

COVID IMPACT ON SOCIETY, ECONOMY AND INDUSTRY

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Covid -19 will never be the way the world Works; just like the Great Depression,dot-com bubble,and the 2008 financial crash did in the past.the question on everyone's mind is, 'Will things go back to normal?'

I have been pondering,like many have,What fundamental changes will take place in how people,businesses,and economies function.The next 12 months will be difficult. Many businesses will struggle,some may even die.But as with economic adversities of the past, new industries will emerge bringing with it renewed hope of recovery. Eventually,things will go back to normal .just that We all have to change the definition of normal.

A Brief History of Pandemics -

This infographic on the history of pandemics is insightful and hence I won't touch upon it.

While Covid- 19 may not have the scale of pandemics of the past ,the economic damage has and will continue to affect more people than the disease itself.

Life in the time of COVID

It might be a mouthful but here's a look at what's to come in the immediate future.Liquidity is expected to remain tight as the cost of borrowing in real terms will jump upwards. This is despite central banks' efforts to reduce interest rates. Banks and financial institutions will be under immense pressure as the fear of NPAs,insolvency and bankruptcies increase multifold.

Covid – 19's impact on society –

As the world overcomes this pandemic, discretionary demand will pick up as people become imprudent, leverage in the world become imprudent.Retail leverage in the world will hit new highs. The use of addictive material – tobacco, narcotics, alcoholic beverages will jump multifold.

The next 5 years are going to be the golden period for media and entertainment. 3D/4D chatrooms and conference rooms will emerge rapidly.The largest chunk media spending will shift from television to digital. Print media will cease to exist.

Businesses will experience an increase in productivity due to reduced staff. Remote work will see an uptick. The burden on local transportation infra will ease. Fewer roads, less traffic and pollution.

This may be the time to reset. Never before has the world come to a standstill where one can pick apart the many moving pieces – like Tom Cruise in *Minority Report*. We have the opportunity to rethink everything. If we do things right, we may be able to fix challenges that face humankind – environmental damage,

More importantly, we must ensure something like this never happens again. History says that humankind has never learnt from history. Let's hope that it's a thing of the past. The COVID-19 Pandemic has overwhelmed the entire world, and India also has borne the brunt of the same. The spread was so colossal that the World Health Organization (WHO) had to declare it as a pandemic. The only way to control and defeat this mammoth pandemic was to make people follow social distancing and also to restrain them from moving out to avoid social connect.

To effectively achieve this objective, the entire country had to be shut, and all activities had to be stopped with minimal human interaction. Hence, inevitably the country had to be brought under lockdown. In this regard, the Indian government started taking a strong stand against this pandemic attack in the mid of March. By the last week of March, India sealed all internal and external borders. From March 22, the whole country is under lockdown phase that has now been extended till May August. The masses have stood by the government during this lockdown, and a great response is observed throughout the country. Yet there are certain exceptions which are a challenge. While nearly 95 % of the citizenry are co-operating, the rest are creating a threat to the efforts and measures to contain this pandemic and are responsible for the collapse of the whole system.

CLIMATE CHANGE

Hostile neighbours

Environmental problems

The collapse of essential trading partners

The society's response to the foregoing four factors.

The author refers to historical societies which were far less complex than today's complex international system of nations. In viable threats to our nation. The COVID-19 crisis can be the trigger for the fourth factor of failing trade due to a weakened economy. Looking at these theoretical threat indicators mentioned in the book, we will find that the society actions and attitude and approach of people resonate into these threat indicators. Focusing on the point of 'Hostile Neighbours', listed in the book, let us emphasize upon the hostility faced common people from their neighbours in the society. The basic reasons of such hostility lie in the comparative behavior or attitude of the people in many small instances such as purchasing of small grocery

items, vegetables, petrol and getting official permission to go out for essential / emergency reasons.]

Covid – 19’s impact on Economic and Industry -

In India up to 53% of businesses have specified a certain amount of impact of shutdowns caused due to COVID – 19 on operations .by 24 April the Unemployment Rate had increased nearly 19% within a month, reaching 26% unemployment across India, according to the “Centre for Monitoring india Economy ”.

Around 140,000,000(14 crores) Indians lost employment in the lockdown. More than 45% households across the nation have reported an income drop as compared to the previous year.

Revenue of Ola cabs went down nearly 95% in March –April resulting in 1400 layoffs. It is estimated that the loss to the tourism industry will be 15,000 crore for March and April alone.

32,000 crore every day during the first 21 days of the lockdown, according to Acuite Ratings, a RBI approved credit rating agency.

On 27 March, Moody’s Investors Service downgraded its estimate of India’s GDP growth for 2020 form 5.3% to 2.5%.

In all the affected sectors the ILO has urged government to extend social protection to all and is advising on measures to promote to all and is advising on measures to promote employment retention,short-time work, paid leave and other subsidies, to ensure that the economies, labour markets and industries.The economic impact the 2020 coronavirus pandemic in India has been largely disruptive.India’s growth in the fourth quarter of the fiscal year 2020went down to 3.1% according to the Ministry of Statistics.The Chief Economic Adviser to the Government of India said that this drop is mainly due to the coronavirus pandemic effect on the India economy. Notably India had also been witnessing a pre-pandemic slowdown,and according to the World Bank,the current pandemic has “magnified pre-exsting risks to India’s economic outlook”.

The World Bank and rating agencies had initially revised India’s growth for FY2021 with the lowest figures India has seen in three decades since India’s economic liberalization in the 1990s.However after the announcement of the economic package in mid-May,India’s GDP estimates were downgraded even more to negative figures,signaling a deep recession. (The ratings of over 30 countries have been downgraded during this period.) On 26 May,CRISIL announced that this will perhaps be India’s worst recession since independence.State Bank of India research estimates a contraction of over 40% in the GDP in FY21. The contraction will not be uniform, rather it will differ according various parameters such as state and sector.

Within a month, unemployment rose from 6.7% on 15 March to 26% on 19 April. During the lockdown, an estimated 14 crore people lost employment while salaries were cut for many others. More than 45% of households across the nation have reported an income drop as compared to the previous year. The Indian economy was expected to lose over rupee-32,000 crore 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 economic movement was functional. Up to 53% of businesses in the country were projected to be significantly affected. Supply chains have been put under stress with the lockdown restrictions in place: initially, there was a lack of clarity in streamlining what an "essential" is and what is not. Those in the informal sectors and daily wage groups have been at the most risk. A large number of farmers around the country who grow perishables also faced uncertainty.

Economic recovery :

In the beginning of May, Duvvuri Subbarao, a former RBI governor, said that India could look forward to a V-shaped recovery. A V-shaped recovery is the best outcome. Arthur D. Little, an international consulting firm, has suggested that India will most probably see a W-shaped recovery. Mythili Bhusnurmath writes in The Economic Times that U-shaped recovery is the most likely followed by an L-shaped recovery. CRISIL chief economist says if things go well, that if the virus is contained, we can expect V-recovery, otherwise it will end up as a U-recovery.

According to CII, GDP could fall below 5% in FY2021 if policy action is not taken urgently. CII said the government should consider providing strong fiscal stimulus to the extent of 1% of GDP, or rupee 2 trillion, to the poor, which would help them financially and also spur consumer demand. Indian industry has urged the government to provide relief measures in wake of the rapidly spreading Covid-19 pandemic that has derailed the economy. India's gross domestic product (GDP) growth could fall below 5% in fiscal year 2021 (FY21), if policy action is not taken urgently, according to the confederation of Indian Industry (CII). Growth in the third quarter (October-December) slowed down to 4.7% and the impact of the Covid-19 outbreak is likely to pull it down further in the fourth quarter, said the industry body. Fiscal and monetary stimulus measures need to be announced urgently, said Chandrajit Banerjee, director general at CII. On Thursday, prime minister Narendra Modi had announced the formation of an economic response task force to help cope with the impact of the outbreak, which has not only disrupted supply chains from overseas, but is also now threatening to impact domestic production, as quarantine measures have restricted the movement of workers.

The industry body has also urged the Reserve Bank of India (RBI) to undertake an immediate repo rate reduction of 50 basis points along with a 50 basis points reduction in cash reserve ratio to ensure sufficient liquidity and cheaper funds. CII also urged the central bank to consider relaxing the non-performing asset recognition norms from 90 days to 180 days till 30 September.

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