

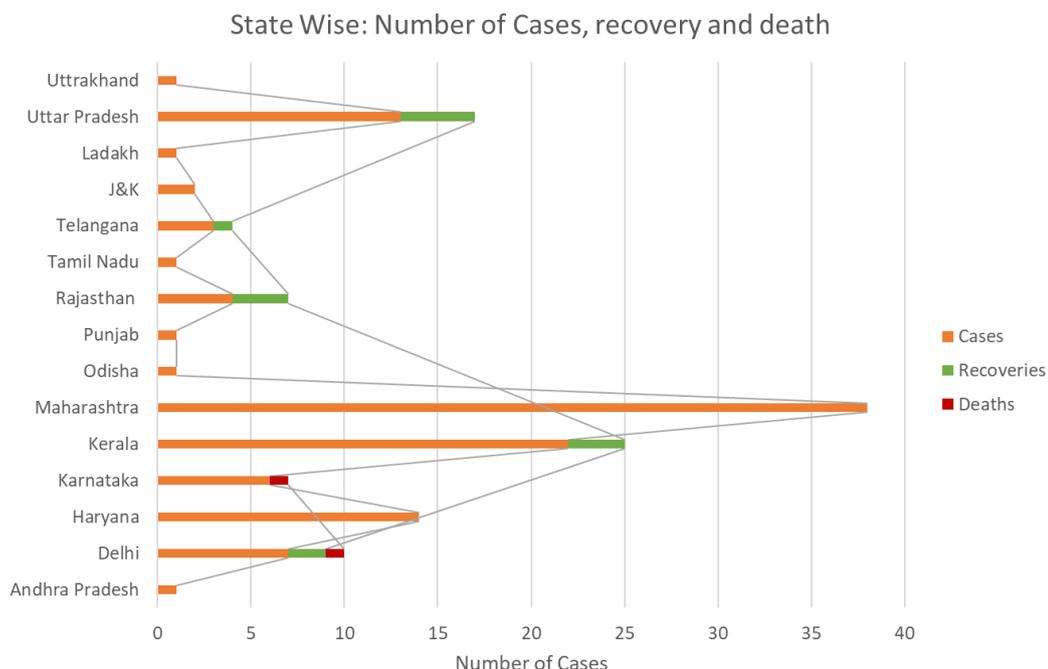
Government's response and implications of COVID-19 in India

With more than 2% mortality and the risk of catching it through human contact, Coronavirus has been declared a pandemic by the World Health Organization. As the world is battling through the outbreak of this virus, we have provided a brief summary of the different approaches adopted by the Government of India and virus's potential economic implications on the economy.

Different approaches adopted by the States

The approaches adopted by the centre are relatively strong when compared with the rest of the world. As on 17th March, India banned entry of the Indian Nationals travelling back from European countries. Although the government has been pro-active in combating the spread of virus from outside of India, governments are yet to take extensive policy actions at State Level.

As on 16th March, 116 of total confirmed cases have been reported. Out of these 116 cases, there is an 11% recovery as of now with a death rate at 1.7%. Despite the low number of cases, when compared to China, UK or US, India is only in week 3 from the time the first case was reported. The following is a snapshot of State-wise cases confirmed, recovered and mortality.



States have adopted different strategies and policies to combat the outbreak. Following is the snapshot:

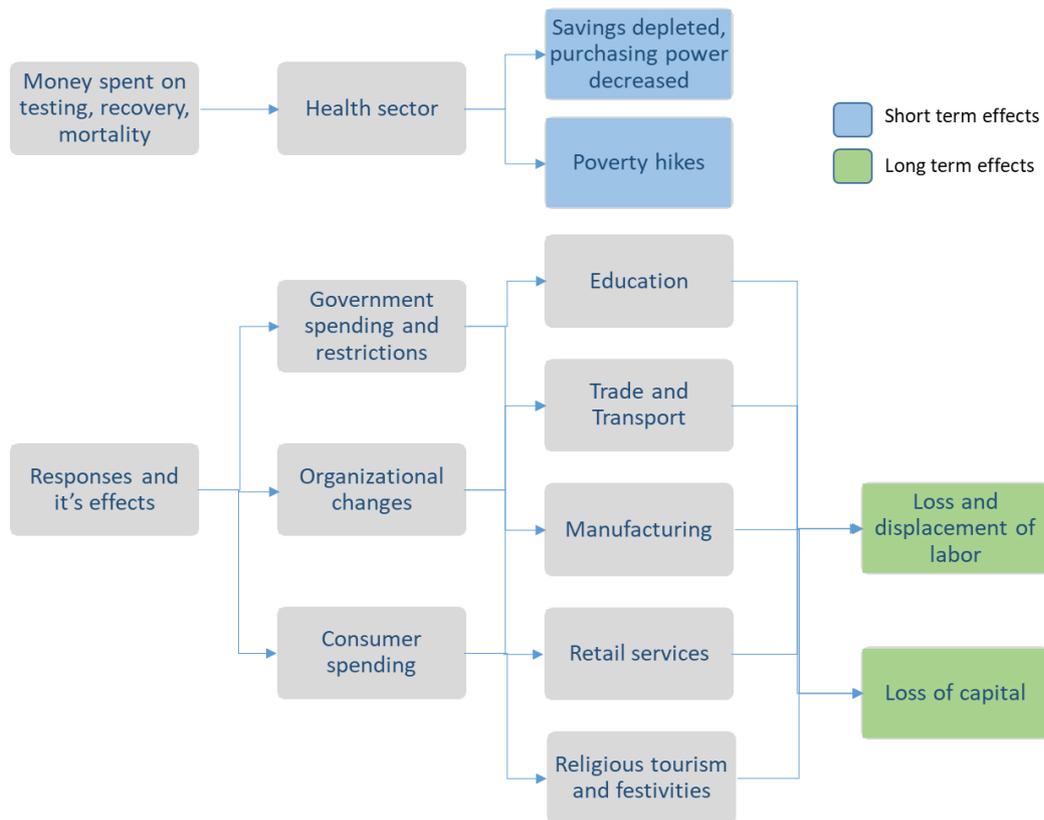
State	Schools/ Universities	Restaurants/ Malls	Government Institution shut down	Religious Tourism	Mass gatherings (including weddings)	Local elections delayed
Delhi	X		X	X	X	
Maharashtra	X	X	X	X	X	
Andhra Pradesh				X		X
Karnataka	X					
Madhya Pradesh	X	X		X	X	
Gujarat	X	X		X	X	
Rajasthan						
Uttrakhand				X		
Uttar Pradesh	X	X			X	
J&K				X		
Telangana	X	X			X	
Tamil Nadu						
West Bengal				x	X	X
Odisha		X				
Kerala	X	X	X	X	X	

Implications of the pandemic

Economic implications

Trade and development is the one area most hit by the outbreak of the virus, especially because of the policies adopted by many countries to shut down ports and international borders till the outbreak is contained. Combined with the travel ban by the major countries including US, UK and Europe, the countries that were most dependent on the global traffic are closely edging towards recession.

Given the scale of businesses slowing down and purchasing power decreasing, the following are areas most hit and its subsequent short term and long term effects:



While the costs of the disease burden such as the testing, care, isolation and recovery costs are covered by the government in most countries, the economic implications will be mostly due to the responses of the governments, organizations and individuals – the actions consumers and decision makers are taking to avoid the virus. How the economy will be impacted at each level is described below:

1. At a National level:

In a recent analysis, economists Hugo Erken and Kan Ji, view the COVID-19 shock as a Black Swan Event – where the occurrence of the event might be unlikely but the impact is big. As per the UNCTAD report, economic estimates of the likely global impact of outbreak on India is at \$348 million. Although India is among the top 15 countries to be hit by China’s

slowdown, the trade impact is mostly on the sectors such as chemicals (\$129 million), textiles (\$64 million) and automotive (\$34 million).

While the government has taken measures to control the outbreak, very few fiscal and monetary policy changes have been adopted to minimize the effect of the outbreak on the economy.

2. At an organizational level:

Sectors such as Tourism, aviation, hospitality and trade face the maximum loss with governments curbing activity and travel across the world. Moody's has downgraded India's growth to 5.3% in 2020 due to the downside risks of COVID-19.

3. At an individual/ family level:

In India, more than 60% of the population lives in the rural India with more than 40% people migrating from their homes/villages to the urban clusters in search of employment. With more small and medium scale businesses shut down amidst the outbreak, many of the temporary workers will not survive the monthly cost of living and will have no option but to go back to their villages, increasing the income burden on the other members of the family.

While this brief only covers the economic implications of the outbreak, the short term and long term effects of the outbreak lead to several social and health implications that we will discuss in our next part of the series.