart from harvesting issues and labour shortages, are mostly unaffected. Rabi harvesting has gone well, and an MSP increase for Kharif crops has been announced, ensuring farmers a 50–83 per cent return on their investment. Horticulture has been hurt severely by falling demand and decreased exports of fruits and vegetables. Similarly, floriculture has been impacted by lower demand as a result of religious buildings being closed, nuptials being postponed, and so on. Milk is the biggest contribution to livestock (milk, meat, eggs) that has been harmed and, thankfully, has remained

stable throughout the lockdown.

Fishing and aquaculture are projected to get a significant negative impact, while food grains and cattle will have a minor influence and horticulture will have a moderate impact. Agriculture appears to be a bright spot in India despite the COVID19 turmoil, with CRISIL forecasting a 2.5 per cent growth rate in FY2021.

Farmer in the designated villages also wasn't directly afflicted by the illness since the area was clear of COVID-19 in April and May; rather, they were impacted by the policy decision of the abrupt shutdown. They encountered a number of challenges, including a price collapse in soybeans, a lack of market access for perishable crops, a drop in market requirements for milk supply, and a freeze in investment decisions. Other unusual benefits were workforce cost savings owing to the reverse emigration of family members. Other researchers have also addressed these impacts. According to Rawal and others, the effect on consumable vegetable, fruit, milk, eggs, and poultry farmers has been considerably worse than on grains, lentils, and edible oil growers, the impact on the dairy industry as a result of the lockdown closure of refreshing shops and restaurants.

The challenges and troubles that farmers have encountered as a result of the shutdown cannot be reversed, but they may be protected from further harm. On the one hand, it is vital to address health concerns and preserve the lives of individuals in rural regions, but it is also necessary to protect their livelihood from further harm. There is a pressing need to strengthen the resilience of disadvantaged farmers to economic shocks.

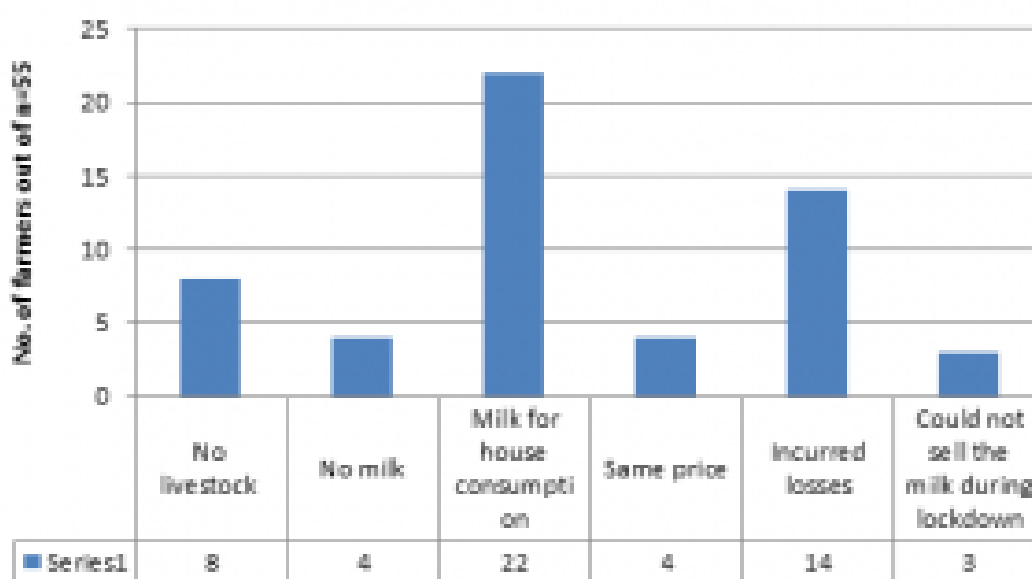


Fig 1. Impact of covid 19 on livestock farming

III. IMPACT ON THE TERTIARY SECTOR

In India, the financial industry, which has a critical role to play in times of crisis, has been beset by issues such as the Twin Balance Sheet (TBS), elevated amounts of nonperforming assets (NPAs), and an undercapitalized financial system. Companies are also financially unstable and highly leveraged in the private industry. More issues include the IL&FS crisis, a 90 per cent drop in commercial credit in the first half of FY2020, and the near-demise of a very well and reputable private financial institution—Yes Bank, among others.

The intensity and duration of the disaster, the efficiency of fiscal and monetary policies, and the responses of the federal reserve all influence how much the financial market is impacted.

The banking sector is unaffected, but since banks are at the centre of people's awareness, the indirect effect of various other pandemic-affected industries is likely to be felt by financial institutions. Banks are the primary source of assistance during times of crisis, therefore when all other sectors are struck hard, banks will bear the brunt of the damage. Due to this harsh crisis, the banking sector's already existing troubles are projected to worsen. Due to the shutdown and failure of different commercial activities, the stock market had its worst month in March 2020.

Over a 1/3 of service and manufacturing enterprises have requested bank loan moratoria. Even if just a quarter of these delayed loans default, the stock of nonperforming assets (NPAs) might rise by Rs. 5 lakh crore. And keep in mind that this is a conservative estimate. According to reports, senior bank executives estimate that the stock of nonperforming assets (NPAs) could rise by about Rs 9 lakh crore. In this situation, we're talking about NPAs of Rs 18 billion rupees or around 18 per cent of total loans outstanding. It's important to think about who will compensate for such losses if they occur for planning considerations.

Other vital aspects of the service industry, such as aviation, transportation, travel, and tourism, have been impacted particularly hard not just in India but throughout the world. The loss to this sector too will be based on the severity and longevity of the crisis. A report by KPMG indicates that around 38 million job losses are expected in India's travel, tourism and hospitality industry²

This pandemic mostly impacted employees in the unorganised sector, primarily daily wage earners or those employed by Micro, Small and Medium Enterprises (MSMEs), leaving them unemployed and with no other source of income. Everyone is seeing their arduous journey to

² Chaitanya mallapur, India's Covid-19 lockdown may cause 38 million job losses in the travel and tourism industry, (2020) SCROLL scroll.in/article/959045/indias-covid-19-lockdown-may-cause-38-million-job-losses-in-the-travel-and-tourism-industry

their homes on foot and on a bicycle, but states have recently offered some assistance in the form of special trains. Following the lockdown, providing them with work is a critical step, since their lack of it pushed them to flee their homes. The people may not die from corona, but they will certainly perish from famine.

Finally, almost every sector was impacted by the disease outbreak, which includes aviation, where all domestic & global flights were forced to cancel, sports, where event cancellations resulted in significant losses for organizing committees, textile products, where India relies on Chinese textile factories for raw materials, and transportation, where profits were impacted due to the restrictions on public transportation, including metros and railways. The government has launched a stimulus plan of Rs. 20,000 crores to stimulate economic growth. Following COVID-19, the government's attention must be on boosting employment, providing financial assistance to industrial facilities, and simplifying the GST system to make conducting business easier. Because the vaccine is unlikely to be ready for broad usage for at minimum a year or two, each nation must find a means to cope with corona. The table below summarizes the idea.

Time period	Indian GDP % growth	Services GDP % growth	Manufacturing GDP % growth	Agriculture GDP % growth
FY 21 (Reflection of the wave-1)	-7.3%	<u>Contracted by 16%</u>	Contraction by <u>7.2%</u>	<u>A growth of 3.4%</u>
% contribution to the overall GDP	Nil	<u>55%</u>	<u>17.4%</u>	<u>17.8%</u>
Expected impact of the wave-2	8.2% to 9.3% (Overall growth due to base effect but reduced forecasts by rating agencies)	Significantly lower than wave-1	Lower than wave-1	Higher than wave-1

IV. CONCLUSION

The worldwide impact of the COVID19 epidemic has been unprecedented, but India, as a rising country, is expected to be disproportionately impacted in every sector. Agricultural and associated industries have been struck disproportionately hard, with horticulture and poultry bearing the brunt of the damage. However, the agriculture industry is considered a bright area and is expected to be less damaged than other sectors. Manufacturing, particularly the automotive industry and small and medium-sized businesses (MSMEs), has suffered increased losses as a result of global supply chain disruptions. The service sector, which is the main source of economy and the biggest donor to GDP, has been severely harmed as a result of various constraints on mobility, such as the temporary suspension of tourism and hospitality,

the limited availability of transportation, the closure of schools and colleges, and so on. The total economic and sectoral losses are determined by the intensity and duration of the crisis. Apart from the revenue damages, the social effect of this coronavirus epidemic and unprecedented crisis is severe, with substantial social and psychological issues. Poverty and inequality are anticipated to worsen, having a particularly detrimental effect on immigrants, casual and informal workers, as well as domestic abuse and mental illness. Even though there are some good effects, the long-term viability of these effects on air quality, quality of water, and wildlife are dependent on the post-lockdown environment, as well as people's behaviour and habits. The government and the Reserve Bank of India have adopted and declared several monetary and fiscal policy actions, but notable economists think that the government has to spend more, regardless of the GDP statistics and budget deficit. In reality, greater attention should be paid to the most vulnerable members of society and sectors, particularly the poor, SMEs, and the non-essential goods sector, which are the worst impacted by the pandemic's demand contraction. Need of the hour is for distinctive, inclusive, and inventive measures.

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