

# Social and Economic Impact of the Pandemic Covid19: A perspective

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**Abstract:** COVID-19 has caused a serious disruption to the normal life of people all over the world. Due to the problems caused by this particular health crisis all over the world, the World Health Organization has declared it as a global pandemic. The impacts of COVID-19 till date have been significant on health, the economy and society. The nationwide lockdowns have brought social and economic life to a standstill. An active and energetic world which was always on the move has gone silent and all the resources have been diverted to handle the never-experienced-before crisis. There is a multi-sectoral impact of the pandemic as the economic activities of nations have slowed down. This paper is an effort to present the authors' perspective to present the drastic impact this pandemic has had all over the world.

**Keywords** — *Pandemic, economy, society, health, crisis, impact.*

## I. INTRODUCTION

Covid 19 has impacted mankind in a way nobody had thought was possible. The pandemic has led to a dramatic loss of human life worldwide and presents an unprecedented challenge to public health, food systems and the world of work. The economic and social disruption caused by the pandemic is devastating. It has impacted every segment of life and all sectors like commercial establishments, education, religion, transport, tourism, employment, entertainment, food security and sports. This outbreak has been a major destabilizing threat to the global economy. Because of the global economy's stagnation with production intervention, the workings of global supply chains have been disrupted. Companies all over the world, regardless of size, had to undergo production reductions. Transport being restricted and even confined between countries has further slowed economic functioning. The social impact of the pandemic can be seen all around as masks and distancing have become the new normal for survival. As a global public health issue, Covid has caused psychological concerns. The outbreak has reflected unfavorable mental health impacts and symptoms. The level of psychological effects as anxiety, depression, and stress since the start of the epidemic has increased due to the sudden shift in scenario, deaths, and isolation. The Covid-19 pandemic and responses to it have triggered a global crisis that extends beyond health impacts to all aspects of life. There is a need for all of us to understand the drastic impact this pandemic

had all over the world. This is important in today's scenario more than ever.

## II. SOCIAL IMPACT OF THE PANDEMIC:

### a. Effect On people's livelihoods, health and food systems:

COVID-19 has caused a serious impact on social life all over the world. Due to the problems caused by this particular health crisis all over the world, the World Health Organisation has declared it as a global pandemic. Due to its rampant spread countries were forced to stop international travelling as well as locked up themselves. Also, the lockdown has been recognized as the only method to control the spread of the pandemic and almost every country has adopted this method. The social distance and the other security measures have affected the relationship among people and their perception of empathy toward others.

Millions of people are at risk of falling into extreme poverty, while the number of undernourished people has also increased over the past year and would likely continue to do so.

Millions of enterprises face an existential threat. Reports say that nearly half of the world's global workforce are at risk of losing their livelihoods. Informal economy workers are particularly vulnerable because the majority lack social protection and access to quality health care and have lost access to productive assets. Without any means to earn a basic income during lockdowns, many are unable to feed

themselves and their families. For most, no income means no food, or, at best, less food and less nutritious food.

The pandemic has been affecting the entire food system negatively. Border closures, trade restrictions and confinement measures have prevented farmers from accessing markets, including for buying inputs and selling their produce, and agricultural workers from harvesting crops, thus disrupting domestic and international food supply chains and reducing access to healthy, safe and diverse diets. The pandemic has effected jobs and placed millions of livelihoods at risk. As breadwinners lose jobs, fall ill and die, the food security and nutrition of numerous women and men are under threat, with those in low-income countries, particularly the most marginalized populations, being the hardest hit. In such a crisis concerns like food security public health and Labour issues and safety come together or converge. Adhering to workplace health and security measures and ensuring access to right kind of work and protection of workers rights in all industries will be important to take care of the human dimension related to the pandemic. Proactive and purposeful steps to save people and their livelihoods can include giving social protection towards health coverage and supporting the income of the people who have been affected the most such as workers in the informal economy and low paid jobs to design and implement the necessary relief measures. It is important that governments work closely with the employers as well as the workers. This is the right time to display Global solidarity and support particularly with the most vulnerable in societies the world over together the humanity can overcome the health and social impacts of this divided pandemic and prevent its escalation any further.

#### **b) Educational Impact:**

The pandemic has massively impacted educational systems worldwide, leading to the widespread closures of schools and universities. According to a recent data released by UNESCO, school and university closures due to COVID-19 were implemented nationwide in 165 countries. Including localized closures, this affects over 1.5 billion students worldwide, accounting for 87% of enrolled learners.

With educational institutions shut for an indefinite period, uncertainty has loomed large amongst learners as well as teachers. However, eLearning app development has come to the rescue by providing smart solutions that has brought in myriad remote learning methodologies. The year 2020 has witnessed the emergence of innovative eLearning solutions to satisfy the challenging requirement of the educational sector. These smart learning technologies have transformed the learning methodology altogether. Digital learning is the new normal.

There is a paradigm shift in the way educators are

delivering quality education via various online platforms. The online learning and distance education have become a remedy for this unprecedented global pandemic, despite the challenges it poses to both the educators and the learners. Transitioning from traditional face-to-face learning to online learning can be an entirely different and occasionally cumbersome experience for the learners and the educators, which they must adapt to with no other alternatives available.

The ongoing trend of learning via digital learning tools has proved to be particularly beneficial to corporate professionals with busy schedules but has adversely impacted many learners with no or little access to technology. Whatever may be the case, as per the industry experts, this trend is here to stay in the years to come.

#### **c) Effect on Low-income groups:**

Low-income individuals are more likely to contract the coronavirus and to lose their lives as a result from it. In countries around the world, low-income strata of the society is disproportionately hit by coronavirus cases. Relevant reasons can include that poorer families are more likely to live in a crowded setup and work in the low skill jobs, such as supermarkets and factories, many of which are deemed essential during the crisis.

Millions of low-income people may also lack access to health care due to being uninsured or underinsured while many lost their health insurance after losing their jobs. Numerous low-income workers in service jobs have become unemployed.

While all sections of the society have taken a hit due to the pandemic, the worst affected have been those in the low-income bracket. A recent report revealed that while the income of the mid-market segment was hit by 17%, and the affluent segment's income suffered the least staying 10% below the pre-covid levels, incomes of the mass-market or low-income segment (those with an income below ₹20,000) were hardest hit, remaining 37% below the pre-covid levels.

#### **d) Mental/Psychological impact:**

On 18 March 2020, the WHO issued a report related to mental health and psychosocial issues by addressing instructions and some social considerations during the COVID-19 outbreak.

As per reports, the coronavirus pandemic has been followed by a sharp rise in cases of suicides all around the world, impacted by depressing thoughts, social isolation due to quarantine and social-distancing guidelines, fear of the future, unemployment and other financial factors. The lockdown enhanced the number of those who became frustrated, stressed and depressed. There is a massive upsurge in social issues, including psychological disorders and suicides. Due to the isolation and atmosphere of fear all

around, children are reportedly getting depressed as well. The adverse impact on Mental health has been compounded by the restricts on Social gatherings. Personal gatherings in all countries have almost ended as medical experts have advised, and local authorities often mandated stay-at-home orders to prevents gatherings of any size, not just the larger events that were initially restricted. Such gatherings were replaced by teleconferencing, or in some cases with unconventional attempts to maintain social distancing with activities such as a balcony sing-along for a concert or a birthday parade for a birthday party. Depression affects 264 million people around the world due to no contact with their peer groups and minimal physical activities, according to a May 14 United Nations report.

#### e) Enhanced Domestic Violence

Researches have always shown a direct link between crisis like the Covid-19 pandemic and the domestic violence reported around the world. The pandemic and resulting lockdown provided for an enabling environment of fear and uncertainty which resulted in violence for various vulnerable categories of people. Factors such as the economic insecurity, prolonged isolation from others and financial crisis also resulted in the enhanced cases of domestic violence and abuse. In India too the number of domestic violence cases reported were much higher during these pandemic times despite the probability that many of such cases would have been not reported to the authorities. These times are particularly difficult for the victims of such abuse as it is very difficult for them to reach out for help and turn to their regular support system during the lockdown period. According to the reports, within a fortnight of the Prime Minister announcing a nationwide lockdown for the containment of coronavirus, the National Commission of Women had reported hundred percent rise in complaints of domestic violence cases reported to them. A recent UN report has also tries to analyze the impact of the pandemic on women and urges the Nations to include the prevention of violence against women and girls as a part of their Covid-19 action plan. Due to a sharp increase in domestic violence cases the world over, UN has also termed this phenomena as a 'shadow pandemic'. In such a scenario it is important for the governments around the world to understand the gravity of this issue and take the relevant steps to facilitate access to resources against domestic violence. Robust community response and collaboration with different NGOs and self-help groups may assist government efforts to combat this situation. A number of NGOs are already contributing by providing support to victims of domestic abuse, but due to the lockdown restrictions, it is vital that the government takes the lead.

### III. ECONOMIC IMPACT OF THE PANDEMIC.

#### a. Unemployment

It was observed that there was a significant improvement in the unemployment from the previous months. Due to a total lockdown, a damaging impact was noticed on employment.

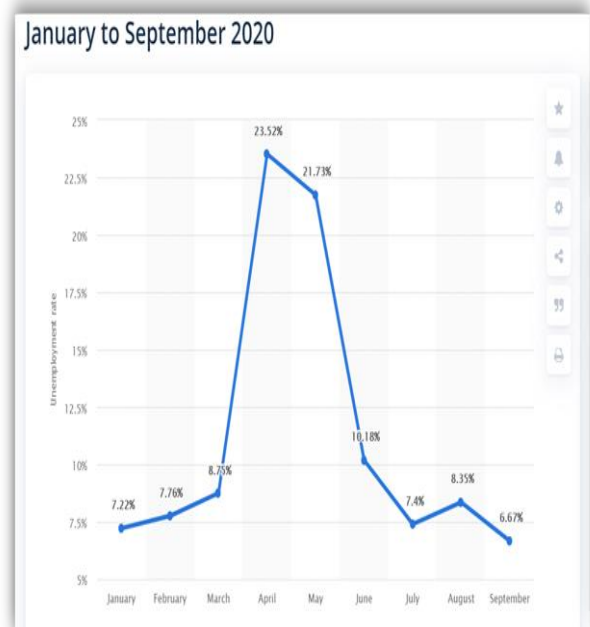
Unemployment peaked at its height of 23%. Many factors contributed to this rise in unemployment. It occurred because many of people did not get any help from their employers, many of them went back to their homes, barefoot, carrying the hopes on their shoulders for a better tomorrow.

This was possibly a result of a decrease in demand as well as the disruption of workforce faced by companies. Furthermore, this caused a GVA loss of more than nine percent for the Indian economy that month.

#### b. Growth of GDP

c. As shown in the Figure-1, India's Gross Domestic Product (GDP) for the April-June quarter (Q1) also dipped by a sharp 23.9 % as per provisional estimates released by Ministry of Statistics and Programme Implementation (MoSPI). India's Annual Gross Domestic Product for July-September 2020 slowed down to 7.5 percent.

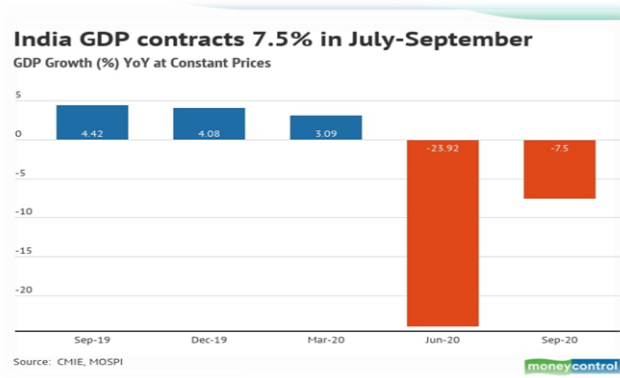
Figure:1



With the commencement of 2020-21 financial year the effects of corona virus affected the stability of the economy of 150 countries - jeopardizing their lifestyle, economy, impacting business and assumption of common wellbeing which we had taken for granted. The lockdown had adversely affected service sector like banks, restaurants,

food vendors, and food delivery providers at par with providing health safety and medical sustenance.

Figure: 2

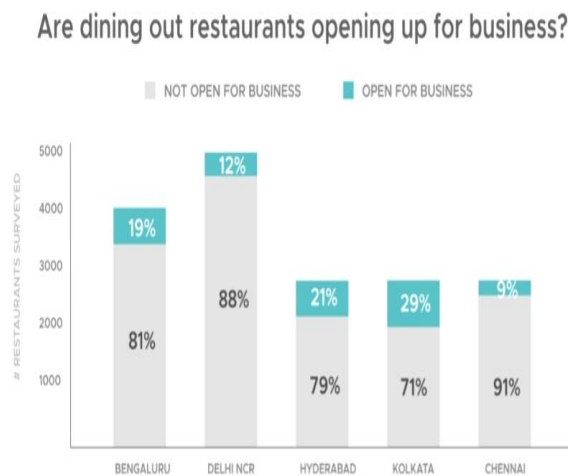


### c. Sectorial Impact

#### 1. Restaurant services

As seen in Figure 3, it was noticed that all over india people preferred home delivery. No one went outside and relished the food with the family after pandemic. In the capital of India, Delhi, only 12% was opened for business.

Figure:3



Note - Data is only for cities where restaurants are allowed to open for dining out.

Slump in the industry is largely driven by markets being in lockdown, consumers not stepping out due to fear of transmission and restaurants not opening up, even if the city is not in lockdown. Even in cities where restrictions have been lifted, only 17% dining out restaurants are open for business at the moment, which are also running at low capacity. Restaurants are paving the way by introducing new and innovative initiatives to make it #SafeToEatOut again for their customers while attributing utmost importance to social distancing and hygiene. Owing to these measures and innovations, businesses have started recovering. Dine out, reservation and restaurant tech platform, has projected a recovery rate of 70 percent to be achieved in Delhi, Bangalore and Ahmadabad in the festive

reason. It will be followed by Kolkata, Chennai, Jaipur and Hyderabad with a 55 percent.

#### 2. MSME

MSMEs are the India's second largest employment generator after agriculture which acted as a breeding ground for entrepreneurs and innovators with considerable support in strengthening business ecosystem. It provides around 30% contribution to GDP. The target was to achieve \$5 trillion economy target by 2025. Within this target the role of MSME sector becomes more important, with expected contribution to GDP above 50% mark. The Pandemic impacted MSMEs earnings by 20-50%, micro and small enterprises faced the maximum heat, mainly due to liquidity crunch. Enterprises working in essential commodity business were better off in terms of interrupted but predictable cash flows. As a splash of relief, the RBI announced a three-month moratorium on repayments of loan and reduction in the repo rate as most of the MSMEs depends on the loan funding from the government. A change had been noticed that some enterprises innovated their ways by shifting focus from non-essential commodities towards essential commodities; like production of hand sanitizer and toiletries, PPE kits, reusable masks, etc. and are able to survive in tough times. MSMEs present in remote areas also faced lots of difficulties due to interrupted supply chain systems and intrastate lockdown provisions.

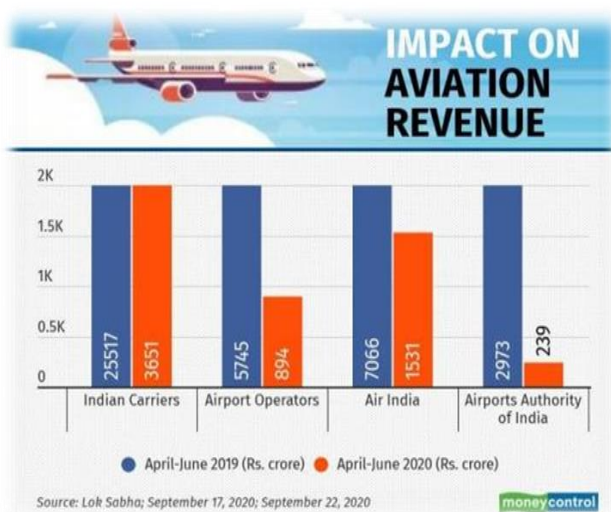
#### 3. AVIATION

The global outbreak of COVID-19 led to the freezing of flight operations, both domestic and international in India. This has inflicted a dent, in terms of revenue and job losses. Though limited operations have started, experts suggest that it will take some time for the industry to bounce back to the pre-COVID levels. The Airports Authority of India (AAI) — responsible for managing and maintaining civil aviation infrastructure across the country — reported a 92 percent fall in its revenue from Rs 2,973 crore during April-June 2019 to Rs 239 crore during the corresponding period in 2020 as shown in Figure-4.

Other wings of the aviation sector also took a hit. The revenue of Indian carriers declined by 86 percent, airport operators witnessed an 84 percent drop, and Air India reported a 78 percent fall in revenue during April-June 2020. To survive the pandemic-induced crisis, all airlines took cost cutting measures like firings or pay cuts in 2020. In April, Go Air sent the majority of its employees on leave without pay. Air India had in April cut the salaries of its employees by 10 per cent. At the same time, SpiceJet and IndiGo cut the salaries of all employees by 10-30 per cent and 5-25 per cent, respectively. In July, IndiGo also laid off 10 per cent of its workforce. AirAsia India in April has cut the salaries of its senior employees by up to 20 per cent. Starting April, Vistara implemented a leave without pay

program for its employees based on seniority. Currently, the Indian airlines are operating domestic flights at around 80 per cent of their pre-COVID levels.

Figure:4



#### 4. AUTOMOBILE

The global pandemic caused by the novel corona virus comes at time when both the Indian Economy and the automotive industry were hoping for recovery. COVID-19 may result in a negative impact of 1-2% on the expected growth rates. Although this is contingent on government continuing to invest in large infrastructure projects and the liquidity available with the transportation sector.

The absolute magnitude of impact depends on how fast we recover from this pandemic after the launch of the vaccine. The onset of Covid-19 in India had negative impact on the automotive industry. It is estimated that there will be an overall revenue impact of at least \$1.5 -2.0 bn per month across the industry. Even after opening, further decline in passenger vehicles demand is expected with discretionary spend taking a backseat. This will be coupled with transition to BS-VI norms that will increase cost of ownership.

Farm sector and two wheelers demand could see a dip but expected to bounce back in the U fashion. Commercial vehicles are expected to show some resilience, although this is contingent on government continuing to invest in large infrastructure projects and the liquidity available with the transportation sector.

#### IV Conclusion

In conclusion it can be said that Covid-19 has taken a huge toll on the world at large, in terms of the social and economic implications being faced all around. The Indian Economic growth also got badly hit by the pandemic and a sharp increase in the unemployment rate was observed. Various sectors including restaurant services, MSMEs, aviation and the automobile sectors were badly affected during this pandemic.

Though measures such as the lock down, social distancing and work from home undertaken by people in general, organizations and governments at large have improved the situation; the pandemic is yet far from over. It would take a strong will and collective efforts both at an individual and a societal level if we have to emerge victorious from the situation. The pandemic has surely had and will continue to have a lasting impact on the way in which society operates in the future. The virus has resulted in unprecedented disruptions in the social and economic lives of people all around the globe, changing how they interact, learn, work, and consume. The economic and social disruptions will continue to impact the entire world in the foreseeable future as well. Human interactions both at personal and professional levels are changing and will continue to change to adapt to a new normal post Covid-19 scenario.

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