

SECTORAL DYNAMICS IN PANDEMIC ERA

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ABSTRACT

This article studies the changes occurring in different sectors in the current pandemic situation of Covid-19. "The world is shrinking". As people across the world are coming nearer to each other through global connections and interactions the chances of spreading different infectious diseases also increase. With time, to fight against these situations, Mass Vaccination, Herd Immunity or Social Distancing strategies can be used. India is following social distancing strategy, which resulted in a long-term lockdown, ultimately obstructing the operations of all the sectors. Work from home, Closedown of online and offline shopping platforms, avoiding social gatherings have become common practices. As people cannot visit anywhere like malls, banks, shops, offices, travels, airlines, buses, railways, etc. will lose a huge chunk of revenue, thus, An economic slowdown. Businesses are struggling and some are shutting down their operations. There will be a sharp rise in the use of digital tools, including video-conferencing, cloud computing, and electronic payments puts the telecommunications sector in the spotlight in facilitating this new 'normal'. As the traffic is increasing, every streaming app like Netflix, Jio-cinema, hot star will have to buckle up to provide seamless watching experiences to customers. Aviation and tourism will suffer huge losses as nobody will travel across. Apparel & Textile will get hit adversely due to hamper in labour supply, raw material availability problems, working capital restrictions and restricted demand due to limited supply of people with limited movements to follow social distancing norms and lessening purchasing ability.

KEYWORDS: lockdown, bankruptcies, social distancing, digital tools

INTRODUCTION

Corona virus disease or Novel corona virus has given rise to current pandemic. People affected by this disease show several symptoms like respiratory illness and fever. People who are old and those who are already having medical problems like cardiovascular diseases, cancers or any chronic respiratory diseases are more prone to corona virus. The Covid-19 virus generally spread by nasal discharge or when a person infected by this virus coughs or sneezes. Till now no vaccines or a treatment for Covid-19 has been developed. Government is taking adequate steps to overcome the impact of this disease by implementing several Lockdowns in the cities.

This lockdown is one hand benefiting the people by socially distancing them and protecting them but on other hand hampering the day to day earnings of business persons. The govt is the main agent who has taken utmost care of the interests of the business sectors as well as the common people. The quarantines and hospitals are a great step for helping the coronavirus affected people. This even gives a boost to the health care sector. Further, the govt should ensure that the medicines, food items or the daily essentials are made readily available throughout our country. The supply chain infrastructure of India is very strong comparatively. For example, daily essentials of certain brands like HUL shampoos, biscuits by brand Britannia, Jio sims and ITC cigarettes are made available to the remotest areas of the country to fulfil the daily requirements. Further, stronger delivery networks will be added to strengthen the supply chain. New method of delivery is also emerging, for example, digital payments to sellers, leaving the parcel outside the door of the customers, to promote social distancing protocols.

OBJECTIVE OF THE STUDY

This study primarily focuses on the following objectives:

- To determine the major sectors/industries in India.
- To compare the now and then scenarios of all the important sectors.
- To determine the factors affecting sectoral dynamics.
- To examine the effectiveness of different govt. policies and plans in coping up with pandemic.
- To determine the beneficiaries and losers in the current scenario.

RESEARCH METHODOLOGY

The following methodology has been adopted

- Collection of data with the help of secondary data sources like
 - Journals and articles.
 - Private and government websites on internet.
 - Research papers.
 - Published reports.
- Qualitative Research: Industries are chosen on Non-random basis or Purposive sampling method.

LITERATURE REVIEW

RICHA CHOWDHARY, ET GOVERNMENT (APR 16, 2020)

This article focuses on the ill effects due to Covid -19 mainly in education sector. On March state governments across the country started shutting down the educational institutions for a temporary period to reduce the spread of Novel Corona virus.

It clearly mentions how students are getting affected because of this was the time for entrance exams for various Universities, board exams and Universities semesters. The closure of educational institutions gave rise to modern online methods of teaching. These E-Learning solutions gave a very big challenge to the online learners as well as online facilitators. Conducting of semesters and board exam became a big question for the institutions.

Online exam or the cancelation of exam is the only solution. However, conducting online exam is a big challenge because of correct evaluation process. Moreover, reaching to the marginalised students is also a big challenge. There was a rapid increase of internet users in India, which may rise up to 85% household by 2024, we may say that technology will reach to the remotest areas in the country.

TANISHA MUKHERJEE, NILANJAN RAY AND SUDIN BAG , ET GOVERNMENT (APR 07, 2020)

This article focuses on the fact that as the number of corona virus affected person is increasing; the government has to take serious actions like Lockdown of transport services, restaurants, restricted mobilization of people.

Researches show that there is an unemployment crisis for 40 million people according to MRD report, in India remains for unorganised sectors mostly. Confirmation from 200 countries have come of effective medical cases. There have been more than 66,000 deaths till Apr 1,2020. The 21day Lockdown which was announced by PM Narendra Modi was the first steps for reducing the spreading of coronavirus in India. As a result, the supply side will slowdown. The second step was close down of all public and private offices. The labours which came under the purview of the scheme of MGNREGA. 2005 were affected mostly as they did not get jobs due to lockdown. The wage labours were also worst impacted. Quarantines and travels restrictions also affected the factories and the supply chains. Only medicine shops are allowed to open. The GDP in the Q4 of FY 18 was consistently falling and now in 2020 it may further decline.

NARENDRA NATHAN, ET BUREAU (MAR 16, 2020)

This article shows how the stock market is hit by Covid-19. Due to Covid-19 the confident of investors is shaken.

- SIP returns of SENEX may become almost zero.
- Five year returns on SIP becoming zero is very rare. Experts advised investors to continue with Large Caps, since Large Caps have been corrected >20 percent.
- FMCG sector stocks will remain overvalued other than ITC.
- Pharma sector shares will be the beneficiaries.
- Sectors like paint industry, hair oil makers, PVC makers, Cements, Chemicals also benefit due to deflation seen in the price of crude.
- Aviation stocks may benefit from crude oil crash at the same time lose from fall in traffic due to lockdown.
- It is advised that investors should stick to short term debt funds.
- Spending in gold is increases because of fall in the rupee value.

KOUSTAV DAS, INDIA TODAY (APR 23, 2020)

The author highlights the five Indian sectors which needs priority, mainly due to job losses. GRA (Global Rating Agency) has also given India's growth projection of GDP for FY21 up to 0.8%.

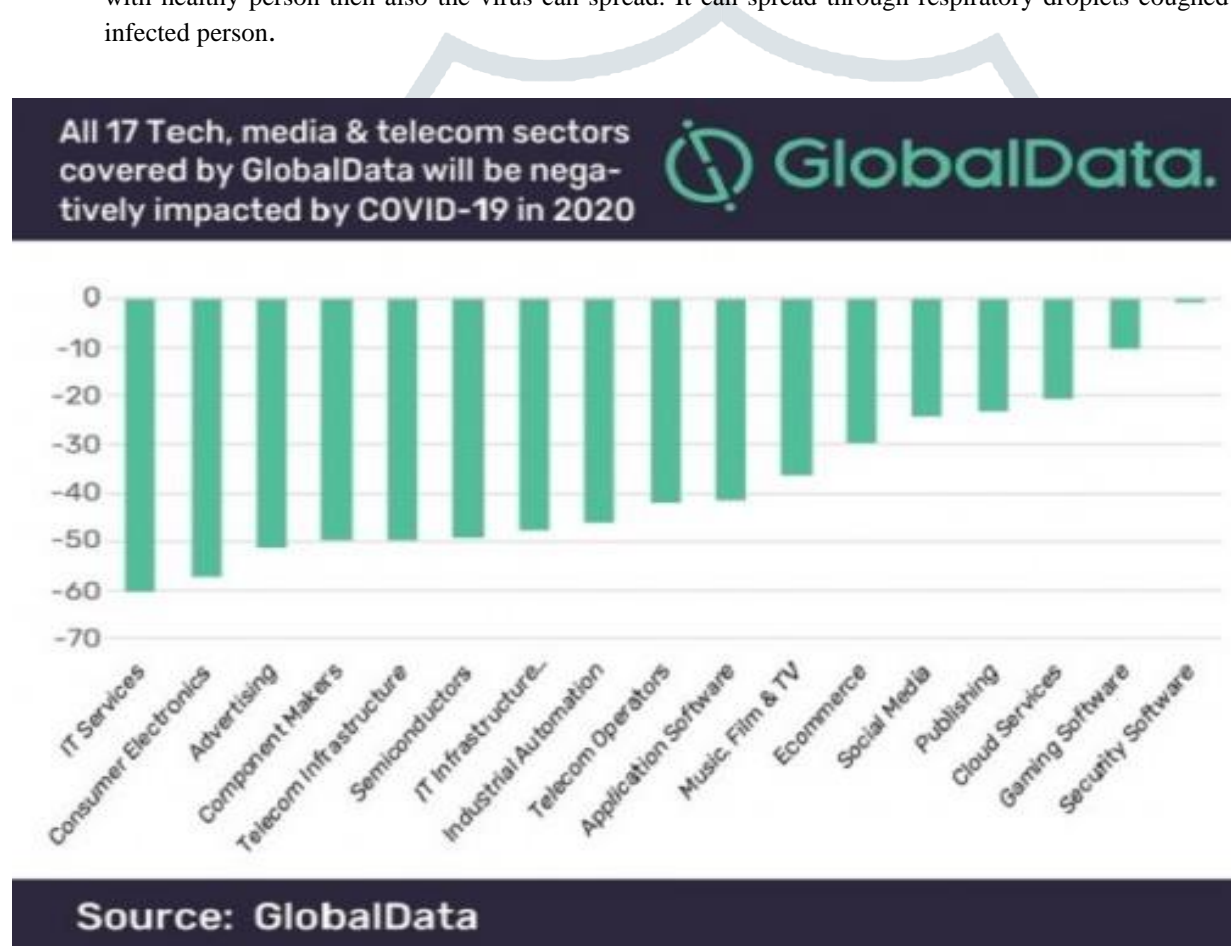
Some sectors also requested the Govt. to lessen the Restrictions or grant the appropriate Relief measures so that they can pay salaries and wages to their employees.

The five important sectors are

1. Real estate sector
2. Auto mobile sector
3. Aviation sector
4. Tourism and hospitality sector
5. MSME sector.

COVID 19-A NEW THREAT

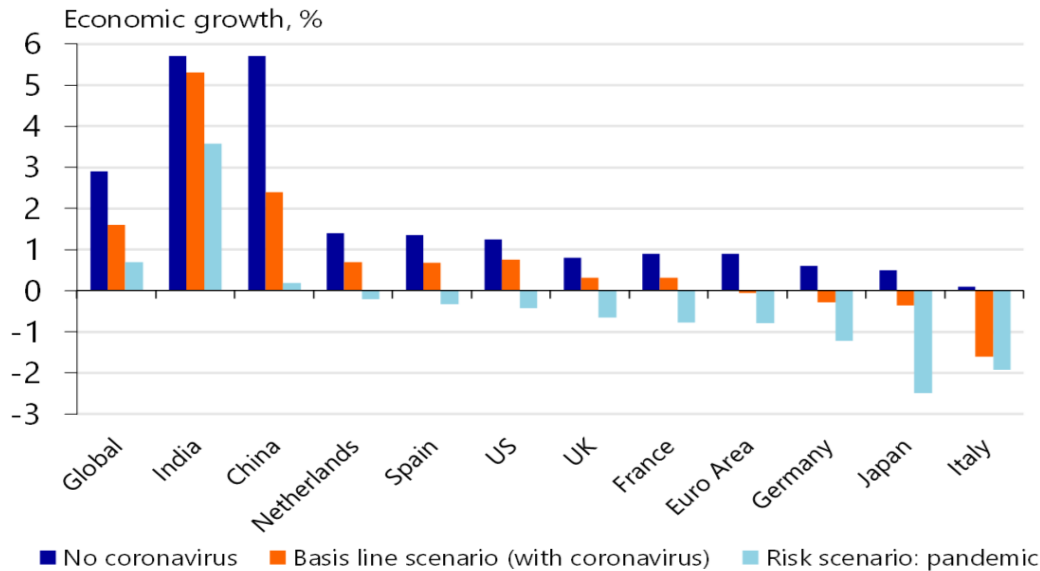
It is severe acute respiratory syndrome Coronavirus 2. SARS Cov-2 is another strain of coronavirus that gave rise to COVID-19 which is a respiratory disease. It is by many experts, termed as a successor to SARS Cov-1. It can be spread from human to other humans through direct or indirect contact. If an infected person touches an uninfected person then the virus can spread or if uncleaned door knobs and other materials previously used by the infected person comes in contact with healthy person then also the virus can spread. It can spread through respiratory droplets coughed or sneezed by an infected person.



It was first reported in Wuhan, China in the wet markets on Dec 2019. It is believed that bats and pangolins carried this virus which had mutated to infect humans just as SARS CVov-1. The first human to human transmission of this virus was reported on 20 Tan 2020. The symptoms may take a week to occur in patients and it spreads really fast. As of today, it has affected around 7 million people in the world and has killed more than 40000 people. 80%of the symptoms of this virus is similar to that of SARS Cov-1 and hence its named SARS COV-2. In most cases the patients get well and do not die of the virus which means, it has a low mortality rate until now. If affects all kinds of people but the elderly is at a higher risk of getting infected by this virus.

ECONOMIC IMPACT OF CORONAVIRUS

Coming to the economic impact of covid-19, this has the potential to cause a severe economic recession similar to that of 2008. The World economic forum has already projected that the global GDP has had a fall of 3% till now. People all over the world have lost their livelihood due to lock down and all this has already caused a recession of demand. This is a situation where multiple crisis has hit the world economy including the health crisis and financial crisis. The market is down all over the world and there is a considerable amount of uncertainty about the economic outlook of the future when this lockdown ends.



Source: www.businessline.com

PRESENT SECTORIAL DYNAMICS WITH REFERENCE TO COVID-19

There are many industrial changes which happened during pandemic. Some industries/sectors survived and some suffered from huge losses and some are still reviving. Many industry experts say that after the lockdown gets over, some sectors will be in state of losses for a prolonged period of time. They will face a new era which will be a complete turnaround in their business pattern. The new 'Mantra' will be work-from-home after the stabilisation of the economy in the country. The economy is slowing down. The GDP has reached 4.7% in 2019-20 (the lowest in past 7 years).

Sectors has an opportunity in present scenario

- ❖ Information technology
- ❖ Home delivery services like flip kart, Zomato, swiggy, Amazon,
- ❖ Healthcare
- ❖ Big electronics like home theatres and music systems
- ❖ Pharmaceuticals
- ❖ Online hospitality
- ❖ Manufacturing sector will be in pace soon

SECTORS HAVING THREATS AFTER AND DURING LOCKDOWN

- ❖ tourism
- ❖ entertainment
- ❖ automobile
- ❖ retail industry like malls
- ❖ food industry like restaurants
- ❖ aviation
- ❖ small electronics

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Nobody will buy cars suddenly after the lockdown. Electronic appliances may develop innovative ideas for its customers to regain and increase demand. Because of social distancing norms no restaurants or cinema halls will be opening soon. Customers are going to be scared to go out even after the lockdown, but to retain the economic growth the government is reopening some sectors but phase wise. Digital services will gain more importance than retail shops. There will be a shift in the buying pattern of potential buyers/customers. As a result, B2C start-ups may gain importance. The insurance sector may in long run gain importance. The Online delivery of goods like,

- Groceries
- Customer services like life insurance
- Essential consumer durables
- Food delivery services. Food and hotels will regain its revenue soon but with a very slow pace.

Addition to the above-mentioned industries, another new industry will emerge i.e. 'Work from Home' industry. Many start-ups will contribute with their innovative technologies to support these work from home industries. Now the electronics and appliances sectors are suffering, but soon, they will regain importance. One instance is when people will start buying smart TVs and personal home theatres to replace the old cinema halls after the lockdown is over. There are chances that government will have to take certain budgetary measures for running e-schools even to avoid social gathering, the concept of e-clinics may come into existence. So, start-ups turning into the following sectors will be beneficiaries after lockdown.

- E-hospitality and e-clinics
- e-education for institutions
- e-tuitions
- e-delivery websites for food and appliances

People want that bills should be waived to some extent, for example the electricity bill payers want the govt to waive the electricity bill for some months, even the students want fee waiver of at least 50%.

AUTOMOBILE SECTOR

- Lockdown leading to stoppage of operations hampering production thus low sales and leading to huge losses further.
- Automobile sector leaders requesting the govt to open dealerships so that they can, to some extent, resume their business.
- An estimate shows that due to lockdown the production of passenger cars has reduced by 2, 40,000 units.
- Estimated loss for a day is supposed to be Rs2 which is 300 cr revenue on an average, total revenue loss will account to Rs48,700 cr i.e. 2% Of total revenue of automobile industry, in initial 21 days period of lockdown.

HOSPITALITY SECTOR

- Online delivery of hotels is permitted in most of the places example Dominos, Kfc, Wow Momo are only allowing take away and not dine-in.
- Dominos in a recent campaign has said that it screens its delivery boys before sending them for delivery to peoples' location.
- It even emerged with the concept of contactless delivery in which the delivery will be done from 2 m distance.
- The delivery boy will keep the parcel at the door and then ring the bell or call the customer to receive the parcel.
- The kitchens are well sanitized and following social distancing rules.
- Masks are mandatory while cooking, the customers entering to the hotels and the delivery boys.
- The hotels are run with minimum staffs only.

HEALTHCARE SECTOR

- The govt along with private sector companies is working on to improve the healthcare facilities. For example, RIL has made a partnership with Brihan Mumbai municipal corporation to set up a 100-bed containing center in 7hills hospital which is wholly dedicated for the COVID-19 affected patients.
- Even for providing temporary healthcare facilities Mahindra holidays also offered its resorts to help pandemic affected people.
- AXIS bank donated 100 cr for the purpose of controlling the spread of virus in the country.
- Anil Agarwal, the chairman of Vedanta, also made a 100 crore fund which serve the purpose of protecting covid-19 affected communities which are termed vulnerable.
- Rs8 crore was also offered by Mr. Anand Mahindra for funding small businesses.
- Further, more and more donations can be seen if the situation remains out of uncontrolled.

AVIATION SECTOR

- Tourism and aviation sectors are interconnected somehow.
- As tourism is not seen, aviation is also suffering huge losses.
- Some aviation companies forced their workers to take leave without any payment.
- Global airlines are announcing layoffs.
- A leading tourism consultancy forum, CAPA India, published a report where it said that “global aviation has sunk over 66% in the wake of covid-19 crisis”.
- There is a decrease in movement of aircrafts due to lack of confidence among people.
- Here, the main sufferers are its employees who are facing arrears of salaries and cut down of wages.

TOURISM SECTOR

- Tourism is a one of the most affected sectors in pandemic situation.
- Recently, a report published by KPMG predicted that this sector may loss > 3.8 crore jobs.
- It will continue to suffer losses due to fear of spreading the virus through contacts during traveling.

MSME

- Micro small and medium enterprises contribute approximately 30 to 35 percent to India's GDP both from rural as well as urban areas.
- They are often called as the backbone of Indian economy. They deal generally with export and manufacturing related activities
- Due to lockdown, their operations are shut, thus, they are unable to pay their employees and dealers.
- The govt is continuously trying to support MSMEs through relief packages.
- Now, some of them are suffering huge losses, others may not even survive.

REAL ESTATE SECTOR

- The construction activities have come to a halt and the potential buyer base has totally been wiped off from the market.
- Transactions have dipped down to near zero during the fourth phase of the nationwide lockdown.
- It is now considered a black swan event for the real estate sector as the condition is so bad as supply chain, laborers, liquidity constraints, costs overruns have all hit simultaneously.
- Property prices are forecasted to see a lot of corrections because of declining buyer sentiment and panic selling by owners in the market.
- New project launches will be delayed and postponed till October although it will have insignificant impact on the market.

- India imports iron, steel and many other constructions related materials from china and since the trade activities with china has come to a halt so it is going to severely impact the construction industry.
- The real estate sentiment index for this period is the lowest in all real estate sector history.
- 53% of home buyers have changed their mind about buying a house, and inventory worth Rs370000 crore is lying around unsold due to the ongoing pandemic according to a survey.
- The govt of India is trying to produce 10 million tons of special steel at the cost of 50000 cr with more than 50000 employment potential under make in India.
- As many foreign companies are opting out of China, India boosts of a ready to shift industrial infrastructure of about 22 million sq.ft which can be done in about 8 weeks.
- According to survey the property prices have declined by 10% to 20% and the land prices has further declined by 30%.

TRAVEL & ENTERTAINMENT

- According to researchers India's travel and tourism has incurred a loss of above Rs10 lakh crore because of covid-19 pandemic.
- Tourism supply chains are breaking down in India both domestically and internationally due to the lockdown.
- The travel and tourism sector were the first industry to be hit by covid-19 pandemic and according to experts a massive 38 million jobs which is 70% of the total workforce is under danger.
- Foreign arrivals have been banned and so the travel industry has been hit very badly.
- The govt has mooted to give around Rs50000 crore to the travel sector to support salaries and establishment costs needed for the people related to travel industry.
- Entertainment industry has been severely impacted as according to studies by govt agencies India's media and entertainment industry revenue will dip by 16% which is around 1.3 lakh crore this year.
- It has led to near zero percent creation of new shows or movies due to the lockdown.
- According to experts more than 50% of the media companies have lost 90% of business during this time and have suffered losses of around 1 crore rupees due to lack of labour forces.
- Since the people are watching a lot of stuff online like Netflix Amazon prime hot star the movie makers have started realising that they can earn money by releasing their movies in these mediums so that they don't incur losses due to shutdown of theatre, movie halls and multiplexes.
- For example, movie called Gulabo Sitabo will be released on Amazon prime on June 12th, 2020.
- Some big ticket movies have delayed their release indefinitely due to the nationwide lockdown.

LOGISTICS AND PORTS

- As the travel of people are restricted in the lockdown, it slapped the revenues of the airlines, railways, buses and cab services of the transport sector.
- Due to unavailability of drivers and labourers the supply chain id hampered badly.
- The supply chain has shifted to only supply of essential goods for some initial lockdown days, now some supply movements resumes.

FMCG & RETAIL SECTOR

- There has been a drop of 71% demand of FMCG sector due to the covid-19 and no orders for almost all outlets according to research.
- Beverages and confectionary are the worst hit categories sales were down by 40% and 30% in the respective categories.
- Homecare, packaged food, personal care is all showing signs of recovery even during the lockdown.
- The local brands and the kirana stores have surprised everyone and have shown growth and almost recovered from the initial damages caused due to lockdown.
- Most of the companies, factories are working at 20% to 40% of their capacity due to the loss of labour force and paucity of trucks to deliver goods from one place to another.
- Some companies have remarkably come up to help their workers. For example, L & T has set aside Rs500 crore every month to support its contract workers.
- It has also donated Rs150 crore in PM CARES fund.
- The growth forecast of this sector has been reduced to 5% -6% from 9%-10% earlier due to covid-19.
- The growth is expected to pick up in the latter half of the year.
- Indian retail industry has lost a massive Rs7.50 lakh crore of business and the govt has lost Rs1.5 lakh crore of GST.
- Most of the businesses will have to go online in order to survive this lockdown. Reliance retail has already started to do that via jio mart platform.
- Indian retail sector according to experts India can lose upto 20 lakh jobs during this covid-19 pandemic situation

FOOD & AGRICULTURE

- The food & agriculture sector contributes highest of India's GDP.
- It contributes 16.5% and 43% to the employment sector respectively
- The food processing sector deals in majority with dairy (29 percent), edible oil (32 percent), and cereals (10 percent).
- India stands first in exporting dairy and spices products.
- With lockdown for a longer period, the demand for the food supplies may increase.
- Due to the shortage of labor, the food processing units are facing a hindrance in operating, but the govt is trying hard to ease the situation until the factories start working with inadequate availability of labor.
- There will be less demand for fruits, sea food and meat.

ONLINE BUSINESS

Spend pattern - Pre lock down Vs During lock down



Source : www.economictimes.com

PHARMACEUTICALS

- India imports heavily from China (nearly 70% of value) and as now we have stopped trade with china, the pharma sector is facing huge challenge in maintaining India's healthcare manufacturing and global chain.
- According to experts covid-19 pandemic has caused severe supply side disruptions which will result in decrease of earnings by 10% to 15%.
- Pharma sector has emerged as a strong contestant to drive the bull in the stock market as for the last few weeks it has grown stronger.
- According to researchers, the pharma sector has grown 10% as of march 2020 and is expected to grow at 11% for the next 2 years.

- The cost of vitamins, penicillin and paracetamol are very high now as the prices of key ingredients which grows goes into making them has increased.
- Many crucial drugs such as antibiotics, vitamins, hormones or steroids can go out of stock if trade with china is not opened up.
- The govt is trying to bring this shortage down along with FDA and domestic manufacturer to make these essential medicines here in India.
- The govt has also banned export of important medicines and medical kits so that India has enough of them whenever it is required.



Financialexpress.com

SOME IMPORTANT GOVT. INITIATIVES TO IMPROVE COVID AFFECTED SECTORS

- Rs2 lac crore is given for 2.5 crore farmers in the way of CONCESSIONAL credits through KISHAN CREDIT CARDS under PM-KISAN scheme.
- It also includes fisherman and animal husbandry farmers
- The extension of CLSS Scheme up to March 2021. Rs70,000 crore given to boost the housing sector and mid-income group through CLSS (CREDIT LINKED SUBSIDY SCHEME)(Annual income between Rs6-18 lakhs).
- It will create jobs.
- To create job opportunities, Govt. plans to invest Rs6000 crore through CAMPA(Compensatory Afforestation Management and Planning Authority)funds.
- It will create job opportunities in urban areas.
- It will also create opportunities for semi-urban and rural areas.
- It will also create jobs for ADIVASIS/TRIBALS.
- Funds will be used by state governments for
 - forest protection
 - forest management
 - Forest developments
 - wildlife related infrastructural development
 - Afforestation and plantation work.
- To support approx. 50 lac street vendors, Govt. is going to launch a scheme for Special credit facility.

- It will contribute Rs5000 crore with initial working capital of Rs10, 000.
- Rs3 lac crore Emergency working capital facility will be available for big businesses and MSMEs.
- To support businesses, tax related compliances are extended.
- Reliefs to contractors are given up to 6 months for contractual obligations fulfillment.
- Rates are reduced in TDS and Tax collected at source.
- States and Union Territories are advised to provide work to the migrant workers.
- MNREGA is planned to be continued from monsoon.
- Govt. has permitted State Governments to utilize the funds from SDRF (State disaster response fund) to start up Shelters and providing adequate fooding facilities for migrants.

THE NEW NORMAL

The new normal means a state or a situation where the present scenario is totally different from the past because of some crises. With reference to current scenario of COVID-19, the people have changed, their mind sets have changed, the earnings have changed which may give rise to new strategies by different companies in future. New modes of doing businesses are developed which will definitely change the business processes and consumer habits. New methods for reaping continuous profits will be seen in future. An 'INDIA' with technological dependence and advancement will be seen. Internet usage will increase increasing reliance in technology. Some businesses will have to plan from the beginning.

ANALYSIS AND CONCLUSION

- The Indian Economy has been paralyzed by the pandemic situation.
- This is a crucial point for the businesses, they have to buckle up.
- Patience is the key now as they have to deal within an uncertain business environment.
- There will be seen a change in the trade and investment pattern in the businesses after the lockdown.
- The businesses may face many challenges in supply chain management and creating demand for certain commodities.
- Pharmaceuticals and daily essentials are not hampered on this situation.
- The Indian living patterns are certainly to change after the lockdown.
- Ration shops and vegetable vender work is a hit at this period.
- Utility of online platforms has increased to a great extent.
- The education sector has greatly become dependent on online platforms.
- Entertainment sector and Aviation sector have suffered a lot and will continue to suffer. For which they are continuously requesting the Govt. to permit some relaxations to cinema halls and nominal passenger facilitation respectively.
- Tourism has stopped and visas are being suspended which again created challenges for people.
- Prices of cereals, seafood, fruits have increased to cover the costs by the shopkeepers.
- Temporary inflation in prices will be seen.

LIMITATIONS OF THE STUDY

This study has the following shortcomings

- Only secondary data is used which reduces accuracy.
- Sometimes it is difficult to understand and analyze the complicated writings of differently opinioned people.
- More sources mean more ambiguity
- Interpretations are based on own assumptions and understandings.
- Time constraint.

SUGGESTIONS

The businesses should give top priority to planning. They should be ready with a comprehensive plan and recovery plan as well to lessen risk factors after the pandemic situation settles down. It is a need of the hour to go digital. After the lockdown opens, the safety of the employees should be the prior concern of the businesses. This pandemic crisis should definitely teach people the value of nature, safety, and family. Businesses will actually learn to value of money and opportunities in adverse situations.

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