

# The Scenario of Rural India in the Context of Covid-Torn Global Economy

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**Abstract:** Covid-19 pandemic brings threat to life and livelihood to the developed as well as developing countries of the world. That is how the economic issues and economic problems more important. This pandemic has very badly quaked on public health infrastructure of entire countries that compels to the planners and policy makers to rethinking about their existing strength to cope with any further health related threat. One problem in front of the Governments of all over the world is that invention and implementation of vaccine is a very long time process however all the scientists of the world had left no stone unturned to get rid of it. One important point in such situation comes forward that a new economic order will arise due to such pandemic. The support may primarily be given in production, marketing, seeds, irrigation and storage facility. We hope our state government will be more proactive and come forward with a greater zeal otherwise nobody is sure how long we have to continue with this situation.

**Keyword:** Pandemic, Lockdown, Agriculture, Employment, Livelihood.

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## I. Introduction

Covid-19 pandemic has been is going to touch a yearlong duration. The world has been gowning the disease and its related issues. It started from Wuhan City in the month of December and gradually has been spreading all over the world. Its ubiquitous impact has been felt by all section and all sectors of the society. The effect of pandemic is so strong that it occupies entire coverage of the media for duration of last 10 months which was earlier filled with basically political and other social issues as the pandemic affected entire population of the world directly or indirectly. It brings threat to life and livelihood to the developed as well as developing countries of the world. That is how the economic issues and economic problems more important. This pandemic has very badly quaked on public health infrastructure of entire countries that compels to the planners and policy makers to rethinking about their existing strength to cope with any further health related threat. Before going to discuss about the rural economy of Assam it is it important to look into the scenario of the country as well as entire countries of the world as a whole .On March 2020, Government of India had to take a painful decision of country wise lockdown because of there was not any other option for treatment to the disease and vaccination was far long away from realisation. Therefore the Covid-19 pandemic was started as health crisis but now it gradually becomes economic crisis as well.

**Objective:** The objective of this paper is to find out the overview of rural India due to the outbreak of Covid-19 pandemic and its related impact in the economy of rural Assam.

## II. Methodology:

The present paper is based on the secondary data collected from the secondary source i.e. published literature of the subject concern. Descriptive and analytical method has been applied in the entire study. Moreover classification and tabulation of data have been prepared by applying various mathematical and statistical methods.

**Impact on Different Sectors of the Economy:** The reduction of GDP of the country has greatly impact on different sectors of the economy in different ways. The present economic situation shows that the majority of income comes from service sector. It is more than 60% followed by secondary sector of 22% and primary sector of 18%. The transition of country's economy shows that an economy is dominated by the primary sector at initial stage then secondary sector in intermediate stage and then tertiary sector in final stage. But, in India the economy is leapfrogging primary sector to tertiary sector keeping the secondary sector behind. Although the manufacturing sector in India is a large sector yet in comparison to large population this sector cannot be considered as large and dominant. Due to covid-19 pandemic all the sector suffers different ways. Primary sector is now opened by the government but the manufacturing and industrial sector are yet to be opened up fully. Moreover, manufacturing sector is also facing the problem of labour shortage even if they are allowed to

open up because the migrant labours that left the industry are reluctant to come back from their own home. In tertiary sector there has been a number of sub sector among these one component is hotel and restaurant, telecommunication, transport, real estate that shows a promising growth during recent past. Due to lockdown they are in standstill. Even if the shops are allowed to open to some extent like rule followed by left side and right side, the consumer are very less as they are restricted to come out of home by the local administration. Even if government allows opening the hotel and restaurant it is far away from the situation of public sitting together as earlier. There is tremendous decline in demand in the overall economy.

**Unemployment, Poverty and Inequality:** The various estimates say that due to covid-19 pandemic a large percentage of population will be leaving below the poverty line. The existing Property rates is above 20% and this pandemic will add more to it. In India a section of working population comprises marginal farmers, daily wage earners, vendors etc. These are the largest section of working population. They sustain their livelihood by opening small shops and door to door selling. These sectors suffer very badly even prior to the lock down like demonetisation in 2016 and then implementation of GST in 2017. The Centre for Monitoring Indian economy - a Bombay based organisation says before lockdown in the month of March the rate of unemployment in India was 8.35%. But on May 3, 2020 it was 27%. When unemployment rate is above 6% it is considered as alarming. However CMI declares that in June 21, 2020 unemployment rate is 8.1 % only. They claim that rural employment has been increased due to the implementation of various rural employment programs like MGNREGA. On May 2020, 565 million job days were created as against the May 2019 which was 370 million man days. But in urban sector the reduction of unemployment rate is lesser than the rural sector. In the field of human resource conventional mode of education suffered a lot. It has to face many challenges because of covid-19 pandemic. There are schools, colleges and university premises but there were no student. How to complete the running semester program and how to open the new semester it is not clear yet. We may have to think about in different ways regarding conduct of examination, evaluation of answer scripts otherwise students may lose one semester or one year. That is not optimum for all. It impacts on human resource of the country. How do we accept such challenge and overcome the situation it is a matter of concern. As of now there is no possibility to continue the conventional mode of education therefore experts suggest to postpone the new semester as far as possible but no clear cut opinion arises till now.

**Impact on State Economy :** The resemblance has been seen between the pattern of economy of Assam and the pattern of economy with the rest of the country especially in shares of contribution to the GDP in the country. In both cases the service sector is dominating the economy followed by industry and agriculture sector. However, the contribution of Assam to the industrial sector is more than all India average It is about 25% in comparison to all India average. If we observe the service sector of the state for the last few years we have seen that a noticeable development in few areas has been found in the sectors like trade, hotel and restaurant, telecommunication, banking services. But due to covid-19 pandemic all are in stand still. How much time required to revive such industries and will be able to back on track is difficult to predict. Considering the present situation even if the covid-19 pandemic is over people will be more cautious to avail such services.

The base of the state economy is still very poor. For resource mobilization it basically depend on the centre. Out of total income of the state almost 62% to 63% are coming from the central grant, loan and advances and other forms. The fifteenth finance commission has come into effect from April 2020. Finance commission recommendation and centrally sponsored schemes determine the flow of fund towards the state. These are the state resources. Another important thing is that due to the implementation of GST the state has limited scope for the prompt utilisation of such fund as Central GST is to be released to the state then only state can avail such fund for expenditure. Therefore the state like Assam is basically dependent on excise duty and other chess on petroleum product. In April 2019 the state government was able to collect GST of rupees 406 crore but after lockdown in April 2020 the state is able to collect only rupees 68.1 crore as SGST. The state is facing Another problem of migrant labour due to the effect of Covid-19 pandemic Due to lock down these labours came back to the state and whether they will return to their working place is not sure yet. That is why; the state is definitely going to lose huge amount money this year in the form of remittance. However the Government of Assam is recently trying to mapping of the skill of migrant labourers through the various departments of the state. Agricultural sector of Assam has also very badly affected due to such lockdown. The farmers were unable to bring the vegetables and other perishable commodities to the ultimate consumer due to lock down as a result of their products was rotten in the field. This situation indicates that state is unable to gain proper linkage with the market.

**The way forward:** It is difficult to say how long we have to live with covid-19 pandemic. One important point in such situation comes forward that a new economic order will arise due to such pandemic. We have seen that due to the outbreak of covid-19 pandemic the countries of the world have taken a bad impression on China and

resultant withdrawal of investment by the MNCs from China. India can be an alternative destination for such a situation. However to attract such investors our country has to reform labour laws. As on today it is not easy to throw out the influence of China. It is simply impossible. In a sense we can say that China has colonized the whole world economically. If we have to establish one manufacturing unit somewhere in India the majority of the parts required for that industry are coming from the China. The China has monopolized the production of these items or those parts. Similarly, in case of Pharmaceutical sector it has large demand. Raw materials required for the pharmaceuticals are also coming from China. One thing is sure that a new opportunity arises out of such pandemic. Therefore the Government of India or entrepreneurs of the country may think about to produce intermediate product or raw materials within the country in a very large scale. However China always occupies one advantage that she can provide goods in a very cheap rate because labour cost in China is very low. Can India be able to provide such goods in a very cheap rate? It is a matter of concern. If our country works towards that end then the country is able to attain self sufficiency. In India manufacturing sector has not been a dominant sector early it was agricultural sector now it has become tertiary sector. Therefore in such a situation government can take necessary measures to convert the manufacturing sector a dominant one. At present the country has been facing two challenges one is survival with the pandemic and another is revival of the economy. The government has to work both the front. To overcome recessionary situation the effective demand of the country must be increased. To increase effective demand people should have sufficient amount of cash money. This money should be in the hands of marginalised section of the society. Therefore the government can take the steps towards the direct benefit transfer (DBT) to the people those who have lost their job and earning due to the pandemic. However one important problem in front of the government is that GDP will be low in current financial year. That means government has a very less amount for expenditure on such issues. Moreover, as per FRBM act fiscal deficit should be within 3% and permission to increase this level up to 0.5 % only in special case. The last time the finance minister declared he would keep fiscal deficit down at 3.5 % but the actual fiscal deficit was 4.6 %. Therefore for the next year it may increase towards that extent otherwise there is no way out to boost the economy through the increase in effective demand. If the country is not able to increase effective demand it is difficult to come out from such recessionary situation. However a few sectors are doing well. Sectors like Pharmaceutical and IT are doing better during the pandemic therefore government has to focus on such issues. If we look at agricultural sector both land and water resources are yet to be fully utilised. If it is fully utilized we can expect a better development in agricultural sector with high productivity. We hope our state government will be more proactive and come forward with a greater zeal but the fact is that nobody is sure how long we have to continue with this situation. Therefore the government should also take initiative in this regard so that the target group can avail benefit of such program along with the support to marginalized sector. If we are able to do so, the state as well as the country can come out of the situation created by the covid-19 pandemic.

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