

ECONOMIC IMPACTS OF COVID 19 – A CASE STUDY OF INDIA

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ABSTRACT

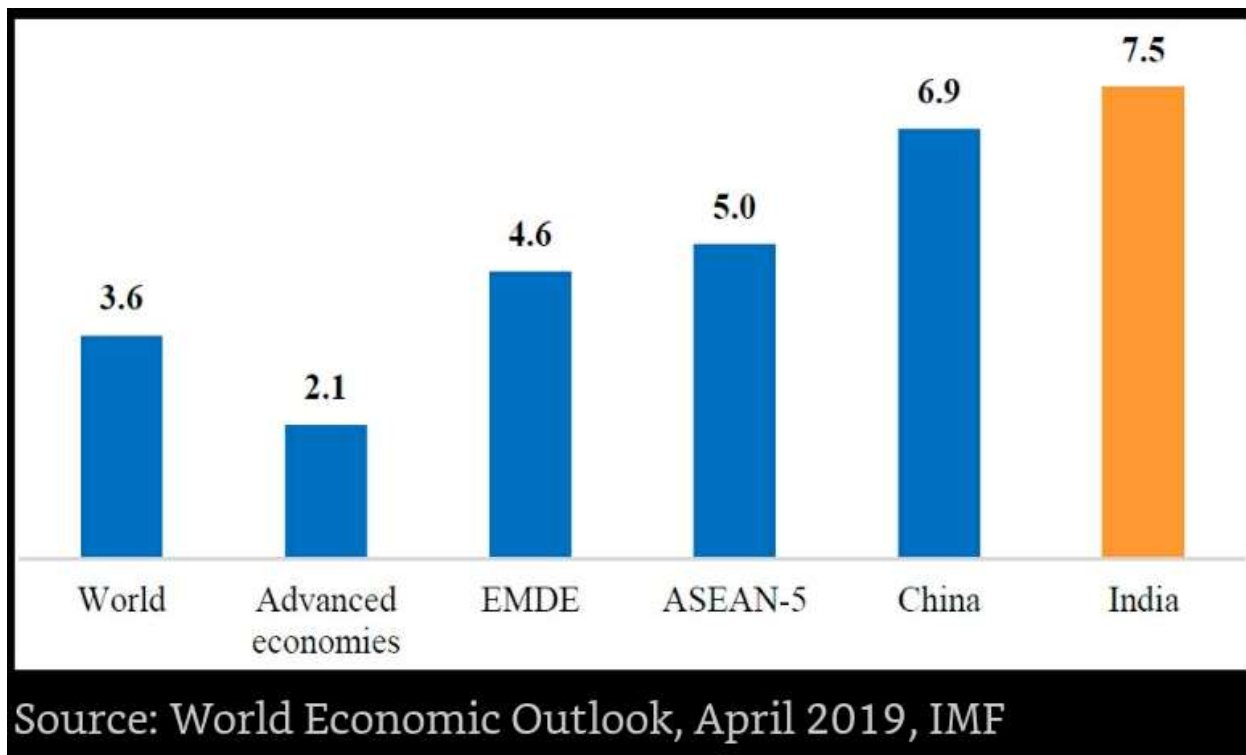
The Indian service sectors like cruise, airlines, hotels, restaurants, textiles businesses, and many micro small and medium enterprises [MSME's] got stirred due to the COVID 19 epidemic. Yet India has incredible growth prospects in commerce, as many enterprises worldwide are now looking at India. A vast rise in digital marketing, especially among the new or low-frequency consumers, is evident. This pandemic has also raised the demand for local goods as buyers now seek products they feel trustworthy & healthy. The Research & Development segment and Pharmacy may flourish in the coming days. There is a possibility of growth in demand for private transport vehicles / automobiles after the lockdown period shortly as the government public transportation facility is affected by the pandemic. The segment of passenger vehicles could have a double-digit growth post-COVID-19 period. The increased consumption of agricultural produce by households and decreased demand from restaurants is an obvious possibility, focusing on health and hygiene by the citizens of varied segments in India. Digitalization is one of the most vital current trends, and it is quickly reshaping the global business environments.

Overall, India's hope is emerging as a fast-growing economy after the Indian government pulls the virus epidemic plug in the long run.

Keywords: Pandemic, Economic impacts, Service sectors, Digitalization, Marketing, Automobiles, Private transport, Public transportation, Health, Hygiene, Business.

INTRODUCTION

India is a developing country, even though membership in G20 indicates that the country is developed, and India's GDP has grown from \$0.60 trillion in 1995 to \$2.63 trillion in 2017. The reasons for that are like India's GDP per capita is very low, and it is home to nearly 35.4 crore people living in multidimensional poverty; the domestic subsidies provided to the per farmer is meager at \$227



Growth of GDP in India and the world – 2014 to 2018

Note: (1). EMDE – Emerging Market and Developing Economies; (2). ASEAN-5 is composed of 5 countries: Indonesia, Malaysia, Philippines, Thailand, and Vietnam.

Average inflation in these five years from 2014 to 2018 was less as per outlook & economic survey than half the preceding five years' inflation level, matching the lowest levels attained in the country's post-independence history. Though now it has fallen because of various reasons.

India's biggest strength: Its young population

India has the youngest population in a fading world with many elderly.

Since 2018, working Indians between 15 and 64 age have grown more abundant than the dependant and aged population. According to researchers, this vast majority of the working-age population will last till 2055, or 37 years from its beginning.

Hence, the nation needs to create millions of jobs every year to absorb young people's addiction to the workforce. Encouraging entrepreneurship among young adults might help in job creation to employ the large labor force.

India's ranking in the World Bank's Ease of Doing Business Index suggests that profitable businesses thrive in India. However, Traditional businesses, unlike teaching digitally, are suffering now due to the COVID-19 pandemic.

Investing in human capital is the need of the hour by focusing on online education, digital skill development, and healthcare facilities to realize our demographic dividends' potential.

Indian Food and Immunity: observable strength

The spices used in Indian dietary such as

- Coriander (Egyptians 2000BC used to call it a herb of happiness, it is an antioxidant),
- Cumin, which is anti-bacterial, Fenugreek(anti-inflammatory),
- Turmeric (anti-helminthic, queen of spices, immunity booster),
- Black & Cayenne Pepper (king of all herbs with many benefits),
- Cloves (anesthetic, antiseptic, carminative, etc.),
- Cardamom (Improves respiratory system, protects from flu & cold)
- Cinnamon (improves nervous function),
- Garlic (protects the heart)
- Mint (protects digestive & respiratory system)
- Tamarind(for digestion)

Used in various foods all over India, boost immunity to the core and work against flu or any physical, mental, or emotional elements, and protect the individuals following the right food habits. This is also an Indian strength at the times of the health epidemic.

Indian vegetarian foods are immunity boosters compared to the meat & other animal foods of various other countries.

India's Biggest weakness: Literacy rate

According to the Educational Statistics report released by MHRD in 2018:

The gross literacy rate in India is 69.1 percent. The number includes the literacy rate in both rural and urban India. The number pertains to 2014.

Studies indicate that a substantial percentage of young adults are financially unstable due to their low financial literacy and sternly need of money management skills.

RBI data indicates that the majority of Young adults are falling into the debt traps, which hinders them from utilizing their full potential for the growth of the country at large

As per news reports, India is home to 17.6 percent of the world's population, and it is said that 76 percent of those 1.2 billion are financially illiterate.

In a survey by Financial Services giant Visa, Indians emerged as one of the least financially literate among 28 countries. Analysis of the low rank indicates a poor understanding of money management principles and a lack of financial education.

So without a well-defined financial education framework, young adults in India start earning without being equipped with the money managing knowledge and skills. Prudent financial decisions make wise & stable citizens, and such citizens, in return, contribute to a financially stable country in times of crisis.

Indian Agriculture Sector

Indian Agriculture sector is a potential enabler and employer for nearly 50% of the population. Even In 2019, almost 43.21 percent of India's workforce was employed in agriculture, while the other 56.79% is distributed among the two different sectors of industry and services.

The marginal and small Agricultural holdings managed by women farmers constitute 27.9 percent of total operational holdings cultivated by women as per India's Government, Ministry of Finance. Economic Survey 2018-19

Governments need to focus on maximizing the growth potential and stopping the adverse ecological actions of the uncontrolled conversion of fertile agricultural land into real estate for urban development.

Covid-19 Impact on Indian urbanization:

As per media reports, nearly 34% of India's current population lives in urban. India's urban population could increase to 81.4 corers by 2050

According to the United Nations World Urbanization Prospects (2018), India's rural population will grow drastically in the coming days. Hence, the generation of non-farm employment opportunities for the surplus rural workforce is essential for the government.

Urban migration reduces poverty, but it is not viewed positively in India, with policies often seeking to reduce rural to urban migration. The positive side of urbanization is that there is no much caste and class distinction in the urban than the Indian rural environment. Guarding migrant workers' rights and dignity while eradicating discrimination will go a long way in the path of development.

During this Covid-19 crisis, the migrants are suffering to the greatest due to the high cost of living in urban, lack of work opportunities, and closure of transportation facilities to go back home, along with the emotional and psychological negative impacts of the fear of corona virus death. Integrated interstate migrant workers act 1979. Need to be implemented efficiently.

Digital India

Digitalization is one of the most vital current trends, and it is quickly reshaping the global business environments.

The drivers of using new technology in a company vary heavily between industries, resulting in different competitive advantages (Andal-Ancion et al., 2003).

According to the McKinsey Global Institute analysis, India is the second-fastest-growing digital economy. Digitization of the Indian economy could result in an approximate of \$435 billion in contributions towards its GDP.

This lockdown is time to benefit maximum with the usage of technology. The Digital India program was launched to transform the country into a digitally empowered knowledge society long back with the Vision for a better India. And to make sure that Government services will be available to citizens online, even by mobile phones. Digitalization assures public accountability by delivering the government's services electronically, a Unique ID, and e-Pramaan based on authentic and standard-based interoperable and integrated government applications and data.

Key Projects of the Digital India program introduced by the government with a VISION for India are:

Digital Locker System, MyGov.in, Swachh Bharat Mission (SBM) Mobile app, The e-Sign framework, The Online Registration System (ORS), National Scholarships Portal, Digitize India Platform (DIP), Bharat Net, Next Generation Network (NGN), etc

A national health register that maintains citizens' health records with all the necessary privacy safeguards enables health analytics for predictive and prescriptive purposes. Such a national health register would be identified using a citizen's Aadhar. It helps doctors to access the entire medical history of the patient from this register. This facility would be especially useful in emergency cases and can potentially save several lives.

Impact on Digital India

According to statistics, the Digital India initiative could boost India's Gross Domestic Product to a significant level. It can play a vital role in shaping macro-economic factors such as GDP growth, labor productivity, employment generation, and businesses.

World Bank report revealed that India is the second-largest telecom market globally and the third-largest Internet market globally, with almost 259 million broadband users. There is still a tremendous economic opportunity in India as the vast population lives in rural where the teledensity is still low. Future growth of telecommunication

India's low literacy rate is due to the unavailability of physical infrastructure in rural and remote areas. Therefore m-Education services can play an essential role by reaching even small sections. India's digital literacy is only estimated at 6.5%, and internet penetration as 20.83 out of 100. The digital India project will help provide real-time education and partly address a lack of knowledge sharing through smart and virtual classrooms. Education to farmers, fishermen, can be provided through mobile devices, especially during this COVID-19 pandemic. The high-speed network can provide equipment for digital education platforms like massive open online courses.

Financial inclusion also improves in the country by Mobile and internet banking. Telecom operators can also get additional revenue streams while the banks can reach new customer groups incurring the lowest possible costs. The government's M-health initiative can advance the reach of India's healthcare even to the remote corners of India.

A digitally connected India is a vision worth striving to help in advancing social relations and economic conditions of people by developing non-agricultural economic activities apart from providing access to education, health, and financial services.

Impact on Digital Education -

COVID-19 has suspended businesses and disrupted the routine lives of individuals across India. Startups struggle to stay sailing and are warned by their investors to consider losing jobs and overspending. This lockdown has also forced schools & coaching centers to shut down, leaving students with the only choice of leading into the virtual world to continue learning trajectory. To make the most out of the situation, several ed-tech companies offer free access to their platforms. They have witnessed a massive surge in user on boarding, standing as an exception in a troubled startup economy. While the crisis is an excellent opportunity for customer acquisition, it is a perfect time for ed-tech companies in the Kindergarten to Grade 12 (K-12) segment to build evidence on their products' efficacy.

According to a recent Inc. 42 report, India's ed-tech landscape has over 4,450 startups, which means India is 3rd in the world, after the US and China, in overall funding. India's colossal education market size — where 35% of its 1.3 billion populations below 15 years of age — present an immense business potential for ed-tech products

Work from Home projects during Covid19:

Working from home demands more than connectivity. It needs managerial skill, technical skills, which all cause overall productivity. But it saves time and operational costs and may increase the output in the coming days. E.g., TCS said that it would ask a vast majority of 75% of its 3.5 lakh employees to work from home. The decision comes after TCS briskly moved 90% of its 3,55,000 employees post-lockdown to an operating model named Secure Borderless WorkSpaces (SBWS).

Impact on Manufacturing

The share of manufacturing is only 15% of the overall Indian economy. This is much lower than our neighboring countries

A national initiative launched in 2014 Called Make in India aims to improvise India into a global manufacturing hub. This initiative facilitates investments, skill development, encourages innovation, protect intellectual property rights to achieve this objective.

Manufacturing division has a tremendous multiplier effect on economic growth in a country, according to various studies. The manufacturing industry has more considerable backward linkages and hence, an increase in demand in manufacturing spurs growth in other sectors. This generates more jobs, investments, and innovation, and generally leads to a higher standard of living in an economy.

Nearly Thousand foreign firms mull production in India, 300 actively pursue the plan in sectors as mobiles, electronics, medical devices, synthetic fabric, etc.

These companies are now viewing India as an alternate manufacturing hub and have taken up their proposals across governments. Therefore we have hope that India will emerge as an alternate manufacturing destination.

Impact on Auto Industry:

Covid-19 pandemic has much negative impact on the automotive industry. The farm sector and two-wheeler demand may decline much but are expected to bounce back in some time. Commercial vehicles could show some resilience because of the market demand for having their own cars.

With the Automotive Industry hit hard by the COVID Pandemic, more plants have shut down, and operations stopped due to supply chain disruptions. It has highlighted the importance of agile, flexible, granular, customer-centric, high-velocity supply chains. Some auto industries, which have extensive manufacturing and expertise with its supply chain capable of creating all components like mechanical, electrical, electronic, transformed self for making face masks and ventilators to meet India's current demand at critical times when the country was facing a deficit of masks and ventilators in its fight against Covid-19. This is one example of crisis leadership & decision making.

It is expected that the Auto industry may witness a recovery that is, U shape – Impacting the whole of 2020 or L shape – 18 months of a downtrend.

Impact on Cruise line industry:

COVID-19 outbreaks have struck the global cruise line industry on various ships. The spread of coronavirus globally has a significant impact on global shipping markets. The depreciated demand for goods from countries like China has a ripple effect on everything from container ships to oil tankers. This pandemic has shut down the cruise-ship business. COVID-19 has spread even on ships infecting

hundreds of passengers and killing some. Many cruise ships, even luxury cruise, huddled in the seas as they could not dock at any destination.

According to one analysis using the ship-tracking site Cruise Mapper, at least eight ships remained at sea with passengers, including one vessel on which 128 people have tested positive for coronavirus.

Impact on Airline industry

Challenges are nothing new to the aviation and travel sector. This speedy global spread of **Coronavirus** disease widened travel restrictions and the fall in demand for air travel. Just the way it succeeded above the past health epidemics, economic recessions, unfortunate safety incidents, and other debilitating events, there's a possibility to overcome even this COVID-19 stress with the right leadership decisions.

According to statistics, Europe and the Asia Pacific recorded over two-third of revenue loss.

In April 2020, global international passenger capacity was so far experienced by an unprecedented 94% reduction (estimated by ICAO). As of 6 April 2020, 96% of all world destinations have travel restrictions. About 90 destinations have entirely or partially closed their borders for tourists, while another 44 destinations close their walls for specific countries of origin. Nearly all regions will suffer double-digit declines in trade volumes in 2020, with exports from North America and Asia hit the largest.

Crisis leadership with wisdom, fortitude, Vision & temperance is the need of the hour for the Airlines in particular & the Travel Industry in general to survive. Every crisis is an opportunity to create a reputation in the market if innovatively embraced.

Impact of COVID- 19 on Textile Industry

Textiles represent nearly 30% of the country's total exports. It provides direct employment to over 45 million persons, making it the country's biggest employer after the agricultural sector. India is the world's second-largest producer of textiles after China. It is also the world's third-largest producer of cotton after China and the USA.

Due to the Covid-19 pandemic, The Indian Textile Industry slumped low as the yarn, and ready-made garments export trading declined by 90% during April as per the Crisil Research report.

COVID-19'S IMPACT ON THE POWER SECTOR

Estimates by the Energy Agencies show that the demand has diminished. Slower demand growth resulting from falling economic activity provoked by the COVID-19 epidemic will seemingly keep oil prices down. This slowdown has led to cleaner air with estimated carbon emissions dropping much. Declining industrial production, fewer cars on the road, and less power generation all together contributed to this environmental change.

Unemployment because of the COVID-19 epidemic may prevent many people from paying the electricity bills. The payment delays and default of service bills by end-consumers (residential, commercial, and industrial) will disturb the energy supply chain. Many power distribution companies need significant liquidity support.

Impact on the Chemical Industry

The chemical enterprise got hit by the twin crisis; one is the oil price decline and the other side coronavirus pandemic explosion. The historic deal effected by OPEC+ to cut global oil production by 10% can end the extended price war, it would not be enough to balance the chaos created by this epidemic. Concerns though, continue with an oversupplied crude oil market having inactive demand from chemical and refined product industries. Top chemical producers have lessened their capital and operational expenditure in the face of this disaster. Demand for paints and coating is undergoing a fall as construction activities got stopped, and the demand from many industrial sectors is flat. Restrictions on travel also directly impacted demand for petrochemicals such as C4 fractions and derivatives, including butadiene, synthetic rubber, and acrylonitrile-butadiene-styrene, mainly in tires.

The companies used to manufacture fuel-grade alcohol have now switched to manufacturing neutral alcohol for hand sanitizers and other disinfectants. Some companies even started manufacturing protective masks & face shields.

Indian health, Pharmacy, research and development

India could be moving towards a more stable supply & demand situation globally, helping diverse countries worldwide, including the developed economies like the USA, Europe. It is visible that significant attention paid to the strong demand for pharmaceutical products from India across the countries globally. The Research & Development segment and Pharmacy could flourish in the coming days.

World Health organization Data reveals that In india we have one doctor available per 1,457 people whereas WHO recommends only one doctor per 1,000 people Ideally and Per capita government expenditure on heath we have approximately INR 1,418 but WHO recommends it to be up to 86 USD Which means INR 6343.36 rupees respectively so we still have so much to transform for growing competitively in the race

Conclusion

The significant changes in our society because of the COVID 19 pandemic brought changes to the economic system in numerous ways and contributed notably to the environmental changes in a positive manner. It affected the global carbon footprint by reducing fuel consumption, improvised waste management, and caused greener workplaces, leading to a greener ecosystem comparatively than earlier. We must respect our Indian government initiatives, which is now helping India prosper better in tackling the corona pandemic. Unity in diversity, right decisions, proper implementation at the right time is all we can observe today in the present leadership example. Many Enterprises all over the world are now planning to have their contracts in India.

The private investments appear to be the "key drivers" that can stimulate demand and build capacity. In the long run, A neo-liberal economic policy can be adopted if possible post-COVID-19 pandemic transferring the control of some of the economic factors from the government to the private sector, freeing them to trade across borders with the least restrictions.

Keywords: MSMEs, subsidies, market, economies, inflation ,economic survey , jobs, entrepreneurship, young adults, labour, world bank, Ease of Doing Business Index, demographic dividend, vegetarianism, Literacy, money management, debt traps, women, urbanization, employment, migration, dignity, discrimination, competitive advantage, McKinsey Global Institute analysis, GDP, Unique ID, national health register , Aadhar, teledensity, Financial inclusion , M-health, ed-tech ,Work from Home , Rights, crisis leadership , decision making, Cruise Mapper, wisdom, fortitude, Vision & temperance, Trading, Crisil Research report., Unemployment, liquidity, OPEC+ , sanitizers, disinfectants, Key Drivers ,neo-liberal economic policy.

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