COVID-19 Pandemic Outbreak: The Darker Side of Indian Economy

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Abstract

The world is going through a unprecedented time due to sudden outbreak of Covid-19 which started in month of December in Wuhan, China. This has impacted the countries across the globe. Therefore, businesses all over the world are being impacted due to inter-dependence. Despite all efforts, no country is yet able to come up with a vaccination against Covid-19. Many other pandemics happened in the world in the past too and had impacted world in terms of economic growth. The present paper is an endeavour to find out the impact of Covid-19 on various industries. This study is using secondary data to fulfil the objectives of the paper. The data is taken from all reliable and authentic sources including published papers available so far on the topic. The present paper highlights that although an impact is visible on all industries in Indian economy. But, a few of the industries are badly eroded due to this pandemic outbreak and the losses in terms of numbers have also been presented and discussed in this paper.

Keywords: Covid19, Economy, Industry impact


1. INTRODUCTION

From the ancient times many pandemics happened in the world impacted the human lives badly. About 5000 years ago, Prehistoric epidemic was identified in the village of China and it had destroyed many lives. In this pandemic dead bodies were burnt out in the houses of people only, so that it can’t affect much to other people (www.livescience.com). After this, Black Death pandemic was identified in the year 1347 which hit the whole Europe badly and 200 million people lives are destroyed in just 4 years (www.history.com). Likewise American Plague and Great Plague of London in the 16th Century affect the people lives badly (www.livescience.com).

In the year 1770-1772, Russian Plague destroys the people in their houses only and they were asked to quarantine themselves. But this plague became the cause of death of thousands of people (www.livescience.com). Also in 1720, Great plague of Marseille happened when cargo carried the goods from some Eastern Mediterranean. Although the ship was not allowed to enter into the city and it was quarantined too. Despite that, plague spread to the city and in next 3 months it harmed 1, 00,000 people in the city and its surrounded cities. About 30% of the Marseille
population was affected by this pandemic (www.livescience.com). In 1820, the first Cholera pandemic happened in the Asia. It affected many countries like Thailand, Philippines, and Indonesia. Due to this pandemic, more than 1, 00,000 deaths were recorded in the Asia only. The reason of this pandemic was the bacteria contained water in the river. People, who drank water from the river, got affected by this disease (www.bengalview.com).

In 1920, Spanish Flu named pandemic occurred in the world. It was started in 1918 and continued till 1920. It affected more than 500 million people (www.Indiatoday.in) and killed more than 100 million people (www.medjouel.com). As the name of this pandemic was Spanish Flu but its origin was not confirmed(www.bengalview.com). In that time period, for cure of any pandemic, no medicine and no antibiotic was available. The only treatment of this virus was personal hygiene and avoidance of public meetings and gatherings (www.cdc.gov).

Apart from this, in last one century (from 1920-2020), some other pandemics such as Asian and Swine Flu had impacted the lives of the people in many countries. Most surprisingly, at the end of year 2019, Corona Virus named disease was identified in Wuhan state of China. The first case of this disease was identified on 31st, December 2020 by the country office of WHO in China. The initial symptoms of this pandemic are high fever, cough, tiredness and problem in breathing. Later, this disease is announced as a pandemic by WHO and it has infected 213 Countries (According to WHO as on 12th April, 2020). The preventive measures of the disease include wash or sanitize hands frequently, avoid gatherings, maintain distance from people and cover face when anyone sneezing or coughing (www.who.int).

Table 1. Top 10 Countries infected most with Pandemic Corona Virus (As on 13th April, 2020, 05:26 GMT)

<table>
<thead>
<tr>
<th>Country, Other</th>
<th>Total Cases</th>
<th>New Cases</th>
<th>Total Deaths</th>
<th>New Deaths</th>
<th>Total Recovered</th>
<th>Active Cases</th>
<th>Serious, Critical</th>
</tr>
</thead>
<tbody>
<tr>
<td>World</td>
<td>1,853,505</td>
<td>+1,248</td>
<td>114,257</td>
<td>+63</td>
<td>423,728</td>
<td>1,315,520</td>
<td>50,859</td>
</tr>
<tr>
<td>USA</td>
<td>560,433</td>
<td>+133</td>
<td>22,115</td>
<td>+10</td>
<td>32,634</td>
<td>505,684</td>
<td>11,766</td>
</tr>
<tr>
<td>Spain</td>
<td>166,831</td>
<td></td>
<td>17,209</td>
<td></td>
<td>62,391</td>
<td>87,231</td>
<td>7,371</td>
</tr>
<tr>
<td>Italy</td>
<td>156,363</td>
<td></td>
<td>19,899</td>
<td></td>
<td>34,211</td>
<td>102,253</td>
<td>3,343</td>
</tr>
<tr>
<td>France</td>
<td>132,591</td>
<td></td>
<td>14,393</td>
<td></td>
<td>27,186</td>
<td>91,012</td>
<td>6,845</td>
</tr>
<tr>
<td>Germany</td>
<td>127,854</td>
<td></td>
<td>3,022</td>
<td></td>
<td>60,300</td>
<td>64,532</td>
<td>4,895</td>
</tr>
<tr>
<td>UK</td>
<td>84,279</td>
<td></td>
<td>10,812</td>
<td></td>
<td>N/A</td>
<td>73,323</td>
<td>1,559</td>
</tr>
<tr>
<td>China</td>
<td>82,160</td>
<td>+108</td>
<td>3,341</td>
<td>+2</td>
<td>77,663</td>
<td>1,156</td>
<td>121</td>
</tr>
<tr>
<td>Iran</td>
<td>71,686</td>
<td></td>
<td>4,474</td>
<td></td>
<td>43,894</td>
<td>23,318</td>
<td>3,930</td>
</tr>
<tr>
<td>Turkey</td>
<td>56,966</td>
<td></td>
<td>1,198</td>
<td></td>
<td>3,446</td>
<td>52,312</td>
<td>1,665</td>
</tr>
<tr>
<td>Belgium</td>
<td>29,647</td>
<td></td>
<td>3,600</td>
<td></td>
<td>6,463</td>
<td>19,684</td>
<td>1,223</td>
</tr>
</tbody>
</table>

(Source: www.worldometers.info)
On 30\textsuperscript{th} Jan, 2020, the first case of Corona virus was identified in Kerala state of India (www.cnbc.com). To contain Covid-19, Government of India declared one day lockdown on 22\textsuperscript{nd} March, 2020. Post this, on 24 March, a complete lock down for 21 days were declared by GOI through PM address at 8 pm.

![Fig 1. Total Corona Virus Cases 13\textsuperscript{th} April, 2020 in India12:17 GMT, (Source: www.worldometers.info)](image)

Due to this virus, the world economy is at great risk. According to OECD, Interim Economic Assessment the annual GDP of the world is projected to drop by 2.4\% in 2020. It makes adverse impact on the international markets, financial markets, supply chains and all other sectors of the world economy including US, European Nations, Asian Markets too. Since China is the origin of this disease and manufacturing hub, it had already impacted production and supply of electronics, immediate goods, transport parts or equipments, computers and its parts etc for world economies. Many units are closed in other countries due to stoppage of production in China (UNCTAD, 4\textsuperscript{th} March, 2020).

Due to the pandemic COVID-19, US has lost 6.6 million jobs and 16 million jobs gone in past 3 weeks of March & April, 2020 and 5.25 million people registered for the unemployment benefit due to increasing cases in the US (www.theguardian.com).

In Europe, 1 million job losses occurred due to this virus (www.euronews.com). In Asian countries, 68 million jobs will loss if this pandemic is not cured in next 6 months (www.eco-business.com). This indicates a worldwide recession in the world if this virus is not contained in time. Also, as per International Labor Organization, 25 million jobs will lost in the world. According to JPMorgan & Co, unemployment will increase 2.7\% in the mid of this year (www.economictimes.indiatimes.com) and Goldman Saches Inc. has predicted 15\% unemployment rate in near future.
Indian economy is also getting disrupted due to this pandemic. Due to an extended lockdown announced on 14 April, many manufacturing and production units are closed to contain the virus. This will become a major cause of GDP decline in the future. It is expected that in 2021, Indian economy will see growth rate of 2% only as predicted by ICRA (www.news18.com).

2. REVIEW OF LITERATURE

2.1 Ayittey, et. Al., 2020: The study is based on the economic impacts of Covid-19 on Wuhan state of China. It showed that due to the corona virus economy is affected badly because it harmed the trade of the country, global transactions, supply chains, multinational businesses and prices of assets and stocks. Wuhan is considered as the financial hub of China and in 2019 the GDP of the country was noted to be 7.8%. But due to this virus, the economy of the country impacted badly. More than 70,000 theatres are closed, the stock market crashed, and it also disrupts business activities and foreign flights. The study concludes that due to Covid-19 China is expected to lose $62 in the first quarter only.

2.2 Pratheeesh, Arumugasamy and Santhosh, 2020: The study evaluated the impact of Corona Virus in the banking sector, Indian Economy and overseas. It also explores the sector-wise impact of virus on Indian economy. The industries taken for the study are shipping industry, chemical industry, auto industry, electronics industry, and the textile industry. The findings of the study showed that reducing production in the chemical, auto, IT, tourism, and textiles industry due to the corona virus. In the banking sector, remote work increases the cost of banks; net margin compressed and credit loss for the timings. The study concluded that to ensure the safety of banking customers, RBI and the Government of India advises customers to use digital banking and to make use of NEFT and IMPS payment systems.

2.3 Suryawanshi and More, 2020: The study evaluated the effect of corona virus on the psychology of human beings. Data for the study was collected from the selected areas of the Pune city. The study found out that corona
virus and lockdown has a great impact on the mindset of people. They are getting panic by watching news on TV and social media. It is observed that where lockdown hurts people, it also has various positive impacts. The family relationships of people are improving and they are now more close to their family members.

2.4 Kumar, Malviya, and Sharma, 2020: The study analyzed the history and growth of Covid-19. The paper states that first corona virus was identified in 1960 as a cold. At that time, it was considered a normal virus but in the year 2003, the symptoms of this virus were identified. After that, in-between years many counties were identified with the normal virus infection but in the year 2019, corona virus named pandemic was identified for the first time in China. The virus has various symptoms like high fever, cough, and lung infection, etc. WHO (World Health Organisation) released instructions to people to avoid public meetings and close contact with people.

2.5 Evans, 2020: The study examined social and economic impacts of the corona virus. It implies that virus is not only impacting human health but it also impacts trade, agriculture, markets, industries, and others. The paper further provides the solutions for the same. The recommended solutions for the virus are proactive management, education and health policy, establishments of world councils. The policies are not only to frame but its implementation is also very necessary. For their implementation, support from the government, public, media, health professionals and all the stakeholders are required.

2.6 Mahmud, 2020: The study explored the impact of Covid-19 on the whole global economy. Although this virus was initially identified in China and later impacted the world economy. Due to this virus, the Chinese economy is impacted badly as all the production units are closed and no manufacturing of goods is done. Due to the effect of this virus, Apple company announced that they are not able to fulfill revenue targets because of no sale of its products in the national or international market. Another car company Hyundai has also shut down its production because they purchase car parts from Chinese market. Likewise, Starbucks is facing the worst time because most of the outlets are shut down. Oil export and import are also reduced, luxury British brand stores also closed because of this pandemic.

2.7 Ozili and Arun, 2020: The study analyzed the impact of Covid-19 on the economy and related different sectors. The industries badly impacted by the virus are the travel industry, hospitality industry, oil, and gas industry, sports industry, banks, and financial sector, event industry, entertainment industry and education sector.

The study concludes that the virus created the opportunity to reform the health system, fix shortcomings of infrastructure, maintenance of disease detection hospitals, and online learning platform for the students in the countries.

2.8 Ramasamy and Redd, 2020: The study investigates the challenges faced by the IT industry due to corona virus. Many other sectors are impacted by this virus in the economy but the IT sector has faced a lot of challenges during this crucial time. In the IT sector, most of the employees are working from home. All the client based services are provided through virtual online platforms. All the recruitments and exits are done through online platforms. The CFO of the Infosys said that growth is going to be the big challenge in the IT Industry in next year. The growth of the IT sectors is reduced to 3-8% because of this virus. All the IT clients in various sectors are impacted by the corona virus due to issues of proper bandwidth, the productivity is going down.

2.9 Smith et al., 2019: The study analyzed the impact of infectious diseases on the various sectors of the economy. The sectors taken for the study are health sector, agriculture sector/ production sector, trade, and retail industries, travel, and tourism sector, environmental impacts, and other impacts. The analysis of the study shows that due to major 6 outbreaks in the economy from the year 1997 to 2009 amounted to $80 billion economic loss in all these sectors. Apart from this the given sectors impacted badly due to the major outbreaks. The study concluded that to fight with these disease outbreaks nations and international bodies should take the help of each other and exercise such a plan that all resources of the economy should be optimally utilized.
2.10 Qiu, Rutherford, Mao and Chu, 2017: The study explores the negative impacts of the global pandemic on national security, health and economies. It discusses the key features and consequences of disease outbreak and global pandemic. The features of pandemic include the wide extension to many countries, movement of disease, novelty, high attack rate, severity and minimum immunity of population. It has many severe impacts on the economy in terms of health, economy, social and security impacts. The study concluded that any pandemic has various serious impacts. It infects millions of people, closure of schools and colleges, harmful impacts on different sectors: service and manufacturing sector. Emergency response and readily protective measures can reduce the economic and social impacts of the pandemic.

3. RESEARCH METHODOLOGY:

For this study, primarily the data is collected from secondary sources only. The data is collected from various reports published by various organizations and reputed independent agencies. The data was also taken from a number of various authentic websites such RBI, NASSCOM, IMF etc. Also relevant research data has been also taken from other relevant websites including the online databases like EBSCO, JSTOR, Research Gate, Google Scholar etc.

3.1 Objectives of the Study

The primary objective of this paper is to find out the negative impact of Covid-19 on some specific industries. Of course, the impact of Covid-19 is visible on the growth of almost all industries in the upcoming financial year. But, some of the industries are highly impacted in terms of slump such as Airlines, Transport and Logistics Services, Banking, Infrastructure etc. Therefore, this paper objective is to find out the losses in terms of revenues and employment losses as well. Undoubtedly, it has also decreased the import and export amongst all nations due to pandemic spread in almost every country existing on the globe.

1. To identify the major industries having a negative impact of Covid-19 Pandemic Outbreak in India.
2. To do a detailed analysis in terms of losses basined on reports published by various sources.

4. ANALYSIS AND DISCUSSIONS:

4.1 Impact Analysis – Aviation Industry

Aviation Industry has been one of hardest hits sector as a result of Covid-19 pandemic outbreak. In the study “Getting ahead of coronavirus: Saving lives and livelihoods in India” conducted by Mckinsey, India over 600 business leaders it was found that Aviation is going to be the worst hit industry with 70—75% demand contraction in Q1 2021 over Q4 2020 (www.mckinsey.com). On 5 March, 2020, the International Air Transport Association(IATA) estimated that due to reduced passengers in airline industry it can incur lose between US$63 to 113 billion of revenues (www.iata.org). IATA then declared on 17 March, 2020 that their estimates were outdated and now airline industry would require $200 billion to survive from the crisis IATA again revised the estimated loss amount of revenue which was estimated on 24 March 2020 to be $252 billion worldwide, a drop of 44 % (www.iata.org).

Even before the coronavirus-related disruption, Indian aviation was reeling from an economic slowdown that had brought passenger traffic to low single-digits. Further after the discovery of first case in China and its rapid spread across the countries have resulted having severe impact on airlines worldwide (www.home.kpmg). While many airlines reduced frequency, cut down routes and blocked certain countries. The curbs and the uncertainty have paralyzed the sector and are bound to cause unprecedented turmoil. India started with blocking flights from 16
countries which was later on moved to blanket ban on international flight and finally all domestic flights coming to a grinding halt on 24th March when 3 weeks nationwide lockdown was announced (KPMG, 2020).

Centre for Asia Pacific Aviation (CAPA), in a report published in last week of March pointed that India’s two listed carriers, IndiGo and SpiceJet, could report combined losses of up to $1.5 billion across January-March and April-June quarters, CAPA estimated. “IndiGo’s hitherto enviable cash reserves may almost be wiped out,” it said (www.qz.com). The aviation industry could bear losses of up to $3.6 billion in the April-September period, CAPA said based on the assumption that international operations and domestic will remain grounded till June 30 (www.home.kpmg). The impact has started becoming visible with regional carrier Air Deccan declared on 05th April that it was putting all operations on hold until further notice and all its employees are being put on sabbatical without pay. The two-year-old airline has a fleet of three aircraft and primary focuses on Gujarat. Its CEO Arun Kumar Singh wrote a letter that The company has no choice but to cease all its operations in view of this pandemic. It is not only the smaller companies are under pressure; but bigger pears are also under lot of stress (www.home.kpmg). Spice jet announced a big pay cut for its employees. This pay cut is companywide for the month of March, 2020 and applicable on all employees ranging from 10-30%. While some of employees have alleged deduction up to 70% of their salaries (www.qz.com). Vistara, a joint venture between Tata Sons and Singapore Airlines, on March 27, 2020 has also announced a similar announcement saying that 30% of its 4,000 employees will go on mandatory leave without pay between April 1, 2020 and April 14, 2020 to curb costs (www.qz.com). Wadia group owned Go Air, one of low cost carrier has also joined the cost cutting bandwagon and also announced a company-wide pay cut. On March 17, 2020, the carrier suspended all international operations and asked staff to opt for mandatory leave without pay. India’s national carrier Air India, which has been at the front end for evacuating, stranded Indians abroad. With all international & national flights on hold it has announced on March 20 that it will implement a 10% cut in employees’ pay for the next three months (McKinsey, 2020).

This crisis in unprecedented in industry and airlines wows do not seems to have an end in near future. Lockdown which was earlier announced till 14th of April, 2020 has been extended till 03 May, 2020 and no clarity about start of operations in near future. When flights actually resume also, social distancing is going to be the norm and if airlines internal discussions are to be implemented then in initial few weeks or months airlines would be operating at around 30% of load and plan to have only one passenger in a row of three (www.qz.com). This will cut the available seats to a great extent and will impact Airlines profitability in big way. But at-least will be start of some better times before the actual start of International operations, as they’ll be able to pay some of their fixed commitments like lease rentals and airport parking and taxes etc. But surely 2020-21 is going to go down in history of aviation industry as one of darkest years (McKinsey, 2020).

.2 Impact Analysis Banking Sector:

Some Key Numbers related to Indian Banking Sector:

<table>
<thead>
<tr>
<th>Total Deposits (Scheduled Commercial Banks): INR 132.1 Trillion as on 31st Jan 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Non Food Credit (31st Jan)              : INR 101 Trillion (Agriculture 13%, Industry 31.7%, Services 27.3%)</td>
</tr>
<tr>
<td>Credit Deposit Ratio (CRR): 75.7%</td>
</tr>
<tr>
<td>Capital Adequacy Ratio                        : 15.2 %</td>
</tr>
<tr>
<td>Gross NPA (SCB)                               : 9.3% (Sep’19)</td>
</tr>
<tr>
<td>Net NPA (SCB)                                 : 3.7% (Sep’19)</td>
</tr>
</tbody>
</table>
On March 27, 2020, Moody’s Investors Service opens up its estimation for GDP rate of growth in 2020 from 5.3% to 2.2% in India (www.qz.com). It was forecasted that there will be downside risks if the virus is not handled from April to June 2020. It was also warned that if it spreads rapidly in India then it can affect domestic consumption, demand and investment(www.qz.com). The corona pandemic is a bigger threat than the worldwide financial global crisis of year 2008 as it “not only slams the brakes on economic activity and jeopardizes financial stability, but also brings with it enormous human suffering not seen in decades,” CRISIL said (www.crisil.com). S&P ratings agency estimated the GDP growth of India for the year 2021 is 6.5%, which is expected that it will fall to 5.2% (www.qz.com).

NPA’s for the Industry are ruling at an all time high of 9.3% Gross and this pandemic has resulted in worse times for a sector already reeling under NPA’s and frauds (www.bfsi.economictimes.indiatimes.com). Coming out of mammoth crisis like Yes Bank, where India’s fourth largest private bank has to be virtually rescued from the brink of crash by consortium of banks led by SBI. This pandemic came as a bolt from the blue for already faltering industry .This has hit the industry in multiple ways as Lot of people employed in informal sector will have job losses, salary cuts or break in service due to long lockdown, resulting in loss of income, which In turn will make them defaults on consumer loans (www.qz.com). The three months Moratorium announced by Govt. is also a double edged sword for the banks. Banks will have liquidity crunch if more people opt for Moratorium, severely impacting their ability to honour their commitments to depositors, on the other hand as moratorium is only for principal repayment, and interest keep on accruing, the principal components of loans would actually balloon (www.m.economictimes.com).

For Example: On a loan of Rupees 3 Million (taken in month of April 2019 at a rate of 10% PA. EMI would consist of around 30,000 (Around 25000 Interest + 5000 Principal). Principal outstanding on 31 March, 2020 was Rupees 29,50,000 Approx., Now if he avails moratorium for 3 months then principal outstanding on 30th June 2020 would be Rupees 30,25,000 . Means his interest would get added in his Principal. This would further increase his EMI after June .Thus impacting the financial health of client adversely

Credit off take is also a challenge as due to complete lockdown no new files of fresh loans either consumer or Industry are moving in. Real Estate sector is in a standstill with no new sale or Resale transaction similarly automobile showrooms are closed so no new auto loans are processed either (www.home.kpmg). Lot of off take was expected in last week of March 2020 as BS-IV vehicles were being eliminated and auto companies were clearing their inventory at deep discount. But lockdown has upset all calculations of banking as well as auto industry .The SME’s forced to shut down their business due to lock down will face a scenario with Zero revenue for the month of April , and mandate from Govt to pay full salary to employees. This is going to severely hit their financials and chances of them defaulting on loans also increase (www.deloitte.com).

In this hour of decreasing revenues and net interest income banking has been facing cost overruns also. As banking being essential services was instructed to open their branches in hour of lockdown also to support basic banking services of consumers. Banks have opted for rotational working with large workforce working from home. The branches have been instructed to maintain social distancing; this coupled with additional cost of remote working is increasing the input cost for banks (www.deloitte.com)

As this virus is not going to go away in a hurry, hence banks have to change the way they operate to bring economies to their business and fight the recession looming large. Some of steps can be:

- Large Scale adoption of E-Banking & Mobile Banking
- Consumer Education to utilize these channels to reduce load on physical branches
- Strengthening the Contact centre to increase the FTR % age and reduce repeat calls resulting in cost / call.
- Re-enforcing effective credit monitoring through various tools like Aadhar and social media and reducing the field visits and personal meetings. More and more Aadhar based checks and approvals can be introduced.

http://doi.org/10.36295/ASRO.2020.23206
4.3 Impact Analysis Micro, Small & Medium Enterprises (MSME’s)

As per Micro, Small & Medium Enterprises Development Act (MSMED), 2006, MSME refers to enterprises which involve in the activities of production or manufacturing, and preservation or processing of goods. These are of following types:

**Micro enterprise**: Investment in machinery and plant does not exceed Rs. 2.5 Million;

**Small enterprise**: Investment in machinery and plant is more than Rs. 2.5 Million but not exceed Rs. 50 Million;

**Medium enterprise**: Investment in machinery and plant is more than Rs. 5 crore but not exceed Rs.10 crore (www.msme.gov.in). This sector account for 30-35% of country’s GDP employing around 114 Million people. Within this MSME classification around 99% are Micro Enterprises which means where investment is only less than 25 lakhs. Segment wise break up Trade account for 36%, Manufacturing 31% and other services 33% (www.msme.gov.in)

The impact of Covid-19 on this sector has been one of the worst hit as this sector is mostly in unorganised sector with liquidity concerns and dependence on regular cash flow to stay the enterprise afloat. In view of the lockdown and curfew announced in whole of country, these enterprises are facing challenges on many fronts. Availability of labour is a major concern, followed by logistics clampdown and closure of whole market place and ecommerce portals. Some of the key concerns faced by Industry can be summarized as below:

As to closure of Shops, bazaars and markets in the every area, there has been a huge demand contraction; the same is multiplied by stoppage of deliveries by major E-Commerce portals like Amazon & Flipkart. The outbreak has disturbed the cycle of micro economic which is giving huge impact on normal trade and having a pass through impact on cash cycle of trade receivable & payable leading to liquidity constraints as enterprises are not able to buy raw material to produce finished goods. The end consumers are also going through uncertain times with impending salary cuts and layoffs in days to come while the large enterprises have huge cash stockpiles and credit lines to utilise in this gloomy days but MSME’s are not so fortunate (www.bloombergquint.com)

In addition, some of the states have implemented restrictions on the intrastate & interstate movement of non essential goods and as a result MSME’s are unable to honour their supply commitments to corporate and many Govt. departments. Most of these large organisations, PSU’s and Govt department have strict liquidity damage clauses in their contract which are enforced in case of late delivery. Payment of GST / TDS etc are also due towards the end of March and with lock down enforced and receivables not been received in time, MSME’s are facing challenge of defaulting on their loan repayments and risk of them becoming NPA’s (www.taxguru.in)

A study by All India Manufacturer’s Organisation (AIMO) predicts that if the lock down goes beyond 4 weeks then 25% of 75 Million MSME units would look at shutdown and if the lockdown continues beyond 8 weeks then this figure can touch a whopping 43% of total units. These are scary figures for anybody and Govt has been alive to that and making their efforts to support this sector. As a part of these measures some public sector banks have introduced emergency credit lines whereby a maximum loan amount of up to Rs 200 crore or 10 percent of the existing fund-based working capital limits can be availed by MSME borrowers. The Small Industries Development Bank India has announced a concessional interest rate of 5 percent for MSME loans under the SIDBI Assistance to Facilitate Emergency Response against Covid-19. These loans would be provided within 48 hours, with no collateral and minimum paperwork but only those MSMEs that are manufacturing products or delivering services related to the Covid-19 fight are eligible for these loans. The government has also introduced measures permitting delayed GST payments until June 2020, without levy of interest, late fees (www.bloombergquint.com). All these measures are just a beginning to tough road ahead as even after lock down opens, normalcy cannot return in a day.

4.4 Construction & Real Estate Sector
This sector has been one of flag bearer of India’s growth story, with rising incomes, appuritional middle class and easy credit facility. This sector has been booming at an CAGR of 15% + till now. Govt. statistics predicted that by 2025 Indian construction market would be third largest in the world. It is second largest employer in the year 2017 and is largest recipient of FDI in the country. It employs a total of 51Mn people in organized and unorganized sector. With key focus areas like smart city and national highways underway, this growth was expected to continue for next 5-7 years minimum (www.moneycontrol.com).

From Real estate side broadly sectors are facing three challenges of labor, finances & demand. Due to lockdown and no proper arrangements for migrant labor, they have moved to their home towns and will not return back till the time things stabilize (www.bloombergquint.com). Finances have been a challenge from the time of ILF&S default and got multiplied by problems of PMC Bank, PNB & Yes Bank. Bankers are unsure to lend to real estate sector and the choke on new sales due to Covid-19 has not helped their cause a bit. The biggest challenge is demand, due to overall economic downturn people are focusing on basics and delaying the decision to buy a house. Economic instability, layoffs and salary cuts are putting personal finances of many Indians under stress. This is ringing in bad times for real estate. Further real estate consists mainly of small and medium players (www.architecturaldigest.in). Their projects would be at stand still if new sales don’t happen. Stalling of projects would again impact the labor and vicious cycle goes on. Some relief has been given to sector by issuing loan moratorium by RBI and softer loans and credit norms. But much more is needed to give oxygen to this dying industry which would mean access to funds and delay in recovery process of loans and commercial taxes (www.moneycontrol.com).

4.5 Oil & Gas

India is the third largest consumer of energy, behind US & China. In 2018-19, Indian consumption was around 6% of world’s total consumption of primary energy. In spite of such huge requirement of energy, India does not have such large reserves so it imports most of its requirements. In FY 2019-20 till Jan 20, India has imported crude and gas worth USD 108.66 bn (www.teriin.org). With complete lockdown in place for 6 weeks + the annual demand is going to be curtailed by around 10% minimum. As this is a global phenomenon and more than half of world is in lockdown, hence the travelling of people have been severely curtailed resulted in reduced demand for Petrol, CNG, and HSD & Aviation fuel (www.energy.economictimes.indiatimes.com). This has resulted in supply side overrun and prices of crude tumbling to a low of $ 20 against a recent yearly high around $60. This is going to hit our refiners like Reliance, ONGC, and HPCL etc in a big way. Integrated companies like BPCL & HPCL can absorb the shock and their cost of production goes down but price remains same. Stand alone refiners like ONGC will take maximum hit to absorb the shock. Govt. may reduce Excise & GST on Petrol and Diesel to reduce their prices to help the consumers facing financial troubles. This would result in demand take off (www.teriin.org). Lot of subsidy need to go on distribution of 3 gas cylinders promised free by PM under UjjwalaYojana. But the sector can only take off when restrictions are removed and all transports including Bus, Rail & Flights are back on track and consumers start filling their tanks. But this crisis is surely going to put a big dent on sector profitability for FY 2020-21 (www.teriin.org).

4.6 Transportation & Logistics

Transportation & Logistics sector account for 14% of India’s GDP. The sector consists of movement of goods by Road, Rail, and Flights. It consists of transport agencies, courier companies, air cargo and company owned transports. It employs around 8.27 Mn people basis 2019 estimates and market size estimate for FY 2020 is around $ 215 BN (www.transformative-mobility.org). With lockdown announcement, this sector has come to a grinding halt as all non-essential transportation was put on hold and only essential commodities were allowed to move. The millions of truck which were en route were stopped on the way and drivers left the vehicles there and then. People from all the sections in society are affected by the outbreak. Energy demand in March 2020 was fallen by 11% (www.teriin.org). There is a huge change in demand of transportation of essential goods due to which supply chains are disrupting and freight demand in future will also get disturb. Since February when the fear of Covid-19 started taking place in people, the online fast food orders have decreased by 20% whereas online grocery purchasing orders
are increasing on a fast pace (www.teriin.org). People are not ready to go out to grab their grocery and rather they want to order from comfort of their homes from Grofers or Big-Basket. It may be interesting to see whether this newly acquired habit of buying grocery online will sustain after lockdown or not.

Once the lockdown is over and the situation normalises, the people will carry this risk perception associated with crowded areas and could move to personal travel mode rather than shared mode like Bus, Metro or Auto rickshaw. They may avoid public transport facility and shared vehicles like vans, taxies, Autos and rickshaws. The employees like app based drivers are also suffering due to the Covid-19 lockdown (www.transformative-mobility.org). Presently, some of drivers associated with this app based cab companies are helping in movement of medical staff and Govt employees and at some place moving essential food items to needy also (www.teriin.org).

Once the lockdown gets over and life is back to normal, this sector needs to take lot of protections so that it does not become means of spreading this virus again. The most important asset is of public transport is considered employees but they must be given with the special protection (teriin.org).

As it is a natural thing that in public transport employees have close contact with the passengers. Therefore, some protective measures are must and still that cannot overrule the risk. Even after all engineering methods at entry point and vehicle check lists, employees need to be well educated and they should implement social distancing a way of life till the time this risk subsides fully (www.teriin.org).

Conclusion

The present study concludes that safely enough that human race is resilient enough to come out of the various pandemics. This has been reinforced looking at the track of various pandemics hitting the world over last many centuries. This would also pass but question is when and after giving how much scars to already bruise Indian economy? A number of industries such aviation, banking, MSMEs, construction & real estate, oil & gas, transportation & logistics are going be majorly impacted negatively in terms of growth and survival as well post this pandemic. Bigger businesses having financial muscle would bounce back first as salary costs will decline. Real estate prices would slide down and new opportunities would emerge especially in technology space basis the learning from this worldwide lockdown. Talks of some of big manufacturing companies moving away from China to India are already underway. But it’s the MSME sector which will be severely crippled and may not go back to their past levels in a hurry. Key to success would be to re-invent, re-engineer and recoup fast and decisively to be ready always to conquer such unprecedented situation in future.

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