IMPACT OF COVID-19 ON INDIAN ECONOMY

PRESENTED BY –

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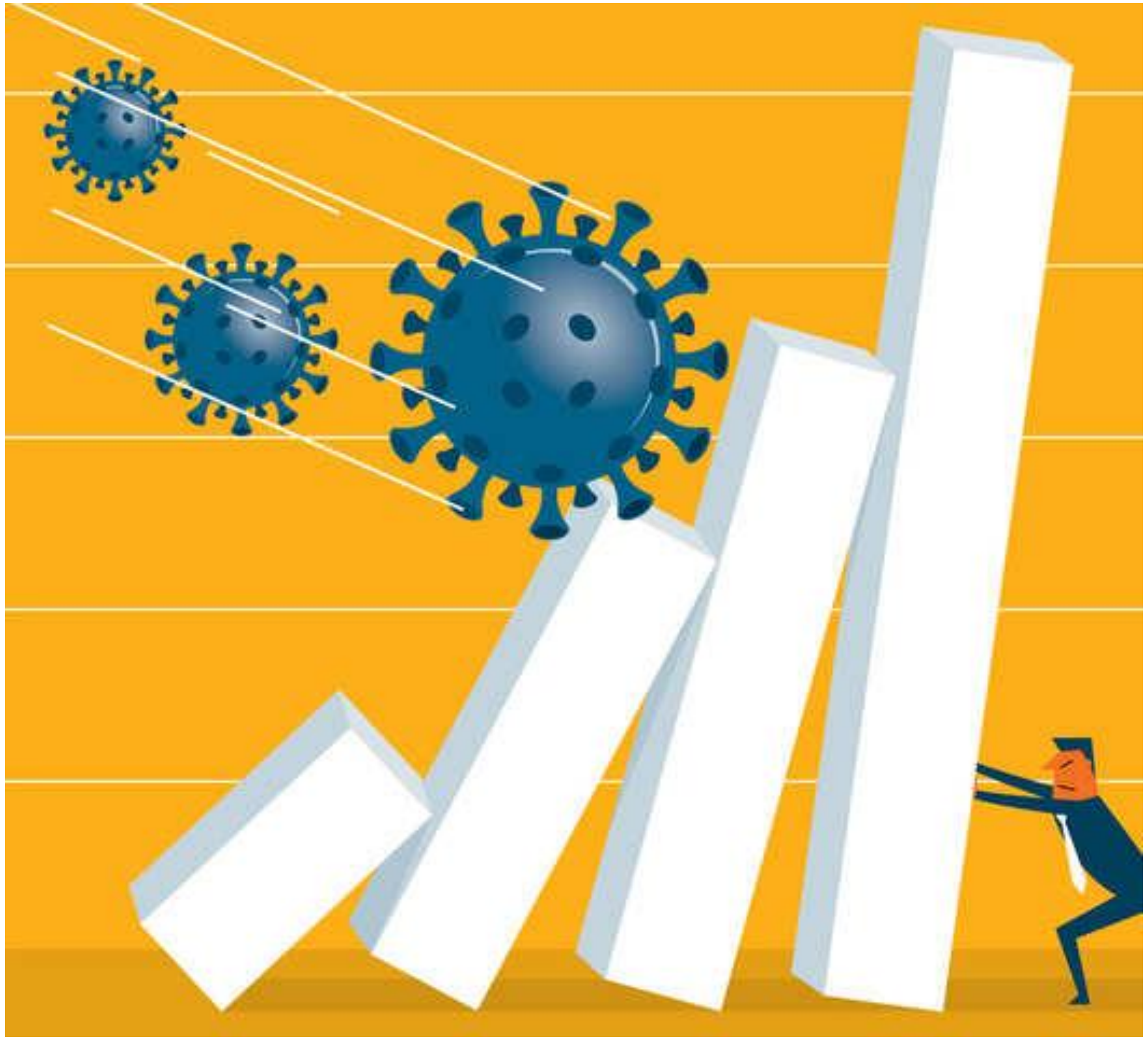


INTRODUCTION

- "The economic impact of the Coronavirus 2019-20 pandemic in India has been hugely disruptive. The Indian economy is expected to lose over Rs 32,000 crore (US$4.5 billion) every day during the first 21 days of complete lockdown which was declared following the coronavirus outbreak.
- Under complete lockdown less than a quarter of India's $2.8 trillion economy was found to be functional. On 27th March, Moody's Investors Service downgraded its estimate of India's GDP growth for 2020 from 5.3% to 2.5%. This will be the lowest growth for India in 30 yrs. The World bank report said that the pandemic has "magnified pre -existing risks to India's economic outlook".
- Sectors that had a huge impact due to Covid-19 are Apparels and textiles, Auto and Auto components, Aviation and Tourism, Building and Construction, Chemicals and Petrochemicals, Consumer, Retail and Internet Business, Education and Skilling, Financial Services, Food and Agriculture, Metals and Mining, MSMEs, Oil and gas, Pharmaceuticals, Power, Telecom and Transport and Logistics. Stock markets in India posted their worst loses in history on 23 March 2020.
- Also, this crisis is a story with an uncertain ending but what is clear is Covid-19 has introduced new challenges to the business environment which call for a measured, practical and informed approach from political and business leaders".

AIM

- To study the effect of COVID-19 outbreak on Indian Economy.

OBJECTIVES

- To study the impact of coronavirus on Indian economy.
- To study the economic impact of coronavirus on Healthcare sector.
- To study the economic disruptions in different sectors.
- To provide suggestions to improve economic disruptions.

DATA COLLECTION

- The data for secondary research was collected using national and international journals, surveys, newspaper articles, organization websites, annual reports magazines and general internet searches to identify economic slowdown rate and to get an evidence to the report for showing drastic impact on economy caused via COVID-19 outbreak.

- The information upon the economic effect on various sectors is obtained through annual reports of highly esteemed organizations and the impact on healthcare sector and Indian economy was from the secondary research and database available online to visualize the deeper impact on economy world-wide.

METHODOLOGY

- **Research Questions**
- What is the effect of Covid-19 on GDP of India?
- What is the impact of COVID-19 outbreak on Healthcare Sector?
- What is the impact on Indian economy in different sectors?
- What is the present condition of Indian economy as compared to Global economy?

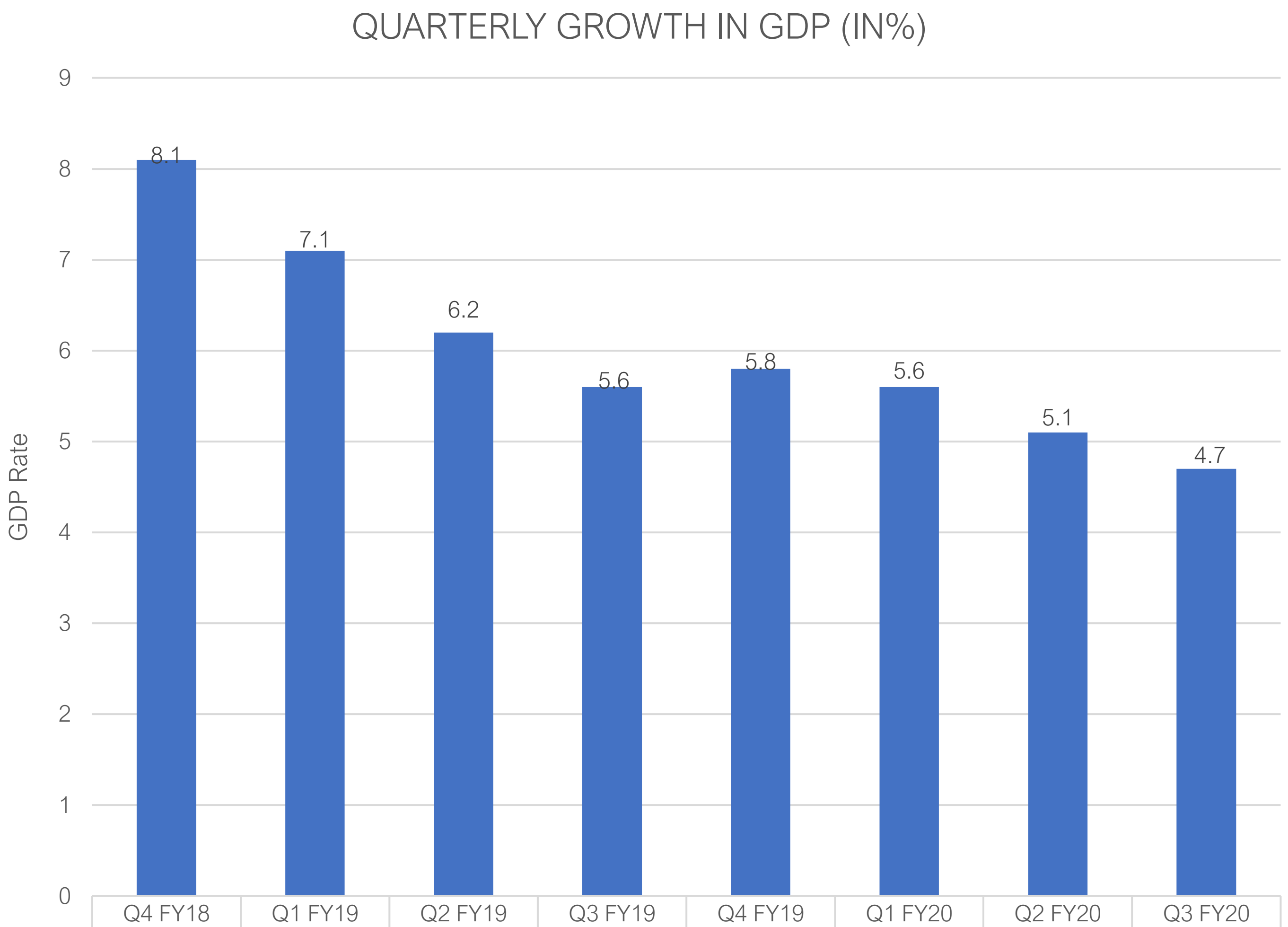
- **Research Design-** Descriptive Study
- **Type of Data-** Secondary Data (Secondary Review)
- **Data Collection Tool-** Surveys, Journals, Newspaper articles, Organization's websites
- **Data Analysis Tool-** MS Excel

- **Inclusion Criteria-** Coronavirus outbreak 2019 reports, journals and articles.

- **Exclusion Criteria-** Data limitation since the disease outbreak was unexpected and research is still under process.

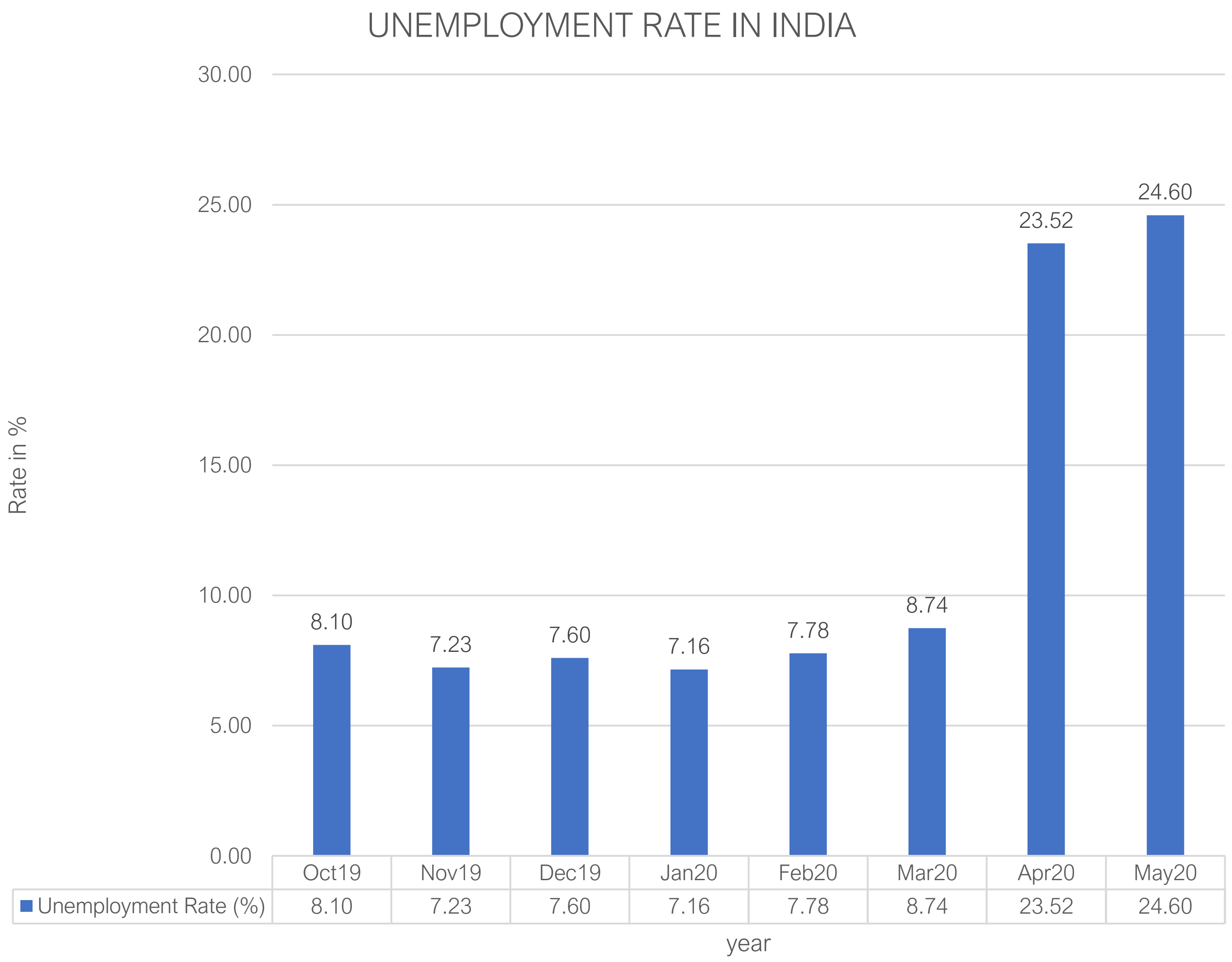
EFFECT OF COVID-19 ON INDIAN ECONOMY

- *Economic Indicators* :-The key measures of economic performance includes 1. the economic growth – real GDP growth and 2. Unemployment – target of full employment.
- Gross Domestic Product or GDP is one of the most common indicator used to track the health of a nation's economy. It includes a number of different factors such as consumption and investment. The following graph shows effect on GDP caused due to coronavirus outbreak.

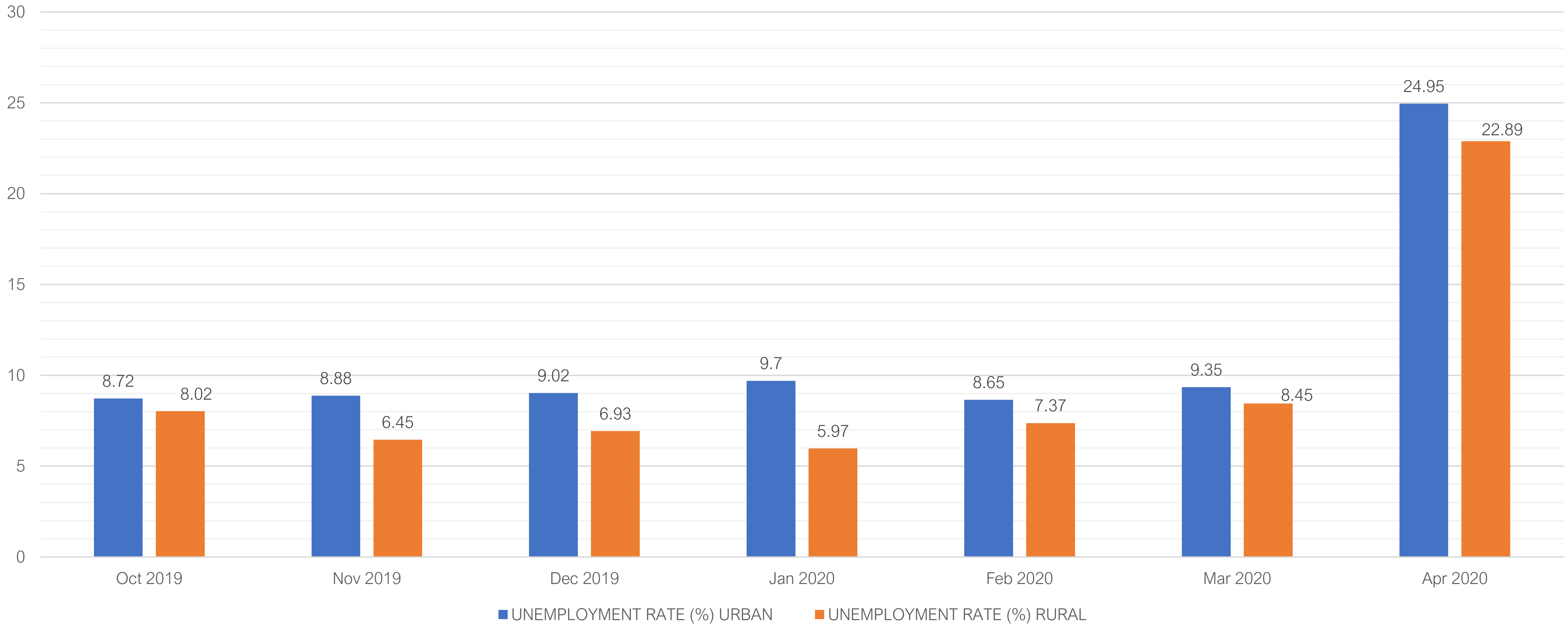


	Q4 FY18	Q1 FY19	Q2 FY19	Q3 FY19	Q4 FY19	Q1 FY20	Q2 FY20	Q3 FY20
GDP	8.1	7.1	6.2	5.6	5.8	5.6	5.1	4.7

- The **Unemployment rate** is the share of the labor force that is jobless, expressed as a percentage. It is meaning that it generally rises or falls in the wake of changing economic conditions, rather than anticipating them. Hence, the unemployment rate of India is shown as follows-



COMPARISON OF UNEMPLOYMENT RATE IN URBAN AND RURAL INDIA(IN %)

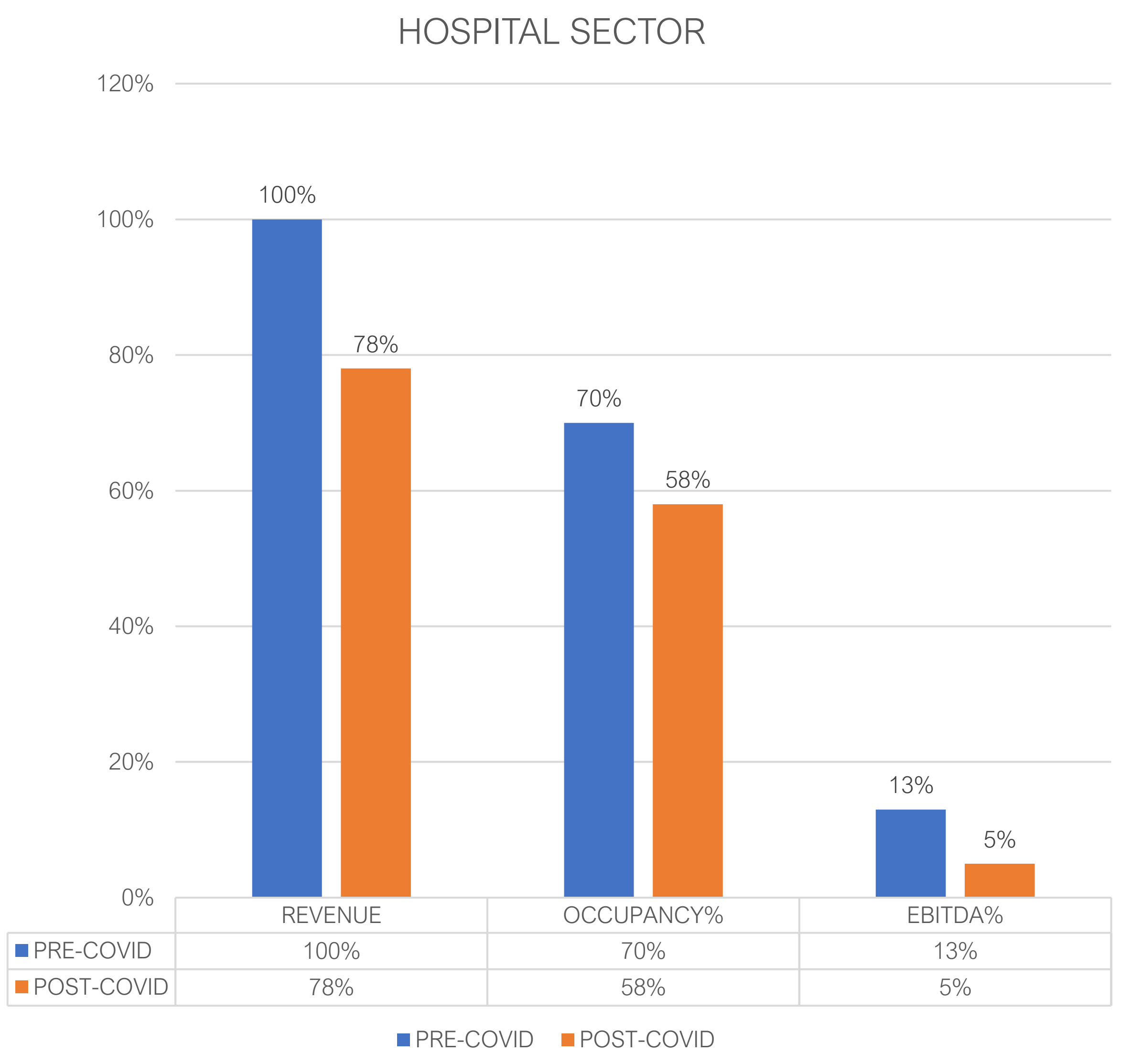


EFFECT OF COVID-19 ON HEALTHCARE SECTOR

	SECTOR OVERVIEW
"Sector contributing to GDP	1.28% of GDP on public health, which is expected to increase to 2.5% by 2025.
Government spending	Government of India Outlay (2019) for health is INR623.9 billion of which INR317.5 billion for National Health Mission (2019-20) and INR 64 billion for Ayushman Bharat Allocation of INR150 billion for healthcare to control COVID-19 outbreak
Workforce	More than 2 million healthcare workers in India. However, Patient to Doctor ratio of 1445:1 (modern medicine) is lees than WHO's recommendation of 1000:1 ratio.
Infrastructure	-529 medical college (MBBS),702 Ayush, 313 Dental (BDS),253 PG Dental -158 thousand Sub-centres , more than 25000 PHCs, 5624 CHCs"

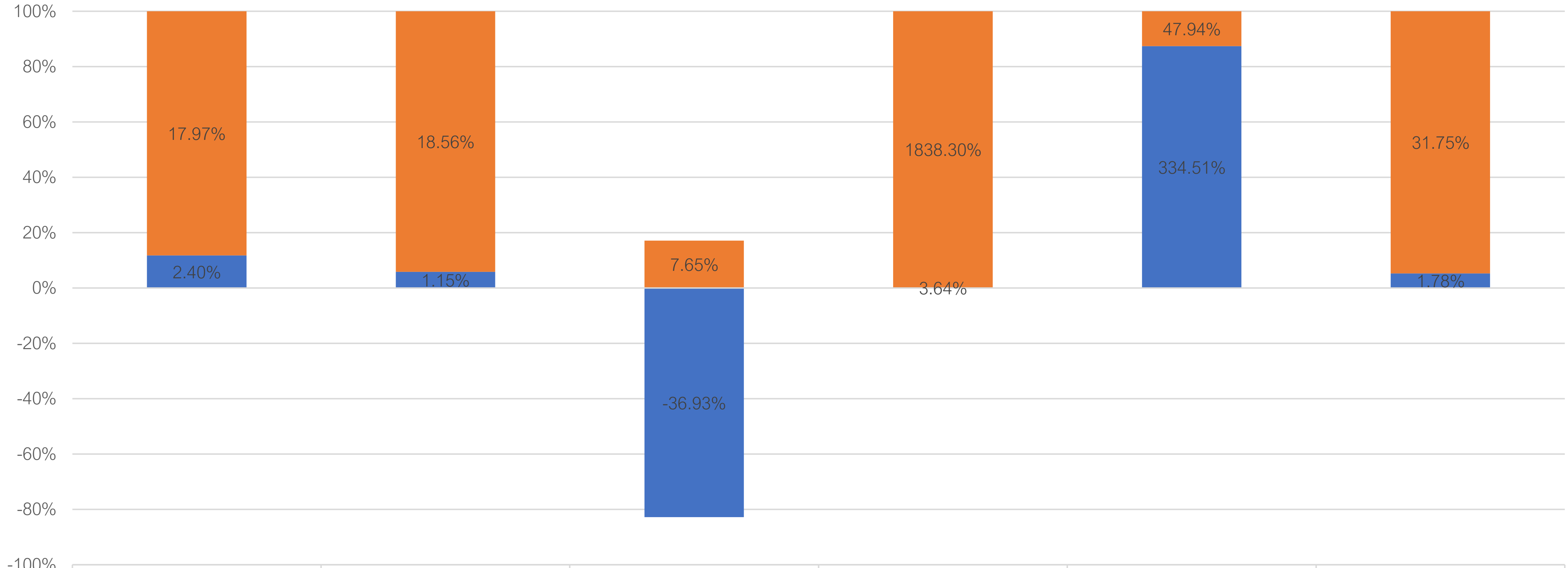
	CURRENT AND POTENTIAL IMPACT ON SECTOR		
SUPPLY- SIDE			
Parameter	Medium	High	Comments
Price variation of key Drugs& Consumables		✚	• Prices of various drugs and self hygiene products such as sanitisers , masks, gloves, disinfectants will se a surge until production increases to compensate for the rise in demand
Health Insurance	✚		• More inclination among people for health insurance which may now include viral disease coverages and/or quarantine costs.
Hospital and Financial Constraints		✚	• Closure of all services except emergency has impacted the revenue for private healthcare sector providers when cash flows like salaries, maintenance, interest continue. Private hospital workforce to experience layoffs and salary-cuts. Multispeciality large hospitals to tide the crisis better than the small nursing homes.
Supply Chain Disruption		✚	• Due to market uncertainty and supply lightness in China , raw materials, APIs and intermediates for pharma, medical equipment and health sector will be negatively affected.
Skilled Manpower		✚	• Deficit recognized in required number of healthcare workers including doctors, nurses, paramedical staff, sanitary workers, burnout expected among doctors and nurses working round-the-clock presently.
Healthcare Protocols and R&D		✚	• Standard treatment protocols, virology, sanitization and disposal protocols will be affected and revised; R&D in microbiology, vaccination and testing methodology to experience significant shift.

	CURRENT AND POTENTIAL IMPACT ON SECTOR		
DEMAND- SIDE			
Parameter	Medium	High	Comments
Lockdown / Restrictions Impact	Unknown		• Elective surgeries put on hold. But, patients needing non-COVID-19 critical care suffering in absence of means to affordable healthcare or due to closing down of hospitals or due to restriction in travel. While medicines and classified essentials, due to disruption in movement, many patients unable to procure required drugs.
Healthcare Sentiment		+	• Awareness towards health, sanitization, communicable diseases, social distancing increased, will give rise to health seeking behaviour. More concentration on preventive care will be seen.
Exports (if applicable)		+	• India is primary exporter of generic drugs across the world and this may face short term sacrifices with supply chain issues from China and Europe.


HOSPITAL SECTOR
120%
100%
80%
60%
40%
20%
0%
100%
78%
70%
58%
13%
5%
REVENUE
OCCUPANCY%
EBITDA%
PRE-COVID 100% 70% 13%
POST-COVID 78% 58% 5%
PRE-COVID
POST-COVID

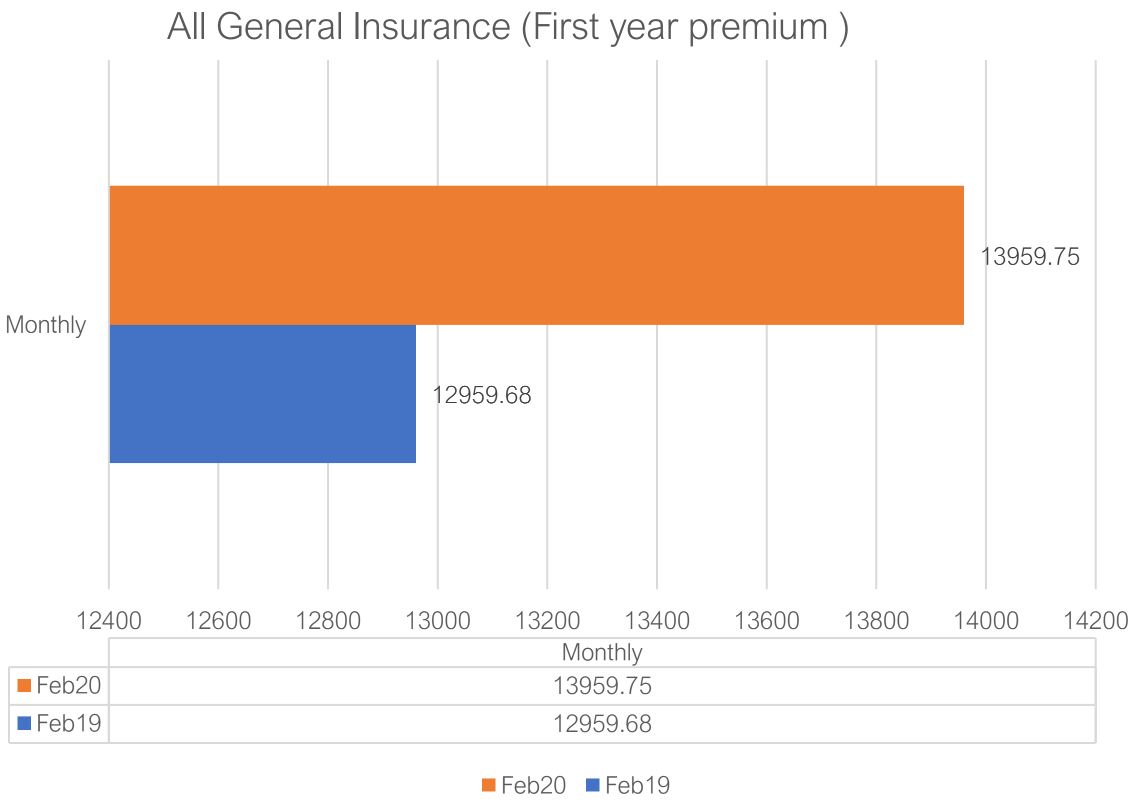

MEDICAL SUPPLIES MARKET(USD~BILLION)
115
110
105
100
95
90
85
80
92
110
FY20
FY21
USD~Billion 92 110
USD~Billion

ALL LIFE INSURANCE COMPANIES (First year premium in %)

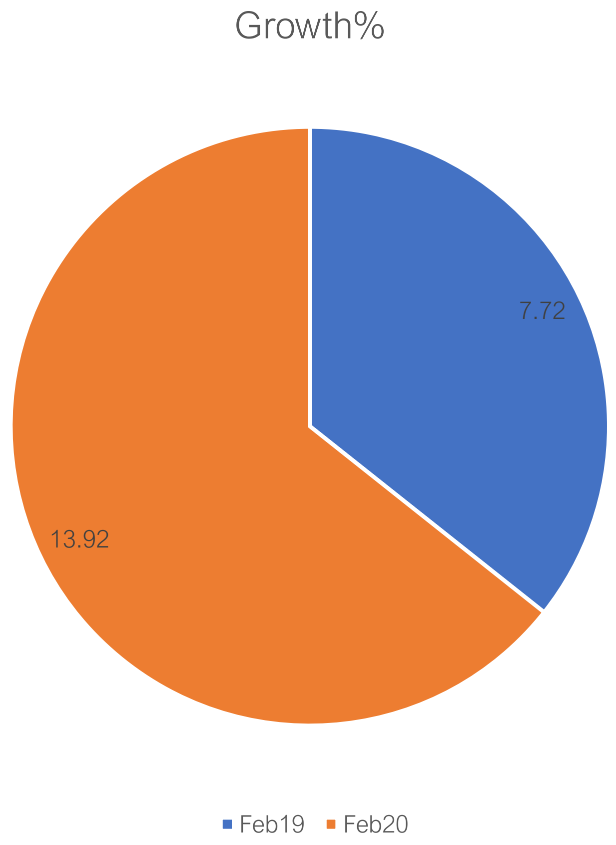


	Group Single Premium	Individual Non-Single Premium	Individual Single Premium	Group Non-Single Premium	Group Yearly Renewable Premium	Total
FEB ONWARDS	17.97%	18.56%	7.65%	1838.30%	47.94%	31.75%
TILL FEB	2.40%	1.15%	-36.93%	3.64%	334.51%	1.78%

TILL FEB FEB ONWARDS



	Monthly
Feb20	13959.75
Feb19	12959.68



SUGGESTIONS		
SUGGESTION	SHORT TERM	MEDIUM TO LONG TERM
Tax Related	• Reduce import/export duties on pharma and biomedical items	• Introduction of 0.5% healthcare cess and enhancement on sintax on items like cigarettes.
Healthcare guidelines, STPs and R&D	Release of guidelines related to- • Testing • BMW management • Discharge protocols • Social gathering protocols • Quarantine and infection prevention	• May increase funding towards research in communicable diseases, virology, vaccines and technology related to health equipments. • Pharma companies to invest in developing of rapid testing methodologies • Increase awareness abot infection and sanitization in rural areas by mobilizing ASHAs
Augmenting Capacity and easing financial Stress	• Launching emergency viral and infectious diseases packages in the public health insurance shemes such as Ayushman Bharat • Short term interest free loans • Reduction in corporate taxes for medical devices industry	• Collaboration with private insurance companies to cover viral treatment under their schemes. • Incentivise construction of hospitals in tier2 and tier3 cities. • Support domestic manufacturing companies producing essential drugs and testing kits by providing subsidies • Invite multinational medical equipment manufacturing companies to set up production base in India, start-ups under Startup India • Fast-rack approval of domestically produced medical devices • Augment training of AYUSH and paramedical staff on basics of quarantine, infection control practices etc. • Speedy quality clearance of domestic manufacturers for manufacturing medical equipments
Support for end customer	• Continuous identification of dedicated central and state facilities that can be used for isolation and treatment for COVID-19 patients.	• General awareness programmes by government on basics of cleanliness, infection, self-hygiene • Campaigns for better health behaviour in public places

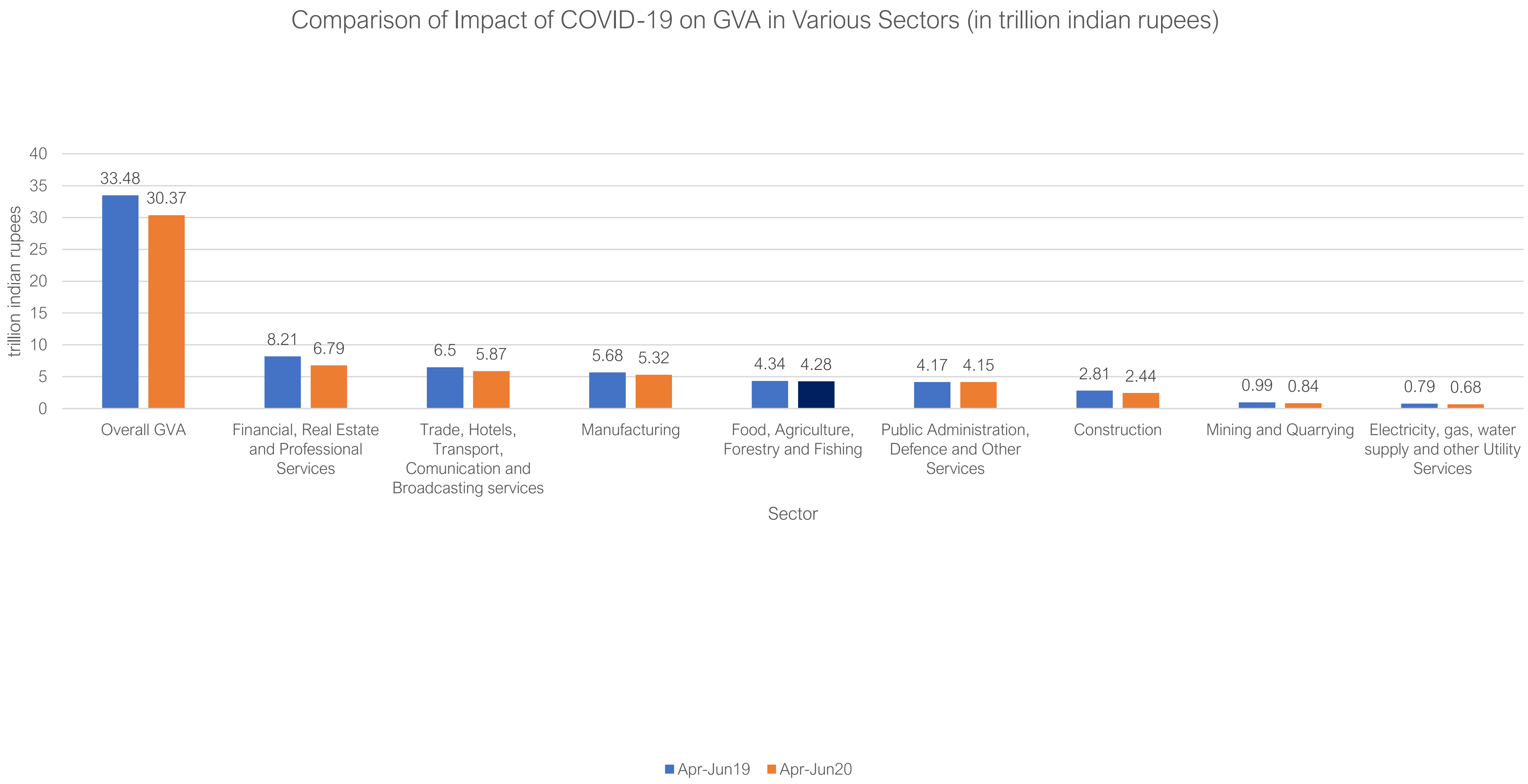
EFFECT OF COVID-19 ON VARIOUS SECTORS

FOOD AND AGRICULTURE SECTOR

SECTOR OVERVIEW	
Sector Contribution to GDP and employment	16.5% of GVA and 43% of employment (2019-20)
Market Size	Food and Retail Market USD 828.9 billion (2020) Food Processing USD 543 billion (2020)
Global Presence	1st in dairy, spices and Cashew, 2nd in Food grains, fruits and vegetables
FDI equity inflows in food processing	2.14 per cent (Apr 2000 – Dec 2019)
Major processed food segments (value)	Dairy (29 per cent), Edible Oil (32 per cent), Cereals (10 per cent)
Agriculture inputs market size (value)	Seeds - USD4 billion, Agro chemicals - USD5 billion and Fertilisers - USD19.3 billion
Food and grocery distribution in e- commerce domestic trade (per cent)	Dry food groceries, Beverages, Fresh Produce, Dairy, Perishables, and Spices

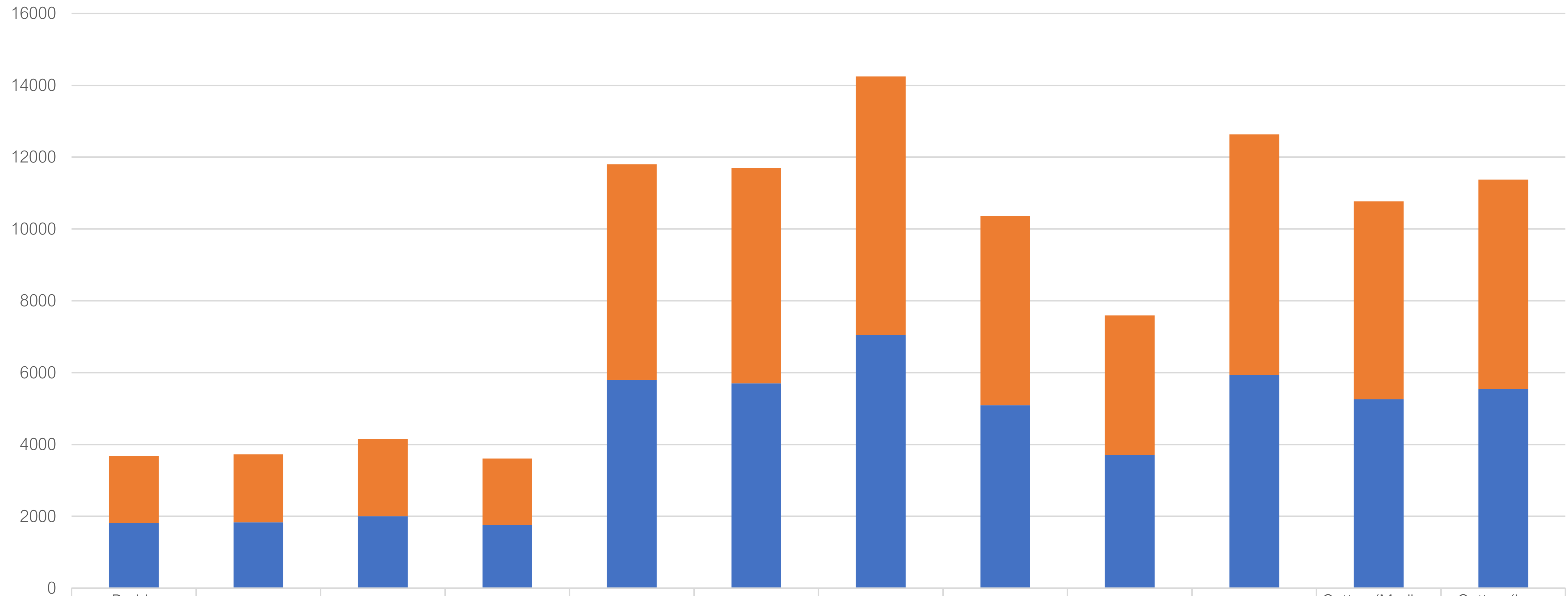
CURRENT AND POTENTIAL IMPACT ON THE SECTOR					
SUPPLY SIDE					
Parameters	Low	Med.	High	Unknown	Comments
"Price variations of key raw materials	Cereals Vegetabl es Milk Fruits Agri Inputs	Seafood Meat	Poultry eggs chicken	Industrial Commodities like maize, soy, cakes etc.	1. Consumer supplies of cereals, pulses, fruits, vegetables, dairy are largely secured as they are part of essential list of government. Inter state food movements are erratic and may impact prices in next few weeks. 2. State policies on transport, e-commerce will decide future price movements. Edible oil prices are expected to go down in the short term due to global down turn in demand. Import dependent agro chemicals, and fertiliser sector may see some volatility in the long term
Production Shutdown	All essential food processi ng units		Bakery, Confect- ionery, QSR, Ice cream		1. Majority of food processing units are not impacted except for ice cream, Quick Service Restaurants (QSR) based food supplies etc. 2. Government needs to ensure prioritisation of food categories under essential list.
Supply Chain Disruptions	Vegeta bles, Milk, Fruits etc.		Poultry eggs, chicken		1. Supply chain seems to be the big challenge as several states are evolving their strategies for food supply chain. Highly perishable items like vegetables and dairy have smooth flow of goods. No or low demand for poultry products due to fake social media propaganda. Non-essential foods are restricted as of now.
Labour force			Seasonal food processin g like seafood, mango etc.		Inter-state movement of labour needs to be allowed for both primary agriculture and food processing sectors. Seasonal Industries like Mango, seafood etc. need support on labour availability. While the Ministry of Agriculture has released clear guidelines, percolation to state and district officials, clear briefing to Police departments is missing.
Imports	Consu mer edible oils	Agro chem-icals	Industrial oils, fats		Edible oils are major imports and this may not have any impact in the short term. Agro chemical companies depending on import of raw ingredients will face issues.

CURRENT AND POTENTIAL IMPACT ON THE SECTOR					
DEMAND SIDE					
Parameters	Low	Med.	High	Unknown	Comments
Lockdown/ Restrictions Impact	Agri inputs, food process ing		Online food delivery, grocery etc.		1.Agri inputs - No impact since classified as essential. 2.Food processing - No impact except domestic poultry industry and export items like tea, rice, meat, spices, seafood etc. due to demand contraction. 3.E-commerce - Heavy impact due to unclear policies of the states. This should ease once state government clears hurdles for deliveries.
Consumer Sentiments			Poultry, meat		At the moment, no discernible impact. Demand for meat products may see jump once restrictions ease as alternative channels (QSR) are closed.
Exports			Seafood, meat, rice, tea, spices		Food categories like tea, meat, spices, seafood that are exported to U.S., Europe, China are impacted heavily due to both decrease in demand and domestic supply chain issues.



Comparison of Impact of COVID-19 on GVA in Various Sectors (in trillion indian rupees)
40
35
30
25
20
15
10
5
0
trillion indian rupees
33.48
30.37
8.21
6.79
6.5
5.87
5.68
5.32
4.34
4.28
4.17
4.15
2.81
2.44
0.99
0.84
0.79
0.68
Overall GVA
Financial, Real Estate and Professional Services
Trade, Hotels, Transport, Comunication and Broadcasting services
Manufacturing
Food, Agriculture, Forestry and Fishing
Public Administration, Defence and Other Services
Construction
Mining and Quarrying
Electricity, gas, water supply and other Utility Services
Sector
Apr-Jun19
Apr-Jun20

Proposed MSP for Crops after COVID-19



	Paddy (common)	Paddy (Grade A)	Bajra	Maize	Tur	Urad	Moong	Groundnut	Soyabean	Nigerseed	Cotton (Medium Staple)	Cotton (Long Staple)
2020-21	1868	1888	2150	1850	6000	6000	7196	5275	3880	6695	5515	5825
2019-20	1815	1835	2000	1760	5800	5700	7050	5090	3710	5940	5255	5550

2019-20 2020-21

SUGGESTIONS

Suggestion	Short Term	Medium to long term
National Policy on Food Supply Chain during COVID- 19/Pandemics	• States and Centre should classify essential food items with zero hurdle supply chain mechanism for food retail and food industries to help consumers, food industry and farmers. • There should be strict regulations against fake news propaganda impacting farmers and food processors. E.g.: poultry • Food packaging industry should be allowed as essential category.	• Existing infrastructure of GST, FASTAG should be used for smooth movement of essential food items. This will help in long term stability of food sector. • Dedicated food transport corridors to be announced pan India with no stoppage at borders • Aadhaar based approvals, passes to be issued for smooth supply chain of food
Easing financial stress in the sector	• RBI and Finance Minister announced measures will help the industry and the employees in the short term.	• Food Processors: Domestic and export market incentives to be introduced for FY21 to process and liquidate inventories. • Agri inputs - priority handling of goods at the ports
Support for Food and Agri inputs delivery personnel	• Health and life insurance for the last mile delivery personnel. • Hon'ble Finance Minister announced Employee Provident Fund support to be extended to all delivery personnel irrespective of salary amount. • Registering unemployed youth as temporary staff for food and input delivery in urban and rural areas. • Drone based crop spraying to be tried if labour shortages arise	• National Agricultural Labour force register to be maintained which should be connected with Aadhaar and Direct Benefit Transfer based system. This will help in rapid identification and movement of labour force to required states for agricultural/ processing operations.
Others	• E-commerce based apps should be encouraged to help rapid deployment of delivery personnel to avoid panic buying and restrict movement in the streets • Ensuring optimal farm gate prices for domestic and export commodities and easy availability of agri labour will ensure farmer's interest in Kharif season and therefore the food production will not be impacted.	• National E-commerce policy during pandemic situation and safety net policy for healthcare personnel will need to be implemented. • Agriculture and allied export policy during pandemics needs to be commissioned. • Aadhaar, PAN, passport etc. based national approvals, clearance mechanism to be developed for pandemics

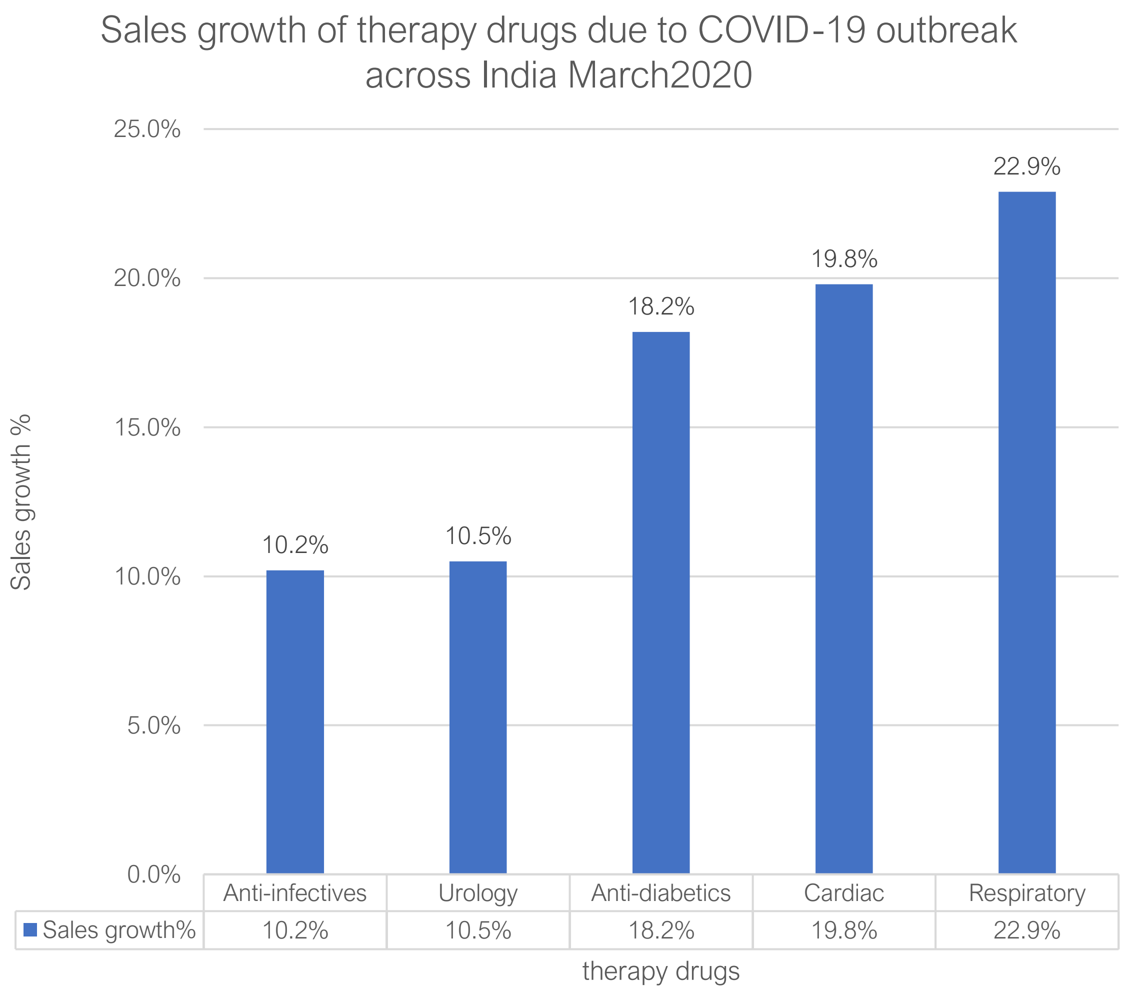
EFFECT OF COVID-19 ON VARIOUS SECTORS

PHARMACEUTICALS SECTOR

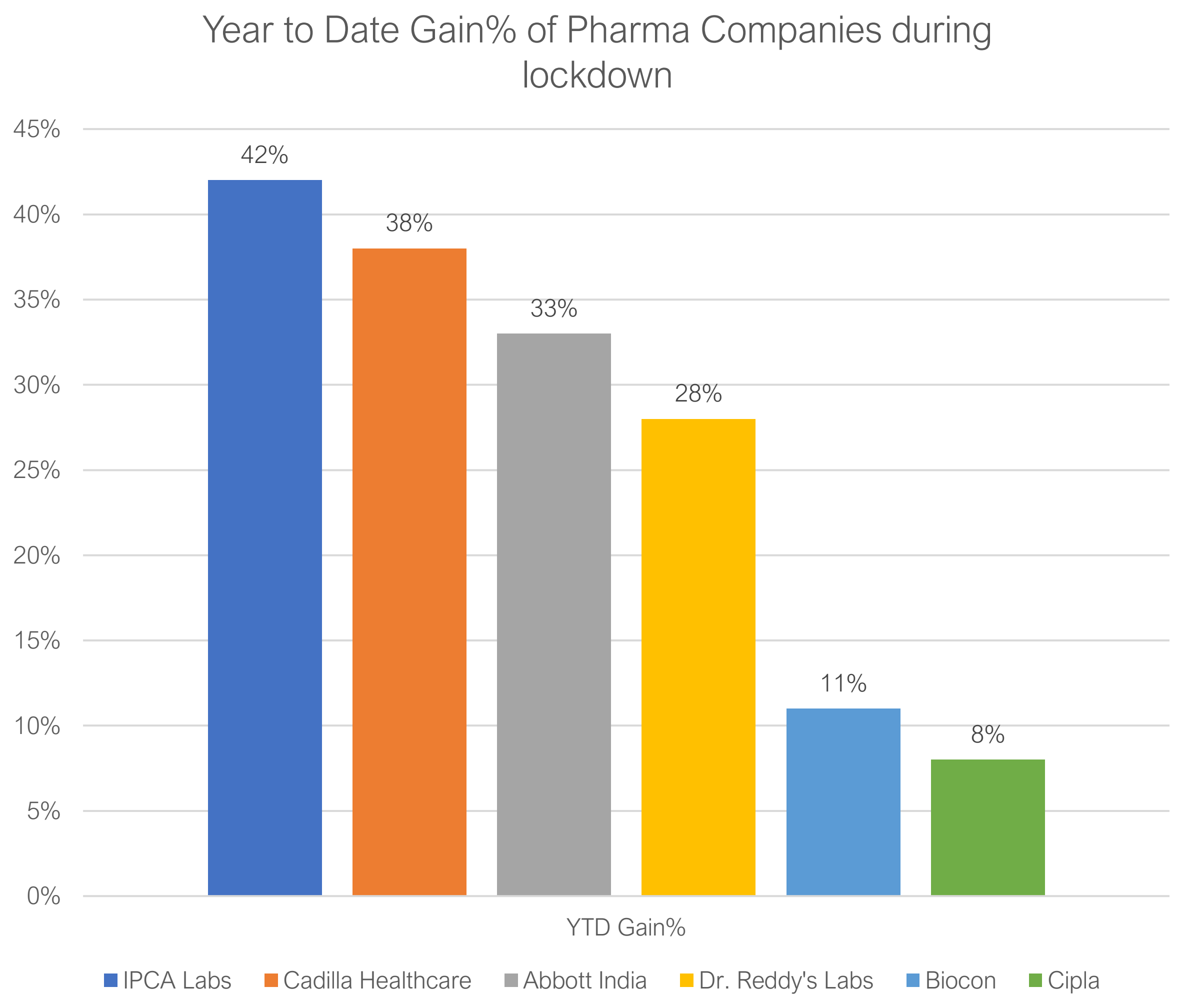
	SECTOR OVERVIEW
Market size	USD55 billion (2019 – 20)
Job creation	2.7 million (direct and indirect)
Pharmaceutical trade	Exports: USD13.7 billion (Apr 2019 – Jan 2020); Imports: USD1.99 billion (Apr 2019 – Jan 2020)
Key export destinations	U.S., U.K., Canada, Middle East
Global presence	Manages 50 per cent of global demand for generic drugs Supplies 80 per cent of drugs to fight AIDS
FDI equity inflows (per cent of total)	3.59 per cent (Apr 2000 – Dec 2019)
Market trends	Branded generics hold 70 – 80 per cent share of retail market; 3rd largest market for APIs in the world; 4th largest medical device market in Asia; 3000 pharma companies; 10,500 manufacturing facilities

CURRENT AND POTENTIAL IMPACT ON THE SECTOR					
SUPPLYSIDE					
Parameters	Low	Med.	High	Unknown	Comments
Price variations of key raw materials		+			Imported raw materials - API imports from China have seen a 40-50 per cent rise in prices for specific cases
Production Shutdown			+		Regional lockdown have resulted in production shutdowns due to non-availability of labour
Cash flow Constraints		+			Large organisations are able to manage while others are impacted
Supply Chain Disruptions			+		Supply disruptions due to raw material shortages, price increases, factory and freight shutdowns – have impacted access to medicines in certain cases
Labour force		+			While pharma manufacturing has been exempted from lockdown, non-availability of labour has resulted in production shutdowns. Shipments from factories affected.
Imports			+		Factory closures (esp. China) and limited (~30-60 day) RM inventory result in high impact

CURRENT AND POTENTIAL IMPACT ON THE SECTOR					
DEMAND SIDE					
Parameters	Low	Med.	High	Unknown	Comments
Lockdown/ Restrictions Impact		+			Spike in sales over the short term as consumers stock up on essential medicines. Field force impacted. Inventory in the supply chain should cater to sales during lockdown
Consumer Sentiments			+		Sentiment not impacted. Anxious about potential cures from combination of available drugs
Exports		+			Increase in exports as developed countries stock- up on essential medicines, testing kits etc.



Sales growth of therapy drugs due to COVID-19 outbreak across India March2020
25.0%
20.0%
15.0%
10.0%
5.0%
0.0%
Sales growth %
10.2%
10.5%
18.2%
19.8%
22.9%
Anti-infectives
Urology
Anti-diabetics
Cardiac
Respiratory
Sales growth%
10.2%
10.5%
18.2%
19.8%
22.9%
therapy drugs



Year to Date Gain% of Pharma Companies during lockdown
45%
40%
35%
30%
25%
20%
15%
10%
5%
0%
42%
38%
33%
28%
11%
8%
YTD Gain%
IPCA Labs
Cadilla Healthcare
Abbott India
Dr. Reddy's Labs
Biocon
Cipla

SUGGESTIONS		
Suggestion	Short term	Medium to Long term
Tax and compliances related	• Clarity on rules and special permissions for manufacturing and transport of raw material and ancillaries required • Relax rules on restriction of export of APIs which have sufficient inventory.	• Single window clearance mechanism for faster approvals and clearances
Easing financial stress in the sector	• Faster reimbursement of GST and other levies, as applicable	• Faster reimbursement of GST and other levies, as applicable
Support for end customer	• Ensure availability of essential medicines at the customer • Promote digital payment mechanisms – in the view of social distancing.	• Strengthen local FDA – to prevent counterfeit medicines
Others	• Address the labour shortage issue by issuing electronic passes and government approved transport to the labour force so that they are able to commute and not inconvenienced during the lockdown period	• Create a 'pharmaceutical critical reserve inventory' for both API and formulations with supply of critical drugs for at least three months period – to be maintained at DCGI/ state FDA approved warehouses around the country to meet any emergency situation • Create a global multilateral partnership with EU countries and U.S. to address their pharmaceutical supply chain disruptions and how India can be their alternate source of pharmaceutical products over longer term. • Reduce dependence on China for import of raw materials • Incentivise R&D investment – through enhanced collaboration between industry and academia.

EFFECT OF COVID-19 ON VARIOUS SECTORS

AVIATION AND TOURISM SECTOR

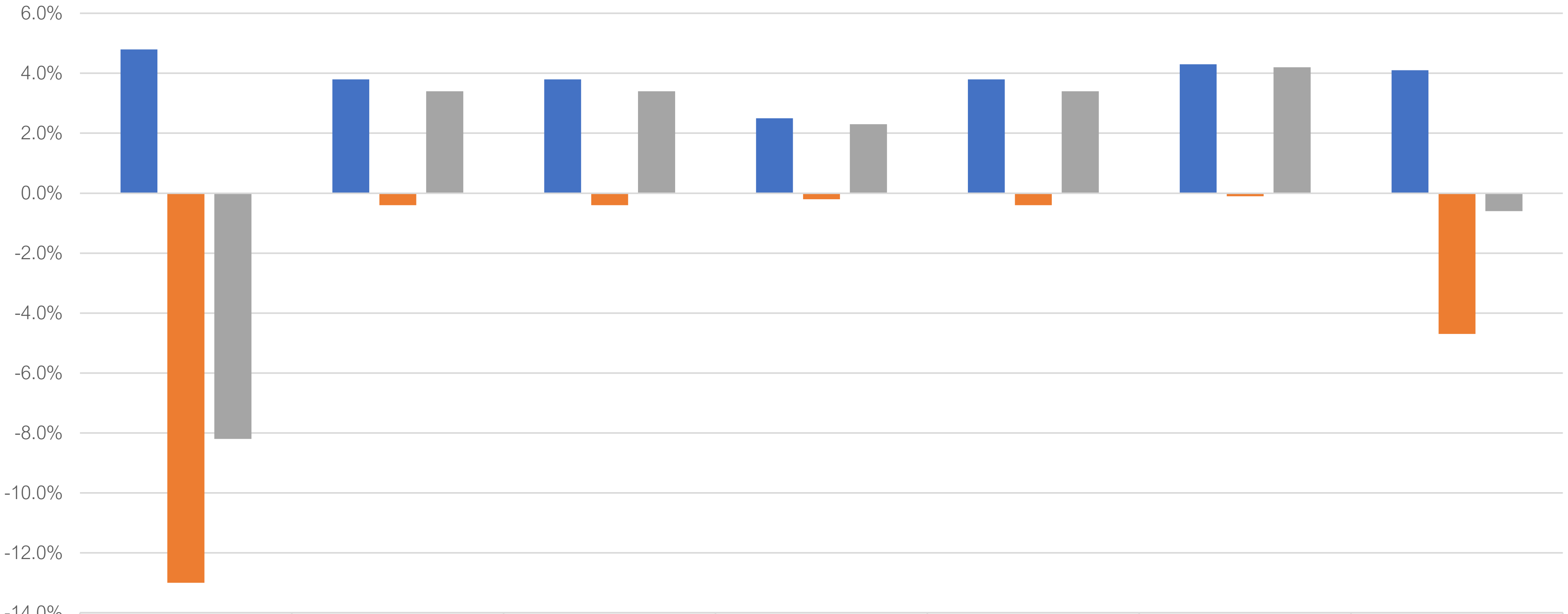
	SECTOR OVERVIEW
Sector contribution to GDP and employment	Aviation - ~2.4 per cent (FY18) Tourism - ~9.2 per cent (FY18) 42.7 million people in 2018 – 19
Central government spending	Aviation: INR37.98 billion (2020 – 21) Tourism: INR25 billion (2020 – 21)
Key destination countries	China, Middle East, South East Asia, Germany, U.S. and U.K.
Key states for tourism	Maharashtra, Kerala, UP, Ladakh, Gujarat, Tamil Nadu, Rajasthan, Goa
FDI equity inflows (per cent of total)	3.16 per cent (Apr 2000 – Dec 2019)

CURRENT AND POTENTIAL IMPACT ON THE SECTOR					
SUPPLYSIDE					
Parameters	Low	Med.	High	Unknown	Comments
Price Variations		+			With international and domestic travel closed, demand for turbine fuel will substantially decline.
Cash flow constraints			+		Large scale cancellations. Indian Association of Tour Operators (IATO) estimates the hotel, aviation and travel sector together may incur loss of about INR85 billion due to travel restrictions imposed on foreign tourists
Labor Force			+		Impact likely to be felt on both white and blue collar jobs

CURRENT AND POTENTIAL IMPACT ON THE SECTOR					
DEMAND SIDE					
Parameters	Low	Med.	High	Unknown	Comments
Lockdown/ Restrictions Impact			+		Outbound travel and inbound travel to India will be at an all time low
Consumer Sentiment			+		

- India’s tourism and aviation sector has been the first industry to be hit. Many believe, this **crisis is a greater threat than earlier ones such as 9/11 and the financial meltdown of 2008-09** and India’s tourism and aviation sector faces questions around its very survival
- The World Travel and Tourism Council (WTTC) estimates the **crisis to cost the tourism sector at least USD22 billion,** the travel sector shrinking by up to 25 per cent in 2020, resulting in a loss of 50 million jobs6
- As per International Air Transport Association (IATA), 2020 global revenue loss for the passenger business is estimated between USD63 billion (11 per cent) and USD114 Billion (19 per cent)7
- On account of COVID-19, the Indian tourism and hospitality industry is staring at a potential job loss of around 38 million, which is around 70 per cent of the total workforce.

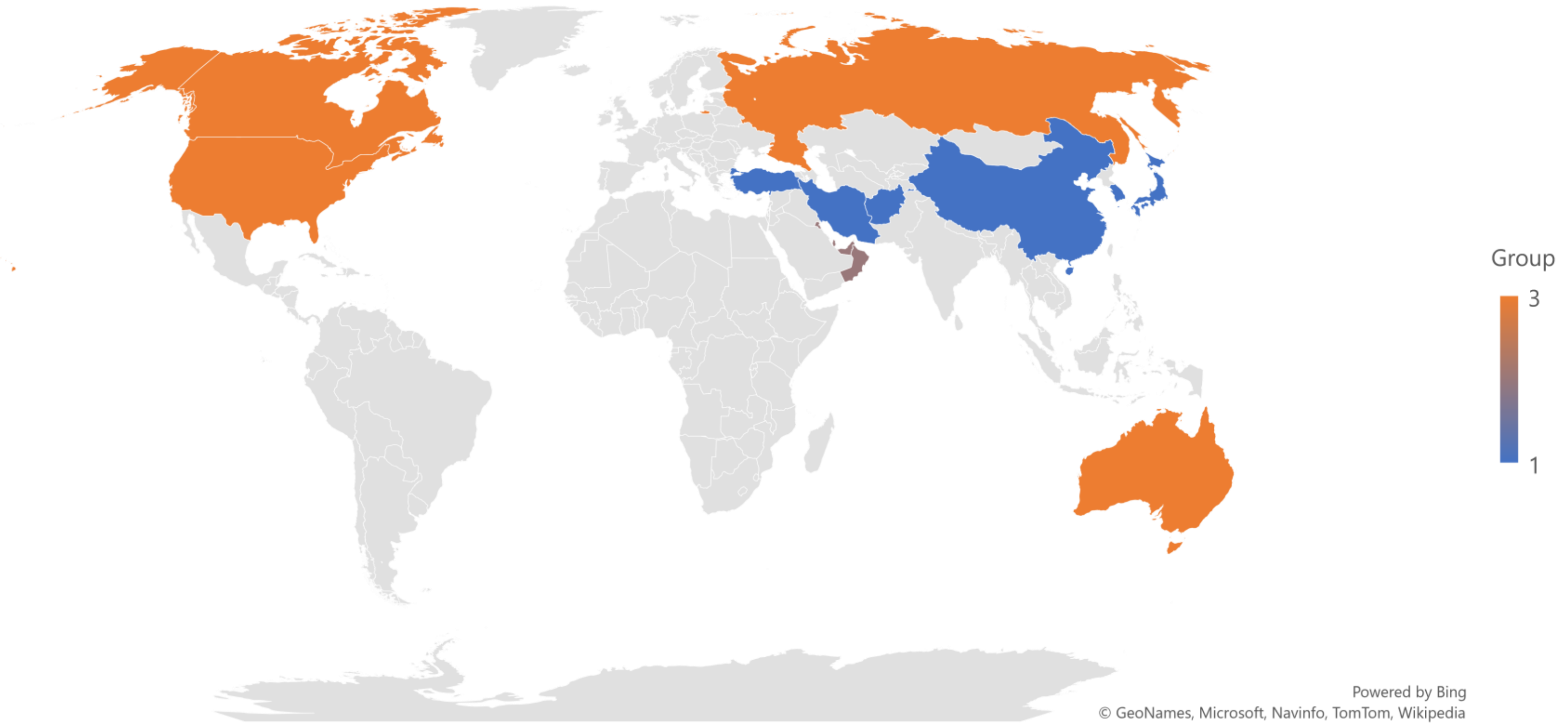
2020RPK forecasts before and after COVID-19 (actual and expected revenue loss In%)



	Asia Pacific	North America	Europe	Middle East	Africa	Latin America	Industry
Dec-19 forecast	4.8%	3.8%	3.8%	2.5%	3.8%	4.3%	4.1%
Estimated impact of Covid-19	-13.0%	-0.4%	-0.4%	-0.2%	-0.4%	-0.1%	-4.7%
Actual impact of Covid-19	-8.2%	3.4%	3.4%	2.3%	3.4%	4.2%	-0.6%

Dec-19 forecast · Estimated impact of Covid-19 · Actual impact of Covid-19

COVID-19: Travel Restrictions put in place by India



Groups	Description	Countries
1.Blue	Passengers from Covid hit countries not allowed in India	China, Iran, Turkey, Europe, Malaysia, Afghanistan, South Korea, Japan, Philippines
2.Purple	Airlines from Covid hit countries not allowed in India	Kuwait, Qatar, Oman, UAE
3.Orange	Passengers from rest of the world to undergo compulsory on 14 days quarantine	USA, Canada, Russia, Singapore, Australia

SUGGESTIONS		
Suggestion	Short term	Medium to Long term
Tax and compliances related	• Fuel infrastructure and into plane charges to be discontinued with immediate effect VAT on ATF by state governments (which ranges from 0-30 per cent), should be rationalised with immediate effect to a maximum of 4 per cent across all states for a period of next six months.	• GST holiday for all travel and tourism services • Waiver for the next 12 months from all state governments for entire tourism industry including ▪ property and excise taxes; ▪ reduction in electricity and power tariffs; ▪ deferment of payment of all previous due GST till the COVID-19 impact exists.
Easing financial stress in the sector	Moratorium for next 12 months on all interests, principal amounts and covenant relaxation for all loans, including payment of all principal and interest in airlines/ hospitality/ travel service entities without limitation of size or turnover through a direction to all financial institutions.	• All tourism entities - airlines and hospitality – must be treated as priority sector lending • Increased credit allowance to airlines by AAI, oil companies, etc. • Government funding for ventures in distress • Relief funds, e.g. Kerala
Support for end customer		• Promote safety and hygiene through publications detailing hygiene levels of tourist destinations and safety assessment • Healthcare and insurance incentives.
Others	Campaign – 'Postpone travel, don't cancel'. Allow travelers to postpone their travels up to 12 months.	• Campaign to promote domestic tourism • #Indiawelcomesyouback - Develop an appropriate market messaging/advertising campaign for tourism during the crisis and once the crisis mitigates to promote 'Incredible India' aggressively. The 'Incredible India' marketing campaign henceforth must be driven with planning assistance from industry associations.

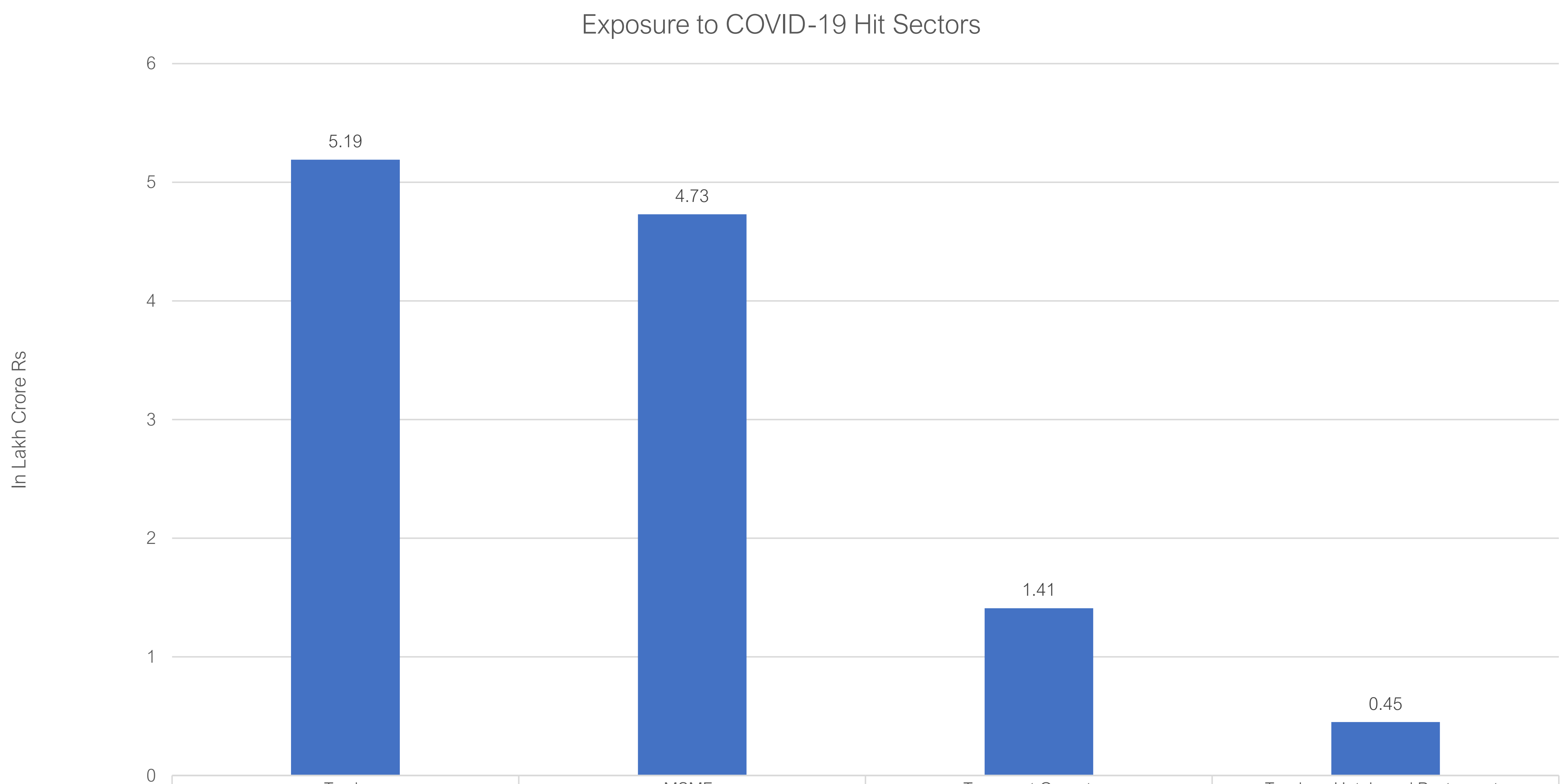
EFFECT OF COVID-19 ON VARIOUS SECTORS

MSMES- MICRO, SMALL AND MEDIUM ENTERPRISES

	SECTOR OVERVIEW
Sector contribution to GDP and Employment	• 30 – 35 per cent of GDP 114 million people
Sector composition	Micro (~99 per cent), Small (0.52 per cent) and Medium (0.01 per cent) enterprises
Government spending	INR75,722 million (2020 – 21)
Exports	USD125 billion (2017 – 18)
Number of registered units	0.161 million registered units (as on 30 May 2019)
Sectoral distribution of MSMEs	Trade (36 per cent), Manufacturing (31 per cent), and Other services (33 per cent)
Distribution of MSMEs	Rural (49 per cent) and Urban (51 per cent)
States with highest number of registered MSMEs	Maharashtra, Uttar Pradesh, Bihar, Tamil Nadu, and Madhya Pradesh

CURRENT AND POTENTIAL IMPACT ON THE SECTOR

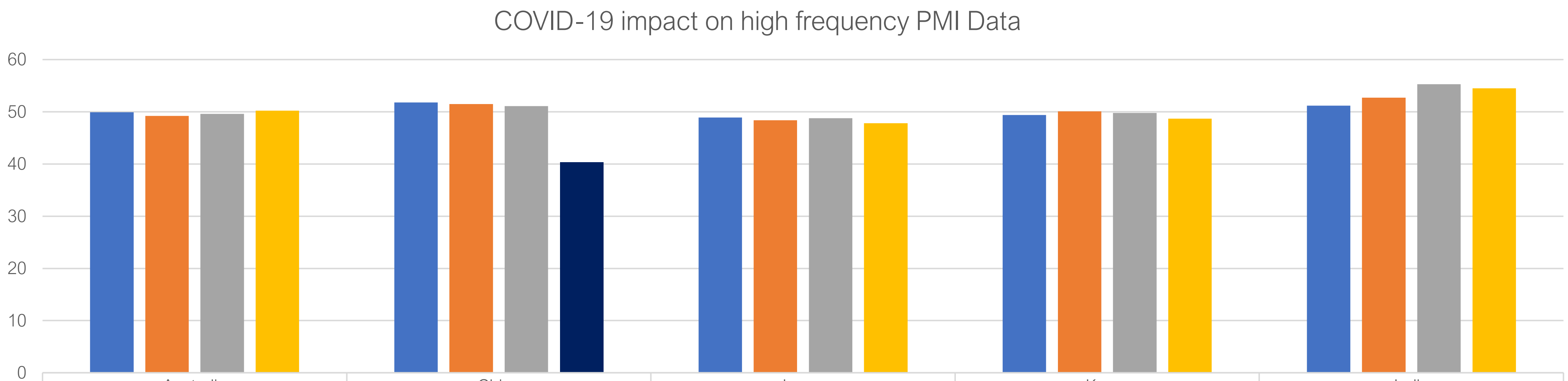
Parameters	Low	Med.	High	Unknown	Comments
Price variations of key raw materials		✚			The domestic supplies and that from imports both will suffer and will have an impact both on availability and cost.
Production Shutdown			✚		Will lead to a cascading impact even after the lockdown restrictions have been eased owing to global slowdown in demand
Cash flow Constraints			✚		Will have impact on working capital needs during lock down, will also have an impact on supply chain, future investments and expansions
Supply Chain Disruptions			✚		Impact on markets, relationships with downstream and upstream enterprises, pressure to look for newer markets etc.
Labour force			✚		Contractual, wage labour will get impacted more leading to lay offs, unrest, lowering of purchasing power
Consumer Sentiments			✚		Negative sentiment and diminishing liquidity will impact most of the consumer goods industries, retail, service enterprises.
Exports			✚		With Europe and U.S. being affected the most, there will be huge impact on exports as global demand is expected to come down significantly



	Trade	MSMEs	Transport Operators	Tourism, Hotels and Restaurants
Loan Outstanding	5.19	4.73	1.41	0.45

SUGGESTIONS		
Suggestion	Short term	Medium to Long term
Tax and compliances related	• The date to deposit advance tax should be extended by six months • All GST and other tax refunds should be credited to the businesses immediately to tide over the lack of fund availability with the enterprises.	• No fines/penalties should be levied owing to delays in filing of statutory returns i.e. GST, tax returns, social security such as EPF, ESIC etc. • Demurrage and shipping charges should be waived off in view of delivery of all imports being allowed after cooling period of cargo for almost 14 days.
Easing financial stress in the sector	• Exemption of MSME accounts from NPA classification (which was in force till 31.03.2020) to be extended till end of June • The banks may be directed to provide funds to ease out the working capital requirement and monthly expenses related to utilities, paying of wages etc. • Trade Receivable Discounting System (TReDS) should be made effective and all pending payments should be mandatorily cleared in the next 15 days.	• Increasing the Open Cash Credit (OCC) Account limits for MSMEs by 20 per cent would have a positive impact on the liquidity available with the MSMEs. This limit could be reviewed on a monthly basis and revised as per the prevailing situation • Banks may be asked to substantially ease the margin requirements and make 'stocks' and 'receivables' totally interchangeable for security purposes • Salaries/wages could be paid through ESIC or there should be as assistance of 50 per cent from the Government side towards the payouts.
Others	• Inspections and physical audits by local bodies and regulatory institutions (such as pollution control board) with any non- compliance attracting fines and penalties should be withheld till the epidemic is under control.	• Constitution of a task force to assess the actual impact on the sectors worst affected by the lockdown and suggest long term policy measures.

CURRENT SCENARIO OF INDIA



	Australia	China	Japan	Korea	India
19-Nov	49.9	51.8	48.9	49.4	51.2
19-Dec	49.2	51.5	48.4	50.1	52.7
20-Jan	49.6	51.1	48.8	49.8	55.3
20-Feb	50.2	40.3	47.8	48.7	54.5

19-Nov 19-Dec 20-Jan 20-Feb

CURRENT SCENARIO OF INDIA

Real GDP Growth %				
	Top 10 Countries by GDP	**2017**	**2018**	**2019**
1	**U.S.**	2.4	2.9	2.3
2	**China**	6.9	6.7	6.1
3	**Japan**	2.2	0.3	0.7
4	**Germany**	2.8	1.5	0.6
5	**U.K.**	1.9	1.3	1.4
6	**France**	2.4	1.7	1.3
7	**India**	6.5	6.7	5.3
8	**Italy**	1.7	0.7	0.3
9	**Brazil**	1.3	1.3	1.1
10	**Canada**	3.2	2.0	1.6

CONCLUSION

- COVID-19 outbreak and Lockdown have impacted Indian Economy in tremendous ways. The Lockdown proposed had declined India's GDP to 4.7 in Q3 FY20 and is expected to reach 4.4 in Q4 FY20. Also, the Unemployment rate has been increased from 8% approx. to 24% in the months of Apr and May 20 due to lockdown. A thousand of population have lost their jobs and Labor workers are migrating towards their homeplace. This shows that lockdown had a huge impact on not only over the Urban population but also, on the Rural population.
- Further more, the COVID-19 has a huge impact on sectors such as Apparels and textiles, Auto and Auto components, Aviation and Tourism, Building and Construction, Chemicals and Petrochemicals, Consumer, Retail and Internet Business, Education and Skilling, Financial Services, Food and Agriculture, Metals and Mining, MSMEs, Oil and gas, Pharmaceuticals, Power, Telecom and Transport and Logistics etc.
- Healthcare Sector has a severe impact due to coronavirus outbreak. The hospitals are handling the twin burden that is reduced number of OPD footfalls, reduced lab tests and reduced admissions. The reports shows the decline in revenue and occupancy rate in hospitals. Also, the insurance industry has less collection of premiums monthly and yearly, but due to inclusion of viral diseases in health packages the health insurance companies are expecting a boom in the industry due to the disease. The outbreak has also resulted in attractive market opportunities for medical supplies due to increased demand of Mouth masks, sanitizers, gloves, PPE etc.

- Likewise, Food and Agriculture sector had also been impacted due to this outbreak. The sector had reported the decline in GVA% that is the gross value added percentageThe Government of India have proposed the new market selling price MSP for various crops and it is hard to know that the prices for all crops will be increased after the lockdown.
- Pharma Industry have reported the tremendous sales of Respiratory drugs as compared to antibiotics, cardiac, anti diabetics etc. However the reputed Pharma companies namely Abbott, Cadilla healthcare, Cipla, Biocon etc. have reported a increased gain percentages during the lockdown.
- The Aviation sector has faced a lot due to tremendous flight cancellations and have incurred a loss of USD55billion$ during the lockdown. The tourism industry have also noticed the least inbound and outbound tourism during the lockdown. Due to tremendous flight cancellation and lockdown people could not travel from one place to another and hence affected tourism.
- MSME's or the enterprises was severely affected due to lockdown. MSMEs have reported a huge amount of loan outstanding on RBI. Due to shutdown the enterprisers were not able to run and earn from their business, that leads to skip in EMIs causing financial burden on the business doers. The Government taking the scenario under consideration have announced various measures, policy changes and compensations in order to reduce the incurred loss over the sector.

- The present condition of India reveals that the Indian economy have not seen such decline in past 30 years. Also, it will almost take years for India to return back to its normal economic condition. The lockdown have caused various important plans to get postponed. Even Social gathering or any entertainment functions aren't allowed and are put on hold. Social distancing has become a useful weapon for control of coronavirus cases and use of mouth masks and sanitizers are implemented mandatorily all over India. India is continuously working on R&D and Drug trials are also being performed in order to prepare a vaccine for such virus. It's a bitter truth that we don't have a vaccine for such a virus despite of having advanced technologies. But better late than ever, various drug trials are happening world-wide and most of them are responding positive for the patients. Keeping the scenario in concern, all countries are giving their bests to streamline the economy and uniting together the countries will surely combat COVID-19 as early as possible.

THANK YOU