

A SUMMARY OF LITERATURE ON IMPACT OF COVID-19 PANDEMIC ON A GLOBALIZED WORLD

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ABSTRACT

Situations arising out of COVID-19 pandemic were unique and unprecedented. No living being on this planet has witnesses such a tragic development of an outbreak into a pandemic, which has affected lives of millions across the globe with economies crashing worldwide. This is a summary of a quantitative analysis done as a part of doctoral research of the researcher which provides a glimpse of the previous work done on subjects like - effects of COVID-19 pandemic, impact of COVID-19 Pandemic on businesses and manpower; studies on economic, social and political implications of COVID-19 pandemic, and finally, economic impact of past pandemics or epidemics on businesses, manpower as well as on social and political situations of a country.

Keywords: COVID-19, Pandemic, Economic Impact, Effects, Social and Political Implications.

Introduction

Summary of Literature

There was a limited literature available to be reviewed as the pandemic and economic situations pertaining to the crisis are merely a year old. Most of the studies conducted in a hurried manner, expressed opinions based on secondary data. There were very few studies which actually surveyed the respondents on ground and collected primary data.

Major studies conducted during this period Juneja (2020), Binh (2020), Hayakawa (2020) and Kapuria (2021) among few, revealed that major factors affecting businesses are; 1) Government Restrictions, 2) Transport Blockade, 3) Decline in Exports, 4) Worker's migration, 5) Cross border interdependence, 6) Change in consumption pattern, 7) Reduced Demand & Supply and 8) Prices of Raw Materials. Most of these studies have been conducted immediately upon the onset of the pandemic and therefore might not reflect long term factors generated out of pandemic.

Maital (2020), Anner (2020), Binh (2020), Gehi (2021) and Kumar (2021) highlighted – 1) Supply Chain Disruptions, 2) Reduced Exports, 3) Cash Flow Constraints, 4) Orders cancellations, 5) Migration of Workers, 6) Crashing Stock Markets, 7) Increase in unemployment, 8) Change in social life of people and 9) Shutting down of businesses as major consequences of COVID-19 pandemic on businesses and manpower. Factors affecting the businesses and manpower employed in textile industry results into major consequences. The ripple effect of poorly performing businesses and plight of manpower cripples the economy. During the thorough process of reviewing existing literature, it was discovered that there was a simple yet complicated relation and overlapping between causes and effects between nations. It was found that 'effects' on businesses or economy in Country A, was in fact a 'cause' for Country B.

To elaborate, let us take an example. *Transport Restrictions* (which is a Cause) in China was resulting into *Reduced Productions* (an Effect) of pharmaceutical ingredients. This *Reduced Production* of pharmaceutical ingredients in China was creating a *Shortage of Supply* (a Cause) in countries like India which depends on Chinese ingredients to make generic medicines, which in turn was *Reducing Production* (an Effect) of generic medicines in India and *Generating Unemployment* (an Effect) in factories. Now, *Reduced Production* and *Restricted Exports* of generic medicines in India have become cause in the United States for *Rise in Price* (an Effect) of Medicines in local market there.

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Previous Work Done

Pathare (2020) studied how adversely the textile sector has been affected. It initially explained how textile industry was already in the phase of overcoming downfall due to implementation of GST when the pandemic hit. Moreover, withdrawal of several government incentives on yarn had already decreased exports in 2019. Onset of pandemic made the situation worst. Textile industry is predominantly considered as capital intensive and largely depends on organised borrowings from banks and financial institutions for maintaining liquidity and cash flow. Figures presented in the study shows how badly the pandemic has affected the textile eco system. The study hoped for fruitful yields after announcement of post lockdown economic package by the government of India such as allowance of 100% foreign direct investment (FDI) in textiles, announcement of new textile parks and Technology Upgradation Scheme (TUFS).

Kumar (2021) studied textile industry as one of the most affected sectors in India; mostly because it employs maximum number of people after agriculture. The study further enlists most affected areas of textile industry by the pandemic. First being **Labour force and Employment**, the study says, the temporary closure of factory, mill or businesses and lay-offs have particularly affected the low wage worker of the industry. Secondly, hindrances in **Imports & Exports of Goods** had its impact on the domestic supply chains which resulted in rise in prices of spare parts and finished products. The study notes that 60% of India's export goes to the US and EU, resulting in cancellation of orders because of travel and supply restrictions in initial days of pandemic. Thirdly, the industry struggled with liquidity and profitability issues because of steep fall in demand, exports and restrictions. This also aggravated into further crisis because of **cash flow constraints**.

Supply chain disruption was the fourth major affected area according to the study, due to impact on import & export and transport blockades. Fifth, according to the study was **consumer sentiment**. Nationwide lockdowns and extent of the outbreak has impacted the consumer sentiments. The study also predicts a steep recovery after the restrictions are lifted and economic activities get back to normal. The study observes that the policies announced by the government to tackle the adverse effects of pandemic such as - INR 3000 collateral free loans to MSME and moratorium on interest of bank loans along with other announcements has provided significant relief to businesses.

Khurana (2022) studied how the Indian fashion and cloth sector was affected during and post COVID- 19 times, as it has proved to be a profitable supporter for developing countries in the past few decades.

The primary data was collected by conducting In- depth interviews of qualitative types of directors and managing heads of large scale manufacturing houses (over 300 workers) and secondary data was gathered by performing methodical literature review across multiple databases in scientific and technical genres. This was organised by Value Chain Analysis.

Interviews with the owners confirmed that businesses have no certainty. It had come to realisation that even after the technological advances in the garment sector, it wasn't implemented in practice, because either the staff wasn't trained or they preferred conventional styles of working and such digital advancement meant investment in terms of human as well as capital resources. Because of the huge gap in the digitization of the value chain, it has led to steep financial problems.

Gehi (2021) studied the impact of Covid-19 pandemic on Textile Industry. The research initially observes how badly the industry has been affected by the onset of pandemic. The study further points out various consequences of the pandemic on textile industry of India such as, cancellation of orders in domestic market, decrease in export, no liquidity because of lockdown, migration of skilled and semi-skilled labour to their home town and closure of businesses due to heavy liabilities and operating cost.

Kanupriya (2021) studied the Issues and Challenges faced by the Indian Textile Sector for the Demand side and the supply side, during and post pandemic. The major impact on supply chain was due to social distancing guidelines, nationwide lockdown and restriction of transport via international borders and rigid enforcements of these. This affected the domestic and export commodity stock. Huge scale losses were faced in job sector and cuts were made in pay system. On the demand side, change in consumer behaviour was because of consciousness towards health safety and social distancing. The other major factor was restrictions made by the government on non-essential products and it included majority of textile sector.

Strategies that could be implemented to deal with the challenges: tax compliance rules and deadlines can be relaxed; exporters can have some concessions against taxes or duties on export product, a detailed financial package which factors the labour as well as export sector.

Juneja (2020) studied the impact of Covid-19 lockdown on textile industry of the country. This study also enlists the factors which affected the textile industry without quantitative survey. According to the research, Supply Chain Disturbance, Cash Crunch, Workers' Migration and government restrictions were the major problems creating hindrances for textile industry.

The study suggests businesses must diversify their source of procuring raw materials and supplies such as spare parts of machinery (which is usually procured from China) in order to avoid such situation in future where in international transport blockade abruptly stops everything. Also the article sees opportunity in china being seen suspiciously by the world, which implies that global companies will now turn towards South East in Asia to find an alternative to china.

Anner (2020) studied the Impact of Covid-19 on Workers and Businesses at the Bottom of Global Garment Supply Chains. The study was done in Bangladesh and highlights the plight of factories as well as workers during the pandemic. The survey for the study was done in the month of March 2020 and responses were taken from employers. Approximately 2000 suppliers were surveyed during this research. The results show devastating impact on factories or suppliers¹ and workers –

- Almost half of the suppliers (45.8%) of Bangladesh reports cancellation of entire 'in-process' or 'already completed' orders. Despite of contractual binding, buyers refused to pay for any of the production cost to these manufacturers.
- 72% of the buyers refused to pay for production cost or raw material cost incurred by these suppliers in manufacturing the goods ordered but cancelled by them after onset of pandemic.
- Cancellation of orders resulted in dire situation for workers of the factories. 72.4% of the workers were laid-off and sent home without any pay and 80.4% were dismissed as 98.1% of the buyers refused to contribute any amount to the factories towards payment of wages to workers who were employed to manufacture goods for their orders.
- The study also says that similar situation or dynamics are prevailing in countries worldwide.

Further, the study recommends the Government of Bangladesh to mobilising resources to ensure wages being paid to workers during such crisis, recommends buyers to respect terms of their purchasing contracts and pay dues in case of order cancellation, and recommends the suppliers to receive the advance payments from buyers and pay legally mandated wages to all workers. The study also outlined the need for a global mobilisation of international resources.

The study emphasised on a responsible approach for brands and retailers to explore ways to avail line of credit from the government and other sources in order to pay wages due to the workers so that they can avail their basics such as food and basic health care. Study also recommends reforms in purchasing practices for social, economic and environmental sustainability.

Buhyung et al (2021) investigated the effect of Covid-19 on U.S. Textile and Apparel Industry and they found sharp decline in figures. The study revealed that the textile and apparel industry has been affected more adversely than the other industries, like transportation, entertainment, and hospitality. According to their research, effect of Covid-19 was much worse than 9/11 attack and recession 2008 and government intervention like Coronavirus Aid, Relief, and Economic Security (CARES) Act, has benefited industry.

Hayakawa et al (2020) studied impact of Covid-19 on international trade. According to theoretical frame work adopted by researcher, Covid-19 was expected to substantially impact international trade in various ways. Higher Covid-19 burden in an exporting country decreases the scale of production, which led to a decrease in export supply. The effect of the Covid-19 burden in an importing country was mainly due to decreased aggregate demand in that country. Decreased earnings and lesser visits to retail outlets had led to decreased demand. International trade of country may also be affected by the Covid-19 burden in its neighbouring countries.

For the study purpose researchers have considered two time periods: January-March 2019 and January-March 2020 and they have collected data on trade values from the Global Trade Atlas maintained by IHS Markit² and they have used the number of COVID-19 cases and deaths collected by

¹ Factories or suppliers here refer to manufacturing houses, mills or processing houses from which wholesalers and retailers purchase their goods in Bangladeshi Textile Market.

² IHS Markit Ltd was an information services provider that completed a merger with S&P Global in 2022.

the European Centre for Disease Prevention and Control as measures of the COVID-19 burden. As a result, researchers found that both the number of cases and deaths in exporting countries have negative effects on the international trade, whereas those in importing countries do not have significant impact. Thus, decrease in workforce size and productivity in exporting countries result in decreased trades.

Results of study highlights that the spread of Covid-19 impacts both exporting and importing countries, but researcher's findings indicates that negative effects on trade mainly come from exporters' Covid-19 burden in developing countries. Furthermore, research shows that negative effects are particularly prevalent in the textile, footwear, and plastic industries. Results of study suggest that addressing supply-side shocks is more important to maintaining the stability of worldwide trade.

Khurana (2022) in his study titled - The Indian fashion and textile sector in and post COVID-19 times, notes that Covid-19 outbreak has disrupted the majority of the global supply chains across South and Southeast Asia. The economic depression is visible across the globe but emerging nations are suffering the deepest impact. India has registered the second-highest Coronavirus cases in the world and it presents a new set of opportunities and obstacles to the textile and apparel industry. Researcher has employed the Value chain analysis method to delve particularly into each stage of the value chain and bring out positive and negative aspects of the Covid-19 crisis. Research also notes that the sector values at US\$ 200 billion and has contributed to India's 3% gross domestic product, 135 industrial manufacturing, and 12% export earnings and provides direct employment to a workforce of around 45 million.

Research has used both methods primary and secondary for data collection; to substantiate the secondary data, in-depth qualitative interviews were conducted with 10 company owners and top managers. Research found from factory owners who are selling online are currently placing orders to large vendors but have shrunk their order quantities, fixed prices, increased quality standards and demands multiple styles. For the manufacturers, this means a lot of time-consuming product development process for smaller orders. This situation stands against the economic order quantity (EOQ) model and this led lowers productivity and profits.

Research also suggests that the COVID-19 crisis took much longer than expected by anyone and has particularly hit hard the developing countries. Research highlights digitization to industry and digitization is considered as the future of all industries; and the fashion and textile sector should start following development in that direction. The garment industry is of economic importance to India and needs attention from its stakeholders for a robust future. In this research work, the researcher had tried to present a holistic view of the sector during and post COVID-19 times. Research explores comprehensive value chain analysis envisioned the current hindrances and provide feasible solutions. According to research Covid-19 crisis was the time to realize that challenges can indeed be transformed into opportunities. The digital transformation was quite in progress in the Indian economy and this crisis led to a whole new revolution.

Panigrahi et al (2020) studied impact of Coronavirus outbreak on textile sector. According to their study, Coronavirus crisis has adversely affected international trade and local markets. It has affected the majority of India's international trade markets causing order cancellation which then led to inventory build-up and expectation of slower realisation of export receivables led to higher working capital requirements. Research highlights certain ways to tackle situations after Covid-19, few ways are as below:

- **Pay Backing:** This has been done to look at the unfavourable monetary aftermath of Covid-19 being one of the immediate methods taking the help of the government. Only UK has the model to pay its workers up-to 80% of their wages. It is observed that the organization has the financial ability to keep up with the jobs of different divisions.
- **GST Discount:** This is the fastest method to make the maximum partners. This needs to discount GST instalments to a certain extent or full for as long as a half year, covering almost the entire range of industry partners, directly from the handloom weavers in the remote pieces of the nation to the businesspeople and dealers in the now abandoned high boulevards. The segment explicit premise will allow GST discount rates to be selected based on the HSN codes.
- **Low GST rates:** After this crisis, the industry will be in critical situation to overcome this govt. must cut down the GST rates in all the items related to textile industry until industry comes regain its normal condition. GST must be at lower rate: After this crisis, the industry will be in critical situation to overcome this government must cut down the GST rates in all the items related to textile industry until industry comes regain its normal condition.
- **Creative Minds:** The textile industry is gearing up and making variety of masks as people are increasingly becoming safety conscious and are seen wearing face masks as they step out.

Khan et al (2021) highlighted plight of migration in the country in their study titled - Challenges of reverse migration in India: a comparative study of internal and international migrant workers in the post-COVID economy. Using the data of Indian Census (2011) as base, the research estimated the number of individuals migrated within the state and between states, to be around 450 million people. States like Uttar Pradesh (UP), Bihar, Madhya Pradesh (MP), and Rajasthan are among the major origin states, while states Delhi, Kerala, Maharashtra, Gujarat, and Tamil Nadu are among the important destination states for these migrant workers. While looking into international migration India has the largest diasporas (18 million) with the number of migrant workers in Gulf countries alone accounting for 8.4 million.

Research was carried out by interviews of migrant workers and through those interviews researcher had enlisted certain outcomes. Research had not offered representative samples; rather it aimed to provide narratives of the experiences and challenges faced by the migrants during their reverse migration, repatriation and reintegration to states or countries they were working. Research used method of narrative analysis to provide a qualitative understanding of the subjective perceptions and experiences of the reverse migrants during the Covid-19 pandemic which may not be adequately captured by statistics as per researcher.

Researcher's findings arranged thematically to highlight the various challenges faced during the reverse migration, repatriation and reintegration of migrant worker. Following are the points which research highlighted:

- **Economic challenges during reverse migration:** Due to the COVID-19-induced lockdown, the working class, especially the low-income migrant workers, have been the worst affected. There were workers who had faced non-payment of wages during the lockdown period. They were forced to return to their villages due to unpaid wages, no place to live with basic facilities such as electricity and water provided by the contractor/employer and no immediate governmental protection.
- **Social challenges during reverse migration:** Migrant workers interviewed reported instances of discrimination against them and being viewed as the spreaders of the virus in the destination city/state, during their journey back to home state/city, in quarantine facilities and in their villages.
- **Workers' mobility challenges:** The central government was reluctant to rescue the stranded migrants both within and abroad, despite appeals from different stakeholders such as state governments, civil society and trade unions.
- **Process of economic reintegration:** There are several measures taken by the central government to reintegrate the migrant workers in the post-COVID-19 economy.

Table 1: Summary of Factors affecting Businesses & Effects on Industry

Sr. No.	Author & Year	Title of Study	Major Factors Affecting Textile Industry
Factors Affecting Businesses or Industry in Pandemic			
1.	Kapurja, 2021	COVID-19 and the Indian Textiles Sector: Issues, Challenges and Prospects January 2021	Demand Side <ul style="list-style-type: none"> • Change in Consumption Pattern • Government Restrictions Supply Side <ul style="list-style-type: none"> • Government Restrictions • Lockdown • Transport Blockade • Decline in Exports
2.	Juneja, 2020	COVID-19 Lockdown: Impact on Textile Industry	<ul style="list-style-type: none"> • Supply Chain Disruptions • Cash Crunch • Workers' Migration • Government Restrictions
3.	Binh, 2020	The Impact of the COVID-19 Pandemic on Socio-Economic Development: a Case Study of Tourism Services, Textile and Garment industry in Vietnam	<ul style="list-style-type: none"> • Economic Globalisation • Cross Border Interdependence • Import-Export Disruptions • Government Restrictions • Reduction in Demand & Supply
4.	Hayakawa, 2020	Impacts of COVID-19 on International Trade: Evidence from the First Quarter of 2020	<ul style="list-style-type: none"> • Government Restrictions • Change in Consumption pattern

5.	Panigrahi, 2020	Impact of Coronavirus Outbreak on Indian Textile Sector	<ul style="list-style-type: none"> • Cancellation of Orders • Shortage of Liquidity • Reduction in Demand & Supply
6.	Yeyati, 2021	Social and economic impact of COVID-19	<ul style="list-style-type: none"> • Value Chain Disruptions • Transport Blockade • Reduced Cross-Country Remittances
7.	Palaksha, 2021	COVID-19 Effect on Supply and Demand of Essential Commodities	<ul style="list-style-type: none"> • Shortage of Demand & Supply • Manpower Issues • Maintaining Safety • Government Regulations
8.	PIB, 2020	Fiscal & Monetary Policies to deal with slowdown due to Covid-19	<ul style="list-style-type: none"> • Production disruption • Raw Material Prices • Transportation blockade • Shortage of Labour • Shortage of Liquidity • Reduced export/import orders • Movement Restrictions
Effects/Consequences of Pandemic			
1.	Kumar, 2021	Impact of Covid-19 on Textile and Fashion Industry India: Economic Perspective	<ul style="list-style-type: none"> • Supply Chain Disruptions • Reduction in Import-Exports • Cash Flow Constraints • Change in Consumer Consumption Pattern • Problems with Workforce
2.	Gehi, 2021	Impact of Covid-19 on the Textile Industry	<ul style="list-style-type: none"> • Order Cancellation • Decrease in Exports • Shortage of Liquidity • Migration of Labour & Workforce • Closure of businesses
3.	Anner, 2020	The Impact of Covid-19 on Workers and Businesses at the Bottom of Global Garment Supply Chains	<ul style="list-style-type: none"> • Cancellation of Orders by buyers • No payment against orders placed • Workers laid off • Non payment of wages to workforce
4.	Binh, 2020	The Impact of the COVID-19 Pandemic on Socio-Economic Development: a Case Study of Tourism Services, Textile and Garment industry in Vietnam	<ul style="list-style-type: none"> • Disruption in Production • Increased Unemployment • Fall in Stock Market • Shortage of Liquidity of businesses • Change in Social life of people
5.	ITJ, 2020	Coronavirus impact on textile industry	<ul style="list-style-type: none"> • Reduced Import Exports • Increase in price of Raw Materials • Countries diverted from importing Chinese goods • Positive increase in demand for health care textiles
6.	Maital, 2020	The Global Economic Impact of COVID-19: A Summary of Research	<ul style="list-style-type: none"> • Disruption in Production • Disruption in Supply Chain • Financial burden on firms
7.	Kumar, 2020	Social economic impact of COVID-19 outbreak in India	Social Impacts <ul style="list-style-type: none"> • Increase in Domestic Violence • Increase in Short term Carbon Deposits

