

COVID-19: IMPACT ON INDIAN INDUSTRIES

Dr. Kiran Kumari*

ABSTRACT

The introduction of an unwanted pandemic has clutched the entire world, named Corona Virus or COVID 19. The impact of COVID is so serious the world health organization has declared it as a pandemic. The outbreak of COVID has unpredictable and unprecedented impact the economy throughout the globe and India is not at all an exception to this. The whole world has gone into Lockdown of several days. Even after the lock down the people are so scared to come out and be involved in the economic activities like before, that it becoming very challenging around the world to be normal. As we said that India is not an exception to this, it has to bear economic pressure and long term consequences on Indian Industries, resulting the declining the economic stabilization. The Indian government has announced number of measures to handle the pandemic extending to food security, additional funds to health care industry, tax exemptions and incentive along with extended deadlines and others. The country wide lockdown of twenty one day followed by step lock down of several days in whole of the India and than in respective states, has created a disruption in the demand and supply equation. This will give a slowdown impact on economy. The present study has been undertaken with the object to find out the existing and potential impact of Covid 19 on different sectors of the Indian economy and various industries such as manufacturing, Banking, real State and others. However there are certain aspects and areas which can be benefitted by this pandemic such as adaptation of self dependent economy. This article will also enlighten the same and will also to deal with survival strategies to overcome such tough situation.

Keywords: Corona Virus, Pandemic, Economic Struggle, Implications, Survival Strategies.

Introduction

The introduction of corona Virus has flashed a great impact on the entire world economy. This has affected millions of people as whole industrial channelization has gone down. It has upended the whole trade and commerce at the globe. WHO has announced it as pandemic on 11th March, 2020. The impact of Covid is found to worst in developing countries backed by their already slowdown economy. India was encountering significant slowdown over the past 5 Quarters up to 31st December 2019. The last quarter of current year (2019-20) has ended with six years lowest economic growth rate of 4.7 percent. Economy was expected to be recovered on the above mentioned last quarter. Whoever with the introduction of Novel Corona Virus, the jump in economy and expectation to recover the same, has become not only difficult but also impossible? Besides the existing challenges, the new challenges as introduced by Covid, has made a serious economic disruption and imbalance in demand and supply equation, which has a great possibility to off road the economic vehicle. The first case of Novel Corona virus in India was detected on 30th January, 2020. At the beginning of this, up to 15th March the number of cases was quite low and every infected person was having a travel history or any connection with infected person. People were taking all safety measures and there was no sign of community spread. Hence, no situation is warranting the Lockdown. However with the increase in number of cases India like other countries has taken a strict decision of lockdown. If the virus continues to be severe or penetrate the India, the position of Indian economy could become worst that it will be long lasting for years. Those industries who are directly or indirectly dependent on those countries which are already locked down or going through the phase of lock down, has impacted, but other industries could have more worst impact if India goes into Lock down again.

This research paper has been undertaken to evaluate the above mentioned impact and measuring the effect of Corona Virus along with certain positive side discussion.

* Village & Post- Mohaddipur , Nalanda, Bihar, India.

Objectives of Study

As we said that unwanted pandemic has clutched the entire world, named Corona Virus. The impact is very severe and immeasurable, as well as unpredictable. We have to deal the same with proper strategies, Government enforcement of these policies with effective supervision. Hence this Research has been undertaken with the following objectives

- The understand and highlight the effect of Novel Corona Virus on various sectors of Indian Economy,
- To analyse and highlight the India's Strength with the positive aspects and benefits of Novel Corona Virus on Indian Economy,
- To discuss why India could be an emerging economy to gain global importance post the pandemic.
- To find out the challenges existing in the difference sectors,
- To suggest strategies and recommendations this should be adopted by Indian Government, and Industries to cater this tough time.

Review of Literature

Since the term is not an old one. It just came in world as well as economy and not having the history old more than 8 months worldwide. Hence much literature has not been written on the subject matter. However still few authors and researchers has worked on it and continuously working with it, to come out with projections of Damage to economy probable till the Covid do not flush out from the country as well as form the world. All the countries have been waiting for the vaccine eagerly, so that everything including their economy can be resumed to the old pace. Some of the literature is:

Girish Jadhav (2020) The researcher has undertaken a study on the impact of Covid 19 with the special attention to Indian economy. The researcher has briefly described the impact of Covid. He has come out with growth Projections which are revised towards down side. He proclaimed the same with the help of various reports of National and International agencies. In his research he has given some recommendations to gain attention of Policy makers of the India to help them out to cater the severity of Corona.

Dr. Debdas Rakshit¹ and Ananya Paul (June, 2020) The Researchers has briefly explained the history of Novel Corona virus along with the detailed discussion on impact of corona virus on industries individually. This is the probably the only paper which have discussed the impact on overall industry performance along with the industry specific analysis. The research paper covers impact on Primary, Secondary and Service sector. Within each sector, further discussion has been made for different category of sub sectors. Another part is also covering the positive side effects of emerging corona pandemic. They also recommended with some survival strategies.

Nuno Fernandes (April, 2020) the study covers, like other studies, the Global Recession due to Covid 19 across the industries, and different economies of different countries, along with its impact. It also attempts to come out with a rough estimate of the potential global economic costs of COVID-19 under different scenarios. However the one best part of the research was to describing that no correlation exists between mortality rate and Economic impact. This perhaps never been studied by any researcher. They also clear that the economic impact of Corona shall not be compared with its kind of other flues occurred previously as because their impact was not Global like COVID 19.

Rational of Study

It is needless to say that impact of Corona virus on the economy has been measured. It can never be measured until the virus gets end or vaccine comes. Till than the economy will continue to degrade with the increase in severity of pandemic or improvements in economy will be noticed whenever there is downward movement in severity. Hence a continuous effort has to be made to estimate the impact of the pandemic on economy. No study can estimate the impact accurately. Hence a study is required to evaluate its current impact and future impact both. This study is undertaken to discuss the current impact of pandemic on the economy with estimation of its impact for future in line with the trend of Covid position in the country and the present impact of the same in economy.

Hypothesis for Study

H₀₁: There is no significant impact of pandemic on the Indian economy.

H₀₂: There is no significant impact of pandemic on the Industries of the country.

Research Methodology

The whole research is based on the Various Survey Reports and studies conducted throughout the world and India. Various agencies like CRISIL, FICCI, ASSOCHAM, CII and various Research firms having Global Presence like Price and water House coopers, McKinsey has continuously conducting researches to make predictions more better. However no statutory data is available regarding the impact of the Covid on various sub areas of Industry, these reports have been used for the purpose of our research. Those reports published in month of March to June 2020. Apart from it, data has also been collected through News articles and available articles on various independent websites.

Results and Analysis

The impact of Corona Pandemic is a road changing turn of the life of everyone. The Social as well economical position of people has gone worst. The impact of the same has been described in the main three sectors. These are Primary Sector, Secondary Sector and Service Sector.

- **Primary Sector:** Primary sector industries are those industries which are engaged in generation of primary produce i.e. generation and production of raw material. With the contribution of more than fifteen percent in total GDP of the country and around forty four percent of total employment is generated through the primary sector. It mainly constitutes two sectors which are Agriculture and Mining.
 - **Agricultural Industry:** This sector is impacted in both ways i.e. for domestic as well export. The case of Tea, the impact is largest, as India is one of the largest exporters of Tea. Due to worldwide lock down the export has been impacted drastically. Second the standing crops was not cut down due to paucity of labour and the crops which were ready has not been used since the consumption has been decreased due to closure of Hotels Restores and other similar areas.
 - **Mining Industry:** the Pandemic has made impact on demand for metals and minerals too. Since there was no demand, hence prices have also gone down.
- **Secondary Sector:** Secondary sector covers those industries which are engaged in production using primary produce. With the contribution of more than twenty nine percent in total GDP of the country and around twenty five percent of total employment is generated through the secondary sector. It constitutes various sectors such as Manufacturing, automobile, Textile, Pharmaceuticals and others. Impact of Global Pandemic on various subsectors of Secondary sector is very large. For example the pharmaceutical industry has impacted at large level; due to lack of Raw Material which is mostly imported from china, and due to Covid, the rush of people toward hospital for their other disease has get down. In the same way, the electronic industry of India is largely depends upon china not only for Raw Material but also for finished goods. Manufacturing industry has crunched with immediate production stop due to lock down. The raw material as well as finished goods lying in the Godown has either gone down or outdated or became useless. The cash shortage also impacted it. In case of automobile industries the imports being stopped and production as well as sale declined to a drastic level. This industry has faced high salary cuts which impacted the income of people at large level. The textile industry is the provider of large volume of employment. Temporary shutdown to this industry has created a hurdle for people at large level. The exports given a handsome amount of revenue to this industry which also curtailed out due to ban on exports. Construction and engineering industries, with hundred percent depends up on labour, and movement of labour to their homes back has created a hurdle for this industry to wake up as even after opening of lock down country wide, the labor still is not moving to cities.
- **Service Sector:** With the contribution of more than fifty four percent in total GDP of the country and around thirty two percent of total employment is generated through the secondary sector. It constitutes various sectors such as Tourism, health care, Information Technology, retails and others. If any industry throughout the all sectors has been impacted largely, then it is Tourism sector. The other sectors are now getting up and recovering, the tourism industry is still in lock down situation. There is no possibility of coming up the industry at its old level before two years. According to FICCI, the Health care industry is the epicenter of Corona pandemic. This sector has not however impacted at vary large level as public sector hospital has encounter the increase in demand, on the other hand the private sector has supported the Government. By closing down the shops and malls for all those goods which do not come in ambit of necessity

have introduced a large decrease in the demand and revenue in the retail sector. The loss of the job in this sector is at the highest level. However the products that come in the ambit of necessity have seen a drastic excision in demand. Same as for transport industry including all segments such as Airline, Cargo and ship, has been closed down temporarily due to discontinuance of cross country transmission. The impact to this industry especially with commercial one, is so severe that various companies have planned to close down their business and some of them have gone bankrupt.

However looking into the positive side of this pandemic, is something which could create a long term benefit for India. Various countries are blaming China for this pandemic and started discontinuing their business relationships and their industrial setup from China. Like Japan and USA. This has opened a new era of Opportunities for India. Being the highest growing economy at the global, India could be the next Global Economy after China, if the Opportunity has been cashed. There are certain factors that support the claim. The first one is India is having second largest population, so it has huge labour availability with the lowest cost and average age of twenty nine years. Even the domestic demand is very high. With the fifth largest economy of the world, it has highest purchasing power parity at third level in world. The transportation and rail network is worldwide known. Hence even being number of disfavoured acts of this pandemic, India is still on the better side.

Conclusion and Recommendations

Conclusions

In India since the number of Corona cases has crossed twenty five Lakhs and still increasing with a greater pace, it is becoming difficult to start again systematically. India is still fighting with the crises. Although the Indian government is trying to adopt all the measures such as Tax benefits and Tax reliefs and providing the other relief measures. Our honorable Prime Minister has announced an economic package of Twenty Lakh Corers for various segments of the Economy. However the level up to which our economy has degraded needs a strong Fiscal and Monetary system and measures from our policy makers. The impact is undoubtedly unpredictable and very huge which could take a lot of time to recover, however with the below mentioned suggestion it can be revived soon.

Recommendations

- The first measure which shall be adopted by the government should be help out those who are affected worstly i.e. Labour. They should be help out financially so that they meet out their daily need and comeback to their work place in other cities.
- A disaster management plan should be made out so that pandemic can be controlled in a better way.
- Corporates shall be forced to contribute their Corporate Social Responsibility fund towards Covid recover Plans in this year as well as in next year.
- A facility of working capital with almost no interest or Zero Interest shall be granted to Small Scale Industries so that these industries can be taken back to the normal working of them.
- Government shall provide a tax relief window which is providing the gradual tax relief to the industries for few number of year according to the impact of Pandemic to their industry.

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