



# IMPACT OF COVID-19 ON INDIAN ECONOMY

*Editors*

**Dr. S. THEENATHAYALAN | Dr. MAMTA BRAMBHATT  
Dr.T.K.S.VILLALAN | J. ALAGIRISWAMY**

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**ON**  
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*This Book Dedicated to Frontliners of COVID-19*





# தமிழ்நாடு ஆசிரியர் கல்வியியல் பல்கலைக்கழகம் TAMILNADU TEACHERS EDUCATION UNIVERSITY

(The Government of Tamil Nadu enacted Act No.(33) of 2008)

Chennai - 600 097, Tamilnadu, India.

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## Prof. N. PANCHANATHAM

Vice-Chancellor



### FOREWORD

This compendium , a compilation of thirty one documentations of multifaceted views and reviews embedded with explanations encapsulated by upcoming academic thinkers and in-depth researchers with great concern on the pre-scheduled and determined concept and grand participatory enthusiasm on the specific theme to reveal their findings, resultant impact on researches, suggestions and opinions to a debatable and discussable platform for academic and authentic justification with subject positivity, which of course is correlated and coordinated with the International Online Conference held in the recent past on “Impact of COVID-19 on Indian Economy”.

Even though the core concept of the theme was predominantly kept on the axis of COVID-19, a pandemic and Indian Economy which swings between ‘Products and Services’, the writers have stirred deep to bring out the facts and truth beyond the themes to disclose their confident conclusions within the long-rope to satisfy its honest readers of this compendium like you all which would be a informative treasure and a hand-pack in their book-shelf as a future reference resource.

While congratulating the writers and also the participants of the International Online Conference, I appreciate the efforts and involvements of the editors for bringing out this compendium in a well-built style in well-disciplined publication outcome and wish them all success for their future attempts too.

With best wishes

**Prof. N. PANCHANATHAM**





## EDITORIAL NOTE

The world would have not imagined that a virus named CORONA which got transmitted to the humans in the Wuhan City, China will change the lives around the world dramatically. Lockdown of the nation had to be promulgated by various Nations to stop the spread of the positive infection of the virus lead to COVID-19 crisis. To stay healthier and avoid infection of the deadly virus one had to drain out his wealth and savings. Majority of the people in developing countries did not have enough savings to withstand the lockdown. India tackled the pandemic by issuing lockdowns at multifarious levels since 27 March 2020.

This Book received significant research articles on the impact of COVID-19 on various sectors of Indian economy such as agriculture, education, human resource management, banking, international trade, healthcare and MSMEs. It was found that the stress experienced by various sectors which was initially due to the health crisis later galloped, as the economic crisis followed due to the lockdowns. It is also substantiated from the lowest quarterly economic growth India ever had achieved in the first quarter of 2020-21.

This compendium emits its bright light on the agriculture sector which is the major employer of Indian population which was least affected due to this pandemic and how it managed to ensure sufficient supply of food grains to the fellow people. It also highlights the problems faced by the manufacturing sector due to the lockdown and how it later impacted employee-employer relations. It also brings out opinion of the various stakeholders on the transformation of healthcare and education sectors to digital platform.

The world had witnessed various pandemic till the present period of its global existence. The earlier pandemic affected only a certain part of the world at a specific tenure of time. There is less certainty that any earlier crisis had impacted the entire world with this severity, unlike today. Therefore, it is of crucial importance to document the effect of the pandemic on various sectors of Indian Economy. We congratulate the supporters and writers of 'L ORDINE NUOVO PUBLICATION' in bringing out this compilation of write-ups penned by several enthusiastic thinkers on impact of COVID-19 on Indian Economy, realizing the importance of the current pandemic scenario which of course affected Indian economy.



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**CHAPTER**

**4**

**REVIVING THE TAMIL NADU  
STATE ECONOMY IN  
THE WAKE OF ADVERSE IMPACT OF  
THE COVID-19 PANDEMIC**

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**Introduction**

The covid-19 pandemic is an opportunity to reconstruct and rethink about the health care services in India particularly with reference to Tamilnadu. Corona virus has been massively disturbing our lives and also the economy of the country. In India for a quite long time healthcare services has been increasingly privatized. Now the pandemic covid-19 has made the government to wake up and to provide health care services more accessible and affordable to the poor and uncared people in India. This paper aims to study the following objectives and to provide solution to revive the Tamilnadu state economy in the lack of adverse impact of the covid-19 pandemic. Tamilnadu state is now considered to be a one of the hotspots in the country.

**Objectives of the Study**

1. To Suggest the Measures to be taken by the Tamilnadu Government to promote the growth of the important sectors namely Agriculture, Industry and Service sectors.
2. To forecast the Additional expenditure to be incurred due to social distancing
3. To predict the additional Cost to be incurred due to pre-cautionary measures for COVID-19.
4. To study the Opportunities and Threats
5. To assess the impact of Lockdown
6. To improve the fiscal position of the State of Tamil Nadu
7. To identify the possible sources of financing/funding for different sectors
8. To suggest the fiscal measures to be adopted in collaboration with the Government of India for further course of action

**I. Measures to be taken by the Government to promote the growth of the important sectors**

**1. Agricultural Sector**

- Establishment of Dams and Development Board.
- Effective implementation of **Credit Card** facilities with the credit worthiness of Rs.10000, Rs.20000 and Rs.30000 to the small, marginal and large farmers respectively.
- Establishment of Block level fertilizers and pesticides stores to the farmers to meet their needs.
- Making insurance as mandatory to the both farmers and crops.



## 2. Industrial Sector

- Tax waiver for a period of one year for the MSME enterprises in the view of COVID-19.
- Tax holiday may be announced for the investors starting industries in the rural backward areas for a period of five years.
- Need to encourage agro-based industries by providing interest free loans.
- Relaxation in the present EXIM Policy for buyers and sellers between the states.

## 3. Service Sector

- Need to strengthen the database of the service providers.
- Make all the educational institutions to be registered in the Government Portal.
- Registration must be done for clinics, hospitals, migrant workers and other business enterprises as mandatory.
- Need to encourage the depositors without deducting the tax for their fixed deposits.
- Establishment of Board for the regulation of fees, tariff for educational institutions and hotel and transport industry respectively.

### II – Additional expenditure due to social distancing

- Bus fare to be revised without affecting the general public.
- Number of bus trips must be reduced.
- Vehicles should be cleaned with all clinical devices/medicines.
- The additional cost may be met for COVID-19 from the Corporate Social Responsibility fund of industries.
- An exclusive corpus fund may be created to meet the additional costs.

### III – Additional Cost due to pre-cautionary measures for COVID-19

- Schools and colleges to be opened after taking the stock of the situation COVID-19.
- Provision must be made for sanitizer at the entrance and other hygiene facilities to the general public.
- An exclusive budget for COVID-19 may be formulated in consultation with Government of India.
- Vigilant monitoring of 24 x 7 in public gathering places.
- Private/Government hospitals must be monitored for admission of patients by using Government insurance schemes.

### IV – Opportunities and Threats

Opportunities	Threats
<ul style="list-style-type: none"> <li>• Taxes on e-commerce spending</li> <li>• Taxes on excess wealth</li> <li>• Scope for Pharma industries</li> <li>• Earning through registration fee for enrolling clinics and firms</li> <li>• Possibility for inventing medicine for COVID-19 pandemic</li> </ul>	<ul style="list-style-type: none"> <li>• Storage of man power due to migrant labourers</li> <li>• Ageing population will be affected</li> <li>• Need for more hospitals</li> <li>• Need for doctors and health workers</li> <li>• Instruments for health and hygiene is an urgent need</li> </ul>

### V – Impact of Lockdown

- Economic slow-down
- Loss of tax revenue to government
- Profit loss to the entrepreneurs
- Disturbance to the general public
- Demand for Doctors and health workers
- Demand for drugs

- Survival of migrant labour at the stake
- Expenditure towards welfare schemes are high for the government
- Private participation is limited
- Unemployment is acute
- Poor income to the marginalized poor (farmer, daily wage earners)

#### **VI - To improve the fiscal position of the State of Tamil Nadu**

- **Pay roll tax** may be implemented for all firms and organization based on the number of employees/workers.
- **Social security tax** may be implemented for all citizens in order to meet the health problem and other unexpected problems (death/accident/surgery etc.)
- Mild increase in tax rate
- Diversifying revenue sources
- Reprioritizing expenditure of the Government
- Expenditure cut in all department of the government.
- Sale of natural resources (Sand, stone etc) by the Government
- Tax may be collected on the establishment of new, firms, clinics, hospital, schools, colleges, universities, institutions at the time of registration and the minimum tax may be levied every year for renewal.
- Uniform indirect tax for all products except farm products.

#### **VII - Identification of possible sources of financing/funding for different sectors**

- Initiatives to be taken to get loans from the IBRD, IMF and BRICS and other funding agencies.
- An exclusive fund may be created for infrastructural development through Public Private Partnership mode (PPP).
- Selling government bonds to the public for mobilizing funds.
- Encouraging the foreigners to invest their capital for two infrastructural developments.
- Encouraging private bankers to provide loans to the small entrepreneurs as mandatory

#### **VIII - Fiscal measures and economy promotion measures with Government of India for necessary action**

- GST may be shared 60:40 ratio for state and centre respectively.
- NITI Aayog branch may be established in each state to study the entire economic situation of the states and further to advise the government in this regard.
- Collective decision making with regard to levying and collecting tax.
- Subsidies and grants may be allocated for the state based on the population, revenue and the need of the state.
- Proper disbursement of tax sharing to the state governments on time.
- Restrictions in the state borders may be relaxed for internal trade activities.
- Economic advisers may be appointed to the Chief Ministers of States.

#### **Conclusion**

Tamilnadu's covid-19 case tally increased to 2, 20,716 on 27<sup>th</sup> July 2020. The states daily tally exceeded 6,000 for the fifth consecutive day. The government also has approved the private laboratories for covid-19 testing. The government has been taking enormous steps to control this pandemic covid-19 by establishing health care facilities such as increasing the number of beds, provision of PPE's (Personal Protection Equipments) to the doctors, health care workers and the police personals, medical equipments related to covid-19 to alleviate corona infected patients. The people of the state expected the government to provide health care facilities and services at the free of cost in all possible ways with sustainable and inclusive approach.

## ABOUT THE EDITORS



**Dr. S. THEENATHAYALAN** is presently serving as Associate Professor and Head, Department of Economics and Centre for Research in Economics of The Madura College (Autonomous), Madurai & Member – Syndicate, Madurai Kamaraj University. He has credibly maintained consistent academic records in his post graduate studies with a University Rank. He started his teaching career in July 1991 with a passion for teaching (30Years). He has produced 11 Ph.Ds, 32 M.Phil and published 12 books. In recognition of his outstanding contribution to teaching and research in Economics, the Malcolm & Elizabeth Adishesiah Award for the Best Teacher in Economics 2014-15 with a cash award of Rs.30,000/- was presented. He has also received Senior Economist Award from the Association of Economists of Tamil Nadu (AET) and Best NSS Programme Officer Award from M.K. University . He served as NAAC Coordinator, IQAC Coordinator and Dean of Academics and Research in the college.



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