

## 29. DYNAMICS OF BUSINESS AND ECONOMICS - GLOBAL PERSPECTIVE WITH RESPECT TO INDIA, DURING COVID-19 PANDEMIC

**ARUN KUMAR L.S**, MA (ECONOMICS), MA (POLITICAL SCIENCE),  
KSET *Assistant Professor of Economics, M S Ramaiah College of Law and  
Management, Bengaluru, E-Mail: arunkumar9035@gmail.com*  
*Mobile number: 9035724154*

### ABSTRACT

**I**nternational business encompasses all commercial and economic activities between the nations to promote the transfer the goods and services, ideas, resources and technologies across the national borders. Every country has limited resources therefore a country cannot produce all the goods and services that it requires. The present context of the world, there is imbalance in production and supply factors due to Covid-19, which has led to market imbalances in demand and supply. The world economy has been hit hard by the ongoing Covid-19 pandemic, as on June end more than ten 10 million people around the globe had been affected by disease, USA, India and others are worst hit countries with decrease in GDP and increase in unemployment. It may be useful to also note that prolonged lockdowns will eventually imply production shortfalls, may lead to increase in unemployment; decrease in demand for products, slowly running out stocks. In recent forecast of World Trade Organisation (WTO) indicated a clear fall in world trade between 13 per cent and 32 per cent in 2020, perhaps the highest fall since the Great Depression of 1930s. The purpose of the research paper is Economic and Business crisis, due to covid-19 in present situation in India

and the world.

India and world can overcome the challenges by specific government, by providing economic relief packages and increase in employment opportunities by digitalisation in all the sectors of the economy to increase in gross production, investment, job security to casual labours. These factors may change the world present situation to productive or welfare economy.

### KEYWORDS

Covid-19, Economy And Global Crisis, Indian Trade

### INTRODUCTION

The Indian economy has been hit hard by the ongoing Coronavirus (COVID-19) pandemic global crisis. As on June 22, about 425282 people in India and more than 60 percent of the world are facing hurdles in one or the other way due to the fluctuations in the business cycles as COVID-19 impact. A health crisis worldwide has generated a global economy standstill. Indian economy is facing three major challenges. First is to save the country from the spread of Coronavirus, which is a health emergency. Second is to save the economy from the unfolding economic crisis due to the dual effects of the Coronavirus pandemic. Third is to provide a relief package to migrant

workers, who are vulnerable in this crisis in different states in India & the world in this global and national lockdown. If we observe the world scenario, countries around the globe are facing serious consequences and damages to economies. According to the International Monetary Fund (IMF), many economies may face negative per capita income growth in 2020, due to the Coronavirus pandemic & unavailability of labour, WTO .has also slashed growth forecasts for the Indian economy, projecting a GDP growth of 1.9 per cent in 2020. In its recent World Economic Outlook, IMF does project a rebound in the growth of the Indian economy in 2021, at a rate of 7.4 per cent. India is one of the fastest developing country in the world depending on migrant and unorganised sector workers for construction works, service-related jobs, due to Coronavirus pandemic most of the migrant workers are finding hard to live in the cities else move to their natives.

WTO is an international organisation created in 1995; it supervises International trade rules and regulations among the member countries. Presently there are 164 member countries under control of WTO; it superseded the 1947 General Agreement on tariffs and trade (GATT). In India service sector contributes a lion share in growth of GDP, due to availability of surplus labour force and manpower. But in the year 2020 Indian growth rate is decreasing due to the effect of covid-19. Most of the growth contributing sectors are unable to contribute, due to lack of demand in the economy, ADB (Asian Development Bank) has predicted Indian growth rate is to be 4% in the fiscal year 2020-21 due to lockdown implemented by the government. According to data released by Centre for Monitoring Indian Economy (CMIE), India's unemployment rate in May 2020 was around 23.5 percent, due to unavailability of labour and government

restrictions.

## **REVIEW OF LITERATURE**

Therefore, stimulus packages induced demand combined with lockdown induced production shortfalls may ultimately generate inflationary tendencies in the economy that may well be difficult to control. Additionally, inflation will mean lower real incomes/wages for households. While the current Indian economy conditions may not necessarily be indicative of this outcome, the possibility of inflationary forces building up, it may lead to problem for the country to provide large quantity of agricultural, essential products to huge section of casual labourers, including migrants inside the country. In the recent trend any shocks and stimulus of one countries economy may affect the globe in a short span of time, as imperfect perfection competition exists in the globe, as one country has to depend rest of the world for its progress. Covid-19 made china and some Asian nations to suffer initially with economic shocks, but within three to four months it has its impact to most of the nations in the world, by imbalance in demand and supply factor, problem of imbalance in exports and imports due to lockdown and government restrictions.

## **NEED OF THE STUDY**

1. The outbreak of the covid-19 is posing a challenge to many economic activities and labour sections in India and the world.
2. To understand the problems faced by migrant workers during covid-19 pandemic.
3. To understand the policy and packages by the government to overcome unemployment in world.
4. A business strategy that involves selling products and services in different foreign markets without changing the characteristics of the product/service to accommodate the cultural norms or

customs of the various markets.

5. A comprehensive strategy addressing the impact of the current crisis may put the Indian economy back on a sustained economic growth path and strengthen countries trade and foreign trade policy.

### STATEMENT OF THE PROBLEM

Overall Covid-19 has brought uncertainty to a large section of low income of population around the globe. Especially low-income individuals, workers are worst hit by this pandemic. The uncertainty about future looms heavily in the mind of both consumer and producers. But the concerted action by the countries in the world will surely turn the tide. India and some other countries have great opportunities in this circumstance especially looking at the composition of global value chains in the world trade with surplus manpower, but the problem of increase in disequilibrium of payment, sudden increase and decrease in price, monopoly market of some powerful MNC`s (Multi National Companies) in developing countries has made these countries to depend more on other Developed countries for import of technology and investment.

### OBJECTIVES OF THE STUDY

1. To enable substantial growth of production, labour and service sector in national and international trade.
2. Its effects national income, flexible trade, good business and balance of payment.
3. To understand employment, inclusive growth and security for unorganised sector in the economy.
4. It understands the sustainable growth of the economy, by increase in HDI (Human Development Index), raise in PCI (per Capita Income) in Macro view.

### RESEARCH METHODOLOGY

This research output is the outcome of an overview conducted on the impact of covid-19 on Economy, migrant workers and international business and trade in the Indian context experiential approach. It uses secondary data for analysis, discussion with experts from part of the research work.

#### *i NATURE OF STUDY*

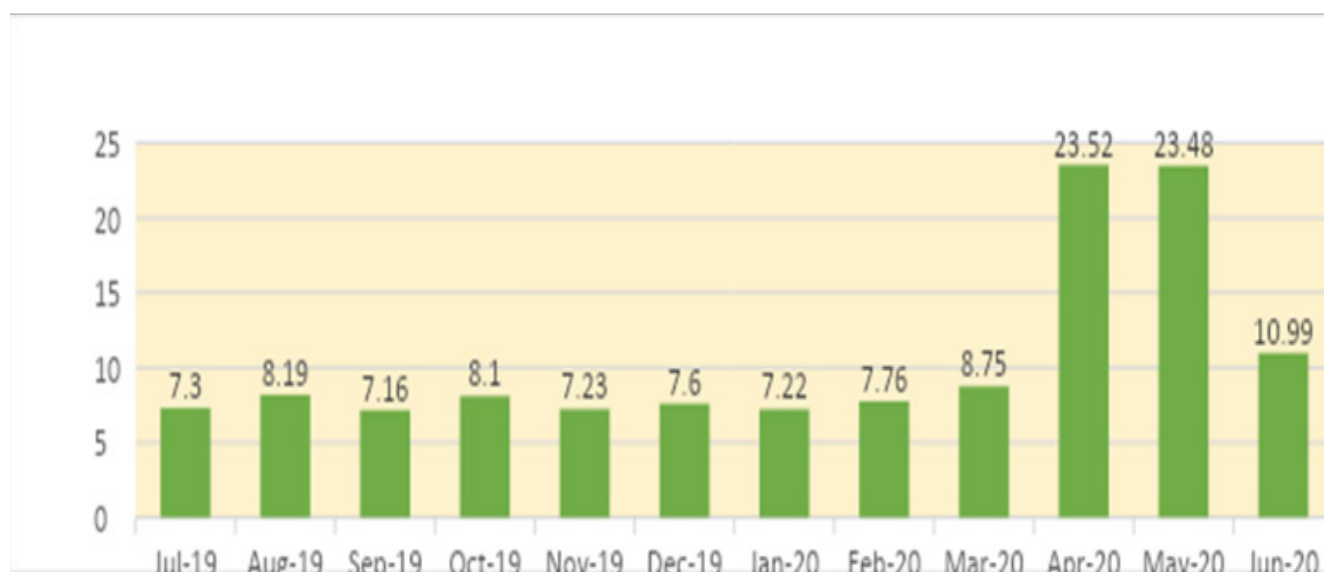
The study is mainly descriptive in nature; secondary data are used for the purposes of the study.

#### *ii SECONDARY DATA*

Secondary data was collected from websites, various articles and journals.

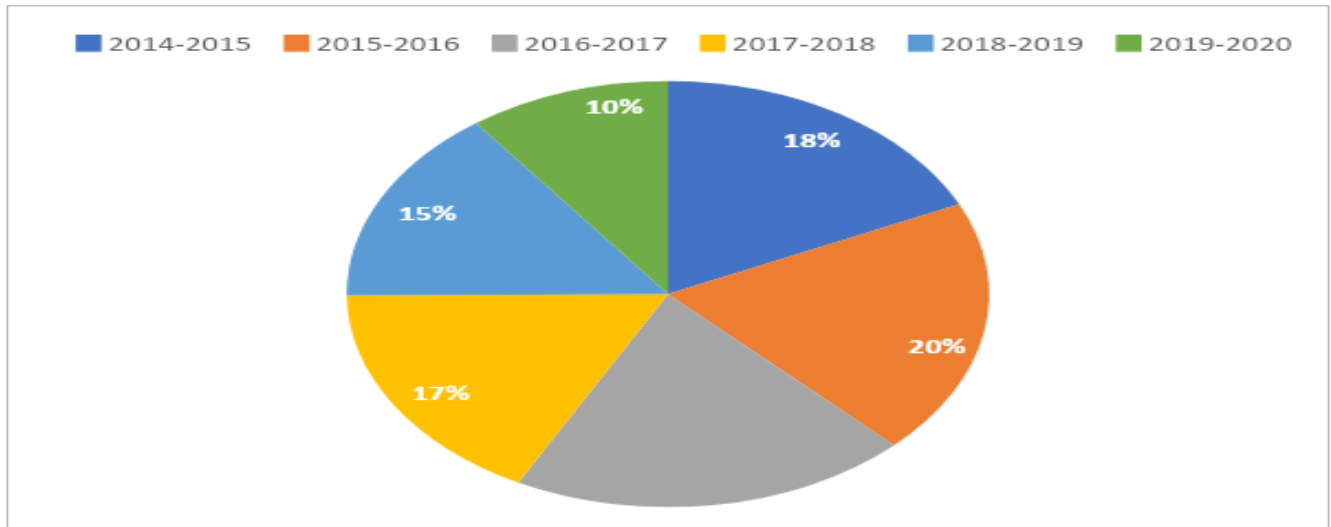
## RESULT AND DISSCUSION

### i INDIAN UNEMPLOYMENT RATE BACK DOWN AFTER COVID-19



The graph explains the unemployment percentage July 2019 to June 2020, India has large section of working population work in unorganised sector, the graph shows sudden increase in the unemployment rate due to Covid-19 epidemic situation.

## ii India's GDP Growth Hits New Low



Above graph signifies the negative impact of Covid-19 and it results in decrease in GDP (Gross Domestic Product) in India from year 2014 to 2020, where the contribution of all sectors of GDP is unable to contribute accordingly in year 2020.

### FINDINGS

- 1) Covid-19 has emerged as a bigger challenge for the globe to resume economic activities.
- 2) Most of the national, international movement of labour has led to increase in unemployment ratio of India, around 11percent in June 2020, data published by (CMIE).
- 3) Due to lack of sanitization and precautionary measures, migrant workers are facing hardship to sustain in metro cities, and they are finding hard to earn their daily wages.
- 4) International trade may increase job opportunities, but due to governments' lockdown from March 2020, international trade related economic activities are persistent.
- 5) Covid-19 has made some organised sectors to work in home, but India has most of the working population working

in unorganised sector, it is a tuff task for government to provide enormous digital facilities for unorganised sector in short span of time.

### RECOMMENDATIONS \SUGGESTION

- 1) Promotion of MSME (Micro, Small and Medium Enterprises) and digital India to all economic, financial sectors of the country.
- 2) Flexible tax evaluation for all section of society, including relief packages to economically weaker sections of the society during covid19.
- 3) Fiscal and monetary policies implemented according for the flexible demand and supply of labour, capital.
- 4) Macroeconomic policies like Make in India, Swatch Barat Mission has to be implemented to provide job security for migrant workers and below poverty line individuals.

### CONCLUSION

International business encompasses all commercial and economic activities that take place to promote the transfer of goods and services, ideas resources across technologies national borders. International trade includes new

economic foreign policies implemented by the government, EXIM policy, and it creates employment to large section of population. Indian foreign trade which has come to stand still due to unavailability of workers at airports, seaports as many trade sectors are facing constraints to export and import goods and services due to covid-19 pandemic. Indian workers who migrated to foreign countries for better job facilities and to increase in standard of living, most of them have returned to India due to covid-19, India has a huge task to invest in job providing sectors like MSME, which contributes around 29% of GDP of the country.

Every country has limited resources therefore a country cannot produce all the goods and services that it requires, due to some trade benefit factors like comparative advantage availability of labour, technology, land, capital resource and required goods which cannot be produced or the amount is insufficient as require, needed to be provided from other countries similarly, countries sell their products to others also when the production of goods comes in surplus quantities than demanded in the country. International trade has led to growth of various sectors in India and the world, especially after 1991 LPG, various industries likes automobiles and increase in inflow of FDI (Foreign Direct Investment) and services, this growth led to increase in competition of world market, but due to effect of covid-19, most of the countries international trades exports and imports has been decreased, due to unavailability of labour and border restrictions. Covid-19 has resulted globe crisis, from past three months it has negative impact on Indian economic growth, increase in unemployment, decrease in standard of living and problem of essential migrant workers. Prime Minister Narendra Modi has launched Make in India initiative on September 25,

2014, with the primary goal of making India a global manufacturing hub by encouraging both multinational as well as domestic companies to manufacture their product in the country. Trade is central idea to ending global poverty, unemployment; International trade aim is to increase employment ratio and global inclusion.

### **LIMITATION**

1) Covid-19 has led to global economic crisis and can create imbalance in demand and supply of labour in the economy.

2) Trade can be led to over specialisation with workers at work of losing their jobs when domestic goods are not exported due to covid-19 restrictions, may lead to increase in disequilibrium of balance of payments.

3) It has resulted in country dual economics in underdevelopment countries, as a result of inflexible trade and labour policies by the government, where migrant labourers or casual workers are vulnerable.

4) Dumping can result in destruction of normal market of a country, by cheap imports, where domestic entrepreneurs and domestic migrant labours between the states are at risk.

### **SCOPE OF THE STUDY**

India's major export items are related to agricultural and informal sector activities, whose export demand also has come down, But this depressing situation is not expected to continue for long period of time, though it is not certain how long this pandemic will force the countries to keep all such activities under lock. Items of daily need have to be either produced or imported by all countries once the stock is over. In this respect India can go for diversification of some products depending on its expertise, especially in medical items, whose demand has got a sudden peak up in international market. And try to depend more on domestic production,

increase exports may lead to create employment to large unorganised migrants or domestic labourers of the country, flexible fiscal and monetary policies may try to narrow the trade imbalance, increase in GDP growth, development of all the sectors of the economy providing job security.

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