

ECONOMIC IMPACT OF COVID19 AMONG RURAL FAMILIES IN CHERAI, ERNAKULAM DISTRICT, KERALA

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Abstract: *Pandemics are not new to our world it has occurred many times in our history. But covid-19 is more destructive than other pandemics which affect the whole world. The covid-19 pandemic makes a massive destruction across the world. It causes widespread loss and destruction. This paper aims to analyses the economic impact of covid-19 among rural families in Cherai, Ernakulam district. From the study it is understood that rural families faced unemployment and it arises financial problem. Most of the rural families are depended on agriculture, fisheries and Animal husbandry. Covid-19 pandemic has created unprecedented recession in all sectors of economy, huge loss in production and increased unemployment and poverty.*

Keywords: Pandemic, Covid-19, Rural Family, Economic Impact, Rural Development

1. INTRODUCTION

The World has been gripped by a scourge over the primary half of 2020. It had been identified as a new coronavirus (severe acute respiratory syndrome coronavirus 2, or SARS-CoV-2), and later named as Coronavirus Disease-19 or COVID-19 (Qiu et al.2020)¹. While COVID-19 originated in the city of Wuhan in the Hubei province of China, it's spread rapidly across the globe, leading to a personality's tragedy and tremendous economic damage. By mid-June, there had been over 8 million cases of COVID-19 globally, with over 436,000 deaths. Given the rapid spread of COVID-19, countries across the globe have adopted several public health measures intended to forestall its spread, including social distancing (Fong et al. (2020)². India's effort to combat COVID-19 virus has been praised over the world. However, the lockdown came on economic cost and cascading impact on all the sections of society. The coronavirus pandemic has triggered a large reverse migration from the urban to rural areas in large parts of the country. Indian roads are flooded hundreds of thousands of labourers marching back to their villages to seek out some warmth and empathy (Dandekar and Ghai, 2020)³.

The central and states government in India under the special economic package, Pradhan Mantri Garib Kalyan Yojana (PMGKY) scheme etc. tried to take care of the economy and the

poorest among the poor but effective implementation of this scheme poses a big challenge (Jha 2020)⁴. Migrant's workers are the engine of growth from centuries which have been working day and night for the economic success of any region across the world. On the opposite side, they are the foremost vulnerable and don't have access to any reasonably social insurance. The forced reverse migration from urban to rural areas will have a major impact on the demography, society and economy of rural India. Most of the migrant workers were marginal farmers in the past which left agriculture and moved to urban areas for better economic opportunities. The forced reverse migration amid agrarian crisis poses a giant threat on people to fall into abject poverty. Many sectors of the economy of the world is hit heavily. However certain sectors like healthcare, online business and services, essential goods seem to have benefited due to pandemic has given rise to certain entrepreneurial activities (Vanessa ratten 2020)⁵.

Even before lockdown the rural consumption was on the contraction reflecting weak purchasing power and demand. The lockdown would have certainly caused further damage to rural demand, consumption, income and employment.

1.1. Significance of the study

The covid-19 pandemic makes a massive destruction across the world. It causes widespread loss and destruction. This paper aims to analyse the economic impact of covid-19 in rural families in Ernakulam district. From the study it is understood that rural families faced unemployment and it arises financial problem. Most of the rural families are depended on agriculture, fisheries and Animal husbandry. Covid-19 pandemic has created unprecedented recession in all sectors of economy, huge loss in production and increased unemployment and poverty. The lockdown would have certainly caused further destructions to rural sectors demand, consumption, employment and income. Studies conducted on economic impact of covid19 with respect to rural sector is less. This study will fill the gap.

1.2 Research Question

- Does covid19 have any economic impact on rural families in Kerala?
- Does covid19 bring any changes in occupation due to pandemic or lockdown?

1.3 Objectives

- Examine the changes in economic conditions in terms of income, expenditure and savings.
- Studying the economic impact of covid19.
- Understanding the changes in occupation due to pandemic and lockdown.

2. LITERATURE REVIEW

Right from the start, the Kerala government has been vigilant and highly tuned in to the outbreak of Covid-19 (Sadanandan, 2020)⁶. The government has resorted to varied initiatives like tracking and tracing, providing medical and financial supports, ensuring food security, and supplying necessary food items (Sarkar, 2021)⁷. The government initiatives were broadly aimed towards curbing the spread of the virus and supporting the people whose lives were tormented by the pandemic through multiple channels. However, this paper adds to the prevailing literature because it comprehensively analyses the effectiveness of Kerala's policy responses to support the people whose lives are badly laid low with the pandemic.

Baldwin (2020)⁸ describes the impact of COVID-19 on the flows of income in the economy. First, households do not get paid and hence reduce their consumption and savings levels. The decreases in savings reduce investment and hence ultimately diminish the capital stock. Second, households reduce their demand for imports, which successively reduces income for the remainder of the globe, and hence the country's exports decrease. Third, the demand/supply shocks cause disruption in domestic and international supply chains. Fourth, all of the previous shocks and disruptions lead to a fall in output – causing reductions in the usage of the factors of production. In this case, labor is more affected than capital through reduced working hours or layoffs and hence lower earnings.

The most fundamental commonality among poor households is that they cope up with incomes that are not just low, but also irregular and unpredictable (Collins et al., 2009)⁹. This scenario forces poor households to resort to borrowing to smooth the expenses and to maintain the consumption level steady over their lives, as suggested by Franco Modigliani's life-cycle theory (Deaton, 2005)¹⁰. The interrelation between indebtedness, credit accessibility and poverty has been explored by researchers worldwide. For example, Hartfree & Collard, observe that low-income households are at greater risk of experiencing financial difficulties and the problem of debt than higher-income households. The users of high-cost credit are most likely to be households with low incomes since high-cost credit is used when households are unable to access institutionalized credit. High-cost credit is also found to be meeting low-income households needs for small-sum short-term loans (Hartfree & Collard, 2014)¹¹. This understanding often leads to the conclusion that if poor households could access better financial tools, their chances of improving lives are going to be much higher (Collins et al., 2009).

3. RESEARCH METHODS

The research design used in this research is Empirical Research. It is based on observation and measurement of phenomena, as directly experienced by the researcher. The instrument used to gather primary data is a standardized questionnaire. The area of the study refers to Cherai in Ernakulam District situated in Kerala state with a population of 18,536. The male and female population are 9155 and 9381 respectively. Data collected from rural families which affected by Covid-19. The sample size was determined as 50. Simple Random

Sampling technique is used in this study to select sample from the population. Tools used in the study is Simple Percentage Method and Chi- Square Method.

4. DISCUSSION OF RESULT

The present study is reported that Covid19 pandemic drastically affected to our economy. The lockdown disrupted the lives of millions of households across the country, with its effects last for a long time after the lockdown ended. In rural areas, many households slipped in and out of poverty, facing food insecurity and having no source of income. This study shows that 21.45% respondents are from low income group and 38.5% are from medium income group. 64.3% of respondents are feel financial insecurity at the time of Covid19 lockdown, and most of the respondents are affected by Covid19 pandemic. According to the Chi- Square test results, calculated value of Chi-Square statistics 6.87 is significantly greater than the critical value 5.99 at degree of freedom 2 and significance level 0.05. Hence, we reject the null hypothesis and accept alternative hypothesis. That means economic background and financial status during pandemic are dependent variables

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