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**COVID-19: IMPACT ON INDIAN ECONOMY**

# COVID-19: IMPACT ON INDIAN ECONOMY

## INTRODUCTION

Covid-19 first emerged in December 2019, when a mysterious illness was reported in Wuhan, China. The cause of the disease was soon confirmed as a new kind of coronavirus, and the infection has spread to a number of countries around the world.

The World Health Organization (WHO) declared the 2019–20 coronavirus outbreak a Public Health Emergency of International Concern (PHEIC) on 30 January 2020 and a pandemic on 11 March 2020. Local transmission of the disease has been recorded in many countries across all six WHO regions. In order to prevent its transmission and save lives in the country the government of India had implemented various measures which signified the importance of social distancing and lockdown of the entire country. This epidemic has caused a downfall to almost all the sectors of the Indian economy.

The Indian economy has been facing a slowdown over the past few years. Government has been implementing significant measures in order to stimulate investments and consumption demand and to bring back the economy on a growth path. But the new coronavirus epidemic has made the recovery extremely difficult. The outbreak has threatened the economy and posed challenges for the Indian economy now, causing severe disruptive impact on both demand and supply side elements which has the potential to curb India's growth prospects.

Tourism, Hospitality and Aviation are among the worst affected sectors that are facing maximum losses due to the present crisis. Consumption is also getting impacted due to job losses and decline in income levels of people particularly the daily wage earners due to slowing activity in several sectors including retail, construction, entertainment, etc. With widespread fear and panic now increasing among people, overall confidence level of consumers has dropped significantly, leading to postponement of their purchasing decisions. Travel restrictions have severely impacted the transport sector.

Greater uncertainty about the future course and repercussion of Covid-19 has also made the financial market extremely volatile, leading to huge crashes and wealth erosion, which in turn is impacting consumption levels. One of the major slides in the domestic equity markets was seen on March 12, when following the trend of the global equity markets, both the BSE Sensex and NSE Nifty crashed by more than 8% in a single day.

Some sectors like automobiles, pharmaceuticals, electronics, chemical products etc. are facing an imminent raw material and component shortage. This is hampering business sentiment and affecting investment and production schedules of companies.

Let us now take a deeper look into how this disastrous epidemic “COVID 19” has impacted various sectors of the Indian Economy.

### ➤ **DOMESTIC TRANSPORTATION - (BMTC BUSES AND UBER CABS)**

The fear of the spread of the viral disease COVID-19 calls for work from home or study from home options which expects the individuals to work from home. This directly effects the transportation sector, because the citizens of the nation are not accessing the public transportation. The facts provided by the BMTC official's states that its daily ridership has come down by around 7 lakh, reducing the ticket revenue by Rs 1 crore. The ridership has fallen drastically because the colleges and schools were given holiday and the employees were given work from home option.

During 3<sup>rd</sup> week of March the BMTC faced a fall of 13% in revenue which sums up to Rs 60 lakh, the collection from air-conditioned buses fell by Rs 15 lakh and ordinary buses had a fall of Rs 45 lakh. It was also seen that there was a cut down in the fleet size by 10%. The demand for airport bus Vayu Vajra has also been dropped. The drivers stated that sometimes they just have few or no passengers at all, and the buses are running partially empty. Also, by expressing their views on not wasting the resources and provide long paid leave for the divers and conductors as well. But few citizens contradicted the issue and said that the government should bear the expenses and losses and must provide public transportation to the citizens of the country and free passes to the daily wage workers whose income is gone for a toss.

Another majorly affected are the Ola, Uber and the other taxis in the city. There has been around 40-50% drop since the last week (3<sup>rd</sup> week of March 2020). Since office commute forms the biggest chunk for uber and Ola apart from rides to the airport and corporate travel. However, Ubers stock fell more than 12% to \$23 at the New York stock exchange. There has been 10% drop in business pan-India. In Bengaluru, a driver's association has also told the state government to persuade lenders to waive off loan repayments on taxis.

Employees are using personal vehicles to commute which is bringing down the use of other public transportation. Around 5% of drivers have left Bangalore and gone to their hometown fearing they would also be infected as their job puts them with direct contact with hundreds of people every day.

### ➤ **RAILWAY SECTOR**

The railway had been hit hard due to the pandemic outbreak in the country. Railways faces Rs. 450 crore loss in a week as trains cancelled due to COVID-19. Railway sector are facing



massive losses due to the outbreak of novel coronavirus, a parliamentary committee was told on late 18<sup>th</sup> March 2020. In the Parliamentary Standing Committee, a senior official from the railway ministry said that at least 63% of railway tickets have been cancelled due to coronavirus scare.

A member said that posters and pamphlets brought out about the prevention of the novel coronavirus by the Railway's but ill-literate people cannot read them when they are travelling. He said railway is the only medium of travel for a large number of people and the matter should be addressed. Most railway zones have hiked platform tickets from Rs. 10 to Rs. 50 in a bid to discourage gathering of large crowd in view of the coronavirus. To improve hygiene railway have increased drive against spitting. Central railways have even claimed to have collected Rs. 13,900 from 138 persons in 10 days till March 18<sup>th</sup>.

The national transporter has cancelled around 99 trains on 18<sup>th</sup> march 2020. The trains cancelled include Shatabdi, Superfast, and Mail Express and passenger trains. All passengers having tickets in these trains are being informed about it individually.

The total number of cancelled trains due to the deadly virus outbreak has reached 183. The railway has been taken a series of pro-active measures to stop the spread of coronavirus in the country. On 20<sup>th</sup> March 2020, Piyush Goyal, minister of railway and commerce industry, reviewed the progress of preparedness of railways to tackle the virus threat. As part of the preventive measures, the railway has created quarantine facilities to all over the railway network for any eventuality, up-scaling the cleanliness and hygiene of all the trains. The railway has also formed a COVID-19 rapid response team comprising six executive directors from the railway board to coordinate the efforts of Indian Railways across all the zone.

### ➤ **POWER SECTOR**

The Covid-19 coronavirus was first identified in China's Hubei province in December 2019 and has since become a global health threat, impacting 140 countries and triggering the World Health Organisation (WHO) to declare it a global pandemic. The power industry is among the sectors affected. Power Technology spoke to major stakeholders about Covid-19's impact on generation and supply.

The power industry is especially sensitive to COVID-19 impacts this year because project delays could prevent companies from capitalizing on the production tax credit Congress reauthorized in December, according to Anthony Girolami, a partner at law firm Stoel Rives LLP, which represents more than 20 utility-scale wind developers. General Electric said it was tracking the impact of coronavirus on demand and supply chains on a daily basis, as the

US giant confirmed its GE power Energy unit has seen both affected, and flagged a potential \$200m-300m profit hit across its industrial businesses in the first quarter. GE said it is too early to assess the impact of coronavirus – which it described as an “evolving variable” on its full-year – but guided for a negative impact of \$300m-500m on free cash flow and \$200m-300m on operating profit in the first quarter across its industrial businesses in Power sector and other industries.

Solar power projects which are likely to get delayed due to supply chain disruption in China would now be allowed time extension. The ministry of new and renewable energy in a notice on Friday said any delay due to spread of Coronavirus (Covid-19) and its subsequent impact on the supply chain would be considered an event under ‘Force Majeure Clause’ and would be eligible for time extension in the commissioning. Force Majeure clause in the supply or project commissioning clause pertains to the events and circumstances that are beyond the control of humans. The clause does not excuse a party's non-performance entirely, but only suspends it for the duration of the FM. More than 85 per cent solar power generation capacity in India is built on imported solar panels, from China. India’s current solar power capacity stands at 31.9GW and it is aiming for 100GW by 2022. India’s import of solar cells stood at \$1.4 billion in the current financial year up to November, 2019.

#### ➤ **FOOD AND BEVERAGE INDUSTRY**

The food and beverage industry have not been spared by the impacts of COVID-19. The impact has been felt even in the country of food lovers – India. Various food and beverage industry players in India are under the fear that the virus outbreak might affect their annual targets, adversely. Some industry players like non-perishable and processed food companies are seeing an increase in sales as customers are either by choice or by quarantine eating at home. On the other hand, retail food establishments and restaurants are facing challenges with a shortage of food supplies, employees and consumers. Even some food and beverage industry players foresee a deep impact of COVID-19 on their businesses in the long run.

The National Restaurant Association of India (NRAI), which has more than 500,000 restaurants from all over the country under its umbrella, has advised all its members to shut down dine-in operations. This has been done as a preventive measure against the spread of coronavirus. This move by The National Restaurant Association of India (NRAI) will have a drastic effect on the day-to-day operations of thousands of dine-in restaurants, pubs, cafes, and bars.

Mahabelly Restaurant, known for its Kerala cuisine among food buffs in the capital has an excise fee in the range of Rs 8 – 18 lakh depending on the size of the restaurant. They are seeking a halt on this as the cash flows are the biggest problem right now. At fast-food chain KFC, sales have dropped 15-20% sequentially over the past couple of weeks. Ditto for 1441 Pizzeria, which runs stores in Mumbai, Pune, Bengaluru, and Ahmedabad has sales falling daily. Krishna Gupta, Managing Director, of the chain, said, “In the first two weeks of March, we have taken a hit of 20% on dine-in. Holidays and festivals are traditionally a good time. But this Holi our sales dropped 30%.”

Thus, the coronavirus epidemic has not been easy on the food and beverage sector. In the backdrop of falling revenues and footfalls, restaurateurs have been struggling to maintain their employee cost, power, rentals, maintenance and, other expenses. The government needs to step in since, after the agriculture sector, it is the food and beverage industry that employs the maximum number of people.

#### ➤ **AGRICULTURE SECTOR**

India is an agrarian country where the agriculture sector is taken into account because the backbone of its economy. Since the age of Indus Valley Civilization, agriculture has been the part and parcel of Indian life and culture. A replacement phase was introduced with the revolution within the field of agriculture after 1960 where the country reached into a self – sufficient mode of production with a decent number of exports and imports with foreign countries.

Coronavirus together with import-export, and manufacturing, is slowly impacting Indian agriculture and moreover every industry. The virus encompasses a huge negative impact on agricultural products imported into India. Because it is susceptible to spread the virus easily, it decreased the imports by India where the stuff exports have fallen by 1.6%. Commodities exported by India include cotton, jute, organic chemical, pharmaceutical and horticultural products like Soya bean, tobacco, fruits, maize, etc.

Prices of agricultural commodities such as perishable vegetables, grapes and sugar have fallen 15-20% as bulk demand from hotels and restaurants has drop rapidly and there is uncertainty over exports. Various industry bodies, including those representing textile and poultry, have started approaching the government, seeking loan restructuring and financial incentives to survive. There is no shortage of grains and pulses in the country. As per the Confederation of All India Traders (CAIT) report, there is no lack of material lying in the supply chain as most of the importers and the traders across the country generally keep a buffer stock of 45-60



days. As of now, the supply chain is fully geared up with abundance of material and it is hoped that for the next 15-20 days, the supply chain will be able to deliver goods.

## ➤ STOCK MARKET

The stock market has fluctuated due to growing concerns of COVID-19. “Since the outbreak, stocks have definitely fallen more than 20% from its peak,” says Edward Jones financial Advisor, Theresa Hayes. “Stocks were at record highs less than one month ago.” However, the coronavirus impact on the stock market is much different than the 2008 housing crisis. Down 60 per cent year-to-date, this ancillary maker is among the worst-hit auto large component stocks on BSE. But as life get back to normal in China, a major supplier, things should look up for the company. Based on the recent management commentary, analysts have cut earnings estimates for the ancillary maker, but feel prevailing depressed prices are unwarranted and the stock is likely to see up to 150 per cent upside. This company is Motherson Sumi. The company management has tried to allay investor concerns, saying 26 out of 27 of its plants in China are operating normally now with over 70 per cent attendance.

However, the company’s OEM customers across Germany, Spain and other European countries have announced temporary shutdowns in an attempt to prevent a contagion from the virus among workers. This will largely impact the company’s arm Samvardhana Motherson Automotive Systems group BV (SMRPBV). The management, however, feels emerging markets may make up for this loss by reducing normal shutdowns of August, the usual holiday season.

The brokerage has a ‘buy’ rating on the stock with a target of Rs 157, suggesting nearly 150 per cent potential upside. Edelweiss has a target of Rs 143, and 130 per cent upside from its current price of PRs 62. “The company collaborates with large players across segments. For example, wiring harness is sourced from Sumitomo and Polymer from Reliance. As such, the company does not foresee any major supply constraints. Besides, almost 90 per cent of the child parts are designed and produced by MSS in house,” the brokerage said.

Analysts said the company has sufficient cash to meet any major debt obligations and assistance from OEMs and support from regulatory permitting delay in certain payments will aid liquidity. The company said the mood at OEMs is upbeat, as the current disruption may shift customer preference away from shared mobility to personal cars. Despite the price de-rating, the company is not considering a share buyback. Instead, it is looking to conserve cash to meet any unforeseen challenges or for any potential acquisitions.

“The key risk is if the OE production shutdown in the EU extends beyond planned levels or extends to the US OEs. On the positive side, global valuations have corrected a lot and the management would look to make acquisitions if it finds attractive targets,” Nomura said.

Motilal Oswal Institutional Equities has lowered consolidated EPS projections for the company for FY21 and FY22 by 15 per cent and 8 per cent, respectively, to factor in near-term volume weakness in all key businesses due to the impact of coronavirus. The brokerage, which sees the stock at Rs 108, said near-term stock performance could be influenced by coronavirus-related development on SMRPBV and PKC’s China exposure and the ongoing restructuring exercise. PKC is Mother son’s recent Finnish acquisition. “We are also lowering our target multiples for both India (from 25 times to 20 times) and global business (from 15 times to 12 times) to factor in risk of prolonged impact of coronavirus,” it said.

### ➤ HOSPITALITY SECTOR

The cascading effect of the coronavirus (Covid 19) pandemic will cost the Indian hospitality industry losses to the tune of ₹ 620 crore. The hotel chain and standalone hotel segment is staring at losses over ₹ 130-155 crore, whereas the alternate accommodation segment is likely to make losses of over ₹ 420-470 crore. Layoffs of ‘casual staff’ or ‘contracted staff’ is likely, a research suggested. Hotelivate, a hospitality consultancy firm has in a report said that the Indian hospitality industry is likely to be hit really hard. The report suggested that domestic hotel companies that follow the fiscal year regime, this amounts to a weak Q4 FY20 and a weaker Q1 FY21.

Various Tier Two and Tier Three hotel markets in India continue to witness a small erosion in business for now, and occupancies in at least the first half of March were only partially lower despite the spread of the virus in some states, “it added. According to the report, in this ‘best case scenario’ of the viruses impact only being seen devastating for the next two to three months, our estimates are that the weighted impact of this situation is likely to erode the blended nationwide occupancy (in calendar year 2020) by about 18-20 per cent, while the blended nationwide Average Daily Rate ADR may see a drop of 12-14 per cent this year. The reduced traffic to the hotels will also have an obvious cascading effect on revenue from F&B, MICE and other commissions.

The Indian standalone and chain hotel segment has over 1.4 lakh rooms which accounts for only 5 per cent in the hotel industry segment. According to the report, the overall loss of total revenue for the around 140,000 branded/organised hotel rooms across the country will be



anywhere between ₹ 130-155 crore. “This amounts to a 27 per cent to 32 per cent erosion in the overall revenue as compared to last year. “Over 95 per cent of the Indian hospitality industry is dominated by Bed & Baths (B&BS), Guest Houses, “it is our estimate that there is likely to be an additional loss of anywhere between ₹ 420-470 crore in total revenue across the alternate accommodation industry. “Adding to these woes is the fact that anywhere between 15 and 25 per cent of the employees of the various branded hotel chains in India are either contracted or casual staff. It may not be evident to many that about 8 to 10 per cent of the total staff strength of the global cruise liners are Indians. These people become the weak link to the whole chain and it is evident that it may break them first.

### ➤ **POULTRY AND SEA FOOD INDUSTRY**

Coronaviruses are zoonotic, meaning they are transmitted between animals and people. Detailed investigations found that SARS-CoV was transmitted from civet cats to humans and MERS-CoV from dromedary camels to humans. Several known coronaviruses are circulating in animals that have not yet infected humans. With the spread of the coronavirus, it was not surprising to see a spurt in unsubstantiated social media messages on the dos and don'ts. Among these was a warning to stay away from meat, which has driven down demand for chicken, (30% fall reported in demand for chicken in the past three weeks) the meat of choice for Indians, by around 30% in the past three weeks, says industry sources. To prevent stock pileup, poultry companies have been forced to sell birds at Rs 25 per kg, a third of the raising cost, says B Soundararajan, chairman of poultry company Suguna Foods. Despite the food safety regulator assuring people that the virus does not spread through poultry, it might take weeks for the Rs 80,000 crore chicken industry to bounce back. As far as seafood is concerned, India's worries are more on the export front. Seafood exports brought in Rs 46,600 crore in 2018-19, with the US, European Union and China being the top markets, according to the Marine Products Export Development Authority. Though the number of Covid-19 cases in China has been on the decline, it is not clear if the US and Europe have seen the worst yet. Exporters say demand could be hit.

### ➤ **EDUCATION SECTOR**

In a matter of weeks, coronavirus (COVID-19) has changed how students are educated around the world. Those changes give us a glimpse at how education could change for the better - and the worse - in the long term. With the coronavirus spreading rapidly across Asia, Europe, the Middle East, and the United States, countries have taken swift and decisive actions to mitigate the development of a full-blown pandemic. In the past two weeks, there have been multiple

announcements suspending attendance at schools and universities. As of March 13, the OECD estimated that over 421 million children are affected due to school closures announced or implemented in 39 countries. In addition, another 22 countries have announced partial "localized" closures.

These risk-control decisions have led millions of students into temporary 'home-schooling' situations, especially in some of the most heavily impacted countries, like China, South Korea, Italy, and Iran. These changes have certainly caused a degree of inconvenience, but they have also prompted new examples of educational innovation. Although it is too early to judge how reactions to COVID-19 will affect education systems around the world, there are signs suggesting that it could have a lasting impact on the trajectory of learning innovation and digitization. However, COVID-19 has become a catalyst for educational institutions worldwide to search for innovative solutions in a relatively short period of time. To help slow the virus' spread, students in Hong Kong started to learn at home, in February, via interactive apps. In China, 120 million Chinese got access to learning material through live television broadcasts. Other simpler - yet no less creative - solutions were implemented around the globe. In one Nigerian school, standard asynchronous online learning tools (such as reading material via Google Classroom), were augmented with synchronous face-to-face video instruction, to help pre-empt school closures.

When the first cases of Covid-19 emerged in India in February, among the patients were medical students from the southern state of Kerala who had returned from universities in China. With the disease spreading to more regions, state governments closed educational institutions as a precautionary measure, resulting in the disruption of studies. Mass shutdown of schools and colleges is also on the cards. In the wake of this emergency, educational institutions around the world are shifting to online learning.

This disruption is one that the ed-tech industry must be ready for in India, too. At least one of the Kerala student-patients has reportedly resumed her medical classes through online channels. The Kerala government has announced it will provide extra bandwidth across the state since more people are likely to work and learn online amid the Covid-19 outbreak. Online learning, thus, may be thrust into the spotlight, even if under unfortunate circumstances. Even without the alarm bells ringing, ed-tech is an idea whose time has come. And India's educational landscape is ripe for the massive disruption it can potentially cause. A large chunk of India's education system is fractured, and graduating students are unable to meet the talent requirement set forth by India.

## ➤ TOURISM INDUSTRY

The travel industry has taken a huge hit due to travel restrictions and cancelled trips for both business and pleasure, but that's just the beginning. It could be the worst crisis for the industry since the September 11 terrorist attacks on the United States. The hit to the travel industry has the potential to become a major drag on the global economy if the coronavirus continues to spread around the world. "It's vital. If you measure the entirety of the impact of travel, it is bigger than any other industry around the world. No other industry can say it supports 1 in 10 jobs," said Adam Sacks, president of Tourism Economics, a leading research firm that follows the industry. His firm produced the data on the industry's global revenue and employment, the latter for the World Travel and Tourism Council. The effect on travel is growing by the day. There has been a sharp drop in travel across the Pacific, not just to and from China, the epicentre of the outbreak, but also to other Asian countries. This week United Airlines disclosed that it had seen a near total drop in demand to China and about a 75% decline in near-term demand on the rest of its trans-Pacific routes.

The falloff in travel has expanded beyond the Chinese market. Several major conferences expected to draw more than 100,000 visitors each were cancelled even if their location has yet to experience an outbreak. That's because people traveling from around the world could bring the virus to the event, and infected people are slow to show symptoms. All kinds of business trips are being cancelled or put on hold because of companies' concerns with exposing employees to unknown risks. Major companies such as Amazon (AMZN) are on record discouraging non-essential travel for employees. According to a survey of 400 businesses by the Global Business Travel Association, most of businesses have already cancelled or postponed all meetings or travel. The group estimates that up to 37% of business travel is at risk of being lost.

It's not just business travel. Americans who were busy making plans for spring and summer trips are also thinking twice. A survey of 1,200 US adults by the Kaiser Family Foundation found that one in eight have already changed their travel plans due to concerns about the virus. The overall impact depends on how long the outbreak continues. Past health crises, such as SARS epidemic, indicate people will be willing to start traveling as normal again soon after there is a sense that is safe to do so.

## ➤ FOREIGN TRADE AND EXCHANGE

While there has been much focus on the potential human and social cost of COVID-19, attention is starting to be paid to its potential impacts on the financial markets and financial products. A UN report estimated a trade impact of \$348 million on India due to the outbreak,



making India one of the worst affected economies across the world. Over-the counter derivatives often require that the party that is out of the money must provide collateral (usually cash or other liquid assets) to cover potential losses. A sudden and unexpected market movement, whether it be in equities, interest rates, foreign exchange or commodities prices, can impose a significant collateral liability on a counterparty on a daily basis based on the market value of their trading positions. Further collateral liabilities may accumulate for days or weeks if the relevant market continues to move against the counterparty. This can lead to cash flow problems for the affected counterparty and eventually the counterparty can reach a point where it can no longer meet collateral calls. If the market movement is very large, this can happen with alarming speed.

To date, however, the WHO has never advocated the introduction of trade barriers and has openly questioned the effectiveness of such measures. PHEIC measures come with the express caveat that they should not be used as a reason to, via trade restrictions or other means, economically stigmatize a nation. PHEIC declarations do not automatically prompt trade restrictions, and while the WHO can make recommendations for adoption by individual members, they have no direct power, as this remains a matter for national sovereign countries to decide upon. In addition, trade restrictions on imports other than imports of products, which are themselves seen as being the source of the virus, are rare (e.g., 40 countries adopted import bans on pork during the H1N1 outbreak of 2009). Under the World Trade Organization (WTO) law, governments may, in the pursuit of national health and other policy objectives, take measures to restrict trade necessary to protect human, animal or plant life or health, as long as they do not constitute a means of arbitrary or unjustifiable discrimination between countries where the same conditions prevail, or a disguised restriction on international trade. This exception applies to both trade in goods and services. Trade has heavy impact on basic needs like Food or medicine. Mainly Medicine and the situation needs to be handled wisely. Business Solution needs to be formed to tackle the issue.

### ➤ REAL ESTATE

The novel disease has moved beyond its point of origin in china which province the rest of the world. Coronavirus has infected more than two lakh people worldwide and also claimed over 12,000 across the globe. India heavily imports articles used in construction activities from china. Some of these are: iron and seat products, technical construction equipment, electronic equipment, plastic and fiber elements, solar panels. The Indian real estate industry would be affected indirectly as allied businesses such as steel, heavy machinery and other raw materials which are heavily dependent on Chinese import. The housing market did the witness of some

traction over the past few quarters but owing to the virus outbreak and other factors like general slow economy and pressure on liquidity. With the number of enquiries slowing down the share market being impacted and generally slow economy. It will also impact all the housing segments in the real estate industry.

The most markets lost Rs 6 Lakh crore of investor's wealth within 15 minutes of trading. Due to this major real estate stocks are facing losses. Property sales have fallen more in India's largest realty markets on March 25<sup>th</sup> which was a crucial for the real estate sector when it's considered auspicious to buy property, with developers even launching newer projects to coincide with it. "Residential demand could remain suppressed in financial year 2021 as well, given the increasing downside risks to the country's economic growth, projected at 5.5%, should the COVID-19 outbreak sustain through first quarter of financial year 2021," India rating said.

### ➤ SPORTS SECTOR

The spread of coronavirus has impacted sporting events around the world. The major hit was cancellation of games and tournaments. Insurance policies and contracts can only help so much. No games mean no ticket sales and reduced media payments. From two decades, for the first time nearly \$160 billion sports has gone loss. The impact of covid- 19 made all the events postponed so far.

#### **MAJOR SPORTS EVENTS AFFECTED**

**CRICKET:** India-South Africa (2nd ODI in Lucknow and 3rd ODI in Kolkata), IPL (from March 29 to April 15 for now) Australia-New Zealand 2nd and 3rd ODI in Sydney and Hobart cancelled, PSL suspended.

**ARCHERY:** World Cup Shanghai (cancelled).

**BADMINTON:** China Masters (postponed), Asian Team C'ships – China and Hong Kong withdrew, German Open (Cancelled). Asia Championships moved from china to manila (India Open, Swiss Open, Malaysia Open, Singapore Open "Cancelled").

**TENNIS:** All AITA tournaments, BNP Paribas Open, Miami Open, and Monte Carlo Masters (cancelled).

**ATHLETICS:** World Indoor Championships from Nanjing to March 2021 (Postponed).

**FIELD HOCKEY:** India's tour of Japan (Jr Women's Asia Cup) "postponed", All FIH Pro League matches put on hold till April 15.

**BASKETBALL:** NBA from March 11 (Suspended).

**SHOOTING:** New Delhi World Cup postponed to May 5-12 & June 2-9, Olympic test event Tokyo (postponed).

**BOXING:** Asia-Oceania Olympic qualifier moved from China to Jordan and World Cup Germany (cancelled).

**FORMULA ONE:** Australian GP (cancelled), Bahrain GP, Vietnamese GP, and Chinese GP (postponed).

**FOOTBALL:** Champions League and Europa League (this week matches Postponed), EPL AND FA Cup (postponed till April 4). Many sponsors who have invested in different Sports are facing a Major Loss. As cancellation of the 13th edition of the Indian Premier League (IPL) due to Covid-19, starts looking like a real possibility, Duff & Phelps, the multinational financial consultancy firm, has estimated it will reduce the value of the entire IPL ecosystem by \$700 million to \$1 billion. Erosion in the value is pegged 10-15%, as per the firm's estimates.

In addition, this summer is due to see UEFA's Euro 2020 football tournament and the Tokyo Olympics and Paralympics, events shown to millions around the world. These are not easily replaced in a broadcaster's programming schedule.

In spite of this, FOOTBALL: four Portsmouth players, James Bolton, Andy Cannon and Sean Raggett, tested positive for coronavirus. Lewins Hamilton is in isolation. These are the Major Hit or Loss undergoing in Sports sector.

### ➤ THE PHARMACEUTICAL SECTOR

Health officials worldwide have urged countries to step up measures that can keep the daily number of reported cases at a level manageable for health-care systems, a concept known as "flattening the curve." Sangita Reddy, joint managing director of Apollo Hospitals Enterprise Ltd., a leading hospital chain, and president of business chamber Ficci, says business is facing loss in consumer confidence, liquidity crisis and risk of credit defaults, and expects the government will address these urgently. A multi-sectorial, multi-dimensional effort is necessary to "enable the productivity and financial heal.

Data from the All India Chemists and Druggists Association showed the domestic pharma industry grew 12 per cent in February compared with 7 per cent in the previous month. The healthcare index dropped 8.3 per cent, while the Sensex retreated 8.2 per cent after India imposed curbs on international arrivals by suspending most visas until April 15. The US banned travel from mainland European countries in an attempt to halt the spread of the coronavirus.

For the pharma sector, which is overly dependent on China for ingredients and intermediary products needed to make medicines, a shortage coupled with India's export restrictions, has



been an overhang. Analysts at India-Ra said if Covid-19 is not contained in the next three months, the extent of supply disruptions might be greater than in 2017, when several small and medium Chinese companies had halted production. The government has sought the help of private players in treating patients as part of efforts to increase resources on tap, as the number of confirmed cases of Covid-19 in India.

## ➤ SUPPLY CHAIN AND LOGISTICS

The global response to control the outbreak of the new coronavirus, COVID-19, may influence health product supply chains, including logistics and shipping, as almost all finished health products or ingredients used in health products originate from China. The Trade shift saw Chinese trade activity drop 56 percent in just a single week in February. And we've heard publicly from brands like Apple, Microsoft, Nissan and JCB about the disruption they've felt as their factories in China closed or operated at limited capacity. While there are some signs that exports from China are beginning to move again, there is a growing likelihood that things will get worse before they get better. This is as the outbreak spreads around the world, resulting in labor shortages and travel restrictions which are further disrupting the supply chains of global enterprises.

The COVID-19 outbreak is arguably more impactful than all these events combined because it hasn't just created hurdles, it's completely stopped production, something many supply chains can't absorb. But the reasons businesses are struggling to deal with the fallout are the same: supply chains are fragile.

There are five key reasons for this:

1. **Reduced inventory levels:** just-in-time manufacturing allows companies to increase efficiency and lower the cost of their supply chain, but it also leaves supply chains less resilient to sudden shocks and supply shortages.
2. **Rigid supply chains:** This wouldn't be a problem if businesses operated flexible supply chains. That way they could switch order volumes to alternative suppliers in times of stress. However, very few companies don't do this, leaving them unable to identify and connect with alternative suppliers when there are sudden shocks to their supply chain resulting in a tangible impact on production.
3. **Manual supply chain management:** A key reason that supply chains are rigid is because they're managed manually. Making changes to orders or shifting suppliers is a lengthy and complex process and in times of stress is a luxury few companies have.
4. **Lack of supply chain transparency:** Businesses are often unaware of what's happening across their supply chain beyond the first tier, so they're unable to know where threats to

production capacity exist. And this makes it near-impossible to proactively manage a situation like the COVID-19 outbreak.

5. Consolidated centers of production: The globalization of supply chains has led to the development of specialist production zones—cities or countries specialize in the production of a few key products. These have helped ensure there is a plentiful supply of key supply chain components and lowered the overall cost of supply. Yet while this is beneficial when times are good, it can cause issues when there is disruption. That's because there isn't the capacity in other parts of the world to plug the gap in supply.

### ➤ E-COMMERCE

"E-Commerce is great platform not only to develop infrastructure but also increase employment rates in India and thus overall impact in increasing economic and social growth in Indian economy." The coronavirus outbreak is highlighting the realities of changing consumer behaviour in the digital age. "E-Commerce is great platform not only to develop infrastructure but also increase employment rates in India and thus overall impact in increasing economic and social growth in Indian economy." Though the spread of coronavirus (COVID-19) cases in India has had some impact on the ride-hailing and online food ordering segments, it has come as a boon for the e-commerce companies as more people prefer buying goods, especially grocery items, vegetables and other daily needs from online platforms.

Pressure on e-commerce too:: One bullish scenario argues that consumers will shift more and more purchases online as they avoid public places, According to industry insiders, e-commerce companies such as Flipkart, Amazon, Big basket, and Grofers have witnessed about 20-30 per cent spike in orders as customers are avoiding visiting crowded places like malls and supermarkets. In such an environment, where an increasing number of people are also working from home, these firms are doubling down to bring convenience to customers and win their trust. "In the last two weeks, there has been at least a 25 per cent spike in orders. This has put extra pressure on the delivery network," said an e-commerce industry executive.

"There is even a huge spike in pet food," said a person. These trends are similar to the pattern in China, where consumers increasingly relied on the internet to get their daily supplies and other products because of COVID-19, according to experts. Softbank-backed e-commerce company Snap deal said that the overall order volumes remain strong, with some categories showing fast growth. The sale of masks and hygiene products like sanitizers and hand wash

jumped 25X on Snap deal in the last five days. Over 50 per cent of masks listed for sale on Snap deal were sold on the day India reported the first suspected case of COVID-19.

“In the last 15 days, the demand for sanitizers has increased by 559 per cent, face mask has increased by 334 per cent, hand wash has increased by 81 per cent, and disposable gloves has increased by 66 per cent,” Apart from the three major cities (Mumbai, Delhi, Bengaluru), there has been a surge in demand in cities like Hyderabad, Kolkata, Chennai, Ahmedabad, Gurugram, Surat, Pune and Srinagar,” said the report. The assumption that Coronavirus, social distancing and staying home will boost e-commerce is widely held among digital marketing experts.

### ➤ IT SECTOR

The telecommunications and consumer technology industries continue to feel the impact of the corona virus. The initial outbreak of the coronavirus in China disrupted global supply chains, but as the outbreak has grown into a global pandemic, with over 125,000 confirmed cases across 118 countries, the consequences have become even more far-reaching and less predictable.

Here are some of the ways that highlights on how coronavirus affects various segments in IT sector;

- The clearest and most immediate business impact of the coronavirus pandemic was a major disruption to supply chains having originated in China, the region was hit hard as a large number of citizens contracted the disease and many were forced into quarantine. This led to partial and full shutdown of plants and factories, some of which were being used by prominent technology companies to manufacture their goods and products. For example, Apple experienced shortages on its iPhone supply as a result of the company's primary manufacturer.
- Spread of the coronavirus caused several of the most important tech conferences to be cancelled, likely resulting in numerous missed partnership opportunities.
- The growing need for remote interactions amid the coronavirus pandemic has highlighted a need for 5G technology, potentially accelerating adoption in the long term.
- **TELEHEALTH:** The technical superiority of the new standard empowers physicians to diagnose, treat, and operate on patients without the need to be physically near them. We've already seen such use cases for 5G to combat coronavirus in China: In January, telecoms ZTE and China Telecom designed a 5G-powered system that enables remote



consultations and diagnoses of the virus by connecting physicians at West China Hospital to 27 hospitals treating infected patients.

- The outbreaks of coronavirus have caused big tech companies like Apple, Google, and Microsoft to recommend or mandate that employees work from home. Additionally, companies like Amazon have limited nonessential employee travel to affected areas like China, Italy, and even within the US. Due to the effect of the virus, production in the IT industries has come down to 20% as employees have been working from home.

## ➤ ENTERTAINMENT INDUSTRY

The impact has been felt far less in South film industries with fewer cases detected so far. An Ormax study of the impact of COVID-19 on theatre-going behavior in India conducted across 80 cities in the Hindi-Tamil-Telugu industries belt on Thursday-Friday-Saturday last week showed that 23% regular theatre goers in India are likely to stay away from theatres till the threat is reduced. The proportion is higher in Hindi speaking markets (26%) than in South India (17%). “It will mean that there will be no film of sizeable scale and star cast in the next 3-4 weeks. March and April will become dead months if there is no content,” From interactions with big producers and trade analysts that the losses because of postponing of release of the films or shooting of under-production films could be in the range of Rs 200-250 crore for the next two-three months. Films, which are yet to be released are even more susceptible to weak footfalls given the increasing tendency among viewers to avoid group engagements lest of contracting with the virus. This is likely to impact box office revenues. As per a trade analyst, Rs 300 crore seems to be the approx. total production cost of all Hindi films releasing between March 13 and April end. The studios were also expected to spend additional Rs 60 crore on marketing.

About 120,000 entertainment industry crew jobs lost due to coronavirus- An estimated 120,000 below-the-line entertainment industry jobs have been lost due to the impact of the coronavirus pandemic. That number represents about 80% of the 150,000 members of the International Alliance of Theatrical Stage Employees, according to the IATSE. Leaders of the International Cinematographers Guild, which has about 9,000 members and operates as IATSE Local 600, made the disclosure about the IATSE estimate in a message to members as part of its most recent weekly newsletter.

With theatres in parts of the country under lockdown, shootings stalled and promotional events and interviews on hold due to the spread of coronavirus, the television and film industries are facing huge losses. Following in the footsteps of Kerala, Jammu and Kashmir

and Delhi, Karnataka and Mumbai they have closed malls, gyms and cinema halls to contain the virus that has been declared a pandemic by the WHO.

The drop in footfalls has been drastic, according to Nitin Dattar, president of Cinema Owners and Exhibitors Association of India. The association has cinema houses in Maharashtra, Goa and parts of Karnataka and Gujarat under it". This is first of its kind situation where the government has asked cinema houses to be The National Centre for the Performing Arts also announced that they were cancelling all scheduled programmed in their theatres till March 31.

'Over One Hour Everything Was Cancelled' – How Coronavirus Devastated the Film Industry  
From directors to independent cinema owners, freelancers to company owners: people in the film business on their struggles in a time of crisis. By 20th march, the picture was radically cracked. Ticket sales in US & UK territories were pitiful. Distributors cancelled release after release. Cinema chains started shutting their doors. And, behind the scenes, the livelihoods of hundreds of thousands of people were destroyed.

#### ➤ **AVIATION INDUSTRY**

India is planning a rescue package worth as much as \$1.6 billion for the aviation sector, which has been battered after the corona virus outbreak forced countries to close borders and brought air travel to a near-halt, two government sources told Reuters. India is planning a rescue package worth as much as \$1.6 billion for the aviation sector, which has been battered after the corona virus outbreak forced countries to close borders and brought air travel to a near-halt, two government sources told Reuters.

The rescue package, proposed by India's civil aviation ministry, is likely to be worth up to 100-120 billion rupees (\$1.3-\$1.6 billion), the two sources said. "Taxes could be deferred till the corona virus spread is contained and the aviation sector can come back to its feet," one of the sources said, adding that the companies could be permitted to pay the taxes interest-free in the next tax cycle. The corona virus has infected over 10,00,000 people and caused more than 58,000 deaths. Vistara, a joint venture of Singapore Airlines and India's Tata Group, and budget carrier GoAir have suspended their international operations. Indigo, India's biggest carrier, has cancelled several overseas flights and may be forced to park some planes as domestic air travel also falls.

#### **CONCLUSION**

Therefore, it cannot be over-emphasised that a truly effective international preparedness and response coordination mechanism cannot be managed nationally. Global cooperation, collaboration and investment are necessary to ensure a safer future. This means a multisectoral approach to managing the problem of global disease that includes governments, industry, public and private financiers, academia, international organisations and civil society all of whom have responsibilities for building global public health security.

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