

# A Case Study on Corona Virus: Impact, Challenges and the Road Ahead

<sup>1</sup>Rahul Sharma and <sup>2</sup>Anuja Goyal

<sup>1</sup>Assistant Professor, Seth Jai Parkash Mukand Lal Institute of Engineering & Technology, Haryana (India)

<sup>2</sup>Associate Professor, Seth Jai Parkash Mukand Lal Institute of Engineering & Technology, Haryana (India)

---

## ARTICLE DETAILS

### Article History

Published Online: 15 June 2020

### Keywords

Covid-19, Direct Bank Transfer, MOOCs, Universal Basic Income.

### Corresponding Author

Email: [rahulsharma\[at\]jmit.ac.in](mailto:rahulsharma[at]jmit.ac.in)

---

## ABSTRACT

*The main question which comes to everyone's mind is that how corona virus has become a worldwide disease. As we all know that this virus has started from Wuhan, a city of Hubei Provinces in China and was not known to anyone. Even though this chain spread across the nations due to transmission from one person to another, as this is the only source of transmission of this virus.*

*The spread of this virus from one country to other is because of travel and tourism. Travel of people from one person to different countries due to work purpose of going abroad to study and tourism is also a cause because people from other nation come to visit and staying in a place away from their home environment for leisure, business and other purposes. In this paper the focus is on the impact of Covid-19 on the economy, the key learnings from the pandemic and the suggestions that can be considered for the revival of the economy from the economic slowdown.*

---

## 1. Coronavirus Disease (Covid-19)

Corona virus belongs to a large folks of viruses that cause illness in social beings and animals as well. In human beings, corona virus is well-known to cause respiratory infections ranging from the common cold to more severe diseases. COVID-19 is originated from the recently discovered nCOV-novel Corona Virus.

COVID-19 is a kind of viral infection and disease was mysterious and unfamiliar before the outbreak took place in Wuhan, China in December 2019. COVID-19 has now become pandemic affecting many countries across globe.

The widespread symptoms of COVID-19 are high fever, difficulty in breathing, dry cough, and fatigue. These symptoms are usually meek and start increasing steadily. Around 80% of the cases recover from the disease while taking proper precautions at home only, without requirement of hospitalization.

Elderly people, especially those with a medical history like heart trouble, lung problems, diabetes, high BP or cancer, are at higher risk than others. However anyone can catch COVID-19 and become poorly sick. Even people with very mild symptoms or no symptoms of COVID-19 can transmit the virus.

People can get infected with COVID-19 from others who are the carriers of this virus. The disease spreads mainly from one person to another through small droplets that are exhaled when an infected person coughs, sneezes, or speaks. This is why it is important to stay at least 1 meter (3 feet) away from others. These droplets are usually heavy that do not travel so far and land on surfaces around the person such as chairs, tables, doorknobs and railings. People can become infected by firstly touching these objects & then touching their eyes, nose or mouth. Ergo, it is important to wash the hands quite frequently with soap & water or hygienic cleaning with alcohol-

based sanitizer. The most important thing to know about corona virus on surfaces is that they can easily be cleaned with common household disinfectants that will kill the virus.

## 2. Origin of Coronavirus

Corona virus have started from Wuhan, a city in Hubei Provinces of China. The first case of this virus was found there on 31<sup>st</sup> December 2019. The first reports of cases in Wuhan were found to be 80,000, with a majority of cases from Hubei and surrounding provinces.

A joint World Health Organization (WHO)-China fact-finding mission estimated that the epidemic in China peaked between late January and early February 2020, and the rate of new cases decreased substantially by early March. However, as the epidemic continued, individual to individual transmission became uncontrollable. Some scientists are saying that it has evolved through snakes and some are of the view that this virus is due to bats as 96% of this virus is identical to the corona virus which evolved some time back namely SARS-CoV.

Corona viruses are important human and animal pathogens. It rapidly spread, resulting in an epidemic in China, followed by an increasing number of cases in other countries throughout the world. In February 2020, the World Health Organization designated the disease COVID-19, which stands for corona virus disease 2019. Now this virus is transmitted from person to person. The exact mode of person-to-person spread of severe acute respiratory syndrome corona virus 2 (SARS-CoV-2) is unclear. It is thought to occur mainly via respiratory droplets, resembling the spread of influenza.

The World Health Organization (WHO) had said that the novel corona virus is likely to have originated in bats and not manipulated or produced in a lab-based on the evidence so far. WHO is assured that the virus is natural in origin.

### 3. Effects on the Economy

In India up to 53% of businesses have specified a certain amount of impact of shutdowns caused due to COVID-19 on operations (FICCI survey). Various business such as hotels and airlines are cutting salaries and laying off employees. By 24 April the unemployment rate had increased nearly 19% within a month, reaching 26% unemployment across India, according to the "Centre for Monitoring Indian Economy".

Around 14 Crore Indians lost employment in the lockdown. More than 45% households across the nation have reported an income drop as compared to the previous year.

Live events industry has seen an estimated loss of 3,000 crore (US\$420 million). A number of young startups have been impacted as funding has fallen. A Data Labs report shows a 45% decrease in the total growth-stage funding as compared to fourth quarter of 2019. According to a KPMG report, venture capital in Indian startups has fallen over 50% in 1<sup>st</sup> quarter 2020 from Q4 2019.

On 4 April, former Reserve Bank of India chief **Raghuram Rajan** said that the corona virus pandemic in India may just be the "greatest emergency since Independence".

The former Chief Economic Advisor to the Government of India has said that **India should prepare for a negative growth rate in FY21 and that India would need a 720 lakh crore (US\$10 trillion) stimulus to overcome the contraction.**

Various leading companies are undertaking measures within their purview to ensure the safety of their staff. Hero Motocorp has been conducting video town hall meetings, Tata Group has set up a task force to make working from home more effective.

#### Agriculture

Due to logistical problems following the lockdown tea estates were unable to harvest the first flush. The impact of this on the second flush is also not known. The entire Darjeeling tea based tea industry will see significant fall in revenue. Tea exports could drop up to 8% as a result.

From 20 April, under the new lockdown guidelines to reopen the economy and relax the lockdown, agricultural businesses such as dairy, tea, coffee, grains and rubber plantations, as well as associated shops and industries has reopened.

#### Manufacturing

Major companies in India such as Larsen and Toubro, Bharat Forge, UltraTech Cement, Grasim Industries, the fashion and retail wing of Aditya Birla Group, Tata Motors and Thermax have temporarily suspended or significantly reduced operations in a number of manufacturing facilities and factories across the country.

I-Phone producing companies in India have also suspended a majority of operations. Nearly all automobile industries have stopped the production till further notification.

Many companies have decided to remain closed till at least 17 May such as Cummins which has temporarily shut its offices across Maharashtra. Hindustan Unilever, ITC and Dabur India have shut manufacturing facilities expect for factories producing essentials. Foxconn and Wistron Corp, iPhone producers, have suspended production.

#### E-commerce

During the month of March, Amazon stopped the sale of non-essential items in India so that it can concentrate just on essential items. Walmart-owned Flipkart temporarily suspended some of its services on its e-commerce platform and focused only on selling and distributing essentials.

Big Basket and Grofers also run restricted services, facing disruptions in services due to the lockdown. Delhi Police began issuing delivery agents curfew passes to make it easier for them to keep the supply chain open. E-commerce companies like Zomato & Swiggy were also not functional during lockdown.

#### Defence

The Department of Military Affairs has also postponed all capital acquisitions until the corona virus pandemic recedes. No new major defence deals will be made in the beginning of the financial year 2020–21. While the delivery of S-400 missile systems won't be affected, the delivery of Rafale fighter jets might be.

#### Stock markets

SENSEX fell 4000 points (13.15%) and NSE NIFTY fell 1150 points (12.98%). However, on 25 March, one day after a complete 21 day lock-down was announced by the Prime Minister, SENSEX posted its biggest gains in 11 years, adding a value of 4.7 lakh crore (US\$66 billion) for investors.

On 8 April, following positive indication from the Wall Street that the pandemic may have reached its peak in the US, the stock markets in India rose steeply once again. By 1 May, Nifty held the 9859 mark.

#### Estimate of economic losses

The Indian economy is expected to lose over 32,000 crore (US\$4.5 billion) every day during the first 21 days of the lockdown, according to Acuité Ratings, a RBI approved credit rating agency. Barclays said the cost of the first 21 days of shutdown as well as the previous two shorter ones will be total to around 8.5 lakh crore (US\$120 billion).

**On 27 March 2020**, Moody's Investors Service downgraded its estimate of India's GDP growth for 2020 from 5.3% to 2.5%. According to Fitch Ratings the revised estimate for India's growth is expected at around 2%. Indian Ratings & Research also decreased the FY21 estimate to 3.6%.

**On 12 April 2020**, a World Bank report focusing on South Asia said that India's economy is expected to grow 1.5% to 2.8% for FY21. This will be the lowest growth for India in 30 years.

Confederation of Indian Industry (CII) have estimated that India's GDP for FY21 will be between 0.9% and 1.5%. CII has sought an economic fiscal stimulus package of 1% of India's GDP amounting to 2 lakh crore (US\$28 billion). The fiscal package and fiscal policies approach is being compared to what has happened in other countries such as Germany, Brazil and Japan. It is estimated that the loss to the tourism industry will be 15,000 crore (US\$2.1 billion) for March and April alone.

#### 4. Major Concerns

There are issues and concerns as to where will the government find the funds to fight corona virus and keep the economy alive.

#### Economic danger versus health risk

Serum Institute of India CEO said that "the economic danger of the outbreak is exponentially greater than its health risks". In the end of April, NR Narayana Murthy said that if the lockdown continues, India may see more death due to hunger than from the pandemic.

#### Salaries

The Prime Minister on 19 March urged businesses and high income segments of society to take care of the economic needs of all those who provide them services. During the live telecast he also appealed to families to not cut the pay of domestic help. Following the lockdown, the government circulated advisories and directives ordering companies to keep paying employees among other things. The Ministry of Finance issued an Office Memorandum on 23 March 2020 **wherever such contractual, the casual and outsourced staff** of Ministries/Departments and other organization of Government of India is required to stay at home in view of lockdown order regarding COVID-19 prevention they shall be treated as **"on duty"** during such period of absence and necessary pay/wages would be paid accordingly.

There were also concerns raised by migrant workers regarding implementation of the orders as many daily-wagers have no records of being sacked or salaries being paid or deducted; the concerns also expand to uncertainty in the government's ability to enforce minimum wages under a lockdown when it couldn't even do so during normal times.

#### Migrant workers and labor force

Due to the lockdown, there suddenly was no work for many daily workers (the urban poor and migrant laborers). At the same time the lockdown restrictions put a stop on the movement of buses and trains. Large numbers of migrant workers ended up walking back to their villages, some journeys hundreds of kilometers long.

Soon after a central government directive in late March, state governments set up 21,000 camps to house over 660,000 migrants and stop the exodus. Delhi government is providing free food to 400,000 people every day. Over 500 hunger relief centers' have been set by the Delhi government.

#### 5. Suggestions for Covid-19

Here are some suggestions from our side that we would like to submit for revival of our economy:-

1. **Universal Basic Income (UBI):-** this income plays very important part to control the economic crisis. Indian government had prepared it on papers and are implementing it, which is a very good step. This Income is known by Basic Income in America and UK & in Canada and America it is known as Basic Income Guaranteed. This can be also helpful as basic living supplement.  
There is an informal income-an income which is kept with the workers or persons for 2 days in their pockets. This income can help the worker to eat for some days only. **DBT (Direct Bank Transfer)** is an appropriate method through which, the funds can be directly transferred to workers bank account and will be very helpful.
2. **Need For technical achievement:** We should not disregard the power of technology as well. As the time had now, considerable population of the country is in lockdown at their homes. In these times technology is playing a very dynamic role i.e. providing the medium to work from home, ease of access to Information, ease of Mobility and students are being educated remotely using technology.
3. **Grants & Interest free loans will help small businesses:** Liquidity is must for small businesses. Big corporates' cannot run the world. Repayment dues are wasted. It is now the time for big corporates' & banks to pour cash in MSMEs. Banks should give loans to MSMEs which they will payback through EMLs. Countries like America, France, UK and Germany have taken steps for fiscal and monetary terms together and strongly but it is done one by one by our government. Ukraine & Czech Republic have wave off the penalty returns. Credit line should be strict, frauds are done by big corporates not by small businesses. Complete Interest free loan for one year should be given to MSMEs.
4. **Simply tax structure to Boost foreign direct investment (FDI):-** There is an emergent need to restructure/relax the current tax structure of the country to draw most of the **Foreign Direct Investment (FDI)** as many Multinational Corporation (MNC) are running away in India due to rigid tax structure and higher Compliances. This major step will also serve the problem of unemployment and gears the economy as due to lockdown many has and will lost their jobs.
5. **Wave off the electricity bills for commercial businesses:** Commercial business men have to pay high electricity bills for running their factory and industries. It is so because commercial meters runs very fast and costs high to the owner. It waving off the electricity bills can help them to cover his working capital it would be a great help to them.
6. **Multiply the involvement of Private Sector for speed & safe:** Some private sectors have high bandwidth with high speed, logistic, manpower and team which can be

helpful to the government now to help the doctors. Government of India have added public and private both sector hospitals for research of coronavirus. If the involvement of private sector is increased we can make use of their speed and scale to multiply the manufacturing of the equipment's needed by doctors like masks, gloves and personal protective equipment. At some places where proper facilities are not present doctors have to reuse their masks which is not safe. Person who makes alcohol can manufacture sanitizers, PVC manufacturer can manufacture protective gear, this can increase the speed and scale.

7. **Need for using in maximum:** There is also an importunate need for using a mix of monetary and fiscal policies so that government can regulate economic phenomena in long term to curb inflation, increase employment and maintains a healthy value of money.

8. **Partner with Religious Institutions for food operations:** Religious institutions are always a great relief for the poor and needy people. They always help a large number of people without any greed. ISKON is one of the best example; from past years this religious institution is feeding 12 to 14 lakh poor students mid-day meal. One of the member of Mr Arvind Kejriwal, CM, Delhi, Mr Rahul Singh DC South West has taken ISKON with him and they together are feeding 2 lakh poor people daily. It is a great step taken by them which should be praised.

9. **Massive Roll Out of COVID -19 Test:** There are some of the major equipment's which are needed by the doctors for testing COVID-19. If these things are available for not only now but also for future, as future is uncertain, it will be very helpful. Following are those equipment's:

- **Masks**
- **Nasal swaps** - used to collect the viral samples.
- **Extraction kit** - used to extract virus genetic sample for test.
- **Chemical reagents** - Used for actual test.
- **Trained manpower** - If again this problem arise they can help us to fight it safely.

10. **Corona Crisis will give birth to water crisis (water Management):** - It is so because now to be protected from the novel corona virus we have to clean our hands as many times as possible. Time to time washing of hands kills the bacteria or virus present on our body surface through some unknown source. 2 litre of water is being wasted by us every time we wash our hands because we are of habit to turn on the tap while washing hands. We always continue to scrub our hands with taps on. It is for sure that India will face worst water crisis which was also said by NITI Aayog in their news.

**hand wash – 2 litre water**

**10 hand wash – 20 litre water**

**5 members -100 litre water**

**10 Crore × 100 litre × 100 days = 1 Lakh Crore Litre**

11. **Turn Government buildings into shelters:** - Government buildings like schools, colleges, etc. Which are closed due to lock down can be treated as shelter for the needy or can be used for hospital purposes. We should gain new knowledge in lockdown so that we can take advantage of this precious time which we can use to enhance ourselves.

## 6. Key Learning

### 1. **Changing Consumer Behaviour.**

There seems a paradigm shift in buying behaviour of consumers i.e. they prefer digital or E-Commerce sites for purchasing. This inflection point will be primarily shaped by two major shifts in customer behaviour - the reluctance to mingle in crowded public places and higher propensity for digital adoption.

Consumers are turning to new forms of entertainment such as subscriptions services like Netflix, Disney+ and Spotify.

### 2. **Need for solidarity.**

People should unite together, leaving aside all petty differences of race and religion and support the frontlines fighting the deadly Corona virus which knows no such divides.

Our human solidarity is deeply tested. In time of crisis we will see the real hearts, minds and characters of the people around us.

### 3. **Emotional intelligence needs to be strong.**

Responsibility of leaders to show empathy unprecedented optimism, and flexibility that will lead us out of the crisis. It may all come down our ability to self-direct and problem-solve on a regular basis. While this crisis might blow over, it probably won't happen in the next few weeks, so we need a crash course in developing our emotional intelligence skills.

### 4. **Digitalization.**

- **E-learning MOOCs**- Massively Open Online Courses (MOOCs) without a doubt are one of the hottest topics within the eLearning world. MOOCs provide a flexible platform to comprehend new skills digitally, make advancement and growth in your career and deliver quality educational learning to masses. Most of educated people around the world use MOOCs to become skilled because of variety of reasons like career growth, Institute preparations, lifelong skills coaching, corporate e-learning & trainings & Development.
- **Tech Service**- People were supposed to work from home in order to remain safe, the pandemic has led to reliance extremely on Tech-services. Communication tools like the videoconferencing service – Webex & Zoom have now become essential. While Amazon has changed shopping habits for items like books, getting customers to trust it with groceries, Stay-at-home orders are increasing traffic to video streaming sites, apps and social media platforms. Voice calling over

Facebook's WhatsApp messaging service has doubled in volume.

### **5. Leadership should be thoughtful and powerful**

Once the leaders recognize some contingencies or crisis at hand, they begin to mount a response. But they cannot respond as they would in a routine emergency, by following plans that had been drawn up in advance. During a crisis, which is ruled by unfamiliarity and uncertainty, effective responses are largely improvised. The leaders actually seek for a peaceful mindset that understands the situation and act wisely during crisis.

### **6. Financial Preparedness.**

**Our big COVID-19 takeaway:** Have emergency savings

**A second COVID-19 takeaway:** Don't fall back on your investments

We're told to have money tucked away in a **savings account** at all times -- specifically, enough to cover three to six months of living expenses. That's not a random range -- it's designed to allow you to not only cover unplanned bills like home or auto repairs, but also to get you through a period of unemployment.

### **7. Self-Reliant**

Without self-reliance, we cannot deal with crises of such nature. The thought that we should not depend on others for fulfilling our needs is centuries old, but the changed circumstance has validated its importance once again,

### **7. How this can be a business opportunity for India?**

#### **Investment opportunity**

There are, however, a few opportunities that appear to emerge. Whole of the world seems to be upset from China, which may open huge opportunity for India as many Companies plan to shift out of China. We need to prepare ourselves to welcome such investment into India.

The steps recently announced by the Reserve Bank of India have the potential to impact investors within the country, even though they are limited to creating additional liquidity that need not necessarily lead to investments. There is an argument that liquidity was not the major factor even before the arrival of Covid-19. It was more on account of the "fear" factor and the lack of demand.

Covid-19 will only aggravate the problem of lack of demand. However, the "fear" factor can and should be tackled.

#### **Revive clearance mechanism**

The government will have to consider the following steps forthwith to attract international investment. These steps will also help revive the sentiments for domestic investors:

Both the premier chambers of commerce and industry (CII and FICCI) had written to the Prime Minister: "the Project Monitoring Group (PMG) has been playing an exemplary role in getting the necessary approvals and clearances for projects that have been stalled". There was also a request from these chambers to expand the mandate of PMG.

Second, make all clearances time-bound and process transparent. This is already being attempted by the Samagra Foundation in Haryana in close co-ordination with the State government.

Third, streamline all the processes of clearances. With the data getting generated at the PMG, the bottlenecks can be clearly identified.

All the three steps mentioned above are inter-linked. These steps will provide comfort to the investors. They do not require any legislation or any amendment to an existing legislation. This can be done forthwith. Over a period of time, as the processes become streamlined and digitalized, the role of PMG will also undergo a change.

#### **Fiscal measures**

Apart from the above, other fiscal and monetary measures can be put in place to put more money in the hands of the consumer. The FRBM Act has to be amended to enable larger deficit financing. Steps will have to be taken to revive construction activities. The steep fall in crude prices and the consequent reduction in the bitumen price can be leveraged. The government will be well advised to make all the payments due expeditiously.

#### **Promote Make in India**

Make in India is a good initiative by government but manufacturers believe it's easier to import and sell rather than producing it. This mindset has to change and it's important to motivate individuals so that we can start manufacturing in our own country. By doing so, we can have quality checks on the locally produced items as that is not possible when we import. Chinese products are quite popular for their cheap prices and inferior quality, as there is no central agency to scrutinize the quality of the imported item.

#### **Opportunity to Reduce the Trade Deficit**

Though, the government is focusing on reducing the trade deficit by increasing the exports to China rather than limiting the import of Chinese items. Even, the government has increased the import duties but there is no fixed assessment value, which leads to malpractices like under-invoicing and there is no control over misuses. Hence, the regulatory system and the monitoring functions of the State need to be strengthened and made effective.

### **8. Conclusion**

The situation in hand has affected the world immensely and really demands for some changes in the routine life of human beings and necessary structural adjustments to be done:

There have been widespread calls for government to support efforts to reboot the economy by launching major investment programmes, among other measures. But if the state is to spend taxpayers' money for kick-starting the economy, then it should, as the guardian of the common good, take a role in determining which direction the recovery effort will take: the energy industry must remain focused on replacing fossil fuels with renewable energies; industrial production must pursue the goal of achieving climate neutrality by 2050 at the

latest, or even sooner, and agriculture should launch ambitious programmes to reduce emissions of gases harmful to the climate and to manage soils sustainably. Finally, **all the industries across nation need to work on fast adoption of new innovative technologies and processes.** Like the tourism industry could also focus on expanding the shares of ecotourism and sustainable mobility options. After all, there is little sense in combating the global crisis caused by the coronavirus through investments that will fuel existing global crises such as climate change.

This includes the allocation of more support and resources as well as greater recognition of the sacrifices brought by professionals working in the health care system and critical infrastructure as well as standing by all those people whose livelihoods are threatened by this crisis. The flexibility and

efficiency of the market economy, in combination with political and social solidarity and empathy, are essential for efforts to overcome the crisis.

Throughout history human societies have adapted to new threats with flexibility time and again. Contemporary society has become increasingly vulnerable due to its interconnectedness, global interdependencies, and complex chains of effects – as a result we now face a painful transition period. In future, we must invest far more heavily in the development of resilient systems, in social welfare and care facilities and systems as well as sustainable production processes if we wish to be better prepared to tackle systemic risks. Moreover, **transformational leadership is the need of the hour where countries are facing the challenge of “survival of the fittest”.**

## References

1. <https://timesofindia.indiatimes.com/india/coronas-biggest-lesson-is-to-be-self-reliant-says-pm-modi/articleshow/75365665.cms>
2. [https://www.business-standard.com/article/economy-policy/a-may-day-minus-the-solidarity-march-in-india-as-lockdown-plays-spoilsport-120050101230\\_1.html](https://www.business-standard.com/article/economy-policy/a-may-day-minus-the-solidarity-march-in-india-as-lockdown-plays-spoilsport-120050101230_1.html)
3. <https://www.forbes.com/sites/daviddawkins/2020/03/17/economic-cost-of-corona-us-eyes-on-europe-as-economic-rescue-packages-are-unveiledlatest/#6a97f3b0709f>
4. <https://emerging-europe.com/from-the-editor/coronavirus-may-speed-up-the-implementation-of-online-public-services-but-this-is-not-digitalisation/>
5. <https://cities-today.com/the-digital-lessons-from-covid-19/>
6. <https://m.economictimes.com/news/economy/indicators/period-of-lockdown-global-recession-changes-in-consumer-behaviour-to-shape-economic-activity-db/articleshow/75486283.cms>
7. <https://www.mckinsey.com/business-functions/organization/our-insights/leadership-in-a-crisis-responding-to-the-coronavirus-outbreak-and-future-challenges>
8. <https://www.bbc.com/news/52138535>
9. <https://www.thinkwithgoogle.com/intl/en-CEE/insights-trends/research-data/helping-you-understand-consumer-needs-uncertain-times/>
10. <https://www.fool.com/the-ascent/banks/articles/what-coronavirus-has-taught-us-financial-planning/>
11. <https://www.colombotelegraph.com/index.php/covid-19-lessons-still-unlearnt-on-human-solidarity/>
12. <https://www.brookings.edu/blog/techtank/2020/03/11/workplace-emotional-intelligence-during-the-global-coronavirus-outbreak/>
13. <https://www.hkstrategies.com/how-covid-19-will-change-consumer-behavior-purchase-patterns/>
14. <https://www.bbc.com/news/business-51706225>
15. <https://www.businessinsider.com/eurozone-gdp-shrinks-in-first-quarter-coronavirus-2020-4>
16. <https://www.bloomberg.com/news/articles/2020-03-31/goldman-sees-even-deeper-u-s-contraction-in-second-quarter>