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Impact of Global Pandemic on Economic Sectors

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ABSTRACT: -When we refer to the economy the important word that comes across our mind is the word 'JOB'. This COVID-19 had a huge impact on the working hours and on the pay scales of different organizations in different sectors. The sectors which are under a high risk are likely to be Manufacturing, Retail, Administrative services and IT industry. IT industry has pay cuts in the form of sacking down the employees based on the level and their respective pays. The daily wage workers had a huge effect because of this global pandemic as there were lockdown measures implemented in almost every part of the world. Each sector has been affected in many different ways and we need to know these impacts with respect to the economies of that particular sector

KEY WORDS: -Global Pandemic, Economic Sectors, IT Sector, Health Sector, Telecom Sector, Manufacturing Sector, India Gross Domestic Product, Challenges

I.BACKGROUND

We are in the year 2020 and this has not been a fruitful year until the half way because of a global pandemic Corona Virus ('COVID 19') that hit the entire world. It was first reported at the Wuhan city, Hubei Province in China from Wuhan's Huanan seafood wholesale market of fish and live animal. The virus disease was first reported on 31 December 2019 when a cluster of 27 pneumonia cases of unknown cause was reported at the Wuhan city. On January 1, 2020 the market was closed and according to the samples from the market tested positive for the novel Corona virus. After multiple cases across the globe within a short span of time the World Health Organization has declared it as a Global Pandemic on 11 March, 2020. Few people from the health organizations and health departments say that the main hosts for this dangerous virus are the bats and other live animals on which the people feed on. This 'Covid-19' is an illness caused by a Corona virus also called as SARS-COV2 (David J Cennimo,2020)

The symptoms for this range from respiratory illness to gastro-intestine problems. The common symptoms for someone who might test positive for this virus would be cold, dry cough and fever. After this pandemic has spread to many cities in different States across the globe and the Governments had imposed a lock-down to have a control on the dreadful disease(European Centre for Disease Prevention and Control (An agency of the European Union, 2020)

'COVID19', left a huge impact on each and every sector of the Global and Indian economy, particularly had influence on the working hours and pay scales of different organizations in different sectors. The sectors which are under a high risk are likely to be manufacturing, retail, administrative services and IT industry. IT industry has pay cuts in the form of sacking down the employees based on the level and their respective pays and it also had an impact on daily wage workers due to implementation of lockdown measures in almost every part of the world. Here, is the brief review of the effects of global pandemic particularly on the Indian economy.

II. CONTRIBUTIONS OF DIFFERENT SECTORS IN THE INDIAN ECONOMY

The Gross Domestic Product is the monetary value of all the finished goods and services produced in the country in a year. India's GDP in 2018 was around 2.72 Trillion USD and about 2.8 Trillion USD dollars in the 2019 which contributes about 2.39% of the World's economy (Trading Economics, 2020). Among the different sectors, the IT Sector has majorly contributed about 8 percent to the GDP with a growth rate of 7 percent (Shilpa Phadnis, 2020). The Healthcare sector always has its contribution in terms of government spending on the sector, which was 1.29% of GDP in the FY20 (Puja Mehra, 2020). Today the manufacturing sector is contributing a 18.32% to the GDP. Manufacturing has increased its numbers from 16% to 18.32% in the last 10 years (Ravind Mithe, 2020). The mobile industry is contributing 6.5% to the GDP and is expected to contribute an 8.2% GDP in the future (Make in India, 2020).



III. PERFORMANCE OF SECTORS BEFORE AND AFTER COVID-19

IT Sector

The IT sector known as the Information technology also has a sub sector with in itself called the ES (enables services) sector. The IT and BPM industry contributed 7.9 percent to the GDP of India’s economy. With 31,922 companies registered, currently there are 41 Lakh employees working in IT. The IT, ITES and BPM industries have major contribution in terms of revenue and employment (Samrat Sharma, 2020). In Table 1,the expenditure spent by entire IT sector on various products and services before lockdown is tabulated below.

Table 1. Expenditure spent by entire IT sector on various products and services before lockdown

PRODUCT/SERVICES	PERCENTAGE SPENT
Mobile Phones	9%
PC/Tablet	-6.3%
Server/Storage	0.8%
Software	8.7%
IT services	3%

In Table 2, the expenditure spent by entire IT sector on various products and services after lockdown is tabulated below.

Table 2. Expenditure spent by entire IT sector on various products and services after lockdown

PRODUCT/SERVICES	PERCENTAGE SPENT
Mobile Phones	6%
PC/Tablet	-8%
Server/Storage	-1%
Software	8%
IT services	3%

Among these sectors, there was a major effect in spending on the mobile phone (-3%) and server/storage (-0.3%). There was not much impact with regard to software and enabled IT services where the percent spending remained same (Arne Holst, 2020). The reason behind the decrease in the spending on mobile phones can be attributed to non- purchase and lack of new versions in the mobile market. When it comes to the software and the IT services the spending remained same as these were very essential for the IT giants to upgrade themselves before and after the pandemic too. According the NASSCOM report, in the last 5 years, there were almost 41.0 lakh jobs created in IT sector due to high investment by Multi-National Companies, many entrepreneurial ideas for startups and rural BPO’s. The contribution of initiatives such as the Common Service Centre’s, Start-ups and innovations made the IT industry grow in revenue from \$106 Billion in 2013-14 to \$180 Billion in 2018-2019 (Our Bureau, 2019).

The IT service companies will see a significant slowdown in their respective economies in this financial year, 2020 due to the lockdown measures imposed in the country. India’s software and services exports grew to 147\$ billion with a tune of 8.1% hike in the beginning of 2020. There could be an estimated loss of 17.3 % for industries like finance, real-estate and professional services. The loss incurred due to lockdown would be around 26 billion U.S.D.

IT giants like TCS, Wipro are likely to see a revenue fall of about 2-7 % due to slow down of all in terms of services as decision making has come to a freeze, post lockdown measures. In recent weeks the firms faced cancellation of few client projects as there were travel restrictions across the country as main cities were closed and air travel faced a reduction because of the social distancing measures implemented to tackle this pandemic. Winning fresh deals with the countries seems to enter a freeze until the pandemic completely disappears or even there is a sign of decrease of the reported cases across the country's major cities. The Indian IT analysts see that there would be an indirect impact from the China's economic slowdown (Megha Mandavia and Anandi Chandrashekhar, 2020).

Telecom sector

The telecom sector is generally divided into 2 segments which are called as Fixed service providers and cellular services, where majority of the people utilize these services in both urban or rural areas through wireless, wireline and Internet services (3 categories) (Indian Mirror, 2020). Indians use the highest data per smart phone averaging to about 9.8 GB per month. The Gross Revenue generated was about 121.5 Crore till September 2019. The Foreign Direct Investments have given a valued-growth from 74 to 100%.

Due to this global pandemic the Telecom sector is not an exception as forecasted, there were loss of about 50,000-70,000 jobs due to reduction in the workforce. In the instance of Reliance Jio which initially employed 52,000 now has its workforce number reduced to 3,400. There are only 30% of the jobs in the Telecom industry which require super-specialized skills and the rest turn out to be running with a not much need of operations which could easily be laid off in the coming future. It had a tariff war with the others like the Bharati Airtel, Idea cellular and Vodafone. Reliance Jio in April, said that it will be hiring 75000 employees and add it to its workforce of 1,57, 000 (Shubhra Tandon, 2018).

As the global economy continues to reel from the shock of the pandemic, work from home and social distancing have been the two major words that are driving some of the sectors with the support of the telecom sector. The support from the telecom sector has been immense during the lockdown time. Remote working, video conferencing and telecommunications technology has quickly enabled the business operations to move forward with ease and this seems to be a new norm until the country comes out from the pandemic in the near future. Netflix has been a major drive in terms of entertainment putting the telecom sector in the spotlight today.

The GOI has given exemptions to some of the fields in the telecom sector as their service without interruption is a crucial thing for all the subscribers. The field staff of the telecom companies were given permissions for their movement so that there would be no obstruction to the services provided by the telecom sector. The tariffs rates had a hike in the year 2018 and despite the hikes India continues to have the lowest tariffs rate in the world. This was due to the increased competition in the telecom market where the revenues also went down and considered almost unsustainable for their balance sheets.

Given the increased burden on the existing telecom infrastructure, the TAIPA which includes Bharti Infratel and Indus towers as its members has written to various states to reduce the power tariffs. The MSERC i.e. Maharashtra State Electricity Regulatory Commission reduced the power tariffs up to 10-15% (Amey Pathak *et.al*, 2020).

Health-care Sector

The health care industry in India which has its base in both public and private sector is one of the largest sectors that has been providing employment to many and also generating a good amount of revenue. India ranks 145 among the 195 countries in terms of quality and accessibility of healthcare. This sector is very important for the functioning of the economy and the positive spike here implies a good spike in the economy. The statistics of this sector after the Covid-19 and its road ahead are very important to know in the current scenario.

India has been the hub for the International R&D as the cost for the clinical research is minimal in India. Healthcare sector is growing at a tremendous pace and is expected to record a CAGR of 22.2 percent during the 2016-2022 period. In the FY 2018, Health care sector valued 1.58 trillion INR which was 1.28 percent of the country's GDP. The total industry is estimated to touch a figure of US 372\$ Billion by the year 2022 while the medical devices is expected to cross US 11\$ Billion by the year 2022, which would in fact be a positive boost to the country's GDP. Our country is very well versed in the field of medical staff and there has been an increase in the number i.e. Medical professionals increasing at the rate of 1.7 percent from the year 2010 to 2017 (Capital Market, 2019). The GOI has launched a new scheme called the Ayushman Bharat in the year 2018 and the government aims to spend 3 % on the healthcare sector of the country's GDP.

To say the health sector is the one sector that functions way better during such pandemics and so is the case of the Indian health care sector. The Market can increase to up to Rs. 8.6 Trillion by 2022 which says it all about this sector. The growing rate of this sector year by year has been tremendous with a percentage of 18 and hope it continues the same work down the lane. The government expenditure also has increased by 1.4% in FY 2018 from 1.2% in 2014 and the analysts predict that due to this pandemic there would be a three-fold spending or even more. Health insurance is gaining momentum in India. Gross direct premium given by the health insurance grew at 14.7% to Rs 42,328.18 Crore in FY 2020 i.e. until January 2020 (India Brand Equity Foundation, 2020).

Manufacturing sector

The Manufacturing sector which is considered as a crucial sector as this includes all the essentials to build the country's GDP and one of the fast-growing sectors with the increase in population. The output from the sector has increased to 2.5%, while the growth rose to about 4%. The reason for such kind of an increase was because of the investments in the sector and the rise in the initiative's like the Make in India initiative. 12 out of 23 industry groups have showed a positive growth in May, 2019. The manufacture of articles of straw and plaiting materials has shown a growth of 24.8%. Food products show a growth of 15.9% and 9.4% growth in the computer, electronic and optical products. While there is a positive growth in few industries there were also negative growth in the case of paper industry (-12.2%), furniture with -9.9% and fabricated material products with a negative growth of -8.7% (Capital Market, 2019).

After the lockdown had been imposed the manufacturing sector came to a standstill with majority of its operations had a halt. MSME's face challenges to restart their businesses. Some sales, administrative services operated from home but on a limited scale. The disrupt in the flow of the goods and services to the manufacturing operations had a negative impact as the operations carried out on a small or limited scale. Migrant workers and other unskilled workers came back to their hometowns and the amount of work carried by these works has come to abrupt standstill. The demand for e-commerce industry, which was a boom before the lockdown has also reduced its operations in all categories. There were cancellations in its orders. The rice mill production has been operating as it is an important unit for every individual and the output has been reduced to half (Rene Van Berkel, 2020).

IV. STRATEGIES TO OVERCOME 'COVID-19' CRISIS AND BOOST INDIAN ECONOMY

IT Sector

India's IT sector has been one of the prominent recognized sectors in terms of fame with respect to the international stature and image. It faced a lot of challenges in the past such as the dotcom bubble burst, global financial recession but always found a way out to come out of such challenges and the recent crisis is no different for the IT sector. The effect of 'Covid-19' has been the biggest challenge for the IT sector in terms of cost, infrastructure, cliental projects etc. This sector saved some of its infrastructure costs by adopting the Work from home norms which might be a new norm in the coming days for majority of the companies. By adopting the Work from home (WFH) option, it actually saved many of the people's lives as every individual who belongs to such sector spends at-least a 9 hours of quality time in the Siddhartha Gupta office. With WFH and remote connection the work has been sorted and the lives also have been saved. IT sector can actually save a good amount of costs and can start investing in the collaboration tools which could make up the incurred losses during the shutdown of their respective business. Such investment could benefit them in the long term with respect to the profits from the growth in the revenue. Customers may accelerate their journey towards cloud and digitalization projects to minimize human touch and increase business opportunities going forward. Automation and robotics have to be the future of the IT industry giving good revenues (Nagaraja Rao, 2019).

Healthcare Sector

The Health care sector is the most important sector for the functioning of the economy. Post 'Covid-19' the crisis surgical masks, sanitizers, fitness supplements and fitness apps should be on the rise. Nutrition and well-made hygienic supplements will be the future. Foreign investments have to be welcomed to produce Indian medicines. The investments in the two major components which are the public and private health care also should be welcomed. Doing all such in the coming days has a good chance of boosting the employment rate implying a good future for our economy. Ayurveda and Homeopathic sectors also contributing much to the economy (Siddhartha Gupta, 2020).

Telecom sector

Telecom sector is the one sector which did not incur much loss compared to the other sectors. During the lockdown, in fact this sector had worked even greater as everyone were pertained to work remotely and the internet services, charges typically were used more than required. Post 'Covid-19' all the service providers will increase the bandwidths of all their networks. With increasing the bandwidths, the telecom sector has to be raised with respect to the charges and might levy huge charges taking the advantage of the lockdown situation. There should be a good number in the increase in the Corporate access points and more robust routers. Enterprise class network vendors such as Cisco and Juniper might push themselves to more residential based services. The 5G could have made its mark if the situation was very normal but many analysts predict that the process of bringing 5G will not slow down even hit by a pandemic and soon it might hit the telecom market expecting good returns (Mike Robuck, 2020).

Manufacturing sector

India's role post 'Covid-19' in the manufacturing sector is of a great interest as India will or might be the first priority for the foreign investors to invest in the sector and get big returns for themselves. For India to be a truly domestic manufacturer post 'Covid-19', we should at least use more than 50% of all the local products which are being manufactured. Medium size enterprises play a crucial role post the crisis and generate more employment per unit investment which is a crucial factor in the India's economy. To summarize about the manufacturing sector, post the crisis it needs to encourage a lot of domestic products and make the road map in such a way that it adds at least 500-600 bps to the current value in the next five years (Ashok Barat, 2020).

Prime Minister Narendra Modi announced a 20 Lakh Crore package to help Indian economy and make India a self-reliant during the Corona virus crisis. This package was targeted at the small and medium based sectors and help them in all ways during this pandemic. People will stop using the Chinese products and India must be optimistic in using local products turning India into the alternate manufacturing market. Many manufacturing industries see India as the base in the future. The socio-economic geography needs to be changed for its future and the rural areas has to be given a bigger priority from the present.

The universal welfare is a must post the pandemic redefining its role and responsibilities towards every citizen. Going by the current statistics the universal welfare began at a target of 400 million Indians including the poor and will only be completed after reaching a target of 1350 million Indians. Next change must come with respect to the economic federalism where each state has to do its own good work and take decisions for the better welfare individually rather than depending on the center. We must take the European model as the example of this kind of federalism in achieving a better society going forward. This can further be achieved by distributing funds to each state and in turn to the respective local bodies in all major sectors. Funding of MSME's has to be the priority of the center. The Reserve bank of India should take the fiscal deficit to the level necessary to stimulate the liquidity and necessary cash to the low farming income-based people, micro, small and medium enterprise units. The structure of local governance is in place but has been cut down. These needs to be further activated so that the funds are redirected to the municipal and panchayat bodies through the existing bank system. This is the right time to implement such a governance policy as this is the time where we need to work diligently and tackle such kind of pandemics in future with more caution especially with respect to the states which are in the frontline (Romi Khosla, 2020).

V. THE WAY FORWARD

'COVID-19' won't be the last pandemic in this world and sadly this may not be the worst pandemic as well. Most viral pandemics are from the wild animals which are closely related to mammals and we cannot completely eliminate them but can contain them by reducing the wildlife trade which in turn reduces the link between wild animals and dense cities with huge population.

- Funding to the Global Virome Project similar to the Human Genome Project which was done for medicine providing the world with the knowledge of viruses that will cause tomorrow's pandemics.
- Release of certain amount of insurances to the Private sector to restrict such pandemics where immediate funding has to be done which require it in every sector.
- Brought out digital immunity passports which is similar to our apps in our mobile phones to store the lab reports with respect to the immunity to the viruses.
- Supply of masks and sanitizers have been the new norm and it would continue for indefinite time from date (Nathan Wolfe, 2020).

One has to stay indoors and the Stay home Stay safe is the mantra which everyone has to follow to contain such a global pandemic slowly and efficiently.

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