



# COVID-19: Socio-Economic Challenges

## **COVID-19: INTRODUCTION**

The Novel CoronaVirus (COVID-19), originally began in China at the last of 2019 and by the end of January 2020, The World Health Organization (WHO) stated this pandemic as a Public Health Emergency of International Concern. This virus creates respiratory illness (like the flu) with symptoms such as a cough, fever, and in more severe cases, difficulty in breathing or may cause lung disease. Senior Citizens or people under some medical treatment are more likely to accommodate to this virus.

This virus spreads originally through the contact of one person to another, it transfers from one person to another when people do not maintain a proper distance between themselves. The result of this, the virus spreads from China to various countries as people travel from one place to another or it can be considered as an economic war by China.

The consequence of this outbreak is swiftly growing at a higher rate than anything else in the economies of various countries of the world. This outbreak is contemplated a situation like recession or slowdown of the overall economy after the great recession in the year 2008.

India is the fifth-largest economy in the world with a population of 133.92 Crores. India is still in its developing phase and its uneven development across regions and communities adds various

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complexities in coping up with this sort of pandemic. It also reveals that there is a huge scope for social schism among the people of different communities.

In India, the first case was reported at the start of February because people travel from China to India. The government of India made special arrangements for the students and people who were there in Wuhan for education and work so that India can save their people from the effect of this novel coronavirus outbreak. The contamination rate of this virus is comparatively low in India as compared to its population size because of the rapid actions taken by the government to quarantine people and shut borders.

Also, The government of India declares the suspension of various activities in the country like shut down of educational institutes and corporate houses, deferring all tourist visas and postal services, cease all the interstate and intrastate borders within the country, and terminate all the transportation facilities. The ride of social distancing and isolation of infected people also takes place.

Janta curfew was witnessed on 22nd March as advised by our Prime Minister Narendra Modi concerning this pandemic. He addresses the whole nation to stay at home and if necessary work from home. In the furrow of this successful Janta curfew, the government has declared lockdown in the country with the deferment of all the actions for the next 21 days w.e.f. 24.03.2020.

The actions taken by the government of India following this pandemic outbreak affect the economy in a very drastic way. It changes how the country is developing. A lot of disruption is occurring all around the nation which challenges the “unimaginably ambitious” aim of the Modi government for achieving “\$5 Trillion Economy” by 2024.

### **COVID-19: ECONOMIC IMPACT**

The Indian economy is considered as the fastest developing economies in the world. India has now emerged as a global preeminent player in the world’s economies and at the third-largest economy in terms of purchasing power parity. It consists of numerous sectors or channels such as Hospitality, Education, Retail, E-Commerce, Aviation, Oil and Gas, Banking, Pharma or Healthcare, Insurance, Railways, and Travel & Tourism, etc. which are going unfavorably influenced by this disruption and through which the economy is getting affected.

### **COVID-19: HOSPITALITY**

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The Hotel industry of India has a very vast contribution towards India's Total Gross Domestic Product. It is the most prominent service sector with a market size of \$22 Billion in 2019 & the proposed rate of growth by 8.6% till 2025 now becomes a challenge because of this pandemic. The intact turnover of the Indian hospitality sector was sunk between \$8.85 billion to \$10 billion which reflects depletion of 39% - 45% as correlated to last year's revenues. The hospitality sector needs to take proactive financial steps to mitigate the impact of COVID 19. It is wholly based on travel, trade, and tourism for its subsistence or existence. This extensive outbreak leads to huge cancellations of bookings in the last months' leads to the miserable position of hotels in the worrisome declines.

Hotels are grappling from crisis amid stringent government restrictions and also emphasizing on isolation and social distancing. The impact is very huge and is unpredictable but the sector is at its maturity level and focusing on their hospitality commitment to and for the society in the best way they can. The big hotel chains in India propose their rooms and venues for free of cost or at very highly subsidized rates to the government for quarantine people who came back from abroad and to the medical fraternity to use rooms as the isolation infirmaries. Also, the pantries are used for preparing feeds for the needy ones in a proper sanitized manner.

The industry professionals have to keep an eye on their rivals to check their surviving policies at this consequence and they have to sustain their public image in the market after analyzing the after-effects on their pricing and preservation of their assets. This industry may exceed after witnessing remarkable assurance in the economy.

### **COVID-19: EDUCATION**

Education is a pretty essential aspect in an underdeveloped country like India. India's Education sector proposes a glorious opportunity to 29% of India's population which is between the age of 0-14 years. There is a foreseen rise in India's higher education sector of Rs 2,44,824 crore by 2025 but as the occurrence of the Virus that's a troublesome challenge. The education sector in India is estimated to be Rs 6,40,891.3 crore in FY18 and it has relinquished Rs 7,06,587.9 crore in FY19.

The COVID-19 outbreak has set off alarm bells across the country for the 250 million school going students along with students enrolled in universities in India. India's education sector is not unaffected, it has given shut down of school, Colleges and other institutions this is basically for social distancing to prevent the cause-effect of the spreading virus and be precautioned beforehand of the disruption. India has resulted in 49.86% of the increase in internet penetration utilized to remit learning. So to

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permeate the pauses the virtual classes and online classes are catching the drift i.e. a merge turn to the digital learning platform.

In the wake of this dilemma and gripping the student safety in mind and their scholarly concern, most of the institutes have taken the action to accommodate the convenience of telecommunication, skype call, zoom call and admittance to other virtual prospects to fill the gap of learning. The examinations are being suspended or postponed keeping the concerns of the burgeoning COVID-19 on the masses extensively in the consultation.

Undoubtedly, this is a very crucial time for students. Ironically, it has taken the COVID-19 outbreak to get the whole education sector to slip to digital mode and with both humanistic and technological support. The impact on education is likely to induce losses in terms of dropout rates and learning outcomes, especially in regions with low shock resilience.

### **COVID-19: RETAIL**

The retail industry of India has appeared as the most vibrant and fast-paced sector because of Globalization. India's marketplace is the fifth-largest global retail market in the world and India also ranked 16th in the FDI confidence index. The retail sector contributes about over 10% towards the GDP of India and approx. 8% of employment. The retail industry stood \$ 950 billion in 2018 at a CAGR of 13% and foresaw to touch \$ 1.1 trillion by 2020 and the revenue of India's brick and mortar (B&M) retailers is expected to increase by \$ 1.39-2.77 billion in FY20. Based on these projections, India's retail space is expected to grow at a high rate but economic emergency causes a lot of disruption in this retail marketplace and market space.

Due to lockdown in the short term, the shutdown of malls and retail chains, as well as the closing of non-essential small stores in the nation, causes a lot of disturbance. The major problem is in the food and grocery retail outlets that have observed an unexpected explosion in the market as consumers have begun panic about buying necessities and closure of these retail chains.

The retail chains in malls and complexes having high rental expenses will additionally deaden their profitability between the subdued market. Also, The closure of retails reaches large jobless people in the short run. The India retail sector observed a prominent decline in sales by 46% and a 55% drop in the number of customers per outlet from March 17 - 25, 2020 and expected to further decrease in the further months.

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The food and grocery e-retail chains seek a favorable opportunity as consumers are worried about stepping out of their homes. These platforms are witnessing a huge rise in demand not only from existing consumers but also from new consumers. However, Pandemic affects this also poses challenges of the supply chain to these e-retails.

Retail Association of India (RAI) asserted that the retail sector will take 9-12 months to recuperate from this outbreak and 20% - 25% retail players necessitate to infuse more funds to stay afloat.

Furthermore, the recovery time of industry loses productivity is also added up in the stability of the retail sector post coronavirus. The sector will start with the consumer's "reactive mode" i.e consumers will only buy what is needed and then the sector will be in the "recovery mode".

### **COVID-19: AVIATION**

India is now the third-largest and fastest-growing aviation market in words of domestic tickets marketed. India has 91 international carriers including 5 Indian carriers and 86 foreign carriers, which assure that India is well united with most of the major countries. Revenue passenger kilometer (RPK) in the domestic airline market growth of 18.6% in 2018 was three times the global RPK growth of 6.5%.

The aviation sector is under a lot of stress but emitted faith that the "proactive measures" taken by the government of India would help in overcoming the "emergency state." More than 490 flights operated by foreign carriers to and from India have been canceled for changing periods while the count of weekly flights dropped by domestic airlines is more than 90, as per official data. The number of canceled flights on international routes is expected to rise as India has also suspended all visas, except a few categories such as diplomatic and employment, till April 15, 2020, as part of efforts to curb the spreading of coronavirus epidemics.

The number of international passengers landing at the country's airports has come down to around 62,000 per day from 70,000 in the watch of the coronavirus outbreak. The count is expected to decline further to 40,000 following the recent travel restrictions declared by the government of India.

According to the Center For Aviation (CAPA), the market will fall 50% in the upcoming months. This will result in most airlines withdrawing by May without any substantial government interference. As India forbids more travel, the international market will fall 70% and domestic nearby 50%.

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The government of India is indeed in the process of bartering a bailout package for airlines. This will likely include a temporary suspension of government-imposed taxes as well as deferred payment of taxes such as fuel surcharges.

### **COVID-19: OIL & GAS**

Amid eight crore industries in India, the Oil and Gas sector plays an influential position in shaping the decision forming manner of all other crucial sectors of the marketplace. India is the second-largest refiner in Asia and the third-largest consumer of energy, crude oil, and petroleum products in the world after China and the United States. India's undeveloped germination is intimately correlated to energy demands. India aims to reduce its import dependency by 10% by 2020 with making India as a refinery hub. This sector solely adds 15% to the GDP of India.

The lockdown, shut down of borders and travel restrictions inflicted across India have emerged in the dwindling consumption of petroleum products in the country as a consequence, it also disrupted port activities and drove cutoffs in a job. Indian National Oil companies have also whacked on refinery output due to labor shortages. Also, there is less offtake of gas and VAP for which creation levels have been lessened.

However, India has been one of the successors in this outbreak in terms of the Oil and Gas sector. As compared to other developing economies, India gets crude oil at a very low cost. The cancellation of some crude oil import consignments of other countries, Indian refiners, such as Bharat Petroleum Corporation Limited (BPCL), has acquired stranded consignments from the Mediterranean and Latin American territories at slashed prices. This cheaper crude oil will help current account deficit, rupee & inflation in the nation.

Oil refiners can easily raise fuel prices to revive the investments made for the BS-VI upgradations and can look for more customers as gas becomes cheaper which can boost the revenue in the sector. Also, fuel subsidies are expected to decline.

The Association of Oil and Gas Operators (AOGO), demanded the finance ministry for "unrestricted marketing and pricing freedom for both oil and gas". Oil and Gas producers of India made representations to the government for seeking relief on the payment of cess, royalty, and profit petroleum. Also, the producers want the government to cut and defer taxes on the output to help companies deal with the shock of global supply and demand fall due to coronavirus.

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## **COVID-19: BANKING & FINANCE**

The Indian Banking sector has an influential pivotal role in the development of an economy as it is considered a necessary service sector in society. India's banking sector is sufficiently capitalized and well regulated by the regulatory body The Reserve Bank of India (RBI). Currently, Indian banking and financial industry is at the fifth-largest in the world and has the potential to become third-largest by 2024 and contributing approx 7.7% towards the GDP of India. Although the banking and financial sector were previously suffering a lot and are on the struggling plank because of scams like Nirav Modi, VUCA disruptions like demonetization, the enlightenment of GST in the nation and now with this pandemic.

This disruption causes so many problems to the retail as well as corporate customers. Indian Banking Association, said to bank customers that they should visit the bank branches only in the situation of extreme emergency. The Bank branch cut-offs the working hours in a day. Many branches were sanitized under the orders of the state government and the services are kept limited which are most essential in the branches. RBI asked customers to use digital platforms for most of the operations and banks are operating round-the-clock to assure all digital channels are up to date.

However, an appropriate fiscal policy response should be implemented to uplift the economy from drowsiness to a vigorous state. From boosting bank's liquidity to providing financial relief to its customers, RBI announced various guidelines to stabilize the concern of corporate houses as well as MSMEs and retail customers in the wake of this outbreak.

Banks are now being allowed for a three months moratorium on payment of installments regarding all term loans prominent as on 01.03.2020. Also, the repayment schedule and tenure of such loans can be shifted by 3 months. Further to tackle financially this industry and its valuable customers the RBI also slashed the repo rate by 75 basis points.

## **COVID-19: HEALTHCARE**

The Healthcare sector of India incorporates hospitals, clinical trials, outsourcing, medical devices, telemedicine, medical tourism, health insurance, medical equipment, and all other medical infrastructure. The industry is forming at an immense pace owing to its strengthening coverage, services and growing expenditure by public as well as private players. The trade is anticipated to reach \$372 bn by 2022.

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Everything, from India's early administration of international travelers and airport protocols to testing strategies, ill-equipped healthcare workers, poor handling of migrant operators and meager support for the industry, is being debated threadbare in locked-down drawing rooms. Healthcare staff in India demand masks and protective gear even as hotels and trains are modified into quarantine zones and hospitals. This is now evident as the government of India ramps up COVID-19 hospitals, changes railways coach into mobile treatment facilities and marshalls limited resources to tackle migrant crisis even as it encourages startups and India Inc to split in, and so on. Most countries didn't have sufficient testing kits. India attempted to use testing kits optimally.

Increasing positive cases would have also overwhelmed India's healthcare infrastructure. But most experts, are expecting that COVID-19 testing will scale up both qualitatively and quantitatively as the lockdown finishes.

The government of India provided hydroxychloroquine, anti-malaria drug as a potential cure for COVID-19, to the US and some other countries on humanitarian grounds. India at the appeal of President Donald Trump realized the shipping of 35.82 lakh pills of hydroxychloroquine to the United States followed by nine metric tons of vital pharmaceutical component or API required in the formation of the drug.

The government of India has been simultaneously promoting social distancing and cleanness all around through all the ways of promoting. Doctors and hospital staff are all working day and night to cure the COVID-19 as soon as possible to the sufferers.

### **COVID-19: INSURANCE**

The Insurance sector of India consists of 57 companies out of which 33 companies are non-life insurers and 24 companies are life insurers. Life Insurance Corporation (LIC) is the only public sector company among life insurers but after the union budget 2020, its IPO is near to be released and the General Insurance Corporation of India (GIC Re) is the only national reinsurer. Also, the market percentage of private corporations in the non-life insurance business rose from 13.12% in FY 2002-03 to 55.70% in FY 2019-20. The insurance's sector value added to GDP stood at 2.9% in the year 2019. The overall insurance sector is foreseen to attain \$ 280 billion by 2020 and the Life insurance trade in the nation is anticipated to expand by 12% - 15% yearly for the subsequent three to five years but these projections are now challenging to achieve by the proposed time.



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The last two financial years had testified the most eminent collection year in the industry in which life insurers accumulated 15.04% premiums in March FY 2019, So March FY 2020 could also be seen as a great event but this pandemic results in the consolidation of Indian service sector activities and emerged into the fortitude in a premium compilation. The consequence would be huge because the whole nation is under lockdown. Also, the suspension of flights and railways leads to the zero demands of travel policies by the customers. Buying new policies that involve a medical test of policyholders is now being clogged which also cuts off the revenue of the industry. NRI's policy issuance is also held.

The Life Insurance Council of India had greeted the companies in both private and public sectors to process all COVID:19 related death claims as earliest as attainable. The Council also declared that the clause of "Force Majeure" wouldn't be implemented in the case of coronavirus. The insurers are rendering the additional 30 days grace period for the repayment of premiums under the regulations given by the Life Insurance Council Of India.

The Insurance Regulatory and Development Authority of India (IRDAI) had also announced that for the installment of renewal premium in the event of health insurance and motor third party insurance policies. IRDA also asked insurers to come up with need-based products to cater to the current requirements of the nation. The Acko General Insurance company said that it will allow 1 month's insurance at zero cost to its clients in the wake of this pandemic. The company also offered a month's extension on tenure on third-party and own damage policies at zero cost or minimum price. There was an increase of 40% on online selling of health insurance via digital platforms such as policybazar.com and It had seen that insurers with digital infrastructure would be far better than others and could minimize their losses in this lockdown situation.

### **COVID-19: RAILWAYS**

The Indian Railways is one of the world's largest rail network. India's railway's interface is recognized as one of the biggest railways systems in the world under a single administration. Globally, India is one of the top twenty exporters. India's exports of railways have grown at a CAGR of 31.51 % during 2010-2018 to \$ 507.90 million. The exports of railways in 2019 stood at \$ 635 million. It is proposed that freight traffic via the Dedicated Freight Corridors will rise at a CAGR of 5.4% to 182 MT in 2021–22 from 140 MT in 2016–17 and it is also targeting to expand its freight traffic to 3.3 billion tonnes by 2030. But now these targets and projections seem to be more challenging for completion on the defined time because of the drastic impact of this pandemic outbreak.

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The Indian Railway Catering and Tourism Corporation (IRCTC), announced to suspend all their services, public, and the three of its private trains as a discreet action to restrain people from undertaking journeys and to promote social distancing by all for everyone's protection and to reduce the bedspread of the virus. IRCTC also announced a full refund fare to all the valuable passengers of all the canceled bookings without any cancellation charges.

The Container Corporation (Concor) funds have dropped 44% since the start of February on worries related to the disruption caused by this outbreak. The shutdown of ports emerged in the stoppage of the export-import trade which accounts for a majority of Concor's revenues. Initially, the prohibition wasn't implemented on cargo trains because these are an important way to supply essential stuff to the different parts of the nation.

Furthermore, the northern railways also serve their societal values to the country. About 20,000 train coaches were converted into "COVID-19 Isolation Wards" with each carriage containing 16 beds for providing medical facilities and to quarantine people for fighting against this medical emergency.

Also, The International Union of Railways (UIC) has suggested railways to adopt new policies like to reduce the likelihood of transmissions like removing the magazine, booklets, and pillows, etc. from the carriages and in the night trains or long route trains change the blankets and bedsheets after every single use. Temperature Screening also advised before travel starts that all crew onboard are healthy.

### **COVID-19: TRAVEL & TOURISM**

The Coronavirus outbreak had a debilitating influence on India's travel and tourism sector with the industry assessing an overall deterioration of ₹ 5 lakh crore with witnessing a 4-5 crore people job cuts. It was also scrutinized that online travel agencies were set to suffer as much as ₹ 4,312 crores, tour operators (inbound and domestic) ₹ 25,000 crores, adventure tour operators nearly ₹ 19,000 crores and cruise tourism ₹419 crores. This sector engages employment to the extensive segment of the civilization like miniature homestays and regular wage earners.

The period from December to May is very crucial and important for this sector to attract its customers as people come from outside the country at this time and also people within the country travel a lot to spend their summer holidays and also the people who travel abroad. According to ICC, Foreign Tourist Arrivals (FTA) has got fluff by about 67% seasonally in January-March, while for domestic tourists, the value is lower by almost 40%.

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According to The World Economic Forum (WEF), This pandemic is putting up to 50 million jobs in the global Travel and Tourism sector at risk and out of this, around 30 million would be in Asia. Indian Chamber of Commerce (ICC) counsels fixing up of a 'Travel & Tourism Stabilisation Fund' with direct gain transfer to each unit to prevent commercial loss and sequential job loss. It is presumed that it would take up to 10 months for the tourism sector to get back to its sustainable level.

Travel and Tourism sector bodies had communicated to the government for interim aid to pay EMIs, installments, taxes, and salaries to operators as the tourism industry is eyeing destitution, cessation of industries and mass lay-off. The unskilled people of the industry are perceived as the most vulnerable link in the whole industry concatenation.

### **COVID-19: CONCLUSION**

COVID-19 is a highly infectious virus that is spreading like fire in the world. The death rate is very high in Italy, China, and other nations due to the outbreak of coronavirus. India has reported 8356 cases which are confirmed of coronavirus, 716 cases are recovered in India and reported number of deaths due to coronavirus are 273 in India.

Before WHO declared COVID- 19 as an emergency all the colleges, schools, and institutions have been closed in India only a few essential services were in operation. After the declaration of a medical emergency by WHO, The PM Mr. Narendra Modi has declared Janta Curfew i.e lockdown for India to avoid people from being in-crowd.

The Government of India formed various commissions or task forces explicitly for COVID-19 and National Disaster Management Authority (NDMA) to defeat this pandemic outbreak. These organizations are here to ensure an adapted response and recovery against this outbreak.

Prime Minister Narendra Modi urged the whole India to clap at 5 pm on 22nd March 2020 to show appreciation to the helpers such as police staff and medical practitioners who are working relentlessly to fight against coronavirus has now become the target of misinformation on social media. Even PM Modi has told citizens about his "9 pm, 9-minute" appeal. He asked citizens to light candles in a show of solidarity against COVID-19.

The Government also introduced a particular application for the population named as "AAROGYA SETU APP" which proffers crucial erudition about coronavirus.

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The PM Relief Fund in India has accumulated a considerably huge amount of money. Many of the Bollywood stars like Akshay Kumar have pledged 25 crores to the PM Relief Fund, Shahrukh Khan has given his office building for the coronavirus treatment. Even many of the Tamil, Telugu, Malayalam, and Kannada actors have donated money. Kamal Haasan an Indian cinema actor has given his home to treat the coronavirus infected people. Also, The big Indian industrialists like Ratan Naval Tata providing accommodation to the doctors and other medical practitioners who help us to fight against COVID-19.

It could likewise be asserted that such emergencies further seed some opportunities in the land for the effective and efficient improvement of the entire marketplace. Indian Sectors are greatly at the pace of losses but now, safety is essential for all and the priority of the Indian government is to “ Stay Home and Stay Safe”.