

A Case Study on the Perceived Impact of COVID-19 Lock down on Economic Condition of People of Chandigarh.

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ABSTRACT

The COVID-19 Pandemic which is caused by SARS-COV-2 virus has not only been a toll on public health but is expected to make major shifts on the economic condition of people in and around Chandigarh. To curb the raise in number of affected people the government initiated a lock down since March 24th 2020, and is still continuing.

This study has been carried out on the impact on people's economic condition due to the lockdown, where people faced huge salary deduction and some even without salaries. During the study the research was done on the income of household people in and around Chandigarh along with the expenses made by people. Income and expenses were compared analysed and plotted on the Maslow's Hierarch of needs to understand how people cope up with the budget control during this emergency situation.

The study revealed that most people, were trying to save money and curb unnecessary expenses that could be classified as anything beyond safety needs to handle the economic stress.

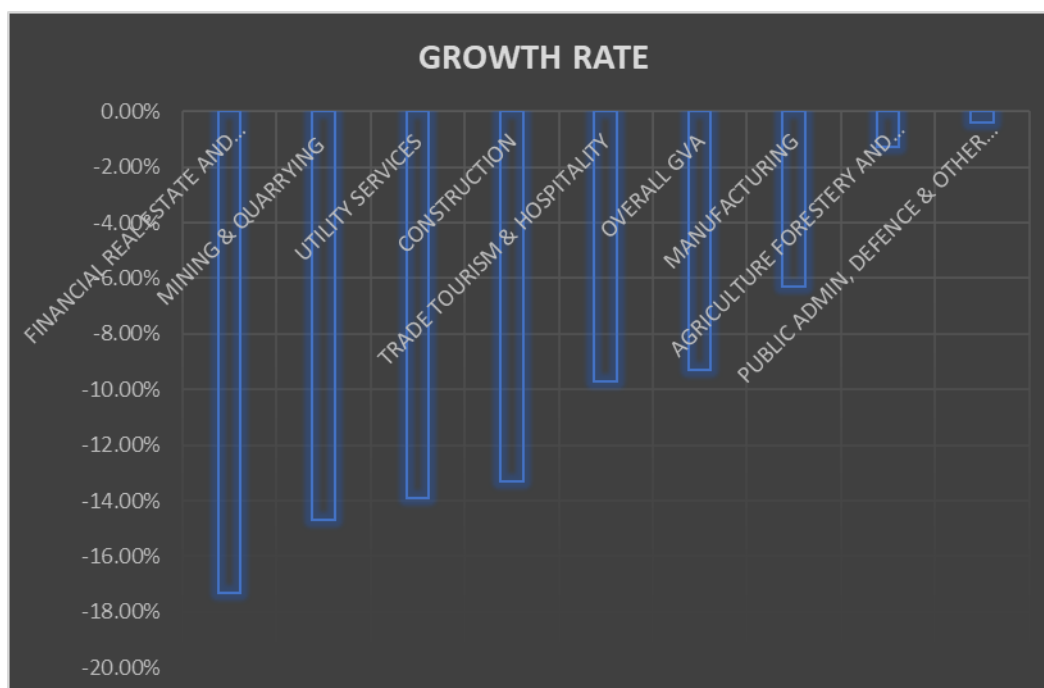
Keywords: Lockdown, Income, Economy, Maslow's Hierarch of Needs

INTRODUCTION

Regardless of the negative impacts of the infectious diseases such as HIV/AIDS, SARS, Malaria, Cholera the impact of pandemics on economic condition of people has been considerably under researched in the past. Majority of the time disease related economic was always related the cost incurred in and around the disease such as cost of diagnosis, treatment etc. However, the global pandemics of COVID-

19 has given a new dimension to the economic losses incurred through out the world. In process of containment of the diseases the world governments have initiated complete lock down. Its impact on economy was wide and multi-dimensional. The lockdown and containment of COVID-19 had major impact on economic condition of Indians in all economic tiers.

The consequences of COVID-19 pandemics have not only hindered the global economy by bringing it to a standstill, but has made the developmental activities of developing countries inverse. While the number of cases in India was under strict control, strict precautionary measures such as lockdown has major impact over the major industries of the country namely finance, real estate and professional services with a negative impact of -17.3%, A survey by Statista has shown that other than medical and medical supporting fields most industries has faced a decelerating growth.



With major impact on all industries of a developing nation such as India, It is bound to affect the economic condition of households as well.

This study is conducted to under stand how the lockdown period has affected the economic condition of people, families of Chandigarh during the lockdown period and how people budgeted their incomes and expenditures to control the losses. We used the help of Abraham Maslow's Need Hierarchy to evaluate the expenses made by people belonging to Different economic tiers. The criteria's taken where also plotted as per the needs of people in association with Abraham Maslow's Need Hierarchy.

REVIEW OF LITERATURE

Indian Economy is facing a significant slowdown in its growth during this phase with a GDP growth at 4.7% the lowest growth rate in nearly 7 years. Economists has

warned the government about the COVID-19 outbreak consequences hurtling the economy towards an economic recession.

History has always shown us paths on how adversely an epidemic can impact the economy of a country. The WHO has declared COVID-19 as a global pandemic and declared health emergency on January 2020. Since the outbreak of COVID-19 in Wuhan, China it has crossed all global boundaries and has been detected in over 190 countries. During March 2020 the epicentre of the infection shifted from China to Europe affecting major population and death toll increased in major cities of Europe. However, April 2020 show the shifting of focal point from Europe to United States where the number of infections accelerated. By May 2020 COVID-19 has implicated an economic impact globally challenging and decelerating the growth more than any other disease has affected the world.

As per the reports of UNAIDS (the Joint United Nations Programme on HIV/AIDS), 42 million people globally are living with HIV/AIDS. The medical costs of treatments of HIV patients, including highly active antiretroviral therapies (HAARTs), the cost are estimated to be more than \$2,000 per patient in a year. In Africa especially the Southern regions, the total HIV-related health service costs, based on an assumed coverage rate of 10 percent, ranges from 0.3 to 4.3 percent of GDP (A Study by I. Hacker, year 2002).

Previous researchers mostly focused on long-term effects from the demographic consequences of an epidemics. The primary impact of an epidemics is the negative shock to population and labour. Standard neoclassical growth models predict that a negative shock to population growth can lead to a faster accumulation of capital and subsequently faster output growth (see Barro and Sala-I-Martin, 1995). Conversely, an exogenous, one-time reduction in labor force raises the capital-labor ratio and lowers the rate of return to capital, which subsequently leads to slower capital accumulation and thereby lower output growth.

Empirical studies also present conflicting results. Brainerd and Siegler (2002) show that the Spanish flu epidemic of 1918–1919, which killed at least 40 million people worldwide and 675,000 in the United States, had a positive effect on per capita income growth across states in the United States in the 1920s. In contrast, Bloom and Mahal (1997) show no significant impact of that epidemic on acreage sown per capita in India across 13 Indian provinces.

Epidemics can have further effects on demographic structures by influencing fertility decisions of households. According to the “child-survivor hypothesis,” parents desire to have a certain number of surviving children. Under this theory, risk-averse households raise fertility by even more than expected child mortality. Evidence shows that high infant and child mortality rates in African regions of intense malaria transmission are associated with a disproportionately high fertility rate and high population growth (Sachs and Malaney, 2002). Thus, the increase in fertility has a further negative impact on long-term growth.

The Overall objective of this study is to focus on the how the COVID-19 impacted the economic decision taken by public in Chandigarh at different levels of economy. It

also showed on how expense decision was made by family members prioritizing the basic requirements and needs as per Abraham Maslow.

OBJECTIVE

The objective of this study is to understand the perceived impact of COVID-19 on families living in Chandigarh and how they think their economic decisions are going to help them recover from the loss incurred during the lockdown

- Understanding the Economic Decisions of the people
- Plotting the Expenses to Abraham Maslow's Need Hierarchy to understand where the decision stands
- Perceived impact of COVID-19 on the economic decision of public.
- Understanding the futuristic economic plans of people

RESEARCH METHODOLOGY

The study population consisted of 63 families in Chandigarh region from various economic levels. The average members of the families were 4 members. They were divided in to three economic tiers. About 22% of the subjects selected were from the upper tier of economy with above 10lakh Indian rupees per annum income before COVID-19, 43% of the subjects where from middle tier with an average household income of 5-10 lakhs per annum before COVID-19, and 35% of the subjects selected were from the Lower tier Economy with an average household income of below 5 lakhs per annum.

Economic Class	Number of Families	Annual Income
Upper Tier	14	Above 10 lakhs
Middle Tier	27	5 -10Lakhs
Lower Tier	22	Below 5 lakhs

The needs of public were also plotted on different hierarchy, and questionnaires where prepared on the basis of different needs to understand the people decision.

Abraham Maslow's Need	Need Questions
Self-Actualization	Donations to Charity
Esteem Needs	Celebration of Festivals, Purchase of New commodities, Investments
Social Needs	Internet Facility, Cable TV, Cell phone bills
Safety Needs	Rent, Health Masks, Utilities
Physiological need	Food Supplies, Clothing

The data for the study was collected using questionnaire developed through peer debriefing, the pilot run of the questionnaires was done with 13 families before changes and finalizing the final questionnaire. The study also took care of focusing on the family demographics form and their expense criteria before and after COVID-19. The questionnaire comprised of demographic questions such as age, gender, number of members in the family of the sample

The questionnaire also comprised of questions on the samples desired choice of expenses during and before COVID-19, Reasons for the decision, factors that impacted their expense decisions. After the execution of pilot testing of the questionnaires question that was unclear, vague or did not support the study was reviewed and adjusted to proper format. The questions in the questionnaire was evaluated with a Likert scale rating of 3 points 1= Agree, 2= Moderately Agree, and 3 = Disagree.

Data collection as conducted in 14 weeks during between the month of January and May 2020. The data collection was conducted telephone and social networks such as facebook and whatsapp chats considering the lockdown and social distancing. Question with queries were explained to extract maximum correct information from the Families. The subjects were made to understand the purpose of this research and they were assured the information provided would be confidential. The data collection from individual subjects lasted approximately 12-13 minutes.

For the statistical analysis of data that was collected in the survey, the SPSS for windows was used. The reason for economic decisions according to economic tiers were evaluated on the basis of Abraham Maslow's need hierarchy.

Chart -1 the range of Impact of COVID-19 on Income of house hold, despite of various levels of economic tiers every subjects agreed that there has been some impact on their income since the COVID-19 Lock down however of the 63 families studies (n= 26) 41% agreed that the income of the family has been completely affected due to the COVID-19, about (n= 33) 53% agreed that there has been a partial impact on the income of the family due to the COVID-19, (n=4)6% agreed that the work from home facility have not impacted much on their income during the COVID-19 Crisis.

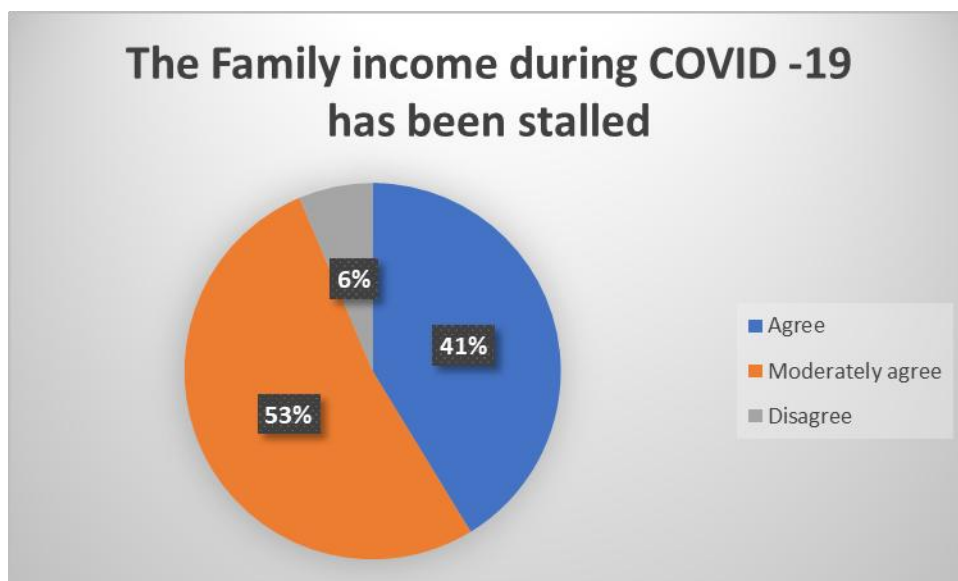


Table -1 As per the discussion with families most people have agreed that they would cut costs in every possible way to evolve out of this crisis, as part of budgeting during this crisis to evolve out of the situation most people made expense decision on the basis of Abraham Maslow's Need hierarchy. Despite of the fact that people belonged to different levels of economy most families agreed on adhering to fulfilling their physiological needs first before thinking about other needs.

The table below shows that when it comes to nutrition and balanced diet 81% of the people (n=51) disagreed on cutting cost on nutrition and balanced diet, 19% (n=12) agreed that they would find alternative substitutes for the same and 0% (n=0) agreed on compromising with nutrition and balanced diet for themselves and their family members.

On discussion about Clothing and purchasing of new clothes for themselves and family 7.9% (n=5) agreed on refraining from purchasing any new clothes for themselves or family members, 4.8%(n=3) agreed on finding options on exchanging clothes with other family members, 87.3% (n=55) disagreed on cutting the cost entirely but meanwhile also told they though of cheaper options rather than going to branded clothes.

Expense Decision	Maslow's Need	Agree		Moderately Agree		Disagree	
		n	%	n	%	n	%
I am planning to reduce the expenses of vacations	Self-Actualization	49	77.8	11	17.5	3	4.8
My Investment Plans are going to be reduced this year	Self-Actualization	35	55.6	12	19.0	16	25.4
My Donations to Charity and other activities would be reduced	Self Actualization	50	79.4	11	17.5	2	3.2
I am going to cut cost on my expenses on Celebration and festivals	Esteem Needs	14	22.2	39	61.9	10	15.9
I am going to reduce buying gifts for myself and other family members	Esteem Needs	33	52.4	21	33.3	9	14.3
I am extending my plan to buy a new vehicle	Esteem Needs	49	77.8	8	12.7	6	9.5
I am going to reduce the Cable TV package	Social Needs	31	49.2	13	20.6	19	30.2
I am reducing my Internet Package	Social Needs	28	44.4	15	23.8	20	31.7
I am going to cut short my Cellphone Bills	Social Needs	33	52.4	13	20.6	17	27.0
I am Planning to Reduce my rent by shifting my house	Safety Needs	4	6.3	8	12.7	51	81.0
I am going to cut short my expense on health insurance	Safety Needs	6	9.5	3	4.8	54	85.7
I am going to cut short on my utilities mainly Gas	Safety Needs	12	19.0	13	20.6	38	60.3
I would reduce my expenses on food commodities by skipping meals	Physiological Needs	1	1.6	1	1.6	61	96.8
I would not buy any new clothing for me or my family members	Physiological Needs	5	7.9	3	4.8	55	87.3
I would focus on basic food and will give least importance to nutrition for the time being	Physiological Needs	0	0.0	12	19.0	51	81.0

Out of the 63 families studied, 96.8% (n=61) disagreed to skipping meals as an option to cut expenses and believed in the proverb Health is wealth, the people who agreed and moderately agreed was of a minority of 1.6%.

Majority of the subjects found it is easier said than done to cut expenses incurred in utilities bills such as electricity, gas and water, however they agreed full on saving natural resources to save cost as well. 60.3% (n=38) disagreed that cutting short mainly gas by using other sources of energy for cooking mainly wood, cow dung etc are going to help,

When the question reached about health insurance plans, majority disagreed in cancelling their health insurance or shifting their health insurance plan to a lower

premium and lower coverage. 85.7% (n=54) denied on any changes in their current insurance plan to control economic conditions

Being in Chandigarh majority of the family taken were rental residents, when asked about plans to shift their homes to nearby locations of Zirakpur, most of the people disagreed due to convenience and safety of the family 81% (n=51) disagreed for relocation to cut cost.

Another Major Expense was the Cell phone bills, when asked majority of the people agreed to cutting cost by cancelling some number and limiting the cell phone packages. 52.4% (n=33) agreed that they would cut cost by re designing their sim package to a cheaper option or cancel unwanted multiple numbers.

The question about internet package was tricky, since lockdown most people access banking through online banking facility, internet plays a major role in the life of people. Since lockdown most schools have opted for online classes, wherein students need internet or wifi accessibility, none of the family agreed on cutting of internet completely. However, 44.4% (n=28) agreed to limit the internet service to either one wifi device or to specific devices to cut expenses. 31.7% (n=20) disagreed and wanted to refrain from any disturbance to the internet facility

Since ministry of information and broadcasting of India has given an option to pay only for channels that you like to view, 49.2% (n=31) agreed on cutting down channel packages from their service provided and minimizing the package cost, 20.6% (n=13) moderately agreed to change packages to more economic packages, where as 30.2% (n=19) disagreed

Considering offers being extended by automobile companies, when the question of purchasing a new vehicle was discussed, majority of people 77.8% (n=49) agreed that they are to ready to invest in a new vehicle under this condition to save expenses.

India is a socially strong country family plays a vital role in the life of every person, gifts to family on special occasions are very common thing to be found, when asked about cutting cost on buying gifts for family and self, 52.4% (n=33) agreed that they would refrain from buying expensive gifts and to reduce the frequency.

Similarly when it came to the question of expenses on Celebration of Festivals, 22.2% (n=14) agreed on cutting expenses on celebration and 61.9%(n=39) moderately agreed to the same, the reason was if there is no celebration and festivals it would be difficult to sustain and maintain a happy life.

When terms came to Donations most people agreed that before COVID-19 they used to donate some money to NGO, temples or poor peoples. In the current scenario 79.4% (n= 50) agreed that charity begins at home. They agreed that now they are not in a position to extend charity as before.

About investment of money, 55.6% (n=35) agreed that investments on cash, gold, mutual funds have to be reduced to face this situation.

77.8% (n=49) agreed on reducing their vacation plans and decided to cut expenses, 17.5% moderately agreed to the same and 4.8% disagreed.

CONCLUSION

The study on families of most economic tiers of Chandigarh region which included 63 families was conducted to understand their economic decision during the lockdown period incurred due to COVID-19. The study was conducted on the basis for general activities people used to do in normal life before COVID-19 and how people thought of discontinuing or changing some decision on the basis of lockdown induced during COVID-19.

The questionnaire when plotted to Abraham Maslow's Need Hierarchy and bifurcated to different need levels, it was observed that majority of the 63 families take for study indirectly agreed to focusing of fulfilling their Physiological needs and as it went up the need pyramid, after Safety needs people thought it as optional and was ready to give up the needs for economic welfare. When it reached Self Actualization needs, Majority of the people refrained from taking any decision to avoid expenses and focus on economic resurrection.

Limitation of the study was that the study was conducted in Chandigarh area only due to the difficulty in accessibility during lockdown. There is a lot of other needs that could not be included in the questionnaire due to time limitation and participation difficulty of the subjects. Most decisions shared during the study was incidental and subjects might change decision as per the circumstances that arises after the lockdown.

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