

Impact on Covid-19 and Revival of different Industries in India Post Covid-19

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Abstract

The World Health Organization (WHO) has declared Novel Coronavirus or Covid-19 as a pandemic that is spread across the globe. The global economy has witnessed huge unprecedented changes. The Coronavirus has not just achieved the highest death toll as observed but it has caused severe destruction in way of earning livelihood by humankind. The virus has negatively impacted various sectors and industries in Indian Economy. It brought down GDP growth rate of India from 6.1% in the year 2019 to - 3.2% to in the year 2020. This research paper attempts to understand the level of destruction on various industries of Indian Economy and give reasons which help the Government of India and Indian citizens to revive these industries post Covid-19. This requires concentration on business strategies to revive, survive and growth of these industries. This will show us how resilient the business is in the Indian Economy.

Keywords: Indian Economy, Industries, Impact, Revival, Survival.

1. Introduction

Coronavirus or Covid-19 is a disease which affects the respiratory organ tremendously. The virus was identified in Wuhan, China in December 2019. World Health Organization (WHO) in March 2020 declared a pandemic due to coronavirus throughout the globe. This disease has spread due to fact people travel all over the world for reasons such as for work, business, visiting relatives, vacation, etc. Hence, the world was busy fighting this invisible disease and saving the lives of people. To contain the virus most countries adopted national lockdown. This brought the normal life, social and economic situation to standstill.

India witnessed the first case of coronavirus in the state of Kerala on January 30, 2020. Thereafter multiple cases were reported from different corners of India. Thus, the Government of India (GOI) took the step to lockdown India from March 24, 2020 till April 14, 2020 but it extended lockdown further till May 3, 2020. Since then the GOI is opening the economy in calibrated manner. There was no or little economic activity in India leading to unemployment, job cuts and salary cuts. Thus, the coronavirus pandemic has caused disruption in economic development of India and the means to earn the livelihood of Indian citizens.

Hence, this paper tries to understand the impact of coronavirus and the revival of Indian Economy.

2. Main Objectives

The impact of the virus on different industries and revival of economic activity is necessary. Without cash flow even GOI is unable to function as effectively as

before. The industries must plan the survival in this pandemic situation. Therefore, the objectives of this research paper are as follows:

- i. To understand the negative impact of coronavirus on different industries in the Indian Economy.
- ii. The reasons of impact by which India once again can emerge as a potential country of growth post Covid-19.
- iii. To strategise the growth and development of economic activity post Covid-19.

3. Review of Literature

Since this study is primarily focused on the impact of Covid-19 and revival post Covid-19, the literature in that arena has been viewed intensively and those predominant reviews are as follows.

Carbone (2020), concludes tourism industry will experience the most stress. It will witness many changes but believes humankind will come together to innovate and find solution to the present scenario.

Dev and Sengupta (2020), states that the prolonged country-wide lockdown, global economic downturn and associated disruption of demand and supply chains, the economy is likely to face a period of slowdown. The magnitude of economic impact will depend on duration and severity of the health crisis and duration of lockdown in India.

Dun and Bradstreet (2020), explains that coronavirus pandemic will subsidize, and it is better to concentrate on resumption of business activities in a staggered manner in India, as the globe shall resume its business operations.

KPMG (2020), states that India's economic recovery will be smoother and faster than advanced countries. India not only provides safety to its population, but it ensures job continuity, creation of jobs and mobilizes the resources to stimulate the economy. There will be a strong push towards localization, digital development, and supply chain resilience.

Kulkarni (2020), states the Micro, Small and Medium Enterprises (MSMEs) had saved India during the time of recession and it is contributing towards the

backbone of Indian Economy. The MSMEs are highly vibrant and dynamic industry in Indian Economy.

Kumar (2020), emphasizes that various sectors in India will face a huge impact due to coronavirus and believes that China and India will be in trade war of products, with greater share going to China.

Rakshit and Paul (2020), has highlighted the reasons for impact of Covid-19 and post Covid-19 revival techniques. The Indians need to adjust to the impending changes in business environment and should be able to identify the opportunities to strive and thrive.

4. Research Methodology

The research type which has been employed is descriptive. For this research, the sample unit is consisting of industries in Indian Economy. The time considered for this research is from March 2020. The nature of the study mainly depends on secondary data like newspaper articles and websites.

Negative impact of coronavirus on different industries in India

India was heading towards major downtrend affecting economic lifestyle of people due to Covid-19. The leaping spread of Coronavirus the various entities are either shut down for months or there are bound to limit their resources and business operations. Most of the organizations have limited workforce and rest of the human resources work from home. This has caused disruption in economic activities of our nation by affecting the transport industry.

It has shown a negative impact on various industries in Indian Economy. These industries are struggling to revive, survive and increase growth in India. The industries which are negatively affected are:

(a) Agriculture Industry

During the imposition of lockdown, there was restriction of travel which caused no or very few agricultural workers to be present during harvesting season. This resulted in loss of rabi crops and income for the farmers and agricultural laborers. This occurred due to transport industry had been closed

during the lockdown. The farmers were unable to sell the produce which were mostly perishable. The loss of revenue due to crop loss amounts to nearly Rs 10,000 crore (Tiwari, and Rituraj, 2020, April 1). "Crop loss compensation worth Rs 10K cr likely". ET Bureau. Retrieved from <https://www.economictimes.indiatimes.com>) to farmers. The economy lost out on the revenue which was earned by this major industry in India due to coronavirus pandemic.

(b) Aviation Industry

Domestic or international travel had been controlled during the lockdown due to Covid-19. This industry has not been functioning well before Covid-19. The aviation industry took a major hit of Rs 24,000 – 25,000 crores (2020, May 7). Domestic aviation industry to crash-land this fiscal with Rs 24,000-25,000 crore revenue loss: Crisil. ET Bureau. Retrieved from <https://www.economictimes.indiatimes.com>) on revenue loss or lost out on revenues by 55% this year. As the companies could not afford to pay salaries to personnel, they were left with no other option but job cuts and salary cuts. Thus, the Indian economy lost out on the revenue earned by this industry due to coronavirus pandemic.

(c) Tourism Industry

This industry is severely impacted by Coronavirus pandemic. On the one-hand lockdown has affected people from visiting or vacationing places in India but on the other hand the aversion of inflow of tourists has crippled the industry. The human resource of this industry lost 38 million jobs. The Indian economy shows a loss of revenue of Rs 69,400 crore (Dash, and Jayajit, 2020, April 28). Covid-19 impact: Tourism industry to incur Rs 1.25 trn revenue loss in 2020. Business Standard. Retrieved from <https://www.business-standard.com>) from April 2020 till June 2020 from this industry.

(d) Hospitality Industry

The slowdown in the tourism industry has affected hotels and restaurants to the maximum extent. This happened due to Covid-19 affecting people in leaps and bounds. The revenue loss faced by this industry

is Rs 90,000 crore (Sinha, and Sourabh, 2020, Nov 12) Covid: 'Hospitality sector faces Rs 90,000-crore revenue loss this year; new supply to be hit' The Times of India. Retrieved from <https://timesofindia.india.com>) which indirectly affects the Indian Economy.

(e) Retail and Wholesale / Fast Moving Consumer Goods (FMCG) Industry

The non - essential products of retail and wholesale or FMCG industry has taken a hit during the pandemic. The sales of companies are on a declining trend. This industry lost out on revenue Rs 9 lakh crore (2020, May 25). India's retail trade lost business worth Rs 9 lakh cr in last 60 days: CAIT. Indian Retailer Bureau. Retrieved from <https://www.indianretailer.com>) which influences the revenue loss of Indian Economy?

(f) Logistics Industry

The lockdown has negatively affected this industry from the point of view of carrying required stock to places within India. Its human resources have been influenced by lockdown due to Covid-19 pandemic. During the lockdown, this industry lost revenue amounting to Rs 50,000 crore (2020, April 16). Logistics sector to lose Rs 50,000 crore due to lockdown; relief package needed: Industry body ICC. ET Bureau. Retrieved from <https://www.economictimes.india.com>) which negatively affected the Indian Economy.

(g) Automobile Industry

The demand of cars, trucks, scooters, bikes, etc. has dropped to maximum which further affected by lockdown. Companies could not afford to pay the human resource; hence, they had to go in for job cuts. This industry faces a revenue loss of Rs 15,000 crore (Mishra, and Shruti, 2020, March 23). Indian auto industry may suffer an estimated revenue loss of Rs 15,000 crore. ET Auto. Retrieved from <https://www.auto.economictimes.indiatimes.com>) which negatively affects the Indian Economy.

(h) Media and Entertainment Industry

The lockdown and maintaining of social distancing have a tremendous effect on this industry. This industry

came to standstill mostly. There is a revenue loss of Rs 25,000 crore (2020, May 11). Media, entertainment sector revenue could take 16 pc hit in FY21: Crisil. ET Bureau. Retrieved from <https://www.economictimes.indiatimes.com>) by FY 2021 which influences the Indian Economy.

(i) Micro, Small and Medium Enterprises (MSME) Industry

The lockdown has tremendous negative effect on 40% of Indian exports contributed by this industry. The MSMEs industry will face liquidity crunch for economic activity. The revenue loss of Rs 12 lakh crore (Kaur, Gurneel, 2020, May 13) Revenue Loss of MSMEs Estimated at More Than 12 Lakh Crore Since Lockdown. Grain Mart. Retrieved from <https://www.grainmart.in>) which negatively impacts the Indian Economy.

(j) Construction Industry

This industry requires the physical presence of labor force which came to stop during the lockdown. Most of the construction workers were out of jobs. Most of the workers have gone back to the place of birth. There is input cost escalation due to a decline of construction workers. The revenue loss of Rs 30,000 crore (2020, May 8). Coronavirus | Construction sector facing daily loss of Rs 30,000 crore; investments in projects to fall 13-30%: KPMG. Money Control. Retrieved from <https://www.moneycontrol.com>) faced by this industry and this has a negative impact in Indian Economy.

(k) Mining Industry

This industry also requires the physical presence of workforce which came to halt during the lockdown. Most of the mining workers were jobless. Most of the workers have gone back to the place of birth. The revenue loss is Rs 12,000 crore (2020, May 22). Centre, states to incur Rs 12k cr revenue loss in FY21 on lower coal, mineral consumption: Report. Business Standard. Retrieved from <https://www.business-standard.com>) faced by this industry in year FY 2021 and this has a negative impact on the Indian Economy.

(l) Textiles Industry

This industry has also been negatively affected as this industry required presence of workforce. Most of the people lost their jobs due to this pandemic. The textile workers have gone back to the place of birth. The revenue loss of Rs 12,000 crore (Narasimhan, T.E. (2020, April 8). Coronavirus lockdown: Textile industry stares at Rs 12,000 crore loss. Business Standard. Retrieved from <https://www.business-standard.com>) faced by this industry and has a negative impact on Indian Economy.

(i) Petroleum Industry

The lockdown further produced negative effect as the crucial industry came to near halt. The revenue loss is Rs 40,000 crore (Reference: (2020, April 30). India set to take a Rs 40,000 crore blow on account of oil revenue loss. ET Bureau. Retrieved from <https://www.economictimes.indiatimes.com>) faced by this industry which negatively impacted in Indian Economy.

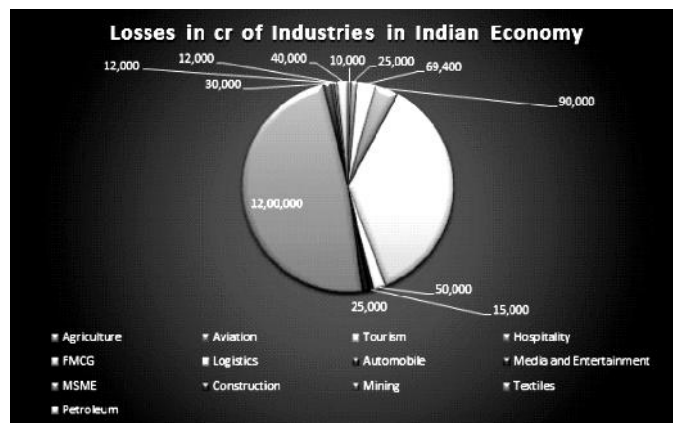


Figure 1: Losses Incurred of Industries in Indian Economy Due to Covid-19 Pandemic

5. Growth opportunities during and post covid-19 pandemic in India

The Government of India (GOI) with advice of state governments, industry experts and economists has come up with measures that will help the industries to survive, revive, produce employment, and grow further. It might be a slow process of progress, but our economy is on the right track. By focusing on Self

Reliant India, the GOI stressed on five pillars of economy, infrastructure, system, demography, and demand to build India. The industries which have begun the revival are different from those being impacted. Indian Economy is concentrating in these industries and spreading the growth to overall India.

The growth opportunities during and after Covid-19 are as follows:

- The MSMEs were provided liquidity by GOI of Rs 21 Lakh crore in terms of collateral free loans with 12 months of moratorium and interest to be capped. This was made available for the purpose to meet their operational liabilities, afford buying of raw material, maintain employment, restart, and resume economic activities. The World Bank sanctioned an amount of \$750 million towards this industry. The MSMEs will surge towards growth and exports considering benefits they have received from GOI.
- The agricultural industry was also benefitted with agricultural loans worth of Rs 4.22 crore by GOI. The farmers were granted 25 lakh new Kisan Credit Cards sanctioned with loan limit of Rs 25,000 crore. The agriculture industry will surge to meet the needs of 1.3 billion people.
- By introducing of Commercial Mining in coal sector and putting ban on import of coal the GOI has ensured the employment of workforce and producing coal for meeting domestic needs. The coal might be exported therefore an income for the exporters and for GOI.
- This pandemic brought about an opportunity for India to become self-reliant and non – dependence on China. India has a huge market being second populated country hence, the domestic demand is very high. Therefore, the retail and wholesale / FMCG industry demand will rise in the next few months. The GOI ensures employment and production of income for the human resource in this industry of India.
- Recently the GOI took an unprecedented step known as "Digi strike". Digi strike means digital strike which indirectly implies banning of Chinese apps. This step has also generated employment for techies and software engineers. Thereby ensuring funds to be remain with Indians and Indian economy. The GOI challenged Indians to build new apps for India and has kept a reward of Rs 20 lakhs.
- The National Highways Authority of India (NHAI) has also banned Chinese firms to be involved in building highways for India. This is another way to ensure employment for Indians and funds to remain in Indian economy.
- The telecom industry especially those companies owned by GOI have also banned involvement of Chinese personnel in building 4G up gradation. By taking this step GOI has ensured employment for Indians and funds to remain in Indian economy.
- The tourism industry must adjust on guidelines issued by World Health Organization (WHO) to ensure the safety travellers and prevention of further transmission of Covid-19. The tourist spots are being opened in India. This has given boost to the domestic tourism sector. There will be snail progress but progress will happen. This step ensures employment and funds will remain inside the economy. For example, Goa government is supporting tourism industry, but it must abide by the norms.
- The hotel industry including restaurants must adjust on guidelines issued by WHO and GOI to ensure the safety of public and prevention of further transmission of Covid-19. Hotel industry is also being opened. This has given boost to the domestic hotel industry. There will be snail progress but progress would happen. This step ensures employment and funds will remain inside the economy. For example, all the state governments support this industry, if the industry abide by the norms.
- E-commerce industry is seeing huge growth during the current scenario. E-commerce companies like Amazon, Flipkart, Grofers, etc. have created the

employment opportunities to meet growing demand of consumers. This will enable the Indian Economy to retain funds which are generated.

The IT industry is growing at a rapid pace. Educational sector is conducting online classes through zoom, webex, etc. This has created employment opportunities to meet the growing demands of many educational institutions. This ensures funds of Indians remain in the Indian Economy.

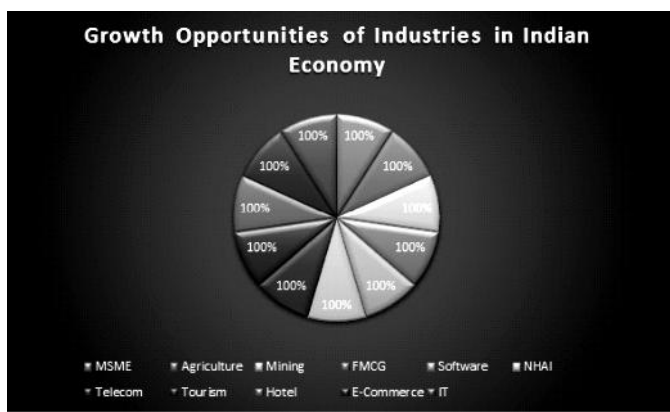


Figure 2: Growth Opportunities of Industries in Indian Economy after the Covid-19 Pandemic

These are only few industries where growth has started but it will lead to the growth of the other industries slowly, thereby, emphasizing on overall growth of Indian Economy.

6. Conclusion

Covid-19 is a crisis with an uncertain ending. The novel coronavirus has infected too many people around the globe. Corona virus, officially named as "severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)" or Covid-19 causes severe acute respiratory infection. It has spread through population and resulted in pandemic condition throughout the world including India. The symptoms of this disease are fever, dry cough, tiredness, sore throat, headache, loss of smell or taste, shortness of breath, chest pain and loss of speech or movement. The Covid-19 has tremendous repercussions on the global business environment. In Covid-19 pandemic everyone believes in Cash transaction not credit transaction. Covid-19 has caused fear of life and employment among Indians.

The GOI wants to ensure the employment and growth of businesses and industries. The industries and businesses are establishing new ways of conducting their business activities and develop business continuity. The main aim of any business is to protect employees and consumers from Covid-19 and still produce the products and services. Companies should adapt to new normal and invest in digital initiatives. Adoption of Public - Private Partnership (PPP) model should be explored. Rural areas growth and development should be explored. Every citizen should be included in the development process.

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