

Covid 19: An Invisible Destroyer of the Economy Paving way to Atmanirbhar Bharat

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Abstract

The Covid-19 pandemic, that has hit the entire world hard enough to make it shiver, was reported first in the city of Wuhan, China. From first ever official report in December 2019, the virus has rapidly captured the entire world. The impact of which is far more brutal than initially anticipated by all. When the entire world is still fighting the initial hit of Covid-19, the clouds of the virus hitting with its second wave have started to make rounds. Thus, it is crucial to look into the details about how it has affected us so far and take inputs to prepare for the next wave, if it is inevitable. The article is an insight on the impact of novel coronavirus on Indian Economy. During the course of the article, we have discussed about India's role in global supply chain, its dependence on China and to certain extent the role of China in global trade while covering the sectors that are severely impacted and others that are striving to create an opportunity from this pandemic. We incorporated the expectations of the major players in the Indian market and opinions from around the globe on this pandemic. The Atmanirbhar Campaign launched by the Indian Government as an initiative to make India self-reliant in the post covid-19 period, is covered towards the end.

Keywords: Covid-19, Indian Economy, Sector-Wise Impact, Atmanirbhar, Black Swan and Indian Stock Market

Introduction

Time doesn't have any tense. No past, no present, no future. The moment we think is present, the very next moment it's gone. Once lost, a business action is lost forever. Even a miracle cannot bring back the business days lost due to lockdown. The loss of generation of income in business cannot be made up.

Multiplier effect in economies is an effect in which an amount of spending leads to overall income much greater than initial spending. An amount spent in a departmental store goes into various hands including, the owner, the employees, the suppliers, the middlemen and so on. Each of these people, then spend this money somewhere else. A single rupee changes hands and this leads to multiplier effect. This ultimately leads to more money in hands heading towards more demand and thus higher growth.

In the current scenario, however, production in various sectors has come to a complete standstill. Obviously, the employers, in most cases, would not be able to pay full wages.

The forever important summer season, crucial for many industries like textile; travel and tourism; wedding planners; industries which cater for summer products, is lost. A person who starved yesterday, can't eat two or three meals at a time today, to make up for the yesterday's lost meal.

Moving into negative growth cycle is inevitable. Seems, Thanos has snapped his fingers. Loss of jobs will force people to hold on to their savings. Leisure activities will suffer the most. Comforts and necessities will find a place in an individual's budget.

Almost all the sectors are suffering, the worst hit being Travel & Leisure, Aviation, Automobile and Construction & Real Estate. The Information & Communication Technologies (ICT), Pharma, Online Education, Food Processing and Personal & Healthcare sectors should however gain from this pandemic.

Covid-19 is a black swan which has caught us off-guard and has forced us to unlearn and relearn. But the dilemma here is, most of us do not know what to unlearn and perhaps none of us know what to re-learn. The panic is probably making us do things which may not be necessary. Time is said to be the best teacher and healer. We believe, gradually, we'll learn to gather ourselves up. We are homo-sapiens after all. We are strong and smart. The silver lining is, Mother Earth is into factory reset mode which is a breather for flora and fauna. Also, people got some time off to spend with their families. The article is divided into 2 sections: First is the Impact of Coronavirus on various sectors of Indian Economy and second on Atmanirbhar campaign.

Covid-19: An Invisible Destroyer of the Economy

In this section, we would discuss the analysis on some of the sectors.

Impact of Covid-19 on Financial Services Sector

Banking and financial services sector companies are most likely to witness the negative impact on their businesses due to COVID-19 pandemic. Hitherto the sector was not in a very good shape when the catastrophe hit it. The sector was already dealing and healing from the effects of demonetization; GST; fall of IL&FS, DHFL and the Yes bank incidence, only to again fall prey to the pandemic.

Banks in the country are anticipated to experience an increase in their NPA ratio by 1.9% and in credit cost ratios by 130 basis points. (Business Standard, 2020) It is anticipated that credit growth can remain low for the next couple of quarters as companies will need to work on their capex plans due to sluggish demand in the market and an uncertain global environment.

In its report, Moody's has degraded outlook for Indian banking system in the wake of COVID-19. Small private sector lenders may face liquidity pressure as a result of profound risk aversion amongst people which might even chop their capacity to lend. Banks with weaker outreach will be severely affected moving ahead. A sharp decline in economic activity due to nationwide lockdowns and spike in unemployment will translate into depreciating corporate and household finances and this will then result in negligence and dereliction of duty.

Fitch Ratings has projected substantial impact on NBFCs which the NBFCs already perceive due to business disruption caused by COVID-19. NBFCs generally lend to micro and small enterprises which have limited cash buffers to meet contingencies. So, any fall in earnings of such businesses will directly affect their ability to pay-off their loans and this in turn will exert pressure on their lender's operating performance and financial profiles.

It is difficult to turn around this situation into opportunity for this sector. One such suggestion would be to create an environment for new business to start, emphasis on research and innovation, which would support the market in long term and create demand for Financial Institutions. Though the RBI has announced an immediate term to avert the crisis by allowing relief on Loan moratorium on interest and principal repayment for 3 months, it will not provide the necessitated benefit to end consumer due to compounding of Interest. As this may in turn would increase the chances of NPAs in future. Interest Subsidy or Interest leverage would minimize this problem as current losses will be shared.

Impact of Covid-19 on Telecom Sector

According to ICRA report, the telecom sector in India will not be impacted as much by COVID 19. It is the past dues of Rs. 90,000 crores in the AGR

dues that may pull the sector down. Today, the debt levels of the whole industry stand at Rs. 4.4 lakh crores which has been reduced from Rs. 5 lakh crores earlier. Regarding the AGR dues, the Assistant Vice President of ICRA, AnkitJain, informed that the 20-year payment plan is proposed by DoT (Department of Telecommunication) which will result in annual payment of Rs. 9150 crores for the industry. (Times of India, 2020)

Due to Covid 19, new customer addition has reduced substantially along with decline in physical recharges. However, the loss due to these is moderated by increase in mobile usage as a result of more people working from home; increase in content viewing and also due the shift towards digital recharges through modes like Paytm, Freecharge, Google Pay etc.

Impact of Covid-19 on Education Sector

Shutting down schools and universities will have an impact on learning of more than 285 million students in India. (ET Government, 2020) Besides that, it will also instigate widespread economic and societal consequences. The schooling model followed in India inclusive of teaching and conduction of tests is not designed in a way that the learning will not be hampered even if the schools are shut down. Our students are so used to classroom teaching system, that correspondence or distance learning will not be very effective for them immediately as it will take a while for them to get acquainted and accustomed to e-learning system.

Moreover, it should not be overlooked that only a handful of private schools hold necessary resources that they can adopt online teaching methods. Contrastingly, other private and government schools do not have access to e-learning solutions and hence aren't able to reach their students. Besides, the poor students no longer have access to healthy meals during this time which otherwise they would get and now are exposed to economic and social distress.

Every other day we hear that the internship offers, job offers to the recent graduates or pursuing students are being withdrawn by the corporates leaving them unemployed. The CMIE (Center for Monitoring Indian Economy) has further raised its estimates on unemployment rate from 8.4% in mid-

March to around 23% in early April and the urban unemployment rate to 30.9% (CMIE, 2020). These are some worrisome figures which might worsen even more in the future if timely measures are not taken.

E-learning platforms like Unacademy, Vedantu, etc. are coming out for rescue. However, their penetration in rural areas is still inadequate. But such companies can reshape the entire education system in the country so as to make it accessible to all.

Not only can this pandemic be considered an opportunity to incorporate different modes of learning and teaching to the old-school process, but it can also help in creating avenues for research and innovation in this sphere. We need to modify our assessment system and framework to support these methods to ensure validity and acceptance. We need proper infrastructure so that these changes can benefit the rural sector where they lack the primary resources of teaching.

Impact of Covid-19 on Retail & E-Commerce Sector

In its report, Deloitte states that the continuously spreading Covid-19 in India is bringing unrest in the economy and resulting in a huge impact on the consumer products and retail sector. The consumers might restrict their discretionary spending which would considerably impact the sector's growth. The impact of lockdown was such that initially the demand and intake of FMCG and household products advanced heavily owing to panic buying by consumers owing to which companies had to increase their production. In the aftermath of lockdown, the manufacturing companies are facing disruptions across production lines and supply chain. Consequently, there is a considerable slowdown in growth of these products. The disruptions in supply chain and logistics are leading to draining inventory levels with retailers which may significantly impact the supply of products to consumers. (Rajat Wahi, 2020)

However, this pandemic has changed our perception towards what we consider as bare necessities; hygiene products, which not everyone saw as essential products earlier, have now entered this category of essentials. On the contrary, industries

like apparel have transferred to discretionary category. As COVID is seen to be contagious, the demand for personal hygiene and homecare products is projected to rise further in the coming days. Manufacturing companies believe that the pandemic has made consumers more aware of the need to maintain hygiene, at a personal level as well as at home, to reduce the chances of infection and that most of these behavioral changes will become habits in the long-run. Anshu Budhraj, CEO at Amway India expressed that their expectations are in line with the recent reports stating that going forward 55% of Indian consumers intend to buy more personal hygiene and safety products. Moreover, he remarked that Amway India foresees a 15-20% growth in the near-term from its hand wash, hand soap and disinfectants portfolio. Likewise, nearly all of the companies have lined up new products and category extensions of their existing brands, apart from strengthening the current distribution channels. (Business Standard, 2020)

The consumer durable sector is expected to notice a sharp effect by dint of Covid-19 as the sector is highly dependent on imports mainly from China. India imports extensively from China when it comes to consumer durable products as Indian manufacturing facilities in this sector turns out to be limited. Furthermore, India imports a bulk of its consumer durables components from China. Companies may have already stocked up the inventory; hence the impact is more likely to be felt only towards the end of the fiscal year. Product prices might see a plunge soon. The situation is more or less uncertain with respect to this sector.

The Indian e-commerce sector is also battling under the crisis as the companies had to halt the supply of non-essential commodities due to country-wide lockdowns to prevent spread of virus. The supplies of essential commodities have also been hindered due to logistics disturbances as well as shortage of staff. Online supermarket giants such as Grofers and BigBasket declared that they have about 60% and 50% of the total staff respectively at their disposal, due to the pandemic. The consumers are therefore having very few slots while they place orders. Similarly, Amazon has suspended deliveries of certain goods and executing restricted deliveries

of essential items in taking into account the staff and logistical crisis as a result of the lockdown.

On the brighter side, the pandemic has created a shift in the way consumers behave and carry out their activities, directly affecting the e-commerce industry. An analysis of Global Data's E-Commerce Analytics reveals that the growth of Indian e-commerce market has been revised up and is set to grow at a compound annual growth rate (CAGR) of 19.6% between 2019 and 2023 to reach INR7 trillion by 2023. As consumers are progressively shifting from physically visiting stores to make purchases to online spending for the sake of avoiding exposure to disease, e-commerce payments are set to record a steep increase of 25.9% in 2020 itself. Online payment solutions companies such as Paytm, Amazon Pay, PayPal, etc. could take advantage from the current situation. (Global Data, 2020)

Retail can grab this opportunity to shift to online platforms and e-commerce can gain pace by making their platforms more user friendly and grabbing newer suppliers to back-up the excess demand for certain commodities. Providing liquidity assistance to retailers seems the need of the hour. We need to match the demand and supply, to smoothen the process. Businesses that want to go online would need guidance and support for smooth conduction of their business. Building up a strong framework to ensure safety and efficiency for online activities.

Impact of Covid-19 on Manufacturing Sector

The onset of COVID-19 is expediting the change of global delivery models, with unknown consequences for manufacturers and supply chains all over the world. In a survey conducted by UNIDO (United Nations Industrial Development Organization) on 85 enterprises, the results indicated that manufacturing in India has stopped, except for the rice milling sector where production has reportedly declined by half. Sectors including automotive components, MSMEs were already facing pre-lockdown slump in business, due to a sluggish market demand and the disruption of international supply chains. The movement of materials, fuel and people has by and large come to a sudden termination. Manufacturing MSMEs especially supply to other industries, which have also stopped operating, leading in reduced

demand and cancellations of orders across the board. The ongoing chaos of the flow of raw materials is having repercussions on other aspects of business, most notably an abrupt end to incoming cash flows and the migration of workforce across all skill levels. (Berkel, 2020)

Manufacturing processes across sectors won't start off as soon as lockdown restrictions are lifted due to the fact that majority of workforce have returned to their home states. Local people many of such migrant workers cannot be substituted since over the years they have developed skills doing specific jobs like foundry-work. Mahindra Group chairman Anand Mahindra said that many parts of his company's supply chain were handicapped and standstill due to the lack of loaders and unloaders who were mainly migrant workers.

We need to start looking for domestic local over global. Since significant amount of workforce absence is seen in this sector, automation can lend a helping hand to start operations. With people slowly returning to their duties, they need working capital to set the wheels rolling. Initiatives to support MSMEs and local manufacturers can help in getting this sector back on its feet. Providing warehouses at subsidized rates can help exporters.

Impact of Covid-19 on Energy Sector

Oil and gas companies are in the middle of bilateral crisis: an oil price war and impact of COVID-19. Oil prices dropped dramatically in March when OPEC and Russia failed to agree on production cuts. In this time, India's crude oil and natural gas production in 2019-20 dropped 6.1 % and 5.2 %, respectively, over 2018-19. Affected also by the Covid-19 lockdown, crude oil production dropped 5.5 % and natural gas 14.38 % in March over the equivalent period in 2019. The growth in utilization of petroleum products fell to a dreadful 0.21% to 213,686 Thousand Metric Tonne (TMT) in 2019-20. Merely in March 2020, consumption fell 18% to 16,083 TMT as compared to the same month a year ago, fresh data sourced from the oil ministry showed. The demand for petrol, diesel and aviation turbine fuel in the country has been severely impacted as economic activity and public movement has come to a near standstill due to the lockdowns. (Abdi, 2020)

For the first time in history of mankind, oil infringed the \$0 mark, forcing the mankind to readjust the axes. The principal reason behind this collapse is the depleted fuel demand across the world followed by plethora in global oil markets leading to severe scarcity of available storage capacities. The Indian government earns a substantial portion of its income from excise duties with roughly 90% of it coming from oil imports. It is intriguing that the fuel prices for retailers have not been reduced since the government is using the buffer to fund its expenses. As and when the lockdown ends, the government might face elevated pressure to reduce the fuel prices for consumers. (Saxena, 2020)

The power sector is one of those that has been hit hard with the widened gap in demand and supply of electricity due to the coronavirus outbreak. Power demand in India has been falling due to the slump in the economic activity in the wake of the ongoing nationwide lockdown to contain the spread of the pandemic. The demand has dropped by over 20% in the first five days of May 2020 as compared to the corresponding period last year. (Joshi, 2020) The drop in demand has already knocked down power prices to the lowest level in more than two years and could grow further financial troubles for the ailing power distribution companies (DISCOMS).

The major concern is that the discoms are in miserable financial shape. The discoms have high levels of debt and have been running losses. The debt issue was greeted by the State governments to a certain degree when they took over 75% of the debts of state-run discoms under the Ujjwal DISCOM Assurance Yojana (UDAY) scheme launched in 2015. Despite the launch of this scheme, DISCOMS continued to record losses on account of underpricing of electricity tariff for certain consumer segments such as agriculture and the domestic category. The DISCOMS registered various other forms of technical and commercial losses as well. Outstanding dues of discoms towards power generation companies (GENCOS) have skyrocketed, indicating financial stress. At the end of February 2020, the total outstanding dues of discoms to generation companies stood at Rs 92,693 crores. (Surya, 2020).

The oil and gas companies could find it difficult to thrive in the existing conditions. This pandemic seems to be an opportunity for renewable energy options. We can work on tapping renewable sources of energy to mitigate the constant yet continuous demand. Discoms would require subsidized pricing from the generators of power. The moratorium period provided should be coupled with subsidized rates or increased tariffs.

Impact of Covid-19 on ICT Sector

With corporates across the country implementing alternative ways of working, ICT has emerged as one of the key sectors that is helping navigate this situation. Gaurav Sharma, Associate Director at HCL said that ICT is one of the sectors that is affected in terms of spending. The digital channels are emerging as one of the key aspects and positives from the current situation wherein employees, people, friends, and family are all utilizing digital solutions to the fullest. IT services are swiftly becoming cornerstone for almost all the organizations. Organizations invested in more self-service, automation, and software defined digital solutions will be able to adapt more quickly to such contingencies with the help of ICT initiatives. For instance, a retail company can collaborate with a tech start-up to provide with AR/VR based technology at a faster pace so that the customers are able to try out clothes virtually and order online. This would make sure that the company has at least one channel of uniform revenue for them. (Sharma G., 2020)

An OTT (Over-The-Top) provider is defined as a service provider offering ICT services, but neither operates a network nor leases network capacity from a network operator. An article from The Blue Circle recounts that with the stalled economic activities and restricted movement due to lockdown, a spike in digital consumption by people is noticed. According to Ormax Media's research, the size of the Indian streaming audience stands at 76.5 million and OTT is expected to grow at 22% a year to reach Rs. 12,000 crores in the next four years. According to a report by Reuters, Netflix's global total subscriber base has reached 182.9 million from January to March 2020. Other video streaming platforms like Amazon Prime, Hotstar and ZEE5 have also witnessed a

spike in numbers, infusing confidence in the industry regarding the future of OTT platforms. With the purpose of stimulating subscriptions amid COVID crisis, some OTT platforms are even offering extended free periods. Overall digital subscription revenues will probably see a boom as people are getting accustomed to viewing content online now. A report by KPMG states that the OTT consumption in India could start seeing a shift from the mobile screen to the large TV screen "owing to the lockdown effect with broadband internet". (Sachdev, 2020).

ICT sector has gained from this pandemic as more and more sectors are in need of communication technology to keep on operating. While the pandemic has increased the demand for these services, we can feel the need of regulatory framework. Innovation, authenticity and safety are the key aspects to focus.

Impact of Covid-19 on Pharmaceutical Sector

India, one of the leading global producers of cost-effective generic medicines and vaccines, supplies 20 percent, by volume, of the total global demand (Diwanji, 2020). Indian companies supplied over 80 percent of the anti-retro-viral drugs used globally to combat AIDS (Acquired Immuno Deficiency Syndrome) (India Brand Equity Foundation, 2020) and exports half of the total production of pharmaceuticals to more than 200 countries across globe (Rastogi, 2019). The domestic pharmaceutical market contributes to approx. 2% of the global industry in value and approx. 10% in volume terms.

India's dependency on China will be causing a significant impact on its health care manufacturing and global supply chain. The total import from China accounts to nearly about 70% of the value (Economic Times, 2020), 90% of the needs of the antibiotics maker's in India is fulfilled by China (Thacker, 2020). India imports large amount of API (Active Pharmaceutical Ingredient) from China. The import includes antibiotic APIs such as penicillin, cephalosporins and macrolides. The major imports that happen in India are from Chinese Manufacturers that are located in areas near Wuhan. Though it was claimed by many manufacturers that they have enough stock to get them through April, due to complete lock down of the facilities the manufacturing of drugs is impacted.

Mr. Kant, CEO NitiAyog, tweeted after the meeting on Feb 19, 2020, “Fruitful, constructive & positive meeting with captains of industry in pharmaceutical sector to discuss the options for domestic manufacturing of critical import dependent APIs. Consensus arrived at on a range of policy measures for creating ecosystem in India” (Outlook India, 2020) According to India’s drug regulatory body, the country has 1,500 plants that manufacture APIs and are running at 40% of their capacity, experts have identified this as an opportunity.

Apart from dependency on China, the ban on public transportation is another hurdle faced by the Pharmaceutical companies in India. Laborers’ find it difficult to reach manufacturing plants. The goods like vehicles of suppliers of packaging materials for medicines; printers that manufacture packaging for medicines, that are required for production, are being detained or are shut. Edelweiss Securities said that COVID-19 pandemic has caused severe supply-side disruptions in various sectors, earnings will be cut by 10-15% (Economic Times, 2020).

India needs to identify areas within the industry where it has extensive dependency on China. Starting with 100% capacity utilization of existing API manufacturing units, we can move towards providing favorable ecosystem to set-up API manufacturing plants in India. Policy change that can boost purchase of these intermediary products from Indian Manufacturers itself rather than importing them can help in reducing our extensive dependence on Chinese imports. It will also help in creating opportunities of employment.

Impact of Covid-19 on Aviation Sector

This sector is one of those that is hit hardest by COVID 19 pandemic. As reported by CRISIL the domestic aviation industry will have a revenue loss of Rs 24,000-25,000 crore after the extension of lockdown. (Kumar, 2020) The aviation sector of India is close to going bankrupt. As per reports, Indian carriers were ill equipped even to deal with lock down till May 3. The companies are not in position to refund the amount of cancelled tickets to its’ passenger. Most of them kept these amount in credit-shell that can be later used by passengers to book different ticket with the airlines.

CAPA (Centre for Asia Pacific Aviation), who monitors civil aviation in the country, reported that “Most Indian airlines have not structured their business models to be able to withstand even shocks, such as elevated fuel prices or economic downturns, that are regular, let alone once-in-a-century events”.

In a report by CAPA (Centre for Asia Pacific Aviation) titled “Projecting the potential financial impact of COVID 19 on Indian Aviation”, they said that in the event of a 3-month shutdown, the listed carriers like IndiGo and SpiceJet reported combined losses of USD 1.25-1.50 billion across 4QFY 2020 and 1QFY 2021 (Som, 2020). IndiGo’s free cash reserves may almost be wiped out by the end of 2QFY 2021 and smaller carriers may need to exit the market (Som, 2020).

No financial assistance declared by government for a long time is an additional reason for this sector to observe severe crisis during the period. Several countries have already moved to prevent millions of job losses in the industry by predicting the meltdown of this sector

In order to deal with the loss in their only revenue source due to lock down, major companies like IndiGo, Go Air, Spice Jet, Air India have given notices of Salary cuts through-out the company. None of the airlines have declared lay-offs till date.

Indian airlines were facing challenges way before the pandemic as well. A negative fiscal regime with punitive levels of taxation on Aviation Turbine Fuel; a restricted regulatory framework; skills shortage; and limited access to capital accounting to some. As per a report by NDTV, India’s airlines are heavily dependent on low fuel costs to balance their fixed costs which come from the lease rental of aircraft, labor expenses, sales and marketing, airport charges and other operating expenses. At 9 to 10 % of their overall expenses, steep airport charges alone are a serious financial drain (Som, 2020). Airlines are also charged for the use of aero-bridges on a per landing and take-off basis and on the common use of terminals on a per departing flight basis. But this pandemic has only worsened their conditions.

Due to lockdown extension, the reduced scale of operations could impact the requirement for around 30% of airline staff and up to 50% of ground handling staff (Paliwal, 2020).

Considering this set back, airlines can take a step back and refine their existing business model. Not only the airlines, the aviation industry needs to look for ways to have sustainable business. Government can help by subsidizing the fixed charges like airport charges, charges on the use of aero-bridges, halting charges that is paid by airlines. This sector needs liquidity infusion.

Impact of Covid-19 on Tourism Sector

Apex sectoral body Federation of Associations in Indian Tourism & Hospitality (FAITH) on 5th May, 2020 doubled its loss guidance for India's tourism sector to Rs 10 lakh crore on account of impact of COVID-19 pandemic. As per FAITH the crisis might lead to 38 million people associated with the sector losing their jobs i.e. 70% of its total workforce (Mathur, 2020).

The World Travel and Tourism Council estimates that the tourism industry stands to lose 50 million jobs and see a 25 % decline in global travel. The estimated loss to the US economy is \$8.5 billion. (Jamal, The Indian Express, 2020)

The industry is largely dependent on masses of people traveling around the world and millions within cities, who use restaurants and bars. The business is down to zero. Millions who work in restaurants, bars, airlines and cruises, online and traditional travel companies, ground agents, event management companies, and many others have seen a sudden halt in business resulting in job losses and bankruptcies.

Bans are imposed on borders for foreign travelers not being allowed to enter the country. International music concerts and tours cancelled along-with closure of domestic and international attractions in India in order to prevent Covid-19 from spreading will result in a massive loss of jobs as well as closure of businesses. It is like 8,50,000 people who travel between Europe and America each month has stopped all of a sudden (Jamal, Yahoo News, 2020).

Currency exchange is a deeply integrated market under foreign travel and tourism ecosystem. CII estimated that the period of April to July summer holiday season could witness a drop of 80-100 % in travels abroad (Motwani, 2020). Even if the lockdown ends in India and other business get back

to normal, the possibility that foreign travel will remain restricted is high, leaving the forex industry crippled for several months, even while other sectors show signs of recovery.

We are looking at a massive loss in this sector along-with job losses and bankruptcies.

This sector faces the biggest challenge in getting back on track and running. The dependence of this sector on people is far more than any other sector. India, having variety of cultural heritages and tropically varying tourist sights, can focus on increasing domestic visitors to keep the show running. Inter and Intra-state tourism can help at this hour, if not at large magnitude. Insurance policies for travelers, especially domestic travelers, insuring against health hazards should help in giving this sector a jumpstart.

Impact of Covid-19 on Infrastructure, Real Estate and Construction Sector

The recent channel checks by HDFC Securities show that the call for Janata curfew has resulted in project sites staring at closure. Engineering, procurement and construction (EPC), transmission and distribution (T&D), road construction and building segments are all seeing their projects' progress getting impacted after the Central and State Governments' directives of curfews and lockdowns. Companies that were on verge of their projects being executed or nearing closures, may face uncertainties in project completion along with problems in new project financing, and future order flows.

As per reports by Business Standard, analysts say the impact of COVID-19 stress on infrastructure capex may be worse than that seen during 2008. According to them during and after the financial crisis in 2008 the infrastructure players had difficulties on export income, while domestic revenues largely remained intact. The government spending was good. Only private capex took a hit during this time. However, the pressure on government capex is likely to worsen the slowdown.

Mahi Agarwal, assistant vice president and associate head at ICRA said "A prolonged outbreak may result in recessionary dynamics which would have a deeper impact on project cash flows and execution abilities. Such an impact, combined with

the ongoing credit squeeze and existing inventory overhang in the sector, would likely result in significant credit pressures going forward.”

A longer outbreak may significantly impact developers’ cash flows and project execution abilities, giving rise to wider credit negative implications. Only, well-diversified developers with strong balance sheets and adequate liquidity are expected to be better-positioned to manage the risks arising out of this event.

Housing sector is facing an increase in demand risk due to rising fear of decline in overall economic growth and spread of Coronavirus leading to decrease in number of walk-ins. New project launches were expected to see a fall by 15 to 20 % this festive season (Financial Express, 2020).

As per a recent report by CBRE, the impact of the epidemic will slow down the US and Indian economies and result in delayed decision making, curtailed capital expenditures and thereby slowing down of portfolio decisions. The completion timelines of retail mall projects are expected to be delayed due to dependency on mainland China for fit outs.

India imports a large amount of iron and steel products, technical construction equipment, electronic equipment, plastic and fiber elements, solar panels, furniture and fit out goods from China. The hold on Chinese exports was a shock to the supply chain. The impact felt in India was not so severe due to large amount of Inventory. Heavy reliance on China for steel and steel products is a cause of concern for the industry. As the production in China went down, we expect to see a price surge in the allied industries thereby increasing the costs and reducing the profit margins of real estate developers in India. India has prospects to provide alternative to Chinese exports but costing could be the major obstacle.

A price correction is expected in line with the global asset price crash. However, the commercial leasing will still look un-impacted due to a healthy long-term investment by many international companies.

Though the sector has supported government initiative during the pandemic, we cannot deny the losses it is facing. The industries in this sector have

had some relief due to relief package by government and increased moratorium period. Now they need to prepare themselves to deal with the aftermath scenario of Covid-19. They need to identify areas where they can automate, digitalize and assemble certain things off-site. Work force management is going to play a crucial part hereon.

Impact of Covid-19 on Automotive Sector

India Ratings and Research (Ind-Ra) has predicted a negative impact on the domestic auto industry in the near term, as the major manufacturing hub for automobile and auto parts is Wuhan.

Indian auto ancillaries and original equipment manufacturers have 27% import dependence on China for key parts and accessories. We have an increased dependence on imports of OEM for technologically advanced products (Money Control, 2020). There is a 10 % year-on-year increase in import of ancillary components. (Money Control, 2020).

While the industry did not recover from the factors that were previously affecting the industry growth, like raising GST on automobile vehicles and mandatory implementation of BS-VI from April 2020, it was hit with the outbreak of Covid-19.

China caters to a wide range of countries by exporting several essential automotive components to produce finished goods along-with being the largest consumer and producer of automotive vehicles. Shut down in the production in China has forced other automotive makers to hold their production.

With China’s factories beginning to come back to life after an extended lockdown in the country’s industrial hubs we expect the automobile industry to come back to operation.

Various ancillary industries of the sector are coming up with the contributions to cope with this outbreak. The companies like MBW, MG, MSIL and some more have decided to contribute for manufacturing ventilators’, PPEs’, disinfectant sprayers, etc. to meet the demand of the market during the breakdown. Certain companies have given option to buy cars online, also to give pick-up and drop-off facility for car servicing.

The sector is steadily trying to recover from the covid-19 hit. India needs to revisit its massive import

dependence on China for ancillary products and equipment. We need policies to create and maintain quality products to be manufactured in India. Liquidity infusion and work force management are important for this sector to get back on track.

Impact of Covid-19 on Agriculture Sector

India has over 263 million farmers and hence this sector is going to have a significant impact on the economy (Jadhav, 2020). More than half of the people depend on agriculture for their livelihoods. After the damage of crops sown in summer 2019, India was relying heavily on winter-sown crops to fuel a rebound in rural earnings. The coronavirus outbreak sent crop prices tumbling when Indian economy was expanding at its slowest pace in more than six years. Prices for key crops like corn, soybean, cotton and onion have plunged as much as 50 % just as farmers prepare for harvest (Jadhav, 2020).

Harish Galipelli, head of commodities and currencies at India trade Derivatives & Commodities in Mumbai observed that impact of higher yields would be nullified by the lower prices and farmer earnings would remain same on net to net basis.

Chicken sales have plunged in the last few weeks after rumors circulated on social media that chickens were spreading coronavirus.

Indian farm commodities have become expensive for overseas buyers and unless local prices fall exports won't pick up.

Harvesting activities is affected by unavailability of migrant labors, particularly in northwest India. Consumers are paying more even when the prices have declined for wheat, vegetables, and other crops. Government warehouses are overflowing with 71 million tons of rice and wheat (Dev, 2020). Closure of hotels, restaurants, sweet shops, and tea shops during the lockdown is depressing milk sales. Meanwhile, poultry farmers have been badly hit due to misinformation that Chicken helps in spreading Covid-19.

There are about 40-50 million seasonal migrant workers in India (Dev, 2020). In recent days, global media have broadcast images of hundreds of thousands of migrant workers from several states trudging for miles and miles on highways; some walked more than 1000 kilometers to return to their

home villages. Railways have recently opened to reach out to these people. We hope that returning of workers to their villages can help in coping agricultural activities.

The government has itself taken initiatives like The Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Ordinance, 2020, to secure farmers interest to engage in business for farm services and sale of future farming produce. Migrated workers can help in agricultural activities. Connecting farms to stores and letting farmers benefit from the same, is an important aspect. Government needs to provide expert advices to farmers when handling its produce and dealing with other parties.

Impact of Covid-19 on IT/Software Sector

India's IT industry contribution to GDP is 8% and 46% in the country's services exports (Economic Times CIO, 2017). The experts expect that the outbreak of COVID-19 will have a significant impact on the Indian IT sector which is staring at the tough times similar to the 2008 global financial crisis (GFC).

S Mahalingam, former CFO and Executive Director of TCS, expressed how Covid-19 has been an incomparably serious event while acknowledging the capability shown by IT Industry.

As the pandemic is impacting operations at global scale, Microsoft India President Anant Maheshwari stated that Technology is going to play a stronger role than ever before, enabling economic recovery and helping each one of us to achieve more.

Indian IT companies have come out with innovative ways of ensuring that delivery takes place flawlessly from the country, and have been delivering service at a very high level even in the lockdown situation. The industry has moved nearly 90% of its workforce to deliver services from home (Flinders, 2020). After categorizing the industry as essential services by government, some exemptions similar to SEZs and STPIs was declared by the department of telecom.

TCS, quickly increased the number of staff that can carry out their roles fully from home. The company rapidly scaled up its Secure Base Working Space initiative, to enable its staff to securely serve

customers. It has made possible for 85% of its global staff to WFH which was less than 40% before the pandemic (Flinders, 2020).

Mark Cuban said, talking about the possibility of Indian businesses and the idea of them leading the change commented that India always has great business opportunity to create, support, or invest. He explained his statement by remarking artificial intelligence and robotics to become important factors moving forward where India holds a good position. The demand for Cloud infrastructure services and security software is expected to pick up due to focus on business continuity plans (BCP) by enterprises to enable remote working.

This sector has observed a certain disruption due to client requirements. We now need to upskill our workforce and speed up projects working on AI and Cloud. The IT industry needs to modify their already existing business continuity plans and build resources accordingly. Assuring global clients on providing uninterrupted service has now become a primary objective.

Impact of Covid-19 on BPO Sector

The \$38 billion Indian BPO industry has grown faster than the larger Indian IT services industry in last 2 years (Mendonca, 2020). India and the Philippines are the two most critical markets when it comes to the BPM sector and in both regions, the industry is running mission critical services and ensuring customer centricity through the continuity of business functions. But the current shutdown that has affected locations both across India and the Philippines is severely restricting companies' ability to fully service clients.

IT outsourcing market in India had revenue valued at INR 5,649.47 Bn in 2019 and is estimated to reach INR 8,830.14 Bn by 2025, expanding at a CAGR of 7.25% during the 2020-2025 period (Business Wire, 2020). Even after the facility of Work from home, voice services are having hardest time in transitioning to this model. This transition is difficult due to unavailability of adequate infrastructure and unwillingness of clients to allow private and sensitive data to be accessed outside the protected centers.

MeitY (Ministry of Electronics and Information Technology) notified receipt of representations/

suggestions from various industry associations to bring uniformity regarding essential functions that are undertaken by the IT-ITeS industry amidst restrictions.

Even though the Ministry of Electronics and Information Technology (MeitY) classified the IT and BPO industry that supports government, health services and financial industries as essential services company executives stated that client protocol that disallows transfer to a work-from-home mode coupled with employees' inability to commute to office is leading to large-scale stoppages. There is a significant portion of the work that requires employees to access private customer data cannot be shifted resulting in halting of 50% of the work for certain co-operations (Mendonca, 2020).

Mrinal Rai, principal analyst at ISG commented on various company clauses that are initiated in state of emergency allowing some work to move back to the client side, and other clauses. She stated that the companies that have made headway with chatbots and automation will be able to manage this situation better.

Due to constrained operations of Indian IT outsourcing companies, key industries like banking, financial services, and insurance (BFSI), hi-tech/telecommunication, manufacturing and healthcare, served by them, will also be impacted. BFSI accounting for 55.65% of revenue share in FY 2019 emerged as largest Industry segment (Business Wire, 2020).

The major countries and regions that outsource IT services from India include U.S., U.K. and Europe. A revenue of INR 3,499.28 Bn was generated from the U.S. alone (Business Wire, 2020). India's BPI industry provides critical customer and technical support to US' health and emergency services. Any disruption in these would negatively impact FDI as per India-centric US business advocacy group. Trimming of IT budget as part of cost-cutting strategies is expected globally. The conversion of new deals that are existing in the pipeline, assignment of new contracts and delay contract renewals would be impacted due to stringent measures taken to reduce discretionary spending. A reduction in billable employees are affecting price negotiations for existing projects.

Liquidity infusion, building infrastructure for secured operations, automation and building business continuity plans are certain areas that can help the sector during this pandemic. Companies need to revisit their contract terms to assure hassle-free operations in times like these.

Impact of Covid-19 on Indian Stock Market

Covid-19 is a Black swan event. Any highly improbable events that catch almost everyone by surprise and can potentially have a large impact on the status quo by disrupting human activities and creating havoc are called black swan events.

Market has previously faced many cycles of crash and recovery like during periods of Harshad Mehta Scam (1992), Asian Crisis (1996), Tech Bubble (2000), Real Estate- Lehman crisis (2008). The market recovered through these events in spans ranging from 1 -2.5 years. But this event is compared to the Great Depression of the 20th century by many experts, which started in 1929 and extended till late 1930s. Thus, we shouldn't expect to have a quick rebound in this case. The problem in predicting the effect and aftermath of the crisis is the uncertainty in determining how the public health challenge will be met. As we are looking forward to a steep drop in trade for the year 2020 across globe and impacting all sectors, recovery of market is highly dependent on the support of governments through economic measures adopted in this time.

Following the strong correlation with the trends and indices of the global market, BSE Sensex and Nifty 50 fell by 38 % (Ravi, 2020). The total market cap lost a staggering 27.31% from the start of the year (Ravi, 2020). Sectors such as hospitality, tourism and entertainment have been impacted adversely and stocks of such companies have plummeted by more than 40% (Ravi, 2020).

Even though RBI and the Government of India have come up with a slew of reforms such as reduction of repo rate, regulatory relaxation by extending moratorium and several measures to boost liquidity in the system, the pandemic has impacted the premise of the corporate sector. Payments deferrals, subdued loan growth, rising cases of bad loans and sluggish business conditions have impaired the growth and the health of the economic activity.

Lower oil prices and high capital expenditure by the government would in turn create capital which will provide a platform to flourish when we overcome Covid 19 pandemic.

It is expected that the revival of growth momentum post lockdown is in the hands of the companies with innovative products, increasing distribution reach, technology-driven processes and healthy balance sheet.

Business today mentions that the investor sentiment in India is so low that despite relatively lower cases, Indian market has fared worst among global peers. The Indian stock market has lost 26 per cent in dollar terms between February 1 and April 9, compared with a fall of 20 per cent and 14 per cent in the European and US markets (Sharma A. , 2020).

India's economic costs are likely to sync with the cost of shutting down the economy. Accounting the average annual return (CAGR) of around 15 % when Sensex grew from 100 points in 1979 to over 41,000 points in 2019, S. Ravi the author of an article in Business today said that "time and again it is proven that corrections are temporary, but growth is permanent" (Ravi, 2020).

The recent declaration of a package of Rs. 20 lakh crores by PM Narendra Modi under the name of "Atmanirbhar Bharat Abhiyan", is expected to be the ray of hope in the present scenario. This scheme is expected to cover varied sectors, providing relief in stages. The campaign is aimed at reviving the economy that was hit by pandemic and extended lock-downs. Let us hope that this package is able to provide the much-needed support for the sectors that were hit hardest but have a scope to tap opportunities that are popping up. In the next section we have discussed about the declared "Atmanirbhar package".

On Our Way to be "Atmanirbhar"

Covid-19 has dropped in to manifest that change is the only constant. Only those who are geared up to take this change as an opportunity will survive in the end. Alone government's efforts may fall short in order to emerge victorious in these unprecedented times. Every business, be it small-scale or a giant one, has an equally significant contribution to make for the country to triumph in the post-Covid world.

Reports say, first positive case of corona virus in India was found on 30th January, 2020. Ever since then the government has undertaken every possible measure to simmer down the spread of virus as well as sustain the economy. Right from imposing Section 144 in various cities, to injecting liquidity by RBI through open market operations, to enforcing complete lockdown in the country and then extending it, the government has been highly proactive in taking quite aggressive steps to combat Covid-19.

In tandem with all other measures, Prime Minister Modi announced a special economic relief package of Rs. 20 lakh crores to help mitigate the ongoing crisis and to provide the much-needed boost to the entire economy which is expected to remain in negative growth cycle in 2020-21 as remarked by RBI Governor Shaktikanta Das. The Prime Minister gave a clarion call for “Atmanirbhar Bharat” while announcing the package and asserted that this package will grease the wheels of India towards achieving self-reliance in the post-Covid world. Finance Minister Smt. Nirmala Sitharaman gave a breakdown of the package in five tranches following Prime Minister’s address.

The economic relief package presented by the FM primarily focused on MSMEs; Farmers and migrants; Power sector; NBFCs/HFCs/MFIs; Real Estate sector; Aviation sector; Agriculture & allied sectors. Following is the review of the implications of stimulus support in these sectors.

Impact of Stimulus Provided to MSMEs

In the first tranche of relief package, benefits given to MSMEs are Rs. 3 lakh crores collateral free loans, Rs. 20,000 crores subordinate debt, Rs. 50,000 equity infusion for MSME through Fund of Funds (FoF), new definitions of MSMEs, global tenders disallowed up to Rs. 200 crores and e-linkage to the market are provided to MSMEs by the government.

The tenure for collateral free loans will be 4 years with moratorium period of 12 months. The government will provide 100% credit guarantee cover to banks and NBFCs on principal and interest which will chop the risk of rising NPAs of banks and NBFCs in case the borrower defaults. The loans are expected to benefit 45 lakh MSMEs in resuming

their businesses and also safeguard jobs of their employees.

Rs. 20,000 crores of subordinate debt will favor operating MSMEs which are either turning into NPAs or are financially stressed and require equity support. 2 lakh such MSMEs are likely to benefit from these debts. The banks will give debts, which will then be infused by promoters as equity in their unit.

Rs. 50,000 equity infusion for MSME through FoF will be provided to high growth potential MSMEs. FoFs with a corpus of Rs. 10,000 crores will be set up. These FoFs will be operated through Mother funds and Daughter funds which work with venture capitalists to create funds to provide risk capital to MSMEs. This will enable MSMEs expand their facility and encourage them to get listed. Getting listed will widen their visibility, attract more public interest towards them and boost employment.

With the revised definition of MSMEs, a greater number of enterprises will now get categorized as MSMEs and hence can benefit from the prescribed schemes. There have been changes in the investments and turnover limits of the businesses. In addition to this, now there is no differentiation between manufacturing and service providing enterprises.

The new definition of MSMEs is:

Revised MSME Classification			
Composite Criteria: Investment and Annual Turnover			
Classification	Micro	Small	Medium
Manufacturing & Services	Investment <Rs.1 cr. and Turnover <Rs.5 cr.	Investment <Rs.10 cr. and Turnover <Rs.50 cr.	Investment <Rs.20 cr. and Turnover <Rs.100 cr.

With global tenders disallowed up to Rs. 200 crores, the MSMEs will have a competitive edge over foreign companies as they will now have a fair chance to participate in procuring government tenders of up to Rs. 200 crores and hence expand their businesses.

MSMEs have always been facing challenges of marketing. An e-linkage to market will give them a chance to reach out to masses through an online platform rather than fairs and exhibitions and thus

help them expand their customer base. This will save their selling costs as well.

Impact of Stimulus Provided to Farmers and Migrants

Quite a few steps were announced for farmers, migrant workers, street vendors, small traders by the FM in second tranche of stimulus. Migrant workers stranded in various states do not have access to food. FM said that under Public Distributions System (PDS) benefits about 8 crore migrant workers will be provided free food grain for next two months. This will include even those who do not possess a ration card or are not covered under National Security Act (NSA). Rs. 3500 crores are anticipated to be spent on this action for 2 months. The step is commendable one but it may result in exclusion of substantial number of people because of the use of outdated population data of 2011. So, the number of people facing food insecurity is likely to be larger than claimed by the government.

Government will launch a scheme under PM Awas Yojana (PMAY) for migrant labor/urban poor to provide ease of living at an affordable rent. This is believed to be achieved in partnership with private players. This step is beneficial as it provides shelter to homeless migrants. However, it might take a while before all the people have access to affordable housing.

The government will make a provision to provide interest subvention of 2% for punctual loan payees for a period of 12 months. This will give a relief of Rs. 1500 crores to MUDRA-Shishu loaners. There is also a proposal to facilitate easy access to credit to street vendors. This will support nearly 50 lakh street vendors with Initial working capital up to Rs. 10,000 and will provide liquidity of Rs. 5000 crores.

Government will be extending the Credit Linked Subsidy Scheme (CLSS) up to March 2021. The scheme benefits the middle-class families with annual income from Rs. 6-18 lakhs. 2.5 lakhs middle income families are supposed to benefit during 2020-21. It will lead to Investment of over Rs. 70,000 crores in housing which in turn will boost the construction sector by generating jobs, stimulating demand for steel, cement and other materials.

Another step announced by FM was that 2.5 crore farmers will be provided with Kisan Credit Cards (KCC) and thus can gain access to institutional credit at concessional interest rates. Poultry sector farmers will also be included in this drive. This initiative is expected to inject additional liquidity of Rs. 2 lakh crores in the farm sector as remarked by FM. This is an undoubtedly important move but a similar scheme was announced by FM in her budget speech in February 2020. Although it is ambiguous if the scope of this scheme has been expanded in terms of wider coverage and its accessibility to farmers.

Impact of Stimulus Provided on Power Sector

The government is infusing liquidity to the amount of Rs. 90,000 crores in power sector for the power distribution companies (DISCOMs). The major concern in power sector is that the DISCOMs are financially distressed with high level of debts outstanding to Power Generation Companies (GENCOs) as well as Transmission Companies (TRANSCOs) and soaring losses on the wake of demand cutback due to lockdowns across the nation.

The outstanding dues to GENCOs and TRANSCOs sums to ~ Rs. 94,000 crores. Power Finance Corporation and Rural Electrification Corporation will render loans to the DISCOMs against State Government guarantee exclusively to reconcile the liabilities of DISCOMs to GENCOs. This will give DISCOMs some space to breathe in by working out their cash flow issues intensified due to demand reduction and ease their liquidity pressure. In the framework of this stimulus, the government has proposed linkage to specific activities/reforms such as digital payments facility by DISCOMs for consumers, liquidation of outstanding dues of State Governments. Central Public Sector Generation Companies shall give rebate to DISCOMs which shall be passed on to the final consumers (industries) as a relief to their fixed charges.

Impact of Stimulus Provided on Agriculture & Allied Sectors

The government will deliver Rs. 1 lakh crore for funding agricultural infrastructure projects. The government is promoting the development of farm-gate and aggregation points, Post-Harvest

Management infrastructure. Centre will release Rs. 10,000 crores in the scheme to formalize micro-food enterprises to attain FSSAI food standards by means of technical upgradation, building brands and marketing. An Animal Husbandry Infrastructure Development Fund of Rs. 15,000 crores will be set up. Government is set to launch PM MatsyaSampadaYojana (PMMSY) with interest of developing the inland fisheries. A sum of Rs. 20,000 crores will be released under the scheme of which Rs. 11,000 crores will be allotted towards activities in inland fisheries and aquaculture and Rs. 9000 crores will be dispensed for infrastructure like fishing harbors, cold chain, markets etc.

Favorable outcome of these schemes, majority of which are meant for infrastructure development, will not be seen in the near future as putting facilities in place will take some time and will not be able to resolve immediate challenges faced in the sector.

Government will amend Essential Commodities Act which is said to liberalize stock limits of cereals, edible oils, oilseeds, pulses, onions and potato for processors or value chain participants leading to hoarding of stock with traders and ultimately resulting in price hikes' in the market.

A law will be drafted for the sake of providing framework for e-trading of agricultural produce. Going by the bad history of implementation of e-NAM with small traders, e-trading might prove to be complicated while executing.

Impact of Stimulus Provided to Non-Banking Finance Companies (NBFCs) / Housing Finance Corporation (HFCs) / Micro-Finance Institution (MFIs)

Government will launch a special liquidity scheme worth Rs. 30,000 crore and a partial credit guarantee scheme 2.0 worth Rs. 45,000 crores for NBFCs, HFCs and MFIs. The stimulus gave a greater emphasis on facilitating these companies to reinforce lending towards MSMEs seeking financial assistance.

Under the liquidity scheme, the government will possibly invest in both primary and secondary markets in investment grade debt papers of those companies. The government acts as a guarantor for securities. The scheme will aid NBFCs/HFCs/MFIs

finding it difficult to raise money in debt markets. This liquidity scheme will be over and above to the low-cost funding available under RBI's Targeted Lending Term Repo Operations (TLTRO 2.0). This will successively give confidence to the banks to look at NBFCs with greater optimism for further lending to them.

The government also revamped its existing partial credit guarantee scheme to cover borrowings through primary issuance of bonds and commercial papers by NBFCs, HFCs and MFIs. This will particularly benefit those having low credit rating and need funds to resume fresh lending to MSMEs and other individuals. First 20% of the losses are borne by the Government of India. The scheme will inject a liquidity of Rs. 45,000 crores. The firms will be able to sell both portfolios and bonds under this latest version of scheme which can indirectly curtail its long approval process.

Impact of Stimulus Provided on Real Estate Sector

Real estate sector produces overwhelmingly larger proportion of employment opportunities in our country. The stimulus came in as a big sigh of relief for the sector as construction activities have stalled across the country and projects stand the risk of defaulting on RERA timelines now.

The completion deadline has been extended by 6 months for all registered projects expiring on or before 25th March, 2020 without the need for individual applications. Regulatory Authorities might further extend the deadline by another 3 months, if need be. This provided solace to the real estate developers as they encounter the trouble of systematizing construction workforce for the next few months. These measures will leave some more time in the hands of real estate developers to ensure completion of projects.

Rs. 30,000 crore liquidity push in the NBFCs, HFCs and MFIs has leveraged the reality sector implicitly as these institutions are the major source of credit to it. As a result of this infusion the MSMEs will be able to manufacture adequate construction equipment or sourceraw materials to the real estate sector to turn it into a self-sustained sector. This may even limit the imports of construction machinery

in the country on top of generating even more employment opportunities for our people but the homebuyers would have to wait long for their own home which was either way inescapable.

Impact of Stimulus Provided on Aviation Sector

FM announced relief measures to kickstart the aviation sector in the fourth tranche of the stimulus. The government proposed optimal utilization of Indian Air Space as the restrictions will be eased enabling efficient civil flying. This is said to bring almost Rs. 1000 crores per year for the aviation sector, result in lower fuel costs, less flight time and having positive environmental effects. The government proposed that it will be listing 6 additional airports for bidding under public-private partnership (PPP) during the third round of airport privatization. Private companies who participated in first and second round will make investments to the tune of Rs. 13,000 crores.

After rationalizing the tax regime for Aircraft Maintenance, Repair and Overhaul (MRO) ecosystem the government foresees India as an MRO global hub. GST associated with MRO was reduced from 18% to 5% by GST Council in March 2020. The revenue from MRO operations are believed to increase from Rs. 800 crores to Rs. 2000 crores in three years as marked by FM.

The aviation sector had a pretty rough landing and has been grounded since late March in the wake of COVID-19. The aviation business is already strained by liquidity flow, revenue loss, disrupted connectivity, rising debt as the airlines have extensive borrowings in forex, etc. All the measures announced will exhibit long-term positive outcome if everything goes as per plan. The aviation industry however calls for some prompt direct support from the government to ensure a smooth take-off.

Alongside these relief measures several other administrative and policy reforms were announced as a part of the stimulus pertaining to coal and mining sector, defense sector, education sector, health sector, space and atomic energy sector, etc.

Conclusion

The impact on one sector has ripple effect on others. As seen from sector wise analysis in

section 1, the overall impact on the economy is majorly negative while few sectors are trying to shift the downward going slope of the economy, like Pharmaceutical sector, Education, E-commerce and Technology. Tourism, Aviation, Financial institution and Construction taking the major hits, the already slowed economy is expected to decline more, if corrective actions are not able to bring about the expected effects. This pandemic has had adverse effect on the economy but at the same time created opportunities for India to focus on its internal resources. India is now in need to identify and look for strengths within itself and create ecosystem favorable enough to reap the benefits from created need. As major economies focus on turning to self-reliance in case of essentials, India also needs to tap its internal potential, for which our PM declared the Atmanirbhar campaign. As indicated by the PM, this economic stimulus package is targeted to achieve self-reliance through strengthened manufacturing; enhanced supply chain and logistics; finer practices in each of the sectors. It is expected to give a strong supply-side push in the economy by providing liquidity support to industries, empowering interest groups as farmers and migrants to businesses, and ultimately retaining minimum wreckage to the fisc.

While the government took a giant leap to unleash some of the much-needed reforms and provide direct support to the sectors like agriculture; real estate; power sector, sectors like tourism, hospitality, retail, aviation and healthcare could not grab quite enough attention of the center. These sectors were left out completely even as their businesses took a massive hit due to the pandemic. Sectors like hospitality and aviation being on the verge of devastation require some instant remedies from the government in order to be able to survive in the long run. Collectively, these sectors employ a substantial portion of our working population. With the sectors bleeding badly, jobs of these people are on stake. As a consequence of this, we could see diminishing demand in coming quarters and hence it would take a while before we start reaping benefits from various schemes.

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