

Self Sufficiency After Covid-19

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Abstract

The infectious and pandemic disease COVID-19 has not left any part of the world untouched. This disease was unknown before the outbreak began in Wuhan, China, in December 2019. Covid-19 pandemic came with unfamiliar names like lockdown and quarantine. These lockdowns led a serious economic fall-out across the world. Many people lost their livelihood because of this pandemic. There was anxiety and uncertainty among people. It has resulted in significant vulnerabilities and has led to rise in global poverty. India's progress in achieving the goals in 2030 has seen a major setback as the needs of the most vulnerable people in the country have increased due to the immense impact of the pandemic on health, livelihoods and education. Many strong reforms and actions were taken by the government of India for people's welfare and to save their lives. COVID-19 acts as a stimulant in India's quest for self-sufficiency. India has turned this Covid-19 crisis into an opportunity. India has faced the COVID-19 pandemic with courage and a spirit of self-reliance. Building a self-reliant and sufficient India is an imperative step towards building a strong economy. The vision of self-reliant and self-sufficient India can be achieved through five pillars- rapid economic growth, modern infrastructure, technology, vibrant demography and demand.

Keywords: Pandemic, Shackled, Vulnerabilities, Self-reliant, Reiterated, Countervailing, Catastrophic, Marginalised

Introduction

COVID-19 has transitioned across different geographies of the world, from west to east-end of the sea shore. When the Wuhan virus hit the Indian peninsula, the possibility was that it would engulf India and its economy but Indian government reciprocated the virus with lockdown. Initially its growth rate was low but with the passage of time it became higher. But even then India has done well in containing the spread of COVID. When the COVID-19 was in its initial stage, Indian government shackled its hand and tried to make it insipid. Series of lockdowns broke the back bone of COVID-19. These lockdowns came in various phases. Each lockdown was different from the previous one and came out with different implementations. Not only India but also the whole world took the lockdown as the "first aid". Because no other option was available for this deadly virus. COVID-19 has not only affected the population of a country but has also destroyed its economy. This pandemic is hitting economies through multiple channels, hence, no one can deny the decline in economic activities because of the Covid-19 lockdown. According to IMF, its impact on the real or productive sectors of the economy is worse than what was witnessed in the financial crisis of 2008. The 2008 economic crisis was a slow burn played out over months. While this time it is a sudden dip in economic activity after the lockdown was announced on March 24, 2020 in India, urging the government to take speedy concerted motion with financial equipment taking a top function to comprise the COVID-19 unfold and restrict the harm to livelihoods. Social distancing is the key to contain the spread of virus but it is also causing supply disruptions. In the times of lockdown when all activities are stalled, only government can overcome the economic crisis. Governments can offer emergency lifelines to save lives, help families by protecting jobs and supporting MSMEs especially to avoid bankruptcies. Keeping this scenario in mind government around the world announced economic packages to get rid of this pandemic.

Moving forward, further governments can play a role to enable a recovery once the pandemic is contained. Noting that the coronavirus is having a profound effect around the world, we should keep this pandemic in mind and get ready for future with concrete steps. Lockdown due to COVID-19 is affecting the productive potential of nations because its containment disrupts supply chains. Basically, it affects demand, production and supply resulting in fewer jobs, less income and less spending. All these reasons have broken the back bone of Indian economy. Nations are also affected by the hardening of global economic situations and some are hit by the capital outflows. In the end, the steep fall in commodity prices is hurting commodity exporters.

Corona virus does not affect by seeing the financial status of a human being rather it affects the person who comes into the contact with infected person, as it is



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communicable disease. It is not that the effluents have not been affected by the corona virus but the section which has been the most affected by this deadly virus is the poor section. During this lockdown, the graph of the population below poverty line has increased at a rapid rate. And the biggest contributors to this downward moving graph are migrant workers. Migrant workers are the most marginalised sections of the society who are dependent on daily wages for their living. They are forced to leave their native places for the upliftment of their families and in search of better job opportunities and sometimes leaving behind their families. In many cases, the families of migrants at native places depend partially or entirely on the money sent by them. As in many situations they are the only income generating source of their family. Restrictions are imposed on routine activities as part of social distancing norms to prevent the spread of COVID-19. And on other hand migrant workers tend to move back to their native places because of shut down of industries and construction work. Many of them used all possible means to reach their native states, many of them are, however, stuck at borders. In the situations created by lockdown, whether quarantine or need to go to their native places because of shut down of industries and construction work, migrant workers are concerned about the well being and safety of their families waiting at their native places. They are less familiar with this new environment in which they are temporarily living and are prone to various psychological, social and emotional trauma in such situations. And in times of times of such distress, need sympathy and understanding of the society. But due to lack of knowledge about their rights, they also face harassment and negative reactions of the local communities.

The post-pandemic period problem in front of the government could be providing work to these workers. Revamping of Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGA) could solve this problem as millions of migrant workers have moved to their native places, most of them are skilled worker and thus their skills can be used at their native places. In this way, employment can be provided to them wherever they are, also in this way they can receive quick payments. With this money they will be able to buy essential goods and hence demand-supply chain would start again which would be the green shoots of economic growth. Besides it, permissible work must include not just agricultural and construction work, but also work in rural enterprises and in healthcare activities. Growth of the home market is due to agricultural growth, so there is an urgency to boost agricultural growth and it would in turn can promote rural enterprises. In urban areas, it is absolutely essential to revive the Micro, Small and Medium Enterprises (MSMEs).

The world is facing an unseen situation due to the outbreak of COVID-19 and in order to combat this catastrophic situation, well coordinated & joint efforts of all the sections of the society are required. Keeping all this in mind, it is to be noted that there may be incidents that employee services are dispensed with on this pretext or they are forced to leave their jobs. Therefore all private establishments shall be advised by government to extend their coordination by not terminating their employees or reducing their wages. If any employee takes leave, then at least he/she should be given enough salary so that he/she can meet his/her basic needs. Further, if such institutions are to be made non-operational due to COVID-19, its employees should be deemed to be on duty. The termination of employee from the job in this scenario would further deepen the crisis as India is already facing the problem of unemployment. And this situation will not only weaken the financial condition of the employee but also hamper their morale to combat their fight with this pandemic. In this way not only government, but also the private sector should be the helping hand in the upliftment of economy.

Prime Minister, Mr. Narendra Modi addressed the nation during lockdown and motivated Indian citizens so that they can be the helping hands in boosting up Indian economy. He stated that "We have been hearing for many years that the 21st century will be India's century, and this crisis is, I believe, one that carries a message that we have to move forward not just to combat the crisis but to prevail. That can happen when we are self-reliant. Local production helped us in this crisis, and when you look at several global brands, they begin as local but were marketed and raised to a global level. We have to do the same with our produce. We need to be vocal about local". The PM has announced the Atma-nirbhar Bharat Abhiyan (or Self-reliant India Mission) and unveiled the details of an economic package. Which was worth Rs. 20 lakh crore or 10% of India's GDP in 2019-20. Under this scheme, the government of India will support key sectors and will also help in achieving measures undertaken by

Reserve Bank of India. The package will also focus on strengthening local markets and supply chains.

Five pillars of a self-reliant India are as follows:

- 1. Economy-** which would bring in quantum jump and not just incremental changes
- 2. Infrastructure-** which should become the unique identity of India
- 3. System-** based on twenty first century technology driven arrangements
- 4. Vibrant Demography-** which is the root of energy for a self-reliant India and
- 5. Demand-** whereby the vigor of our demand and supply chain should be used to full capacity.

The scheme will pay special attention to tax payers, farmers, labourers, cottage industries and Micro, Small and medium enterprises. The main aim of the scheme is to become self-reliant. The Scheme will also focus on Vocal for Local and its impacts on the local supply chains. India has been able to sustain the pandemic due to the local production. The scheme will promote the locally produced products which would generate employment. And it would also help to strengthen the local supply chain. Atmanirbhar Bharat Abhiyan could be an antidote to the situation created by the corona virus crisis.

Economic opportunities and challenges raised by the Corona Virus

Indian economy is termed as a developing economy in the 21st century. According to IMF's World Economic Outlook (WEO) report, India has become the fifth largest economy in the world. India has rolled-out a number of policy measures to deal with Covid-19. The GOI has taken various welfare measures encompassing both, money and eatables, to help the most vulnerable and also to partially meet the cost of retaining workers in smaller enterprises, for the next few months. WHO Director General, Dr. Tedros has praised the efforts taken by the govt. of India and P.M. Narendra Modi for announcing a 24 billion dollars package to support country's vulnerable population during COVID-19 crisis.

Due to lock down restriction, there is a fall in demand as compare to normal times. As private employers denied to provide money to workers so they decided to get back to their native places. Government of India provided food and transferred cash to the needy. Reports states that it provided every household with Rs.7,000 per month for a period of three months and every individual with 10 KG of free food-grains per month for a period of six months. Putting money in the hands of poor is the best stimulus to economic revival, as it creates effective demand in local market and hence an immediate program of food and cash transfer must command the highest priority.

China's economy was already damaged due to pandemic and now number of foreign investors and foreign companies are stepping out from the China and looking to Invest in other Asian countries and India can grab these opportunities. For this India should give some liberty in its tax and labor Laws so Laws so that it can open its market for Foreign companies at this time of pandemic.

Welfare Measures

Ministry of Home Affairs of India, asked the states and the Union territories to take welfare measures for the migrant workers who were stuck in other states due to COVID-19 lockdown. And also asked them to ensure the welfare of migrant labourers housed in camps within their jurisdiction and adopt a humane approach towards them. The advisory came in the wake of recent directions by the Supreme Court for ensuring adequate medical facilities besides proper arrangements for food, clean drinking water and sanitation for migrant workers at relief camps across the country. The court also ordered that trained counsellors or community group leaders belonging to all faiths should visit the relief camps and shelter homes and deal with any concerns that the migrants might be going through. The Court had observed that the anxiety and fear of migrants should be understood by the police and other authorities, and that they should deal with migrants in a humane manner. Further, state governments and Union territories' administrations were told to engage volunteers to work along with the police to supervise welfare activities of the migrants. The home ministry's communication also reiterated the directions given by the Ministry of Health and Family Welfare to all the states to deal with psychosocial issues among migrants.

Test and Cost

Almost everything related to testing in India have been subjects of heated debates starting from whom to test to orders placed by the ICMR to procure test kits. The quantum of tests conducted in India at first seemed to be too few for its larger population. As COVID-19 pandemic spread quickly, India faced challenge of short supply of testing swabs. For this India imported testing kits from China which again was a failure because the results of these kits were always negative. But still, India tried and is trying to do better in its health-care facilities. And when there was the need for testing kits, Indian markets developed them which again was a good step.

When the pandemic began, only government labs were allowed to test this deadly virus but later private labs were also allowed to do the testing. At first, the price of test kit set by the Indian Council for Medical Research could not exceed the upper limit Rs. 4,500. But later it was decided that the government should bear the entire cost for testing and private labs could continue to charge for Covid-19 tests from individuals who could afford them.

Fiscal deficit

The challenge which stood in front of India was fiscal deficit. At the time of pandemic, India's national fiscal deficit was perpetually high, and it was about to get higher even without an increase in outlays. India's fiscal deficit stood at 5.07% of gross domestic product (GDP) in February 2020, according to a report released by the government of India. This made it difficult for the government to meet its revised fiscal deficit target of 3.8% of GDP for financial year 2020. Because of the lockdown, the economic activity started slowing down which affected tax collections. Due to the above problem, revenues declined sharply and state governments who are the first responders of the health emergency are hard pressed.

Foreign Investment

By taking the advantage of COVID-19, China tried make foreign direct investments (FDI) in India but Government of India decided to block the automatic route for approving foreign direct investments from China. This decision was probably arrived at after much deliberation, and was meant to be used as a diplomatic lever in dealing with Beijing. FDI in India averaged \$1412.87 Million from 1995 until 2020. Although, During corona virus pandemic, FDI in India increased by \$2873Million in February of 2020 and could be expected to reach 4000 Million by the end of this quarter. Over the past year, India opened up more possibilities for surges and sudden stops of foreign capital and relaxed prudential norms related to external flows management.

Trade barrier

India imposed trade barriers to imports through higher custom duties. It is well known that high import barriers ultimately undermine national competitiveness. In this way the dream of self-reliant India mission can be achieved. Anti-dumping and countervailing measures have been adopted to protect the domestic industry from serious injury arising from dumped or subsidised imports. India imposes these time-to-time to protect domestic manufacturers from dumping, mainly from China. In recent times of the COVID-19, India seems to be aggressively increasing its application of the antidumping law. Government is providing several export subsidies and other domestic supports to several industries to make them competitive internationally.

Banking Sector

Issues related to the banking sector like NPAs must be dealt carefully. Non-Performing Assets (NPAs) will spike in virtually all economies in the coming months. India's NPA ratio is over 9%, highest among the important economies. Recent developments including that of the private banks, include widely reported delays in resolutions and the ad-hoc dilutions in regulations, which have not helped. Last year's reports stated that the ten banks disclosed that for the previous financial year their NPAs were Rupees 26,500 crores higher than previously reported. All this contributed to an increase in the banking sector's risk premium.

Challenges moulding the Prospects of low-income countries**The global economic recovery**

The economic consequences of coronavirus will no longer follow a V-shaped growth pattern, a sharp downturn followed by a sharp upturn. Growth is now likely to be U-shaped, a longer downturn, as news of the Chinese slowdown is compounded by similar news in Japan, Italy, and probably the US and elsewhere in the future. There is now a possibility of L-shaped growth, slower growth for some time in 2020 and

2021, if globalisation accelerates and the real crisis in supply and demand spills over to financial markets.

Coordination of G20 countries

The G20 successfully restored confidence in the wake of the 2008-2009 global financial crisis, and a similar rainbow stimulus is required now. Measures should include integrated fiscal and monetary policies, as well as targeted employment measures that take into account the poorest people and countries. Delays might mean a sharper and deeper 'V' or deeper and longer 'U'.

How countries emerge from the crisis in the long-term

Different countries and economic activities will be affected in different ways. That's why every country will emerge in a different way. The important thing is how diversified a country's production systems and value chains are, as the global economy comes out of this crisis, alongside their adoption of digital technologies.

The quality and speed of support measures will make a difference:- Bridge finance will help hotels, airlines and people overcome a sharp but short recession. Targeted structural changes on other hand can move a country into a new niche sector and make use of opportunities in services trade. Countries that can overcome this transformation fast will have an advantage.

Financing the health sector and the provision of vaccines

In the future, we will need to consider more closely how we finance global public goods such as health sector response systems, vaccine development or other global challenges like climate change. This needs additional aid as well as non-aid, like developed country research and development budgets, to target finance at the weakest links.

Conclusion

COVID-19 came with many unfamiliar names like lockdown and quarantine. It created uneasiness and anxiety among public. To come out of this situation many bold reforms and actions like self-reliance were taken by government for saving lives of people. It was brilliant instance of giving voice to local solutions. The era of this pandemic may come as unprecedented calamity but it has also made us realize that our nation has potential to lead the world by understanding its capabilities and building over it. For spreading the branches of a tree, it needs to grow stronger as its roots so that it can handle the weight of bigger branches. I conclude post-CoVID-19, India must focus on addressing the challenges of lack of systematic knowledge. Such solutions would create a user-centric approach towards identifying the on-ground challenges and developing solutions.

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