

Impact of COVID-19 on the Indian Economy  
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**A Candid Probe COVID-19 Hit Indian Economy**

The nationwide lockdown in India has been extended till 3<sup>rd</sup> May 2020 in an attempt to slow down the spread of coronavirus. Thereafter, the Government of India will decide the next move to counter the current & scary scenario, which is going to be a reason for drastic fall down in the Indian industry as well economic health of India.

Is complete lockdown an absolute remedy?

To think that the coronavirus will vanish by 3<sup>rd</sup> May and the lockdown will be lifted up will be a terrible mistake. As widely claimed by experts all over the world, social isolation can only slow down the spread of the virus but cannot completely stop it. The virus could, for example, infect you from the vegetables or the milk carton you bring home, things you get delivered from online grocery stores and even from the cooked food you order from outside. Social isolation can only slow down the velocity of new cases and but through these efforts, we will not be able to eradicate the coronavirus from India. So the question is if social isolation and lockdowns will not stop coronavirus, then what will? How long can we afford to keep people away from work, economy at a standstill, and earnings of most Indians at zero even when it is not an absolute remedy to counter the current situation?

China began lifting the lockdown across the country in the middle of March after 6 weeks and the lockdown in the infamous Wuhan was lifted after 10 weeks. European countries are contemplating taking the same decision as well. Considering the situations in the countries, India too can not afford to impose a lockdown that goes anywhere beyond 6 weeks. But it is equally important to consider the fact that coronavirus is expected to take a toll on a large number of Indian people. Experts have predicted a mortality rate between 2-6%, depending on how aged the population is. Given that the Indian population is relatively young, the mortality rate is expected to remain inert at 2%, which means the death toll can reach over a crore in India. Many will probably die due to the inaccessible treatment for all.

The point in question is the long-term impact of this situation on India and how we can prepare ourselves to face the change in the economy, investment, new business opportunities, education, various professions, adoption of technology, the requirement of new professional skills, etc. The following is a detailed analysis of the above-mentioned.

## Social isolation

European experts are expecting that the spread of Covid-19 will continue throughout 2020 and the governments across the globe will be occupied till March-April of 2021. A good percentage of the population will be affected by then. The most dangerous finding of this deadly disease is that an infected person appears to be normal and productive before the symptoms begin to surface and the detection is difficult at the initial stage. Therefore, we should be ready for a world in which a lot of people will work from home, most meetings will be online and it would be a necessity to avoid physical presence.

## Indian Economy

The economy of India was in poor condition even before the Covid-19 disaster. It will further roll down given the instability likely to occur in the economies of the USA, Japan, Korea, China, Singapore and European Countries. Volatility in the stock market will remain to continue.

The investment sector has been severely hampered and investors are trying to play safe and hold cash. Purchasing power and confidence of the consumer will hit an all-time low. Tax collections will also drop and a global economic recession seems to be in the offing which will severely affect the Indian economy and recovery from this crisis could take over a year or two.

## Possibility of investment in Healthcare and Pharma industries

Hefty investment in the healthcare & pharma industry by both the government and various private bodies is expected as a consequence of this global catastrophe. Every government would prefer to be ready to face such outbreaks in the future. If the reports are to be believed, there are rumours of another virus in the offing in China called the Hantavirus. If such outbreaks continue, governments will be forced to take a position in a massive disease response infrastructure and personal parties will also find it profitable to take a similar position.

## New opportunities for Foreign Investment

China was enjoying the status of the manufacturer for the entire world for long. Even, its biggest rival, USA signed the first phase of big economic deal with China on 16th January 2020. The supply chain of most of the multinational companies is being run from China due to favourable policies and business environment. However, the crisis of Covid-19 has demonstrated once again that putting all your eggs in the same basket is way too dangerous.

Since the supply of major multinational companies i.e. Apple or Samsung has been disrupted from China, therefore, it is only natural that these multinational companies would prefer to diversify their risk and dependency on China by setting up new manufacturing hubs in the countries which have favourable business climate as well as the market.

India may also take it as an opportunity for attracting foreign investment by applying the reforms and forming more favourable foreign investment policies. Hence, we should treat this as another turning point in India's economic history just like the 1990's reforms and globalization of the Indian economy.

## Favorable environment for the digital transformation and e-commerce

Amidst these trying times, companies, banks, financial institutes and the government offices are trying to operate their functions from home, but they are not equipped with the latest tech support and are facing unavoidable hurdles. Now, government and private sector both are being forced to adopt

online productivity management, employee tracking systems, task management software, online meeting software, cloud telephony systems, digital payment systems, online customer service software, OKR software, and whatnot and SaaS companies and software developers are likely to see a boom in work in months to come.

Similarly, e-commerce companies and online delivery business are likely to do very well as well since people would be forced to order online rather than stepping out.

A lot of traditional businesses are likely to go out of business in the coming months and e-commerce and online businesses will gain further market share as a lot more people in India are learning and using online platforms to order groceries, eatables, and almost all household items.

Education, Government offices and Court will go online

Schools, Universities, all Courts and Tribunals have been shut down. The new generation would prefer to get online classes, Government officials would avoid meeting people and push for digital meetings which may result in greater efficiency, less corruption and convenient for individuals and businesses in the future.

However, Courts & Tribunal cannot be shut down for long periods, so despite their great apprehensions, judges will be forced to work from home and allow lawyers to do the same and allow virtual courts. As lockdown persists, they will be forced to adapt to technology i.e. like the filing of papers, documents, the appearance of witnesses and everything else will shift online, creating eventual efficiency and speeding up the court system.

When is the economy likely to bounce back?

Experts are expecting a turnaround in economic slowdown which is caused due to Covid-19 within 6 months to 1 year. However, the Indian economy was facing the economic slowdown even before Covid-19 crisis because of multiple reasons and the same may affect the recovery of economic conditions until it is resolved with the economic reforms. However, there are enough triggers already in place for investment and economic growth.

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