

IMPACT OF POST-COVID ON INDIAN INDUSTRIAL SECTOR

Dr. Yogesh M. Kulkarni

Head and Assistant Professor, Department of Business Economics,

Sonopant Dandekar Arts, V.S. Apte Commerce and M.H. Mehta Science College, Palghar Dist- Palghar-401404
(Maharashtra), India. Email id- ymkulkarni_22@rediffmail.com

Abstract

The present paper shows that the Indian government had imposed a national lock-down on 24 March 2020 to try and prevent a spread of the COVID-19. COVID-19 put an immediate halt to many business activities across the globe, as several countries had shut down their ports, airports and domestic transportation while imposing nationwide lockdowns, leading to a disturbance in business and civil life. The lockdown in India impacted manufacturing activities across the globe. India took special measures to control the spread by imposing one of the longest lockdowns in the world, to cushion the scarce availability of healthcare resources. The enormity of the lockdown affected manufacturing activities and supply chains alike, disrupting the overall economy. While India recovered fairly from the first wave, the second wave has hit the country the hardest in terms of fatalities. The second wave has led to further State-imposed lockdowns, impacting the economy while putting several restrictions in place on key businesses. This was followed by a slowdown in labor-intensive industries involving manufacturing, real estate, construction, and infrastructure, on account of the reduced labor availability during this period. India's role in the post-COVID-19 era, particularly in the industrial sector, is a subject of great hope to the rest of the world. A positive outlook was witnessed in the manufacturing sector after the stabilization of the first wave due to an easing in COVID-19 restrictions and the resuming of full-time work in factories, which was supported by a surge in new work and exports. However, with this recovery and subsequent gradual reopening of the economy, the country succumbed to a second wave of the virus as focused are as under. A substantial vaccination drive with bulk production and administration is underway in India with nearly 3% of the population completely inoculated. Nearly 186 million doses were given resulting in 41.1 million people fully vaccinated. Age groups within the range 18-44 can now book a vaccination which is aimed at vaccinating nearly 90% of the Indian workforce. Manufacturing is expected to pick up activity in the second quarter after core sector production begins to reach the levels of early-March 2020. Companies that have consolidated their business and organized their supply chains/processes are likely to have increased opportunities after the country recovers from the second wave. We expect ample opportunity to arise for those entities anticipating and planning their business efforts in line with the government's plans for a healthy economic recovery.

Keywords: Indian Industrial Sector, Manufacturing, COVID-19, Lock-down, First wave, Second wave, Vaccination.

INTRODUCTION

The present paper shows that the Indian government had imposed a national lock-down on 24 March 2020 to try and prevent a spread of the COVID-19. COVID-19 put an immediate halt to many business activities across the globe, as several countries had shut down their ports, airports and domestic transportation while imposing nationwide lockdowns, leading to a disturbance in business and civil life. The lockdown in India impacted manufacturing activities across the globe. India took special measures to control the spread by imposing one of the longest lockdowns in the world, to cushion the scarce availability of healthcare resources. The enormity of the lockdown affected manufacturing activities and supply chains alike, disrupting the overall economy. While India recovered fairly from the first wave, the second wave has hit the country the hardest in terms of fatalities. The second wave has led to further State-imposed lockdowns, impacting the economy while putting several restrictions in place on key businesses. This was followed by a slowdown in labor-intensive industries involving manufacturing, real estate, construction, and infrastructure, on account of the reduced labor availability during this period. India's role in the post-COVID-19 era, particularly in the industrial sector, is a subject of great hope to the rest of the world.

The present paper makes an attempt to probe the impact of Post-Covid on Indian industrial sector. This can be focused with the help of the following headings:

OBJECTIVE OF THE STUDY:

The present paper highlights the origin of the impact of Post-Covid on Indian industrial sector.

METHODOLOGY:

The data for the present study has been collected from existing secondary literature, such as books, journals, published and unpublished annual reports, Govt. Manuals/Orders, websites etc.

IMPACT OF THE FIRST AND SECOND WAVE ON INDIAN INDUSTRIAL SECTOR:

A First wave of India's manufacturing sector had gone through various phases of development in recent times. The sector contributes to approximately 16-17% of the GDP and provides employment to almost 20% of the country's workforce. During the first wave of the pandemic, lockdown-imposed restrictions on the movement of goods and people severely impacted workforce capacity and disrupted supply chains, bringing nearly all manufacturing activity to a stand-still. The manufacturing industry was affected in several ways due to the pandemic leading to low-scale operations, and eventually, a negative impact on production volumes. Over a period, this adversely affected the turnover and revenue. The IIP also fell to a negative growth of 9.6% indicating that core manufacturing activity also suffered setbacks resulting from the first and the second wave. The complete lockdown and partial lockdowns had both demand-side and supply-side impacts on the manufacturing sector. On the supply side, the limited movement of goods, services, and personnel affected the production network. The downturn in economic activity and the overall slowdown in production caused employment loss. These supply impacts were further compounded due to the demand-side facing issues such as reduced disposable income, savings, and increased uncertainties. A positive outlook was witnessed in the manufacturing sector after the stabilization of the first wave due to an easing in COVID-19 restrictions and the resuming of full-time work in factories, which was supported by a surge in new work and exports. However, with this recovery and subsequent gradual reopening of the economy, the country succumbed to a second wave of the virus as focused are as under.

Table -1
Index of industrial Production (IIP) (Manufacturing (%))

2017-18	2018-19	2019-2020	2020-21
4.6	3.9	-1.40	-9.6

The impact of the post-covid did have a telling affect on the Indian Industrial sector. In the face of global turmoil the Gross Domestic Product growth of India's economy was reasonable. The above table-1 shows that the Index of industrial Production (IIP) (Manufacturing (%)) negative growth from 2017-18 to 2020-21. Both decline in exports and as a result fall in domestic demand resulted in slowdown in industrial sector. The impact of global turmoil and associated factors also badly affected growth in industrial sector.

A second wave was witnessed towards the end of the 2020 financial year. The country's optimistic recovery was thrust into further uncertainty as cases increased far more rapidly than the first wave. The fatality rate amongst individuals increased as several States introduced restrictions and curfews to mitigate the loss of life in the second wave. Healthcare infrastructure in the country faced a total collapse as citizens ran helter-skelter in search of beds, oxygen cylinders, and resources to survive the second wave. Small businesses and retailers bore the brunt of the initial impact of the second wave as they faced liquidity crunches and stretched working capital. It is expected that once the second wave stabilizes, businesses will see 70% of pre-covid revenue. Healthcare infrastructure was the most impacted as systemic issues led to an inability to accommodate the exponential rise in cases during the second wave. A substantial vaccination drive with bulk production and administration is underway in India with nearly 3% of the population completely inoculated. Nearly 186 million doses were given resulting in 41.1 million people fully vaccinated. Age groups within the range 18-44 can now book a vaccination which is aimed at vaccinating nearly 90% of the Indian workforce. Manufacturing is expected to pick up activity in the second quarter after core sector production begins to reach the levels of early-March 2020. Companies that have consolidated their business and organized their supply chains/processes are likely to have increased opportunities after the country recovers from the second wave. We expect ample opportunity to arise for those entities anticipating and planning their business efforts in line with the government's plans for a healthy economic recovery.

CONCLUSION:

It is observed that the impact of the post-covid did have a telling affect on the Indian Industrial sector.. In the face of global turmoil the Gross Domestic Product growth of India's economy was reasonable. The Index of

industrial Production (IIP) (Manufacturing (%)) negative growth from 2017- 18 to 2020-2021. Both decline in exports and as a result fall in domestic demand resulted in slowdown in industrial sector. The impact of global turmoil and associated factors also badly affected growth in industrial sector. Manufacturing is expected to pick up activity in the second quarter after core sector production begins to reach the levels of early-March 2020. Companies that have consolidated their business and organized their supply chains/processes are likely to have increased opportunities after the country recovers from the second wave. We expect ample opportunity to arise for those entities anticipating and planning their business efforts in line with the government's plans for a healthy economic recovery.

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