

A SUSTAINABLE RECOVERY FROM COVID-19 GLOBAL PANDEMIC (1)

Published on: May 1st,2020

~Khushi Sindhu

The Global pandemic that has took complete control of the world, demands from us something more than just policies. It demands change, adaptation, innovation and it is a real test of our human resources. With lockdown as the only option to fight the pandemic, the global economy has come to an abrupt stop. The traditional ways of work cannot continue under these circumstances. To keep the economy moving, our industries, educational institutions, financial markets and every other sector must find new and innovative ways to conduct its regular activities. With technology in hand, our generation has a upper hand to defeat the after effects of the pandemic and the lockdown. There've been many attempts in almost every sector to find measures to work from home. Although, it is not possible for most of the sectors, it has been effective in the educational sector and the IT sector. The industries that have won are entertainment, streaming, gaming, video conferencing etc. The losers are many, Aviation, Hospitality, Retailing, and Tourism to name some. At this moment applying the Charles Darwin's theory of "Survival of the Fittest" to the Economy won't be wrong. The economy that would be able to adapt speedily with the changing environment and social conditions, remains while the others would vanish away.

The global economy has seen a sharp fall in the level of outputs across world. The economic forecasters have suggested that there are three major possibilities after this Global Pandemic ends. One, the V shaped curve, wherein as soon as the pandemic ends, all the sectors begin production to reach the initial levels rapidly; Two, the U shaped curve, wherein although the production reaches the initial levels, but gradually; and the third, L shaped Curve, wherein production does not rise up from the recession because of lack of incentives and investment. The curve an economy will face depends on its ability to respond to the changing needs of society. The higher this responsiveness, the higher the chances are to be on the V shaped Curve. Surely enough, the coronavirus pandemic calls for structural changes in the economy, changes that can ensure both the continuation of activities during the lockdown and rapid revival of economy after the lockdown period.

Scope in the MEDICAL SECTOR:

The medical sector of India has wide opportunities open in front of it. With researchers suggesting that these pandemics can be recurring, the development of health facilities and equipment is a must. In India, the ICMR has repeatedly shown inclusivity for the private hospitals to contribute in research and treatment. This encouragement bore fruit when due to a recent invention, the testing capabilities of India improved significantly. The equipment include Personal Protective Equipment (PPE), masks, test kits, sanitizers and beds. Their increasing demand has opened up investment in respective production units. For example, Certain garment factories have been encouraged to produce masks and clothes for protection from the coronavirus. The increasing demand for hydroxychloroquine and paracetamol has boosted production in India.

Scope of E-Commerce:

The online buying and selling platforms are much less affected by the lockdown. The E-Commerce giants in India like Amazon, Flipkart, Reliance can work with the government to ensure door-to-door supply of essential goods, while taking all the necessary precautions. This will not only ensure supply, but can also be made beneficial to the retailers (who can collaborate with them). It can prove an effective way to avoid crowding and at the same time keep the market moving. Although, because of liquidity crunch, people have less money in hand and this would significantly impact the Aggregate Demand in the country. High unemployment rates and low AD would definitely lower the output in economy further and can trap us in the deflationary spiral.

Entertainment:

With everyone trapped at their respective houses, the demand for both online and offline TV Series, Documentaries, Films has risen. All the platforms have used this opportunity well, to increase the number of subscribers by providing many offers and incentives. Netflix and Amazon Prime have seen an increase in viewers significantly. Similarly, the DTH channels have witnessed high viewership in the recent times.

Losers:

The sectors that are the most affected by the pandemic include tourism, aviation, hospitality, agriculture, trade and real estate. It is impossible for all these sectors to keep working under the lock down. Some of them are solely dependent on people's movement and crowding. No profits in these sectors, simply imply, cut in salaries of employees or maybe cut in number of employees itself.

The stock exchange has witnessed continuous fall in the price of stocks. Private investors are taking away investments, which is the worst to come after a long period of recession. On one hand, the health facilities need to be developed (increasing public expenditure), and on the other hand, output has declined, unemployment level has risen and with private sector withdrawing large investments from market, all the burden falls on the back of the government, increasing the budgetary deficit even further.

The oil prices have fallen dramatically because of fall in demand. There has been an agreement between the oil and petroleum producing companies to cut supply for revival of prices. This would be deadly for the airlines once they start setting up logistics. The share prices of various airlines have fallen dramatically and oil prices remain a major determinant in the process.

There have been suggestions to allow certain sectors to reopen in India, after the lockdown period ends. These include small shops, retailers, agro-fertilizers and agro chemicals factories, cement, rubber, seeds, heavy electrical and telecom equipment. It is suggested that with appropriate measures, these industries can run to improve situation and increase liquidity. Many of these are important for agricultural activities that must necessarily start on their scheduled time. Rubber is very important for production of gloves and PPEs.

There would be a lot of serious challenges when it comes to implementation of these suggestions. The major being transportation of migrant workers from their hometowns. This would definitely lead to crowding and further spread of coronavirus, which may in turn demand longer lockdowns, nullifying the effects of opening up these MSME's now and even causing greater damage to the Economy. The FRAI has suggested some precautions as

well, like single entry point for workers, regular sanitization of workplace, providing place of residence inside the factory premises and ensuring sufficient space to maintain social distancing.

One of the possible government policies after the lockdown can be injection of liquidity, but the liquidity must flow through the MSMEs and SMEs to ensure that they function well enough to increase domestic production of goods that are mainly imported. The investors are keeping constant eye on the fiscal policy of the government. The period after lockdown would be very crucial for every economy. The economy that would adhere to the technological changes and rapidly increase production would emerge out to be the WINNER.

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