

**Impact of Covid-19 on Sectors of Indian Economy and Online Business & survival strategies****Dr. Suresh D Gawali¹****Mr. Shivcharan L Kottewar²**¹Assistant Professor & Head Department of Commerce & Management, Jagadamba Mahavidyalaya, Achalpur.²Assistant Professor, Department of Commerce, Arts, Science & Commerce College Chikhaldara, Dist. Amaravati.**ABSTRACT**

The entire world is in the clutch of Coronavirus. The dissemination of the virus is so colossal that it compelled the World Health Organisation to declare it as pandemic. The outbreak of the virus has unprecedented implications on the global economy. Severe economic burden and grave consequences have to be borne by the Indian industries in this backdrop of declining economic situation due to coronavirus. Thus, this article is intended to study the repercussions of coronavirus on different sectors of Indian economy and to highlight the reasons for which India can be benefitted in the post pandemic period and mainly to specify the business survival strategies which is the key to overcome this tough situation.

The World Health Organisation (WHO) has declared that the new coronavirus outbreak is a public health emergency of international concern, officials announced on Thursday, 30th January, 2020. WHO proposed calling the disease "2019-nCoV acute respiratory disease." The 2019 novel corona virus (2019-nCoV) originating in Wuhan, China, has spread to 24 more countries alarming public health authorities across the world. More than 4,900 people have died and over 132,000 have been infected globally, according to the WHO on 13 March, 2020. According to Situation report-48 on Coronavirus disease 2019 (COVID-19) on 08th March 2020 Over 100 countries have now reported laboratory-confirmed cases of COVID-19. The report stated that globally 105586 confirmed (3656 new) cases have been reported, whereas in China 80859 confirmed (46 new) 3100 deaths (27 new) and Outside of China 24727 confirmed (3610 new) 484 deaths (71 new) (WHO Situation Report-48, March 2020). Delhi has reported six positive cases and Uttar Pradesh 10 so far. Karnataka has five coronavirus patients, Maharashtra 11 and Ladakh three. Besides, Rajasthan, Telangana, Tamil Nadu, Jammu and Kashmir, Andhra Pradesh and Punjab have reported one case each. Kerala has recorded 17 cases, including three patients who were discharged last month after they recovered from the contagious infection with flu-like symptoms (Economic times, 2020).

Keywords— Coronavirus WHO, Economy, India, Pandemic, Sectors, Strategy

Introduction:

At the end of 2019 the emergence of a viral infection that spreads rapidly, the virus is called COVID-19. This virus was first discovered in Wuhan, China. COVID-19 is spreading massively in other countries. The World Health Organization (WHO) announced on March 11, 2020 that COVID-19 was declared a pandemic. To date, there are 215 countries that have contracted the corona virus, with reports of being infected as many as 12,768,307 cases (WHO, 2020). In India, the first case of coronavirus disease was reported in Kerala on January 30, 2020. Multiple cases were then reported in different cities in India. Hence, the Government of India took necessary action by announcing lockdown in every corner of the country on 24th March 2020. The metropolises of Delhi, Mumbai, Ahmedabad, Kolkata, Chennai are densely populated which has given rise to a spurt in cases of covid-19 and these cities are the engines for growth and development of Indian economy. The



pandemic has led to socioeconomic disruption, inhibiting the growth of entire economic environment. Thus in this article, an attempt is made to identify the potential impacts of coronavirus on different sectors of Indian economy also highlighting the business strategies that are necessary for business sustainability to grapple with the present scenario.

OBJECTIVES OF THE STUDY:

The whole business world is in the clutch of coronavirus. The impact of the virus being severe and swifter, the companies need to deal with this situation by framing proper strategies in order to survive this hard time. Therefore, the objectives of this study are:

- ↓ To highlight the impact of coronavirus on the different sectors of the Indian economy.
- ↓ To state the reasons for which India one of the emerging economies in the world can gain importance in the global market in the post pandemic period.
- ↓ To specify the strategies that the Indian businesses should adopt in order to cope with the effects of coronavirus and to survive in this tough situation.

Impacts

The trade impact of the coronavirus epidemic for India is estimated to be about 348 million dollars and the country figures among the top 15 economies most affected as slowdown of manufacturing in China disrupts world trade, according to a UN report. Whereas according to Asian Development Bank (ADB) the Covid-19 outbreak could cost the Indian economy between \$387 million and \$29.9 billion in personal consumption losses (<https://www.livemint.com/>). For India, the trade impact is estimated to be the most for the chemicals sector at 129 million dollars, textiles and apparel at 64 million dollars, automotive sector at 34 million dollars, electrical machinery at 12 million dollars, leather products at 13 million dollars, metals and metal products at 27 million dollars and wood products and furniture at 15 million dollars. China has seen a dramatic reduction in its manufacturing Purchasing Manager's Index (PMI) to 37.5, its lowest reading since 2004. This drop implies a 2 per cent reduction in output on an annual basis. This has come as a direct consequence of the spread of corona virus (COVID-19) (The Hindu). When we see the China's share in total import to India, India's total electronic imports account for 45% of China. Around one-third of machinery and almost two-fifths of organic chemicals that India purchases from the world come from China? For automotive parts and fertilisers China's share in India's import is more than 25%. Around 65 to 70% of active pharmaceutical ingredients and around 90% of certain mobile phones come from China to India.

IMPACT OF CORONAVIRUS ON DIFFERENT SECTORS OF THE ECONOMY

Covid-19 has set foot in India and is heading thenation to major downturn. Coronavirus disease has become a world-changing event and is not only a humanitarian crisis but also economic and social crisis. Its impact on the business environment is worldwide and manifold. Due to the rapid spread of coronavirus, several entities are bound to limit their business operations leading to disruption in the economic activities of several industries that drives growth. The setback that is being encountered by the different sectors of the economy are highlighted below.

Primary Sector: Primary sector encompasses industries associated with extraction and production of raw materials. This sector provides employment to about 43.21% of the population in India and contributes about 16.1% of the Indian GDP. It supplies raw materials to secondary sector and furnishes basic necessities of human life.

Secondary sector: The secondary sector provides employment to around 24.89% of the population in India and contributes about 29.6% of the Indian GDP. It embraces industries that produce and distribute finished goods or in indulged in construction activities, thus providing support to both the primary and service sector.

Service sector: About 31.9% of the Indian population is employed in service sector which contributes about 54.3% of the Indian GDP.



Sector-wise impact on Indian industry:

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.

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.

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 in product prices due to heavy dependence on electronics component supply directly or indirectly and local manufacturing.

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.

Textile and Apparel industry: This industry is workplace for over 45 million people in the country but temporary closure of production units has increased their hurdles leading to lay-offs. The termination of exports and imports have adverse impact on the spinning mills in India as the exports of fabric, yarn and other materials have disrupted.

IT segment: IT segment is reeling under coronavirus crisis as there is immense dwindle in global deal activities as well as growth rate. They are downsizing their work force to tussle with the present scenario.

Media and entertainment industry: Coronavirus has compelled to postpone release of several movies, shootings have come to rest and the theatres cannot screen movies bringing about heavy loss to this industry.

Retail segment: shutting down of shops and malls that do not sell necessity goods have brought a drop in growth in revenue and considerable job loss. Retail stores selling essential commodities have witnessed demand of the products exceeding supply engendering bare retail shelves.

Impact on Online Business: The Indian retail market is greatly divided up between the unorganised sector, which includes about 13.8 million conventional family run neighbourhood stores and the organised retail sector with a share less than 10%. The organised sector includes all organized brick & mortar stores and online shopping sites. Despite the boom in B2C e-commerce sector in India, majority of Indians continue to have more faith in the neighbourhood brick & mortar stores for shopping as they prefer touching and feeling the products and negotiating discounts over-the-counter, before buying. In India, a great majority of B2C e-commerce retailers, draw customers to shop online by offering bargains such as free delivery, discounts, buy-one-get-one-free and exchange offers. However, many Indian shoppers known to be cost-conscious and conservative as a part of their value system, are generally not attracted into making quick decisions based on promotions and advertisements. Moreover, online shoppers, many-a-times, come across problems concerning product delivery timelines and customer support services. Customers' perception of risk toward online web sites is aggravated due to the inferior IT set-up used by several e-tailers, resulting in hacking of personal information.

Enter the novel coronavirus which causes a highly infectious disease Coronavirus disease (COVID-19) that has infected more than 4 lakh people worldwide. Since it spreads primarily through



contact with an infected person (when they cough or sneeze) or when a person touches a surface that has the virus on it, the best way to guard against it is to stay at home. This has increased online shopping usage, globally. In India, it has led to a rise in the number of FTUs or first-time-ecommerce-users in India, who had been so far inhibited to shop online. The SARS outbreak that infected over 2700 people in 2002, too is known to have dramatically changed people's shopping habits as they were afraid of shopping outdoors.

On 25th March, 2020, BigBasket - a key online grocery player in India had the following message "We'll be back soon! We are currently experiencing unprecedented demand. In light of this, we are restricting access to our website to existing customers only. Please try again in a few hours." So overwhelming was the response that it faced a breakdown due to a steep increase in demand amid COVID-19. Grofers - a rival, had a similar kind of message which said "Due to the sudden rush, we have stopped servicing many locations, but we are working to increase capacity and will be resuming operations shortly." Amazon - one of the leading ecommerce players in the country, and the world, has announced on its site that the customers are relying on them like never before in their social distancing and self-quarantine efforts. Hence Amazon is temporarily prioritizing its available fulfillment and logistics capacity to serve essentials such as household staples, packaged food, health care, hygiene, personal safety and other high priority products. It is temporarily going to stop taking orders for lower-priority products. Globally too Amazon has seen a surge in orders and is raising overtime pay for associates working in its warehouses, during the coronavirus outbreak.

This spike in B2C ecommerce in India is of course due to existing online shoppers stocking up on essentials given the coronavirus outbreak and the lockdown imposed by the Government (to check its spread). However it also consists of perhaps two more segments - apart from the one that buys online, regularly. A segment that did not shop online, given the inhibiting factors detailed in the beginning of this article and another segment that up till now, was either ignorant about online shopping or did not have a device or data plan. It would be interesting to check - how many shoppers from these two segments switch to online shopping, even after the coronavirus crises is over.

A shift in the Consumers' Buying behaviour

Empty shelves during COVID 19 have generated severe problems for the consumers' (Lufkin, 2020). COVID 19 has forced consumers to change the way they preferred to shop. There is an increased shift in consumer buying behaviour from traditional shopping to online shopping (Reddy, 2020). Apart from the augmented number of customers indulging into online shopping shift has been observed in the choice of products being ordered by customers through these online tools. The majority of the customers have started positively ordering more personal care and medical kits rather than ordering fashion products.

BUSINESS SURVIVAL STRATEGIES

Getting the better of this pandemic crisis and its aftermath is imperative at this time. The business world need to bite the bullet of coronavirus catastrophe and should come to grips with it by means of proper business strategies. Near-term persistence is the only scheme for survival of certain entities while the rest are peering through the fog of ambiguity, finding the way to position themselves after the crisis flames out and things get back to normal. What the scenario will be in near future is unknown, so we need to take into account the lessons of the past and ponder productively and adroitly about the future. To surmount the current situation is hard nut to crack mainly for the secondary and service sectors. They will either subsist, struggle, strive or shut down hinged on their financial capability, management technique and leadership style. To survive in this pandemic period, the organizations should adopt certain strategies to transform panic into constructive and proactive action.

Firstly, every organisation need to understand the present external environment, for which they need to conduct PESTEL (Political, Economic, Social, Technological, ecological and Legal)



analysis. Analyzing political environment will provide information about the administrative decisions and measures taken by both the central and state governments. This will help the business to avail the benefits provided by the government which may soothe their business operations in this turmoil. For instance, government has extended the due dates for filling return, reduced the TDS rate, also provided 3 months moratorium on loan repayment and so on. Appraising economic environment will throw light on the present economic situation of the country, purchasing power of the consumer, change in their taste and preferences, volatility in demand and supply, etc. Social aspects will give information about the demand of the society. At present, social distancing, safety measures, disinfection has become very relevant. Technology related changes need to be properly assessed to ride on the technological wave by upgrading and innovating products otherwise the business can lose market. At present, this has become a very important issue which every business need to consider first. Current ecological condition is also important to know as certain changes has taken place due to complete lockdown of most of the countries around the planet. Legal environment should also be properly analysed in order to know the legality of the business. For instance, government has announced that retail price of 200ml of sanitizer can be maximum Rs. 100 only.

CONCLUSION:

The entire world is in the grip of vicious coronavirus. The pandemic outbreak has sparked a global health emergency along with social and economic crisis unleashing unprecedented collapse of the economic activities and business operations. It has severe repercussions on the global business world. Therefore, this study has put forward the potential effects of coronavirus on the different sectors of Indian economy and the reasons for which India one of the emerging economies in the world can be benefitted in this crisis period. Moreover, the study highlights the survival strategies that are essential for a business to cope with the present situation. However, during this current pandemic scenario, every enterprise should brace for the uncertainties and challenges that are cropping up due to coronavirus. They need to be proactive and should build up strategies to combat the effect of coronavirus in order to sustain during this tough time. They need to apprehend probable impending changes in business environment and should identify the opportunities in order to strive and thrive. This "New Changed World Order" as we visualise it, more fresh air, clearer sky, cleaned rivers has changed the mind-set of people. Either this change is permanent or not but as now made everyone realising the blessing in disguise. As global economies are facing pressure for survival as they are facing huge losses in revenue, so the future actions were taken by marketing experts, and consumer preferences will decide the order of the new changing world, like who will be the new leader, survivor, and laggards? Undoubtedly this epidemic has come up with a lifelong lesson and has impacted every sphere of natural life. So online marketing and consumer shopping preferences are not an exception to this. The best strategy of advice to adjust or to survive in this tough time is to adapt to changing needs of the consumer as the need of the hour is not the luxury or availability of luxurious goods at the specific price range, but unitedly everyone is contributing and fighting for the passage of this phase. So preferences have changed over from trip to the globe to stay at home and buying luxury online to buying groceries for survival.

Financial uncertainty among economies, business, staff and the outlook of a simple and long-term future recession that will set back to backdrop the economy for the long run. This will lead to a long-run impact on consumer shopping trends perception and preference behaviour.

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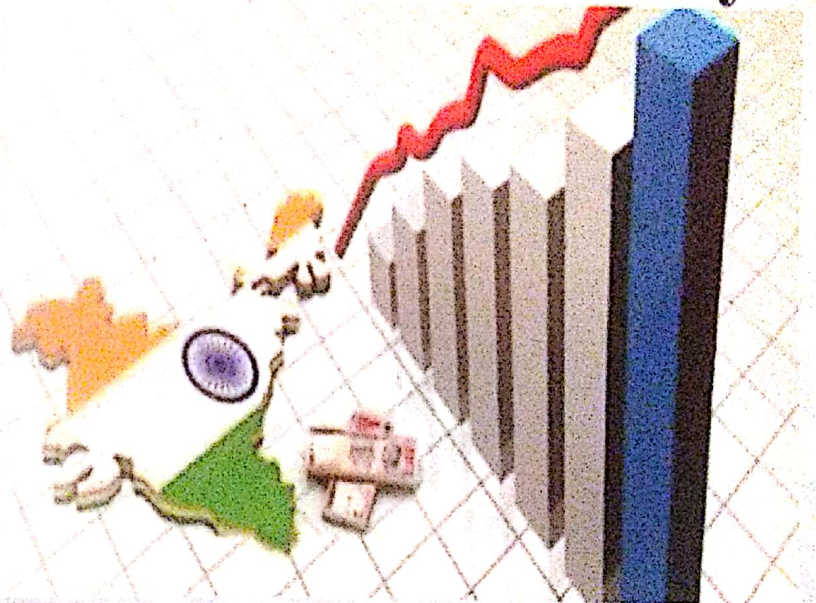
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