Summer training report

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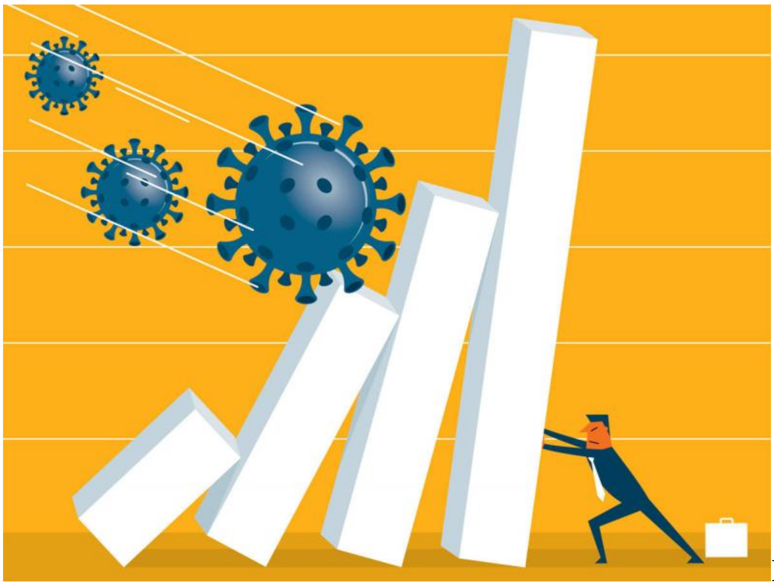
Abstract

The COVID-19 pandemic is the defining global health crisis of our time and the greatest global humanitarian challenge the world has faced since world war ll.in addition to the human impact there also a significant commercial impact being felt globally. The outbreak of the COVID-19 pandemic is an unprecedented shock to the Indian economy. with the country wide lockdown, global economic downturn. The impact of covid-19 is not only the demand side if the market, but the supply chain is also hampered equally. In this paper we describe the state of Indian economy in the covid-19 period, assess the potential impact of the shock on various segments of the economy, analyse the policies that have been announced so far by the central government and he reserve bank of India to eliminate the economic shock.

Introduction



It is said that everything comes with a cost and the ongoing Corona Virus Pandemic is the cost that the nations are bearing for Globalization. Coronavirus (COV) is large family of virus's illness. It ranges from the common cold to more severe diseases like middle East Respiratory syndrome (MERS-COV) acute respiratory syndrome (SARS-COV). The Corona Virus has travelled from China to Europe to United States of America to our country. Corona Virus has not just rattled lives, but also economies across the world and our country, has not been spared either. It is no longer only a global health crisis; it is also a major labour market and economic crisis that is having a huge impact on people. The coronavirus case count in India came within touching distance of the half-lakh mark at 49,391. Over 1600 have died due to the virus across country.(according to The times of Indian) In India, with the intent to contain the spread of Covid-19, our Hon'ble Prime Minister had announced a nationwide complete lockdown of 21 days w.e.f. 25th March, 2020. But, as spike in corona cases continued, the PM again, announced that the lockdown to be continued till 17 May 2020. The existing lockdown measures have already brought seventy percent of our country's economic activities, investments, exports etc. to a complete halt. The corona outbreak has attacked the Indian economy at the most inopportune time, when its economy was showing some signs of recovery after fiscal/monetary measures. Our country has entered the whole situation of Covid-19 on a weaker footing, magnifying the pre-existing risks to its outlook. The present situation is having a "high to very high" level impact on their business according to almost 72 per cent respondents. Further, 70 per cent of the surveyed firms are expecting a degrowth sales in the fiscal year 2020-21.

Impact of the crisis

There is a wide impact upon the Indian economy due to the outbreak of covid-19 this leads to lockdown in our country. the three major contributors to GDP (gross domestic product) consumption, investments and external trade are affected. The GDP of Indian estimates downwards by 0.2 percentage points to 4.8% for the fiscal year 2020. Some industry is listed below on which covid-19 had affected.

- Chemical Industry**:** Some chemical plants have been shut down in China. So, there will be restrictions on shipments/logistics. It was found that 20% of the production has been impacted due to the disruption in raw material supply. China is a major supplier of Indigo that is required for denim. Business in India is likely to get affected so people securing their supplies. However, it is an opportunity. US and EU will try and diversify their markets. Some of the business can be diverted to India which can also be taken as an advantage.
- Shipping Industry**:** Coronavirus outbreak has impacted the business of cargo movement service providers. As per the sources, per day per vessel has declined by more than 75-80% in dry bulk trade.
- Auto Industry**:** Its impact on Indian companies will vary and depend upon the extent of the business with China. China's business no doubt is affected. However, current levels of the inventory seem to be sufficient for the Indian industry. If the shutdown in China continues then it is expected to result in an 8-10% contraction of Indian auto manufacturing in 2020.
- Pharmaceuticals Industry**:** The toll on the pharmaceutical industry is of significant concern for India, mainly as 70% of active pharmaceutical ingredients (API) are imported from China. These active pharmaceutical ingredients are essential to a large number of pharmaceutical manufacturing companies in the country. As COVID-19 is rapidly making its way through India, medication is going to be the number one consumer demand, and because there aren't nearly enough APIs to manufacture drugs, the subsequent traders and the market are witnessing skyrocketing prices. The prices of vitamins and penicillin alone already see a 50% surge.
- Textiles Industry**:** Due to coronavirus outbreak, several garments/textile factories in China have halted operations that in turn affecting the exports of fabric, yarn and other raw materials from India.
- Solar Power Sector**:** Indian developers may face some shortfall of raw materials needed in solar panels/cells and limited stocks from China.
- Electronics Industry**:** The major supplier is China in electronics being a final product or raw material used in the electronic industry. India's electronic industry may face supply disruptions, production, reduction impact on product prices due to heavy dependence on electronics component supply directly or indirectly and local manufacturing.
- IT Industry**:** The New Year holidays in China has been extended due to coronavirus outbreak that adversely impacted the revenue and growth of Indian IT companies.
- Foreign Trade: China has been India's largest source of imports since 2004-05, shows data from the Centre for Monitoring Indian Economy (CMIE) database. In 2018-19, the latest period for which annual data is available, it had a share of 13.7% in India's total imports. Any major disruption in the Chinese economy can disrupt these imports and hence both production processes and supply of consumer goods in India.

- Effect on Poultry: The poultry industry in different parts of the country has been hit hard amid rumours that the novel coronavirus can transmitted through consumption of chicken, the prices of which have fallen considerably as a result. about two crore people employed in the poultry industry across the country have been impacted. People were avoiding consumption of meat, fish, chicken, and egg etc. Due to the fall in demand, wholesale price of chicken had dropped by as much as 70 per cent.

An outbreak of COVID-19 impacted the whole world and has been felt across industries. The outbreak is declared as a national emergency by the World Health Organisation. In India the three major contributors to GDP namely private consumption, investment and external trade will all get affected. World and Indian economy are attempting to mitigate the health risks of COVID-19 with the economic risks and necessary measures needed will be taken to improve it.

- Tourism**:** India is big on cultural and historical tourism, attracting domestic and foreign nationals throughout the year. It does not come as a surprise that a large number of confirmed COVID-19 cases in India include foreign tourists. But with visas being suspended and tourist attractions being shut indefinitely, the whole tourism value chain, which includes hotels, restaurants, attractions, agents, and operators is expected to face losses worth thousands of crores. Experts believe the tourism industry is likely to take a massive hit, and it could end up crippling the industry for the foreseeable future.
- Aviation**:** After the Government of India indefinitely suspended tourist visas, airlines are said to be working under pressure. Nearly 600 international flights to and from India were cancelled for varying periods. Around 90 domestic flights have been cancelled, leading to a sharp drop in airline fares, even on popular local routes. Private airport operators have requested the Government to grant permission to impose a nominal passenger facilitation charge on airfares to cover the increased operating cost.
- Telecommunications: telecom is one of the most essential services and sectors at the time global pandemic. It has been a key enabler in helping governments and business timely communication, tracking and helping implement work from home. With relaxation of the guidelines on work from home, telecom companies will have to revisit the enterprise product suite, provide packages and offers that address the needs of the companies enabling work from home.
- Financial services – banking and non-banking financial company: banks profitability will be under pressure due to
  1. Reduced offtake of loans under recessionary market conditions and cautions customer outlook
  2. Increased delinquencies post the moratorium period due to the lockdown
  3. Depressed Net interest margin in a low interest rate regime
  4. Fall in transaction banking income due to lower cross border trade
  5. Drop in fee income on distribution of wealth products, due to volatility in the capital market.
- Financial services- insurance: awareness of health products has increased given the current pandemic scenario and offtake of digital health products has been on arise. Fresh saving business and property and casualty insurance business issuance is expected to be muted endowment products may stand to gain from change in mix by retail investors of allocations between long-dated endowment products and investments in capital markets.
- Food and agriculture: since this is vital both in terms of meeting national demand as well sustenance of farmers, this sector has to be high priority in term of usage of Agri-inputs like seeds, pesticides and fertilisers. The curbs on migratory labour movement for harvesting wheat, paddy, pulses etc. need to be attenuated. Special attention to the rural

food production areas in the coming weeks will mitigate the macro impact of COVID-19 on the Indian food sector as well as larger economy. Post the ministry of agriculture press release of the agriculture -farming and allied activities being exempted from lockdown, crop procurement and mandi operations are yet to be streamlined and this may result in low sowing in the upcoming crop season and also impact sale of Agri-inputs in the kharif season.

- Metals and mining: a study by the all India manufacture's organisation estimates that about a quarter of over 75 million Ministry of Micro, Small and Medium Enterprises in India will face closure if the lockdown due to COVID-19 goes beyond four weeks and this figure is estimated to touch a whopping 43 per cent if the if the situation extends beyond eights weeks. The impact will be high considering the fact that these MSMEs provide employment to more than 144 million people and contribute around 30-35 per cent to the GDP.
- Skilling sector: skill institutes in India are training more than 10 million trainees annually-lockdown would decrease the available skilled manpower by 10-15 per cent. The coupled with sluggish human resource demand is likely to increase unemployment in the country. post -COVID-19nay job roles are likely to change; skill institutions will need to be prepared of this impact

demand & supply impact

Coronavirus has disrupted the demand and supply chain across the country and with this disruption, closing of cinema theatres and declining footfall in shopping complexes has affected the retail sector by impacting the consumption of both essential and discretionary items. As the consumption of any product or services goes down, it leads to an impact on the workforce. In the current scenario, with all the retailers closing down their services, the jobs of the employees are at a huge risk. We all known that consumption is an important part of GDP. The supply-side impact of shutting down of factories resulted in a delay in supply of goods from China which has affected a huge number of manufacturing sectors which source their intermediate and final product requirements from China. According to a survey by the Federation of Indian Chambers of Commerce & Industry (FICCI), the immediate impact of COVID-19 reveals that besides the direct impact on demand and supply of goods and services, businesses are also facing reduced cash flows due to slowing economic activity which in turn is having an impact on all payments including to those for employees, interest, loan repayments and taxes.

Governments actions towards covid-19

- As pre statement, 80 crore poor ration card holders will each get 5kg wheats or rice and one of preferred pulses free of cost every month for next three months and 20.4 crore women having Jan dan bank account will get cash help of RS1500 for next three month. This distribution will be done through Public Distribution Scheme (PDS)

- Over 8.3 crore poor women, who get free gas connection since 2016, will get free LPG connections for next three months, while poor citizens, widows and disabled will get an ex-gratia cash of RS,1000.
- Union cabinet approved a 30 per cent reduction in salary and allowances of members of the Parliaments for one years.
- Governments has decided to suspend MPLADS (members of parliament local area development scheme) and funds would be directed towards improving medical infrastructure.
- Governments also providing RS 6,000 through PM-KISAN scheme in three equal instalments. First instalment will be provided from April 2020.
- MNREGA workers wage is increase by governments from RS 182 to RS 202.
- For SHG (self-help group) which provide benefits to households, government providing collateral-free loans to RS 200,000.
- State giving district mineral fund, worth about 310 billion RS will be used for those who are facing economic disruption because of the lockdown.
- The Employees Provident Fund Organization (EPFO) has announced - employees who contribute to EPF can withdraw up to 75 percent of the account balance or 3 months’ basic salary and dearness allowance, whichever is lower.
- In view of the government’s decision declaring COVID-19 as a pandemic, the Pension Fund Regulatory and Development Authority (PFRDA) allowed partial withdrawals from the NPS to fulfil financial needs towards treatment of the COVID-19 illness of a member, his/her spouse, children (including adopted child), or dependent parents. The following documents must be provided to claim a partial withdrawal: Medical certificate and Formal request for partial withdrawal.
- Reserve bank of Indian have reduction in policy repo rate from 5.15% to 4.40%. and liquidity coverage ratio for banks from 100% to 80% likely to release liquidity.
- Debit card holders can withdraw cash from any bank ATM for free of charge
- Bank charges for digital trade transactions will be reduced for all trade finance customers

Addition measures

The first and the most important role of the Government is to ensure the safety of its citizens. The Government should ensure that proper sanitizations facilities be made available across the country. But whenever the lockdowns end government should more focus on temporary jobs at local areas, they should lose their jobs. The Government should reduce compliance burdens on business houses and give them the liberty to transact business at their maximum capacities. Reserve bank of Indian should provide more liquidity to banks and financial initiations. RBI should implement measures to avoid bankruptcies of small and medium-scaled industries. The Securities and Exchange Board of India should encourage people to more invest through Mutual Funds so their will more investment. To increase liquidity and increase consumer confidence, the Government of India should provide a pay roll tax holiday for a quarter to help support demand in these stressful times. A disaster management framework focused on managing disease outbreak will become essential in the large and densely populated country

Conclusion

COVID-19 is unaccepted challenge to India which affected large scale of population. Over economy is also been affected by it due to lockdown. Government have redesigned this situation and trying there best to overcome this problem. Policy makers need to be prepared to scale up the response as the events unfold to minimise the impact of the shock on both the formal and informal sectors and support the poor families in this difficult situation. With the help of this research we came to know more about the current situation in our country cause by COVID -19 also get some idea to solve it and think in that direction. We come to know what the challenge which been faced by our industrial sector. As the COVID-19 crisis continues to expand, manufacturers will likely face challenges on numerous fronts. Manufacturers will also need to look beyond their own economic viability. They will need to coordinate closely with the public sector to forge plans that are essential to both public safety and the solvency of their workforce, while keeping the lights on in their operations. challenging climate.

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