

Impact of Covid-19 on Trade and Commerce in India

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Abstract

The Covid-19 pandemic hit the world at too much speed that which all we seen like in movies. Today, truth we are seeing is so much frightening. As Prime Minister Mr. Narendra Modi addressed the country while declaring 21 days lockdown, said that if this pandemic is not contained, it could set us back by decades. Available data show that MSMEs employ upwards of 110 million people, asking paying during a prolonged lockdown is not a sustainable solution in the medium to long term. The COVID-19 pandemic has had a tremendous influence on business and needs to be evaluated on many different levels since it has created fast-moving variables, many of which managers around the world were unable to address. This paper is a light on such matters which are facing by trade and industry during the period of Covid-19.

Keywords- Covid-19, Trade, Commerce, Industry

Introduction

Starting in February 2020, businesses all over the world faced unprecedented challenges, including employee lockdowns, global supply chain issues, and in some cases, operating bans. This was especially true for businesses that relied on direct customer contact, such as those in the hospitality, travel, service, culture, and entertainment sectors. It is highly challenging to predict the pandemic's long-term implications at this point in the outbreak. Despite the fact that society has experienced multiple pandemics in the past, it is challenging to predict the long-term economic, behavioral, or sociological effects because these topics have not received much attention in the past.

Numerous firms have had to shut down because to the COVID-19 pandemic outbreak, which has caused an unparalleled disruption of operations in most industry sectors. Short-term issues that retailers and brands must overcome include those pertaining to human health and safety, the supply chain, the workforce, cash flow, consumer demand, sales, and marketing. Nevertheless, overcoming these obstacles won't ensure a bright future or perhaps one at all. This is due to the fact that, once this pandemic is over, the world we will return to will be drastically different from the one we knew before the outbreak. Many markets have disappeared, particularly in the tourist and hospitality industries. All organizational chores are designed to be prioritized, spent as efficiently as possible, or delayed if they won't be useful in the current setting. It's quite conceivable that another pandemic will break out in our lifetimes because research shows that pandemics are recurring occurrences. Anyone can attest to the fact that the present pandemic has had a significant impact on all of our lives, albeit hopefully a temporary one. Countries have shut their borders, restricted citizen mobility, and even kept people in quarantine inside their homes for weeks. We are accustomed to having freedom of movement, therefore it is unusual that during the pandemic outbreak, people have been penalized simply for going outside. The effects of the pandemic epidemic have been felt differently by different societal segments. People who work in industries related to healthcare must put up with never-ending tasks and extremely long workdays. In addition, the number of employment losses is at a level not seen since the 1930s Great Depression. Because there is no longer any need for these services, the industries with the highest rises in unemployment are those that are hedonic in character and depend on the physical presence of the client (such as hospitality, tourism, and entertainment). In order to preserve as much of their essential infrastructure as possible and

to keep their citizens working or prepared to work once the pandemic has been contained, those nations that can do so are attempting to stimulate their economies.

Objectives of the study

This study's main goal is to examine on such matters which are facing by trade and industry during the period of Covid-19.

Research Methodology

This study is descriptive in nature. The required secondary data was gathered from a number of websites, including those run by the Indian government, magazines, journals, and other publications.

Literature Review

Different types of items are affected differently by the coronavirus, which means that certain products are significantly impacted by COVID-19 while others are not as significantly impacted. (Andrienko, 2020).

The use of media has grown throughout this time, and Facebook and Google have updated their capabilities to connect more people at once. For example, Facebook introduced Messenger, a service that competes with Zoom. In a similar vein, Google released a new version (Sarah Davis, 2020).

Global e-commerce has been significantly impacted by COVID-19, sometimes negatively, but overall, e-commerce is expanding quickly due to the virus. Customers were forced to use the internet and incorporate it into their everyday routines due to the coronavirus. (Abiad, Arao, & Dagli, 2020).

Additionally, there are other difficulties by e-commerce companies, including lengthened delivery times, challenges with mobility management, social isolation, and lockdown (Hasanat et al., 2020).

For a sample of 28 nations and their most important trading partners, determine whether COVID-19 has a negative influence on trade growth. According to their findings, from the start of the pandemic to June 2020, COVID-19 had a negative impact on sectoral trade growth by lowering country participation rates in global value chain (Baker et al., 2020).

As output and consumption are reduced as a result of the COVID-19 epidemic, this poses an unparalleled disruption to the world economy. India, a growing nation, is not immune to such external economic growth would probably slow down as a result of shocks. As a result, the Indian economy had entered a slow period following the adoption of the goods and services tax (GST) and demonetization, and the government was looking for measures to restart the economy (Kapur, 2020).

Results and Findings

As the early effects of the pandemic started to be felt in the first quarter of 2020, growth in commerce in goods and services decreased. A considerably more pronounced fall in trade in both commodities and services was predicted in the second quarter, according to a UNCTAD forecast, in contrast to the first quarter. In the second quarter, it is expected that the value of trade in goods fell by 18% year over year and that of trade in services fell by 21%. According to early statistics available at the time of writing, the outlook for the third quarter was improving, with now casted year-over-year growth of -5% for goods and -9% for services, signifying a probable recovery of much of the losses from the second quarter. Travel services were particularly heavily hit, plummeting by more than 24%, even though the value of all services trade declined by 7.6% in the first quarter of 2020.

Personal protective equipment, ventilators, thermometers, sanitizers, and similar medical products for COVID-19 saw extremely significant growth in the second quarter of 2020; for instance, in May 2020, such products saw a gain of 186% greater than during the same time in 2019. Additionally, COVID-19-related non-medical goods including Wi-Fi routers, laptops, portable storage, and other home office equipment saw significant growth in the second quarter.

Examining the economies of China, the United States, and the European Union reveals that the chemical and automobile industries have experienced major reductions. Particularly for textiles and office equipment, but also to a lesser extent for precision instrumentation and communications technology, China saw expansion. The course of the epidemic has been followed through marine port traffic, which accounts for 80% of all products transported globally by sea. Port calls by all ship types in the first 31 weeks of 2020 were down more than 10% from the same time in 2019. Port calls during the first 10 weeks of 2020—from about the middle of March—were essentially the same as those for 2019.

Following then, there was a noticeable fall in 2020 volume. Global port calls had decreased to less than 80% of calls during the same period last year by weeks 21 and 22, or the second half of May 2020. Afterwards, there was a minor recovery, but in the final week of July.

There have been inconsistent effects of COVID-19 on various industry sectors. It demonstrates how the production of necessities like food and pharmaceuticals was less impacted than other businesses. In 2020's second quarter, the for all nation groupings, basic pharmaceutical manufacturing grew moderately. The output of all major industrial sectors has significantly decreased, particularly that of the clothing, machinery, and automotive industries. However, China, where output decreases were first noted, was already beginning to experience positive growth across a number of industrial sectors by the second quarter of 2020.

India has recently seen a decline in employment rates of roughly 3% in order to preserve social distance in various work sectors. A small number of industries are now operating remotely, which has affected how other industries operate and how much demand and supply there is for their products. These industries are crucial to trade and business, and the current shutdown of these sectors has had a negative impact on the Indian economy.

The current state of trade and commerce seems to be hindered both domestically and internationally. A shift in household demand towards consumption of commodities and other services while purchasing less service that require intimate human interaction, such as mass transit, domestic travel, restaurants, and leisure activities. It is anticipated that the targeted services' demand will decline by 15%. As a result, household demand is redirected across sectors, but overall spending is still influenced by earlier shocks and the relative pricing of the commodities in the consumption basket. Although it is impossible to quantify, anecdotal evidence shows that the effect of social exclusion and a general drop in economic activity on those particular sectors is probably significant.

The major export markets for Indian businesses are the US and EU, but the ongoing pandemic that has caused the lockdown has had a significant negative impact on international trade. Statistics blatantly demonstrate that prior to this lockdown, Indian trade, both import and export, had already seen some decline owing to a variety of reasons. Prior to the lockdown, India's merchandise exports fell by 1.5% between April 2019 and February 2020 compared to the same period the previous year, while imports fell by 7.3% to \$436.03 billion. It would likely take several excellent years to make up for the losses incurred at this time, and the decline under this situation is anticipated to be greater.

Except for iron ore, all 30 of the major groups' shipments decreased in March 2020, according to statistics from the Ministry of Commerce. Oil meals, meat, dairy, and poultry products, engineering goods, jewels and jewelry, leather and leather products, plastics and linoleum, carpets, and other main exports from India experienced a decline. Exports of petroleum products fell 31.1 per cent. Exports of electronic items fell by 21.5%, while exports of rice fell by

28.3%. Additionally, core (non-oil and non-gold) exports decreased by 34.2% while core imports decreased by 29.1% in March 2020.

53 percent of Indian firms report that the COVID-19 outbreak has already had a substantial impact on their daily operations. With approximately 80% of organizations reporting a decline in cash flow, the pandemic has had a severe impact on organizations' cash flow. More than 60% of respondents in government survey report that their supply networks were impacted by the epidemic, which has had a significant impact on supply chains. The businesses also made clear that they are actively watching the situation and anticipate that the pandemic's effects on the supply chain will only get worse. Organizations have refocused attention on the pandemic's hygiene-related issues. A little over 40% of businesses have implemented strict entry and sanitation checks. Nearly 30% of businesses have already adopted work-from-home policies for their staff. Nearly 42% of respondents of govt. survey believe that it could take up to 3 months for everything to return to normal. The work-from-home idea is creating implementation difficulties for several industries because it directly affects how businesses operate. This is especially true in manufacturing facilities where employees must physically be present at the production sites and in service industries like banking and IT where the use of sensitive data is common and remote working increases security risks. As a result, businesses in these industries are having trouble implementing work-from-home options without sacrificing their regular operations.

Measures

The government has implemented a number of measures to prevent the economy from suffering the most. However, the unusual situation we are currently in has already had a significant impact, and we need to take additional action to address it.

1. It is well known that IBC is still suspended for the time being, and the RBI has allowed certain relaxations, which is a commendable effort given the circumstances, but the same approach won't be sustainable in the long run, therefore we must come up with a substitute until we have a vaccine or the virus is eradicated.
2. India's response to US and Brazilian requests for pharmaceuticals shows that trade and commerce are still feasible in the current climate with little risk to human life. Additionally, the Indian pharmaceutical industry's response to the US and Brazil has demonstrated its dependability. As a result, the government should work in this area and become a significant supplier of such medications to other nations. This is slightly boosting the economy.
3. The WTO needs to step up in order to improve trade and commerce on a global scale.
4. Global cooperation is necessary not only on health issues but also on trade, finance, and macroeconomic policies in order to respond to a global crisis. Since trade and commerce constitute the foundation of a country's economy, they must be listed as important services.

Conclusion

The World Health Organization (WHO), United Nations (UN), International Monetary Fund (IMF), and other international organizations have praised India's handling of the COVID-19 outbreak, such as the US, UK, Italy, Germany, Spain, and Japan which are advanced economies. The world after COVID-19 will seem very different from how it has up to this point. In this uncertain period, business entities and decision-makers are operating under extreme pressure. To achieve a V-shaped recovery in the upcoming months, India must be creative (Economic Times, 2020). The government must make sure that all the precautions adopted during the outbreak are put to good use. This will help to lessen the harm done to the economy. India should prioritize giving foreign investors a suitable platform so that they can invest there. The pandemic epidemic in China has made manufacturing companies working there more fearful. Many sectors are reconsidering moving their business bases in India. This may be a chance for India to

develop, address unemployment, and help the economy recover more quickly after COVID-19. However, India must be ready to build the necessary infrastructure and facilities to run efficiently. Additionally, the government should give startups access to funding, resources, and tax breaks that can result in the creation of jobs and advancement in economic activity. The present pandemic has motivated service-based organizations to encourage remote work, and academic institutions to adopt a hybrid approach, which combines traditional classroom instruction with online learning. Companies will be forced to increase their focus on large output and reduce the loss that happened during the lockdown period as a result of COVID-19. The current state of affairs can therefore serve as a wake-up call for the government, lawmakers, businesspeople, and environmentalists to cooperate and address ongoing climate change challenges while planning a cleaner and greener future for future generations.

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