

POST COVID OPPORTUNITIES AND CHALLENGES

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ABSTRACT

The outburst of COVID-19 pandemic has brought social and economic life to a standstill for different class of people. In this study the focus is on assessing the impact on organized and unorganized sectors like Education, Travel and Tourism, aviation, SME's and many small enterprises which were into the phase of developing etc. Many of these MSMEs have high loan obligations, monthly EMLs and many other expenses to pay. Many of them might just disappear if their cash cycle is disturbed because of the lockdown, with fixed costs swinging over them in such a situation. Most of the informal workers from micro, small and medium sized enterprises have shut down their business or they have started looking for other opportunities. Startups with minimum investment has emerged as intermediate inputs and services to modern sector are struggling to survive, which was imposing a big challenge to government also. The eruption of COVID-19 has affected the nations in an extensive way, especially the nationwide lockdowns which have brought social, economic and business life on halt. A business world which forever besotted with end number of activities has fallen silent and all the resources have been redirected to meet this pandemic crisis. There is immense impact of the virus on the economic activities which has slowdown most of the nations economy. What is more breathtaking was when World Health Organization gave an alarm bell which was rung in 2019 by the World Health Organization (WHO) about the world's inability to fight a global pandemic. On 28 February 2020, the National Statistical Office announced revised estimates of GDP growth, from 8 per cent to 7.1 per cent in the first quarter, from 7 per cent to 6.2 per cent in the second quarter and from 6.6 per cent to 5.6 per cent in the third quarter. India's GDP growth rate falling below 3 per cent if the virus spreads further in India and lockdown sees an extension. The focus of the research paper is on Demand of which commodities have gone up or come down and in relation to the effects on supply of commodities. How the prices of different commodities have behaved during pandemic phase. How economy has reacted in two years. This research paper also includes the opportunities created in different sector along with government efforts. The recovery in economy depends on the timings and magnitude of government support, level of corporate debt and how the companies and markets cope with lower demand and increasing prices. Government assistance to those most in need (largely constituted of unorganized sector, migrants and marginalized communities) is a critical measure to save many lives. The pandemic will bring in more of the unorganized sector in the hands of formal sector by means of the economic benefits announced which in turn will increase the government's revenues from indirect taxes in the long-run.

Keywords: COVID 19, Organized and Unorganized, Economic Impact, GDP Growth Rate, Challenges.

Introduction

Just when India was beginning to enjoy the first flush of economic success the pandemic came with a bang, playing spoilsport and it shook the economic edifice of India

The pandemic brought the economics activities to standstill. There is a multi-sectorial effect of virus on economic activities of India as well as of the other nations. What was more breathtaking, when World Health Organization (WHO) declared world health emergency in 2019. A collaborative report from

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the WHO and the World Bank estimated the impact of Covid 19 pandemic at 2.2 percent to 4.8 percent on global GDP. The impact of coronavirus pandemic on India has tremendous and uncertain in terms of business activities as well as a loss of human lives. All most all the sectors have been skeptically affected as domestic demand and exports sharply collapsed with some exceptions in few sector. Covid 19 has brought unprecedented decline in growth rate of Indian as well as world economy.

The **Covid 19** epidemic is the first and foremost human disaster in 2020 and its still continuing. More than 200 countries and territories have confirmed effective medical cases, caused by coronavirus declared a pandemic by the WHO. As per report 64, Published by WHO.

- India reports highest number of daily cases at 233,091 (7DMA). This is more than 25% of daily cases reported in the world.
- Five states, namely, Maharashtra, Kerala, Karnataka, Tamil Nadu and Andhra Pradesh are contributing almost 55% of total cases.
- In the past week 1,631,636 cases reported in country with Maharashtra reporting highest number of cases (439,266) followed by Uttar Pradesh (174,212) and Delhi (140,458), details, here. As per the Data published by WHO in report there are 64, 15,321,089 Confirmed Cases and 18,562,170 Confirmed Cases , 244,035 Total Deaths. In World, there are 141,754,944 Confirmed Cases and 3,025,835 Deaths.

The Covid-19 Pandemic has shown adverse impact on Indian economy as well as on economic growth of the country. As my paper focus on the economic effects, I would like to stress beforehand that there are much human suffering beneath the cold figures presented in this paper.

Due to pandemic and sudden lockdown, there is severe impact on millions of low income migrant workers and daily wage earners. These groups of people had many hardships that led them to walk miles and reach their hometowns. Many were killed on roads due to hunger and accidents. These incidents were not more than headlines for media and for government. The migrant workers and daily wage earners were the most adversely affected segment. Causing substantial declines in output and living standards, the Covid-19 pandemic is having catastrophic effects on economies and societies. Government responded adequately at the onset of the crisis to increase the public health care abilities and help the workers and firms to stand against the adverse economic effects and shocks of pandemic.

Major Challenges posed by Covid -19 for an economy

- **Weak Demand:** Due to sudden job losses and financial difficulties, demand for various commodities has gone down. This has led negative impact on the net investment. Demand for only essential items were little stable in comparison to others. Demand for non-essential commodities has shown drastic decline. On the other hand, there are some commodities which have come in the category of essentials for majority class of people like sanitizers, mask health and hygiene products.
- **Ballooning Unemployment:** CMIE data show that nearly five million or 50 lakh salaried jobs were lost in July, taking the total number of layoffs in the formal sector to over 1.8 crore. Unemployment is increasing at rapid rate and there are many who are going to suffer severe long term affects of unemployment. Majority of the population from lower segment is pushed below poverty line this year and the situation is going to be worsening in 2021. The large percentage of unemployment exist in young and skilled workers. The daily wage earners and casual laborers are affected badly in terms of livelihood. Most of enterprises are managing with half of the laborers due to partial lockdowns and full lockdowns which is the main route cause of unemployment.
- **Lack of Fiscal Stimulus:** Pandemic has led to the increased public expenditure on health and other facilities from government side. On the other side, Government revenue has reduced due to reduction in GST collection, less income tax collection, less duties, loan waver, EMI deferment etc.
- **Rising Inflation:** Due to increased expenditure by most of the firms, they are somehow trying to cover the cost by increasing price of the products or by laying off employees.
- **Rising Coronavirus Cases:** Now, the biggest challenge before the Indian government is to control the increasing number of coronavirus cases. Pandemic started last year but this year risk factor, number of deaths and no of cases all have increased significantly.

- **Insufficiency of Health Services:** With the alarming increase in number of coronavirus cases, government is not able to fulfill the necessary requirement of health care facilities like oxygen cylinders, number of beds for patients and other medicinal requirement.

Major Challenges posed by Covid -19 for an Individual

- **Maintain Your Own Wellbeing:** Current pandemic has increased the stress level for each and every one so maintaining wellbeing of individuals as well as of family members is a challenge for everyone.
- **Your thoughts & Worries:** Anxiety, depression disruption, stress, stigma, and xenophobia are some of parts of individual behavior in current situation. People's behaviors are greatly affected by pandemic. People have become over conscious about their health and that brings tension and anxiety to most of them.
- **Your Self-Care:** With loss of pay and increased expenditure giving self-care is a challenge for any individual.
- **Mental Health:** The COVID-19 pandemic has disrupted or halted critical mental health services in 93% of countries worldwide while the demand for mental health is increasing, according to a new WHO survey. The survey conducted by 130 countries provides a detail report on devastating effect of this global pandemic and need for urgent health care facilities and funding.
- **Social Interaction:** Due to sudden rise in number of cases, Isolation and quarantine has become the need of an hour so social interaction has become nil. Due to which mental issues are on sudden rise.
- **Meeting Ends:** Sudden laying off by the companies, job insecurity, reduction in salaries and pay has led many individuals into the trap of poverty. Some of them, not able to have their basic necessities of life.

Most Adversely Affected Segments

The COVID-19 pandemic has led to a grave loss of human life worldwide and presents an unprecedented challenge to public health, food systems and the world of work and many more segments. The economic and social disruption caused by the pandemic is calamitous; millions of people are at risk of falling into extreme poverty, while the number of undernourished people, currently estimated at nearly 690 million, could increase by up to 132 million by the end of the year. Millions of enterprises are in threat of closing down or going in losses. Worker who are in informal sectors are more prone to risk of pandemic because they are not ware about the severity of infection. They are also not having quality health care facilities. In their nearby places. Due to lockdown, most of informal workers are struggling to have their livelihood.

The pandemic's economic shock has not affected everyone the same way. Comparatively richer are more likely to have escaped its worst affects than the middle class and the lower class. Following are some of segments of business who have suffered drastically.

- **Malls:** A gush in India's covid-19 graph has several retailers and consumer goods companies worried as states move to impose partial or total restrictions, curb large public gatherings and order random testing at malls, a move that could dent consumer demand. Restricted store-timings is a major concern for most because it has led many malls to close down due to losses.
- **Tourism:** Intermittent closed borders, a significant decrease in business travels, global events and huge gatherings being a completely on halt, group tours and leisure activities have almost stopped due to the spread of infections or fear of been infected, this has brought the decline in tourism sector.
- **Restaurants:** One of the sectors worst affected by Covid-19 is food services. Due to outburst of virus most of the restaurants are been completely shut down for almost a year, as per guidelines of government. Even after opening also, Demand for restaurant food has declined due to which most of restaurants are not able to survive because they are not able to cover their cost.
- **Automobile:** Restriction on movement of vehicle has brought the automobile sector into losses. Most of the Automobile industries have stopped their production. As according to the report published by Automobile Industry Association subsequent lockdowns has led to the loss of Rs 2300 crores daily in automobile industry.

- **Oil Market:** Global travel bans along with grounding the international flights have led to the reduction of consumption of Aviation turbine fuel (ATF) across the globe. It is expected that global oil demand may shrink by 15-20 million barrels for day (mbpd) due to Corona effect including extensive lockdown in oil consuming economies.
- **Industrial and Precious Metals:** It is been observed during this crisis period the prices of various metals have gone down due to low demand. There is decline in the prices of metals like iron copper coal and zinc leaving gold as an exception to it. The prices of gold have increased by 8% in the beginning of this year.
- **Textile, Cosmetics Footwear:** The Indian textiles sector has been one of the worst hit sectors due to COVID-19. Even prior to the pandemic, the industry suffered from some challenges on both demand and supply sides.
- **Construction:** Governments took steps to control the spread of the virus which has led to the shortage of raw material and manpower, disrupted supply of raw material , further it has created many inabilities for the contractors to fulfill their contractual obligations.

Opportunities Created in Organized Sector and Unorganized Sector during COVID-19

Every problem brings an opportunity, so during this pandemic although there are many sectors which are adversely affected but on the other hands there are innovators or entrepreneurs, who have converted this period also into a profitable one for them. Businesses that evolve and innovate to meet the growing customer demand, while adding value to address the current crisis will stand to win. The world is currently facing a pandemic. Along with Indian economy, every economy and the industrial sector suffering and people losing their jobs, the impact of Covid-19 has been drastic. But with this there are lots of hopes because governments all across the globe are joining hands against this pandemic to show solidarity. Though it is a crisis that is causing great harm to people as well as to the business world but it is important for us to look into the hidden opportunities. One constructive way we can fight this is if we focus on how COVID 19 is creating opportunities, instead of seeing only the negative side of it.

At an individual level, due to work from home, people are getting more time to spend with their loved ones and reconnect with their friends with whom they had lost touch. In addition to this, even hobbies are being re-explored by people which are great initiative. Looking into all these factors Indian economy has opened the opportunities in different sectors. Some of the opportunities are discussed as under:

- **Online Grocery:** Due to fear of infections, people are moving towards, more of online mode of buying things, even for grocery. There are many new app introduced, related to grocery shopping and they are earning quite good revenue during this phase.
- **Online Streaming:** As schools, colleges and most of business enterprises are under lockdown or partial lockdown, online streaming, video conferencing app are more in demand., so it has created good opportunities for software companies.
- **Health Care:** Current situation of COVID 19 has grown the demand for self-care products as well the other health care app and facilities. As people are becoming more health conscious, these apps are helping them in self-assessment.
- **Commercial Cleaning Service:** Sanitizing and other cleaning services are more in demand because of fear of infections so it has more opportunities for the others to explore in this field.
- **Educational Toys and Games:** Due to lockdown and closure of schools and other institutions the demand for educational toys and games has increased. Parents are spending more amount on such games to tackle stress, anxiety and other children related issues.
- **Virtual Workout Classes/ Personal Training/ Online Coaching:** To maintain healthy lifestyle, which is a need of an hour, people are going for virtual session of physical and other training. In order to maintain the track of children studies, schools and private tutors are rendering their online teaching services.
- **Herbal Products/Bakery/Sanitizers:** Many people have started their small business by seeing the mudra loan and other beneficial schemes introduced by government during pandemic. On the other side, the demand for these commodities has increased which has made them earn good revenues.

- **Tiffin services/ Face mask/ Natural immunity boosters:** Due to increase in number of coronavirus cases and most of family members getting infected, the demand for Tiffin services, facemask and immunity boosters have increased. People are earning good revenue through these services as it carried out with minimum investment.

There are lot much of opportunities like this are created in organized and unorganized sector. Indian startup have really helped the Indian economy to cope up with this pandemic. It's a difficult situation not only for Indian economy but world economy but Indian economy is coping up with present situation because of these small opportunities created by individuals in the form of startup.

Although government has supported a lot through the benefits and other schemes to the lower section of society but all seems to be little before this pandemic. Overall, the situation poses some serious transitional challenges at present. Excessive efforts are required from the government, investors and organizational leadership to get through this situation. As there are many companies who have started taking initiative for society wellbeing but we need more to come up.

Systematic planning and rehabilitation of workforces to orderly and consistently handle the post-COVID 19. The companies that continue to operate by overcoming the challenges posed by pandemic will stand tall and regain their benefits. These companies will set as role models for others.

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