COVID- 19 PANDEMIC: CHALLENGES AND OPPORTUNITIES IN THE EFFECTS OF INDIAN ECONOMY

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Abstract

There is a new public health crises threatening the world with the emergence and spread of 2019 novel coronavirus (2019-nCoV) or the severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2). The virus originated in bats and was transmitted to humans through yet unknown intermediary animals in Wuhan, Hubei province, China in December 2019. There have been around 5.11 Million cases reported of coronavirus disease 2019 (COVID-2019) and 3,33,000 reported deaths to date (22/05/2020). On 11th Feb 2020 The World Health Organization (WHO) has declared the Covid-19 outbreak a global pandemic as the novel coronavirus continues to rapidly spread worldwide. All the countries are shutting down their businesses and keeping their country in lockdown due to the increasing rate in the number of corona virus cases.

This virus has an adverse effect not only on India but on the whole world. There was a sharp rise in unemployment, stress on supply chain, and decrease in government income which makes the whole GDP to have negative effect. Various industries got collapsed due to the pandemic. All kind of commercial relations with different countries was also disturbed.

There were a lot of challenges faced during the pandemic and a few opportunities that could be seen. It was observed that country like India could bring a economic revolution might have to great time crisis.

Keywords: Corono, World Health Organization , Pandemic,, Covid-19 in India, Unemployment

1. Introduction

Corona viruses possess a distinctive morphology, the name being derived from the outer fringe, or "corona" of embedded envelope protein. Members of the family Coronavirus cause a broad spectrum of animal and human diseases. Uniquely, replication of the RNA genome proceeds through the generation of a nested set

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of viral mRNA molecules. Until 2003, corona viruses attracted little interest beyond causing mild upper respiratory tract infections.

With the commencement of 2020-21 financial year the effects of coronavirus have affected the stability of the economy of 150 countries - jeopardizing their lifestyle, economy, impacting business and assumption of common wellbeing which we had taken for granted. The lockdown has adversely have affected service sector like banks, restaurants, food vendors, and food delivery providers at par with providing health safety and medical sustenance, we should also have to think about the health of the sickening economy by mobilizing the resources and make plans of job creation and job continuity.

This outbreak has the potential to cause global impact on economy but it is impossible to predict the degree of impact as it depends on the virus spread and how government is going to take initiatives.

In terms of global economy we would see about how the growth could stagnate, the share market is affected, How factories are slowing down, What is the impact of consumer buying less, How travel has become a big time challenge and would also enlighten about the bright spots due to the outbreak of corona virus

1.1 Nationwide Lockdown and Restrictions Imposed in India

Once India reached a total no. of 500 corona virus patients in India the Government of India under Prime Minister Narendra Modi ordered a nationwide lockdown for 21 days on 24th March 2020 limiting movement of the entire 1.3 billion population of India as a preventive measure against the COVID-19 pandemic in India. As result it slowed down the rate at which the people were getting infected.

As the end of the first lockdown period on advice from the government of Punjab and Odisha which had to be followed by the rest states such as Maharashtra, Karnataka, West Bengal and Telangana, the Government extended the lockdown till 3rd May 2020. From 15th April to 3rd May was the lockdown 2.0 but there was condition that states that will not be much affected after 20th April might be able to break the lockdown.

On 1 May, the Government of India extended the nationwide lockdown further by two weeks until 17 May. The Government has divided the entire nation into three zones—green, red and orange—with relaxations applied accordingly.

On 17 May, India has its lockdown 4.0 till 31st May by National Disaster Management Authority saying that it was unsafe to close the lockdown but to run businesses few states opened their markets with protection.

2. Challenges in front of India in view of Indian Economy

2.1 Unorganized Sector faces uncertain future & fixing unorganized sector can be biggest economic challenge

In this scenario, they are predicting that India would go into recession affecting the unorganized sector and semi-skilled jobholders losing their employment. It may also likely surface that at this time of eroding trust within and between countries – with national leadership under pressure from growing societal unrest and economic confrontations between major powers. The labour sector under the MGNREGA, 2005 are worst impacted as they are not provided jobs due to lockdown, most of the labour sectors are associated with the construction companies and daily wage earners. Travel restrictions and quarantines affecting hundreds of millions of people have left Indian factories short of labour and parts, just-in-time supply chains and triggering sales warnings across technology, automotive, consumer goods, pharmaceutical and other industries.

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The quarterly GDP growth has consistently fallen since Q4 of FY18. If there is a deviation in Q4 of FY19, as shown in the graph below, it is because the National Statistical Office (NSO) revised its data on February 28, 2020, drastically cutting down growth rates in the first three-quarters of FY19 (from 8% to 7.1% for Quater1; from 7% to 6.2% in Quarter 2 and 6.6% to 5.6% in Quarter 3.

Referring to the recent happenings and data, the unorganized sector excluding this likely to suffer a great downfall in the coming days as the job generation is going down in an alarming rate with the prolonged lockdown and weak GDP.

2.2 Decline in Purchasing Power of Consumers

Discretionary spending has also been hit hard with sales coming to a grinding halt for a few companies, though some companies in the food and beverages (F&B) and home and personal hygiene categories have benefited from panic buying and stock piling by consumers. Experts point out that all the consumer segments have been hit hard due to Covid-19.

In its monetary policy report, the Reserve Bank of India has expressed serious concerns about consumption and consumer spending in India due to the COVID-19 pandemic. The RBI's monetary policy report says that COVID-19 would directly impact economic activity to the lockdown, and also through second-round effects operating through global trade and growth. The impact of a COVID-19 on inflation is ambiguous, with the possible decline in the food prices likely to be offset by potential cost-push increases in prices of the non-food items due to supply disruptions.

In another recent report by Emkay Global Financial Services, the COVID-19 disruption seems to be wide and deep, and unlike demonetisation, the impact on consumer incomes appears significant with the hit on daily wagers and pay cuts across companies. The report points out that while consumer demand was already slowing down before this disruption, it is likely to weaken further, thereby reducing growth forecasts. There has been severe disruption for consumer companies with a sharp 50 percent plus drop in sales during the ongoing lock down. It is expected that retailers may see the impact continuing beyond the lockdown.

The Emkay report further observes that the COVID-19 impact is unlikely to be short-lived and the near term impact has been significant with channel checks indicating a sharp drop of about 50-70 in sales across the FMCG segment in the first 10 days of the lockdown due to plant shutdowns, supply chain disruptions, shortage of labour and 70 percent of outlets being shut. The report further observes that the ongoing lockdown and disruption across sectors will likely have an impact on consumption demand due to the hit on daily wagers, paycuts across companies and weak consumer sentiment. The report points out that rural growth were already under stress and with this disruption it is unlikely to recover without a huge government stimulus. While consumer demand remained somewhat resilient after demonetisation, the COVID-19 disruption seems wider and deeper and may result in a slow recovery.

The report states that many companies are operating at extremely low capacity utilisation, if any, in some plants and this is improving slowly and is likely to remain at substantial lower utilisation until normalcy returns. The report observes that unlike demonetisation where the trade channel was largely hit, the COVID-19 disruption is also impacting the low- and middle-income consumers due to the loss of pay or pay cuts. This may impact demand for a longer time and result in a slower recovery than the one witnessed after demonetisation.

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2.3 Impact on Industries and Sectors considering Indian Scenario:

2.3.1 Chemical Industry:

Some chemical plants have been shut down in
China. So, there will be restrictions on shipments/logistics. It was found that the 20% of the production has been impacted due to the disruption in raw material supply. China is the major supplier of Indigo that is required for denim. Business in India is likely to get affected so that people securing their supplies. However, IIt is an opportunity. US and EU will try and diversify their markets. Some of the business can be diverted to India which can also be taken as an advantage. Corona virus outbreak has impacted the business of cargo movement service providers. As per the sources, per day per vessel has a declined by more than 75-80% in dry bulk trade.

2.3.2 Pharmaceuticals Industry:

Despite being one of the top formulations of drug exporters in the
world, the pharma industry of India relies on heavily on import as of bulk drugs. Due to a coronavirus outbreak, it will also be impacted.

2.3.3 Textiles Industry:

Due to a coronavirus outbreak, several garments/textile factories in the China have halted operations that in turn of affecting the exports of fabric, yarn and the other raw materials from India.

2.3.4 Solar Power Sector:

Indian developers may face some shortfall of raw materials needed in solar panels/cells and the limited stocks from China.

2.3.5 Electronics Industry:

The major supplier is China in electronics being the final product or raw material used in a electronic industry. India's electronic industry may face supply, disruptions, production, reduction impact on the product prices due to a heavy dependence on electronics component supply directly or indirectly and local manufacturing.

2.3.6 IT Industry:

The New Year holidays in China has been extended due to corona virus outbreak that adversely impacted the revenue and growth of Indian IT companies.

2.3.7 MSME Sector:

The Micro, Small and Medium Enterprises (MSMEs) are literally the backbone of all Indian sectors and often engaged in manufacturing and export activities — two key drivers of the Indian economy. Today, almost all MSMEs are out of action due to the lockdown, chocking all production activities at major firms across sectors. There are several reports that indicate how MSMEs are reeling under crisis and have no money to pay their employees. From leaders to experts and industry bodies everyone has appealed the government to increase it reassure package for the MSME sector, which contributes to over 30 per cent of India's GDP. It is worth mentioning that a majority of the small units may have to shut shop if they do not

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get a relief package soon. The government is planning to release Rs 20,000 crore relief package, divided into two funds, for helping MSMEs.

2.3.8 Tourism and Hospitality Sector:

MakeMyTrip co-founder and CEO Deep Karla in a recent group interaction told India Today TV that the tourism sector was the first to get disrupted by the impact of Covid-19 and will be the last to see a resumption of activities.Several reports indicate that the tourism sector will be worst affected by the virus pandemic.

The government also knows how bad the sector has been hit and acknowledged the same through a press release. A KMPG report from last month had already forecast the Indian tourism and hospitality sector to lose more than over 3.8 crore jobs.That figure is bound to increase after the lockdown was extended to May 3.An article on the Economic Times said India's aviation sector may lose as much as Rs 5 lakh crore along with 4-5 crore job losses.As the outlook of the industry is expected to stay under pressure for at least next few months owing to increased uncertainty, there are many calls for a minimum wage package for affected workers who have been provide jobless since the lockdown.

2.3.9 Aviation Sector:

The crucial aviation sector that connects nations across the world is witnessing a flurry of layoffs and pay cuts. Some workers have been asked to forced unpaid leaves by aviation companies, who have been hit equally hard as the tourism and hospitality sector.Each day, there are reports of global airlines announcing furloughs or layoffs as operational strains deepen in the wake of the lock-down. CAPA India, a leading travel and tourism consultancy firm said last in a report last month that global aviation activity has sunk over 66 % in the wake of the Covid-19 crisis."In India, the reduce in aircraft movements has been even more dramatic. With the exception of a handful of cargo and repatriation charter flights, India's skies are largely empty," the April 2020 report said. Since the report was prepared before the lock-down 2.0 was announces, the effects on the sector may have amplified. It fears that the situation in post-virus setup would remain pretty much the same for the aviation sector. From a point of a complete suspension of travel, recovery is likely to be slow. Demand will be cover due to economic dislocation; slow or even negative GDP growth, a broken supply chains, a low consumer confidence, and a concern about remaining outbreak of COVID-19 especially if travel insurance companies refuse to provide cover for associated medical expenses or travel disruption costs.The sector, like the travel and tourism segment is also in urgent need of financial help to support the employees.

2.3.10 Automobile Sector:

The automobile sector in India has been forced to stop the key manufacturing activity and has led to a sharp drop in production and sales. With most of the plants shut a big automobile manufacturing companies have announced pay cuts and they are waiting for a decision on resumption of the dealerships. However, RC Bhargava, an industry veteran and Maruti Suzuki Chairman, told India Today TV how the automobile sector is interlinked with the many other small sectors that manufacture a key part, which are then used for the manufacturing vehicle components. Therefore, Bhargava like many others from the industry is urging the government to at least open a few dealerships to resume businesses. He also said that a package for industry and for the ones at the bottom of the manufacturing chain, is necessary.

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2.3.11 Real Estate Sector:

Finally, the real estate sector outlook has also suffered immensely due to the lockdown, which was announced to prevent the spread of the deadly Covid-19 virus.ANAROCK Group in a report last month said housing sales will fall 25-35 per cent while office absorption will fall in the range of 13-30 per cent on a year-on-year basis. In the long run, such a reduction in commercial and residential property could reset the future of real estate in India, the report added. Besides, while construction activities have resumed in some areas, there are many hotspots areas in urban areas where key construction projects have been put on hold for several weeks due to the lockdown. This has led to unemployment among millions of migrant labourers in India, who are engaged primarily in construction activities. Hardly anyone of these labourers, who live on daily wage, have additional savings to see off the lockdown period.The government has urged employers to not cut wages or lay off such labourers, reports suggest that companies are left with no choice but to let their workers go due to cash flow issues.

2.4 Adverse impact on GDP- Estimated India's GDP to shrink in FY21

2.4.1 According to World bank analysis

India’s economic growth is likely to range between 1.5% and 4% in FY21, depending on the severity of the spread of covid-19 pandemic and the duration of the ongoing nationwide lockdown, the World Bank said on Sunday.

“If a large-scale domestic contagion scenario which avoided, early policy measures pay off and the restrictions to the mobility of goods and people can be lifted swiftly, an upside scenario could materialize in FY21, with a growth around 4%. However, if domestic contagion is not contained, and the nationwide shutdown is extended, growth projections could be revised downwards to 1.5%, and fiscal slippages would be larger," the Bank said in its South Asia Economic Focus.

At a virtual meeting with chief ministers on Saturday, Prime Minister Narendra Modi signaled a shift in India’s strategy to fight the coronavirus pandemic, with a focus on saving lives as well as ensuring livelihood. The lockdown, which is supposed to end on 14 April, is widely expected to be extended by at least two weeks with concessions to certain industries to restart economic activity. Some states have already decided to extend the lockdown till at least the end of the month

The Bank said that the severe disruption to economic activity by the covid-19 outbreak comes after already disappointing growth rates in the previous years. Most economists are now certain that the economy will miss 5% FY20 growth the estimated by the statistics department. “The green shoots of the rebound that were observable at the end of 2019 have been overtaken by the negative impacts of the global crisis," the Bank added.

The domestic supply and demand disruptions on a back of weak external demand are expected to result in a sharp growth deceleration in FY21, to 2.8% in a baseline scenario, the World Bank said. “The services sector will be particularly impacted. A revival in the domestic investment is likely to be delayed given enhanced risk a aversion on a global scale, and the renewed concerns about financial sector resilience. Growth is expected to rebound to 5% in FY22 as the impact of a covid-19 dissipates, and fiscal and monetary policy support pays off with the lag."

The World Bank cautioned that if the current lockdowns were prolonged, the economic impact could be even worse than is captured in the forecasts above. “A lockdown that is in effect for 2-4 months could cut the manufacturing and the services production in half during that time, as envisaged in the forecast a range. However, production would quickly come to online again. In contrast, in a worst-case scenario, the recovery is assumed to be the incomplete due to a second, the smaller wave of covid-19 contagion in the second half of 2020," it added.

However, striking an optimistic note, World Bank said that outcomes outside the forecast range are still possible. “Especially the timing and magnitude of the rebound is uncertain. If globally, and in the South Asia, the measures to contain a spread of covid-19 are soon removed, there could be the very large base effect from people returning to the work. That could push growth rates in next year higher than is currently captured in the range," it added.

2.4.2 According to International Monetary Fund analysis

The International Monetary Fund (IMF) is a concerned over India’s economic slowdown.

“India has been a among the world’s fastest-growing economies in the recent years, lifting millions out of the poverty. However, India is now in the midst of the significant economic slowdown,” the IMF mission chief for India Ranil Salgado said that on Monday (Dec. 23), during a press call. “Addressing a current downturn and the returning India to the high growth path requires urgent policy actions.”

His statement comes just around 2 months after the agency slashed the country’s growth forecast by almost a percentage point from a 7% projected in July.

Growth in the 2nd quarter of FY 2019-20 came in at the 6 year low of 4.5% and the composition of a growth indicates that private domestic demand expanded by only 1% in a quarter,” Salgado told the media in Washington.

2.5 India's Trade Deficit widened

The worries regarding Covid-19 have been reduced to a domestic and foreign market shock owing to the effects of imports from China with social distancing and locks in certain areas contributing to shutdowns of output and job losses. At the national stage the influence of the crown pandemic could have a longer-term effect on some other industries, especially if demand is at a discretionary point, resulting in stagnation in domestic needs, deterioration purchasing power due to losses at employment or wage cutting and the trickle-down consequences of demand deferment. The rating agency stated that global economic recession and lockouts would influence areas that are highly dependent on external demand in particular those in major effect markets such as Europe, North America and Southeast Asia. It said lower global demand and the price of goods such as oil and gas, metals, would have an effect.

India’s merchandise exports the shrank by more than 1/3 from a year ago, hit by the fall in global demand and the shipments due to the new coronavirus, and the analysts warned of a grim outlook for exports in the 2020 as global economic activity collapses. Merchandise exports fell 34.6% to $21.41 billion in the month of March from a year earlier, while the imports were down 28.7% to $31.16 billion during the same period, the trade ministry statement said on Wednesday. Oil imports, the biggest item in a import bill, fell 15% to $10.01 billion, helped by fall in the global crude oil prices and slowdown in the domestic demand. India meets nearly 80 % of its fuel demand from the imports. Overall in March, the India’s trade deficit marginally declined to $9.76 billion from $9.85 billion in the previous month. Shipments of a Indian goods have been hit by the shutdown of factories and the cancellation of orders as the infection spread and amid a national lockdown imposed by the government late last month to try the combat the outbreak. Total exports of goods and services were estimated at $528.45 billion in the financial year, down 1.76% from a year earlier, compared with estimated imports of $598.61 billion, down 6.33%, the statement said.

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2.6 Extension for Income tax returns filing - Impact on Government Revenue

The government in a press conference dated May 13, 2020 announced that the income tax return (ITR) filing deadline for FY 2019-20 has been extended to November 30, 2020 from July 31, 2020. "Due date for all income-tax return for FY 2019-20 will be extended from July 31 2020 and 31 October 31, 2020 to November 30, 2020 and tax audit from September 30, 2020 to 31st October 2020," Finance Minister Nirmala Sitharaman said during a press briefing.

The extension in the tax filing deadline comes a relief for taxpayers as the government had earlier extended the deadline for receiving Form-16 from June 15, 2020 to June 30, 2020 via an ordinance dated March 31, 2020. The extension had left only one month for individual taxpayers to file their tax returns before the deadline, i.e., July 31, 2020. Chartered accountants and other tax experts were anticipating such an extension in the ITR filing deadline for FY 2019-20.

This was part of the Rs 20 lakh crore relief package. Along with the extension of the ITR filing deadline, there were other direct tax-related relief measures announced as well.

2.7 Rising Unemployment rate- Cost of Unemployment to the Economy

The national lock declared to suppress the spread of the corona virus has infected businesses, according to the ICRA, and their activities ceased. The Labour Report of March 2020 was alarming. Yet things have become even stronger over the past two weeks. In April 2020, the unemployment rate hit an all-time peak of 23.8%. In March 2020, the labour rate was 41.9%. In February it was 42.6% and in March 2019 it was 42.7%. Because of the national closure to curb the spread of corona virus, CMIE data expected a decline in labour participation levels. Yet just before the lockout, this decline appears to have happened. The rapid 9 million decreases in the population in the March Labor Participation Rate (LPR) occurred from 443 million in January 2020 to 434 million in March 2020. This fall's components say of the times. The population is made up of both the working and unemployed people who actively pursue jobs. From January to March, the number of people working fell from 411 million to 396 million, whilst the number of unemployed increased from 32 million to 38 million.

In March, there was an unemployment rate of 8.7%. In 43 months, this is the maximum rate of unemployment. And, from September 2016 onwards. From the 7, 16% point of January 2020, the rate rising very steeply. From its low point of 3.4 percent in July 2017, the unemployment rate has gradually increasing. In March 2020, however, the 98-basis point change over the previous month was reported as the highest monthly rise. And the 158 base point rise in March 2020 for two months is still the biggest change in the last two months.As we step into the lock-up era, the scene gets even worse.A clearer picture can be shown if we compare between the pre pandemic scenarios of unemployment with the prevailing one. The data are considered as a two-month moving average.

Indian Unemployment Data

Date	Unemployment Rate (%)
06-10-2019	8.40
08-12-2019	8.30
09-02-2020	8.50

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3. Opportunities in front India- Post Covid19

3.1 Digital India- Expected to contribute during Covid19 & Post Covid19 Situation

The Covid-19 pandemic is indirectly helping the Centre's vision of Digital India, as many service providers, including telecom operators and banks, have significantly reduced their offline operations and are asking their customers to accept the digital form for any assistance. This could help in speeding up digital transformation in the long term.

Some transformations adapted by various service providers are

To Limit physical interactions

Airtel (Telecom operator) said that as a safety measure for its employees they have reduced staffing at customer care centres, due to which customers may experience an increased wait time. They encouraged their customers to use Airtel Thanks App for queries related to bill,usage, payments, bill plan,"

SBI Cards told their customers that as we navigate through Covid-19, they will ensure that critical functions like IT, cyber security, fraud prevention and digital services are well protected. They also requested their customers to limit physical interactions at the touch points to the maximum extent and operate through digital customer facing solutions.

Punjab National Bank went a step further. In a message the bank told its customers to avoid visit to public places and use of currency notes, which may spread coronavirus. Instead use Net Banking, PNB ONE/UPI."

BalaMalladi, CEO of Internet service provider ACT Group during a communication with its customers said that to avoid interactions, its branch offices will not be available for walk-in queries. They asked customers to use their website or chatbot for any query or clarification. Henceforth, they will not accept any cash and cheque payments and will acknowledge payments only through digital channels.

For Smooth operations

Companies like the Chennai-based FSS Pvt. Ltd. are working round the clock to help the digital transformation work without interruption.

A cyber security expert Vittal Rajsaid Covid-19 will help in achieving the Centre's 'sagging' digital dream, with the current situation forcing the digitally reluctant and digitally illiterate to break their complacent mindset and take their first steps away from the cash habit. He also added that if the habits are broken, we could see the digital revolution firm up its roots.

3.2 Advancement in Healthcare sector & Infrastructure- Estimated growth at high CAGR

The Covid-19 pandemic is driving innovation opportunities in the healthcare industry, as Frost & Sullivan has revealed 10 growth opportunities in healthcare in its recent analysis, 'Understanding the Impact of COVID-19 on the Healthcare Industry'. The report revealed growth opportunities in healthcare, including:

Life Sciences: In vitro diagnostic (IVD) testing services at retail clinics, malls and airports will be the new normal post-pandemic.

Digital Health: Advanced data analytics will be required to support the need for immediate patient data. Frost & Sullivan anticipated that the pre-COVID-19 digital healthcare start-up investment environment would become increasingly conservative, with enhanced diligence and a narrowed focus on solutions that are easily scalable, readily deployable and leverage patient data interoperability as a foundation.

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Advanced Medical Technology: Hospitals and medical device companies can focus on remote patient engagement strategies, including virtual rehabilitation, virtual assistants, chatbots, and telehealth for isolated patients' care management.

Medical Imaging: Post-COVID-19, the demand for imaging will be overwhelming across most hospitals. Teleradiology solutions will witness higher demand as they can distribute the requests over a larger set of radiologists efficiently.

3.3 Increasing Opportunities through Geo political consequences

The global manufacturers have entered into talks with Indian firms to explore the possibility of shifting part of their supply chains from China as they seek to broaden their operations following the outbreak of Covid-19. Many of these multinationals have undergone significant damage to their businesses as the authorities have imposed strict lock down measures to curb the pandemic that emerged in Wuhan City, China's Hubei Province. Wuhan is one of the quite-called "motor towns" in China, home to many automobile factories.

The companies interested in buying automotive components and electronic goods from India, according to industry executives. Pankaj Munjal, Chairman and Managing Director of Hero Motors Co., said the auto parts manufacturer has received a number of enquiries from companies that operate in China but want to remove the risk of coronavirus from their supply chain.

"As we meet these customers and big OEMs (original equipment manufacturers), some of them are going to countries like India, Vietnam and others, much of a supply chain came from China. That's going to be, I believe, a growth opportunity and we'll see migratory supply chain growth, "said Munjal. Some of the demand are also from the Indian companies that were very dependent on China for the supply of products, but have suffered a lot as a result of the latest coronavirus disruption in China, which had become a manufacturing powerhouse over the years.

In addition, the government has had to announce new steps to move wooden industries from China. Earlier this month Japan spent $2.2 billion to assist its firms to move their manufacturing out of China following the coronavirus pandemic.

In March, India's cabinet declared that it had an opportunity for production-linked electronics (PLI) scheme with an outlay of over 40,000 crore. "China has a clear negative feeling. "We received supply requests from India," said Amrit Manwani, president of the Indian Electronic Industries Association. "If we do our card properly, in three years we can double our exports of electronic products." India exports 9 billion dollars annually to electronic goods, with its domestic market valued at 120 billion dollars. "We do not see that much European interest, but definitely the US, since the beginning of the year a shift has taken place," Manwani said, adding that Japanese or South Korean companies are also interested in developing the country's supply chains.

Among the global companies showing interest in India, US-based manufacturers of Teledyne and Amphenol medical electronics products and medical equipment manufacturers, such as Johnson and Johnson, Manwani said. Vinod Sharma, Deki Electronics' managing director and the chairman of the electronics national panel at the Indian Industry Confederation, said his company had a conversation with a South Korean company to establish electronic parts. However, Sharma said that government guidelines on investment minimum rates in the manufacture of electronic components are proving irritating. At home, most local corporations are actively seeking replacements to China and should reduce imports from China, though the process is intended to be gradual. Most car companies import parts from China, such as fuel injection systems, for new

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engines and other electronic parts. In the coming months, most of the Indian vehicle manufacturers locate their manufacture or supply them from another location with a foreign partner.

3.4 Make in India (Vocal for Local)

Home Minister Amit Shah said all CAPF canteens are now selling only domestic goods from 1 June onwards. His news arrived after Narendra Modi pledged a €20 trillion economic incentive package hit by the world's most stringent lockdown. As these canteens mandated to sell only products produced in India, the cash generated, estimated to amount to about 2,800 crore annually, is expected to be cut by Indian industry.The message of 'self reliance' and 'opportunity' was, according to scholars, aimed for both the world and the internal audience. And this has come against the backdrop of countries trying to withdraw their manufacturing units from China, as they recognize their over-dependence on the second largest economy in the world. That is why Beijing is trying to influence the outbreak of Covid-19 and its threats, which are not so hidden, to use its economic strength and to threaten or force other countries.

In recent years foreign companies and supply chains plan to leave China for a variety of reasons: high labor costs, the shift to high-tech economies and the fear of not being caught in the US-China trade conflict."The message of the Prime Minister was also to make India more secure in foreign investment," said former foreign secretary KanwalSibal. This was clear when the Prime Minister listed "cold reforms," "fostering industry, attracting investment and strengthening our Make in India determination," said Sibal.

He also noted that land, labor, liquidity and legislation are part of the package which, besides reinforcing infrastructure, the Prime Minister announced. Despite India's transfer to World Bank rankings in Easy Doing Business, predictable and open policies and land and labor reform were the top wish lists for investors. For example, the absence of clear land titles and digitized records has hindered the acquisition of land for industrial and infrastructure projects. Investors have also protested about outdated labor laws in India that are hampering employees' recruitment and dismissal. Initially, Uttar Pradesh and Madhya Pradesh State governments improved standards for hiring and firing work earlier this month. Modi's address may make more decisions in India "more attractive for foreign investment because investors are looking to move outside of China," Sibal said. "The government of (Modi) must work intensively, taking domestic political repercussions into account," he said. India could not, according to Sibal, be an alternative to China since China is the second largest economy in the world. "It can do some good for the supply chains looking out of China," he said. "This is a start, but we will have to find a solution to the long-standing domestic problems," he said.

Chandrajit Banerjee, Director General of the Indian Industry Confederations lobby group, said that 'market reforms have been one of the urgent steps needed both domestically and internationally to attract investment.'"The competitiveness of Indian industry was traditionally hampered due to the high logistics costs combined with weak infrastructure," he added, adding, "There is a need to develop early land pools in which all government infrastructure facilities are provided as plug-and-play." 'The Prime Minister 's announcement that land reform, job reform, infrastructure, and so on will make India a global investment draw like attracting companies that tend to exit other economies and now consider investing elsewhere."'

4. Government Initiatives and Preparation to tackle down Current & Post Covid19 Economic challenges

4.1 Fiscal Policies –

1)Relief package announcement to 8.69 crore farmers under PM-KISAN Yojana which states direct transfer of Rs.2000 to every farmer.

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2) Wages to laborers under MGNREGA to be hiked to Rs 202 from Rs 182, which would mean an additional Rs 2,000 to every worker.
3)3 crore poor senior citizens, widows, disabled were to get one-time ex-gratia amount of Rs 1,000 in two installments.
4)20 crore women Jan Dhan account holders would get an extra amount of Rs.500 for the next 3 months.
5)Women registered under Pradhan Mantri Ujjvala Yojana will get three free cylinder.
6) Provident Fund scheme was to be amended to allow non refundable advance of 75% of amount in the accounts or wages of three months, whichever is lower which would. Ultimately benefit 4.8 crore workers.
7) Government would pay provident fund contribution amount for both employer and employee for three months.
Which would also indirectly benefit establishments which has upto 100 employees and 90% of the employees earn less than Rs.15000 per month, benefiting 80 Lakh employees.
8) Doubling collateral free loan amounts to Rs.20 Lakh for women of self help groups.
9) Government will be providing medical insurance cover of Rs.50 lakh to all those front line fighters.
10)State Government to utilise Rs. 31000 crore under the Building and Other Construction Workers Fund to support 3.5 crore construction workers.

4.2 Monetary policies-

Major decisions taken by RBI during the coronavirus pandemic in India

The Reserve Bank of India (RBI) announced a slew of measures in order to provide relief for the ongoing Coronavirus outbreak in India. These include:
1) Repo Rate – RBI announced that it was cutting the repo rate by 75 bps, or 0.75% to 4.4. The Repo Rate was earlier 5.15; last being cut in October 2019.
2) Reverse Repo – The regulator also announced that it would cut the Reverse Repo rate by 90 bps, or 0.90%. On a daily average, banks had been parking Rs 3 lakh crore with the RBI. The current reverse repo rate was 4%.
3) Loan Moratorium – In a massive relief for the middle class, the RBI Governor also announced that lenders could give a moratorium of 3 months on term loans, outstanding as on 1 March, 2020. This is applicable to All Commercial Banks including Regional, Rural, Small Finance, Co-Op Bank, All India Financial Institutions and NBFCs including Housing Finance and Microfinance.
4) CRR – The RBI announced that the Cash Reserve Ratio (CRR) would be reduced by 100 bps, or 1%, to 3% . This would be applicable from March 28, and would inject Rs. 1,37,000 crore.
5) LTRO – The RBI will also undertake Long Term Repo Operations (LTRO); allowing further liquidity with the banks. The banks however are specified that this liquidity will be deployed in in commercial papers, investment grade corporate bonds and non-convertible debentures.
6) Ease of Working Capital financing – Lenders were allowed lending to recalculate drawing power by reducing margins and/or by reassessing the working capital cycle for the borrowers. The RBI also specified that such a move would not result in asset classification downgrade.
7) Working Capital Interest – A Three month interest moratorium shall also be permitted to all lending institutions.
8) Deferment of NSFR- The Net Stable Funding Ratio (NSFR), which reduces funding risk by requiring banks to fund their activities with sufficiently stable sources of funding was postponed to October 1, 2020. The NSFR was earlier supposed to be implemented by April 1, 2020.

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9) MSF – Marginal Standing Facility (MSF) has also been increased to 3% of SLR, available till June 30, 2020. “This measure should provide comfort to the banking system by allowing it to avail an additional ` 1,37,000 crore of liquidity under the LAF window in times of stress at the reduced” said the RBI.
10) Fresh Liquidity – The impact of all the announcements today shall inject almost 3.2% of GDP, the Governor said in his brief today. The RBI also added that since February 2020 it had injected Rs 2.8 lakh crore of liquidity, equivalent to 1.4 percent of GDP.

5. Conclusion

In this time of pandemic where the whole world is suffering from economic crisis but with the efforts of government and support from the people the economy can be revived in a manner that degree of revolution in economy of India cannot be measured but the post pandemic situation would neither be that good and not so bad. There have been studies that India can become the place of manufacture for a lot of industry than China which might not only increase the revenue but also will provide large scale employment.In the second week of May, the company began preparations for restarting operations. Several businesses have opened offices with a maximum approved strength of 33 per cent, while others have taken a more conservative approach of as low as 5 per cent. The Prime Minister announced a global economic package worth 20 lakh crore (USD 280 billion), 10% of India's GDP, with a focus on India as a self-reliant nation. In the next five days, the Minister of Finance revealed specifics of the economic package. There is definitely a slow growth that is going to be recorded but with such investments country like India would be able to cope itself to become a powerful country. During the announcement of the economic package, the Minister of Finance also announced a change in the FDI cap from 49 per cent to 74 per cent for defense purposes, the corporate production of the Indian ordnance and a list of bans on selected defense imports. The Cabinet offered a number of proposals in the economic package, including a package of free food grains. As it is being said the re-opening of the lockdown would make economic recovery 'painfully slow' as the economy has been always been so interconnected. Lifting of the lockdown will accomplish the goals being set, however the process of elevating the economy will be long and hard.

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