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Post Covid-19 World: Opportunity for India to become Self-Reliant

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Abstract

Globally the COVID-19 pandemic has resulted in over 7,039,918 confirmed cases and over 4,04,396 deaths as reported on June 9, 2020 by WHO. It has created an immense disruption across the globe, especially in Europe, USA, China, India, and many other developing and developed nations. It has also sparked fears of an imminent economic crisis and recession. The supply chain management has been adversely affected across the globe. As regards India, the impact is on the various sectors of the economy. However Covid-19 also offers an opportunity to make India self-reliant. Conventionally, Gandhi's self-sufficiency theory has been followed by the Indian economy. It's growth is mostly based on its domestic market. The impediments due to Covid-19 pandemic likely to propose new ways of working and simultaneously, opportunities to build capabilities and explore new markets globally. This paper provides an insight on the need to make "Atmanirbhar Bharat" thereby directing India's strengths into competitiveness and overcoming the imperfections, if any.

Keywords: *Coronavirus (COVID-19), Opportunities, pandemic, competitiveness, supply chain, Financial institutions, Quarantine, self-reliant, Resilient.*

INTRODUCTION

Corona viruses are a large family of viruses which may cause illness in animals or humans. In humans, several corona viruses are known to cause respiratory infections ranging from the common cold to more severe diseases such as Middle East Respiratory Syndrome (MERS) and Severe Acute Respiratory Syndrome (SARS). The most recently discovered corona virus causes corona virus disease COVID-19. It is related with the respiratory disorder in humans which has been affirmed as a global epidemic/pandemic by the World Health Organization. Covid-19 has supposedly originated from Wuhan in December 2019.

WHO Region (June 11, 2020) with maximum number of infected cases is the United States of America followed by Europe, Eastern Mediterranean, South East Asia, Western Pacific and Africa. According to the data (June 11, 2020) by John Hopkins University, the first case of COVID-19 in India was reported on January 30, 2020. Since then, the country has reported 276,146 cases, and 7,750 deaths. India is in the center of a global Covid-19 pandemic, which is dispensing two kinds of shocks:-

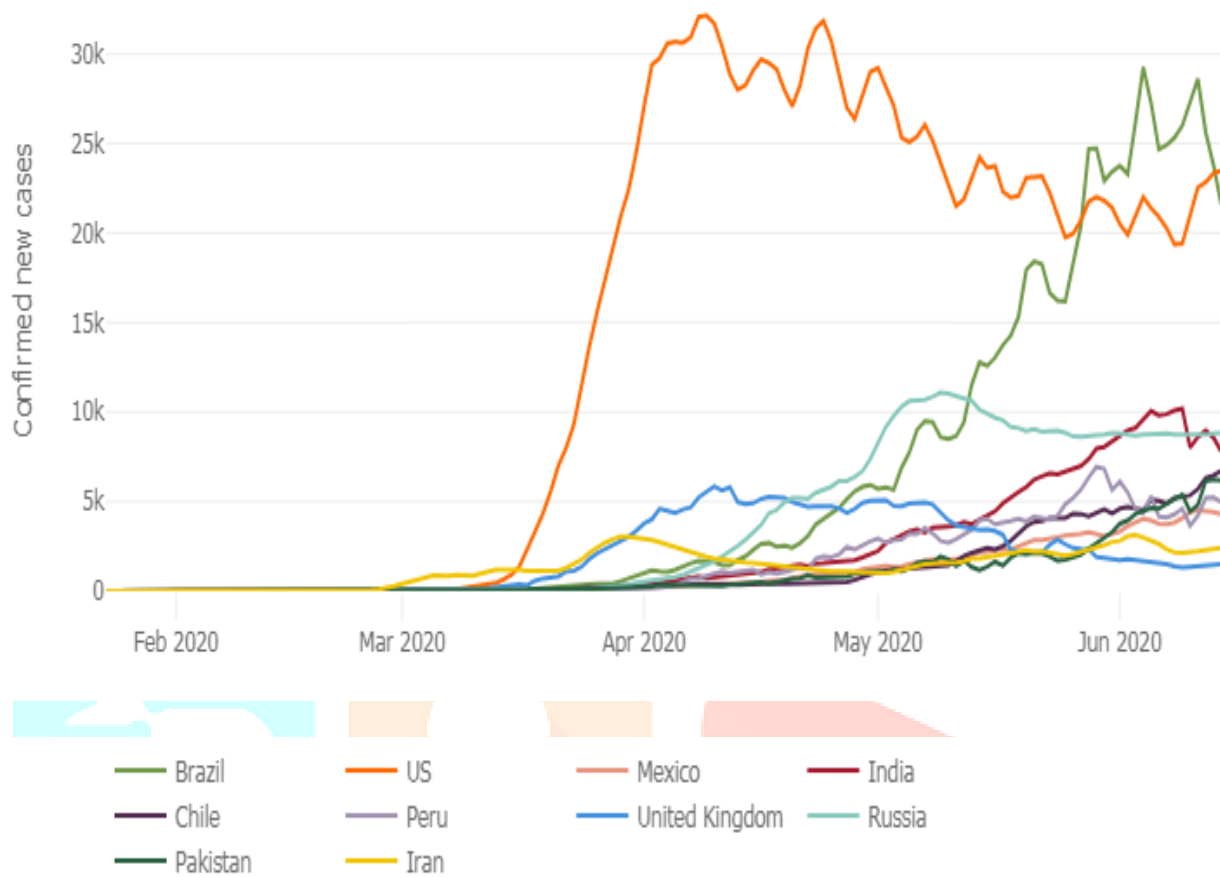
- 1) A health shock
- 2) An economic shock

Known to the nature of the disease, which is very contagious, the ways to control the spread include strategy measures such as lockdown of an entire country, imposition of social distancing, closure of institutions, Quarantine at home, restrictions on mobility, and public facilities.

Such Strategies can lead to grim consequences for the economy. It has also sparked fears of an imminent economic crisis and global recession. However the measures taken by the Indian government to combat this disease is highly commendable. Now India is being looked upon by different nations as a "World Leader" and even WHO also accredited that world is looking towards Indian strategies to contain the outbreak of this pandemic. Covid-19 also offers an opportunity to make India self-reliant on the basis of 5 pillars being announced by our Prime Minister Narendra Modi, thereby channelizing its strengths into accomplishments.

Daily confirmed new cases (5-day moving average) on June 15, 2020

Outbreak evolution for the current 10 most affected countries



Source: - maps & trends, Johns Hopkins University

Research objectives

The objectives of the research paper are as follows: -

1. To study the covid-19 pandemic and to identify its status across different states of India.
2. To study the impact of Corona virus on different sectors of the Indian economy
3. To analyse the opportunities for India in post covid-19 scenario.
4. To study the Government initiatives to make India self-reliant post this pandemic.

Research methodology

To achieve the objectives of the study secondary data has been collected from authenticated websites like: World Health Organization, Ministry of Health and Family Welfare, myGOV, Johns Hopkins University, Dun & Bradstreet's etc. Different newspapers, articles, magazine, journals have also been consulted.

Total Number of Confirmed Cases of COVID-19 in various states of India

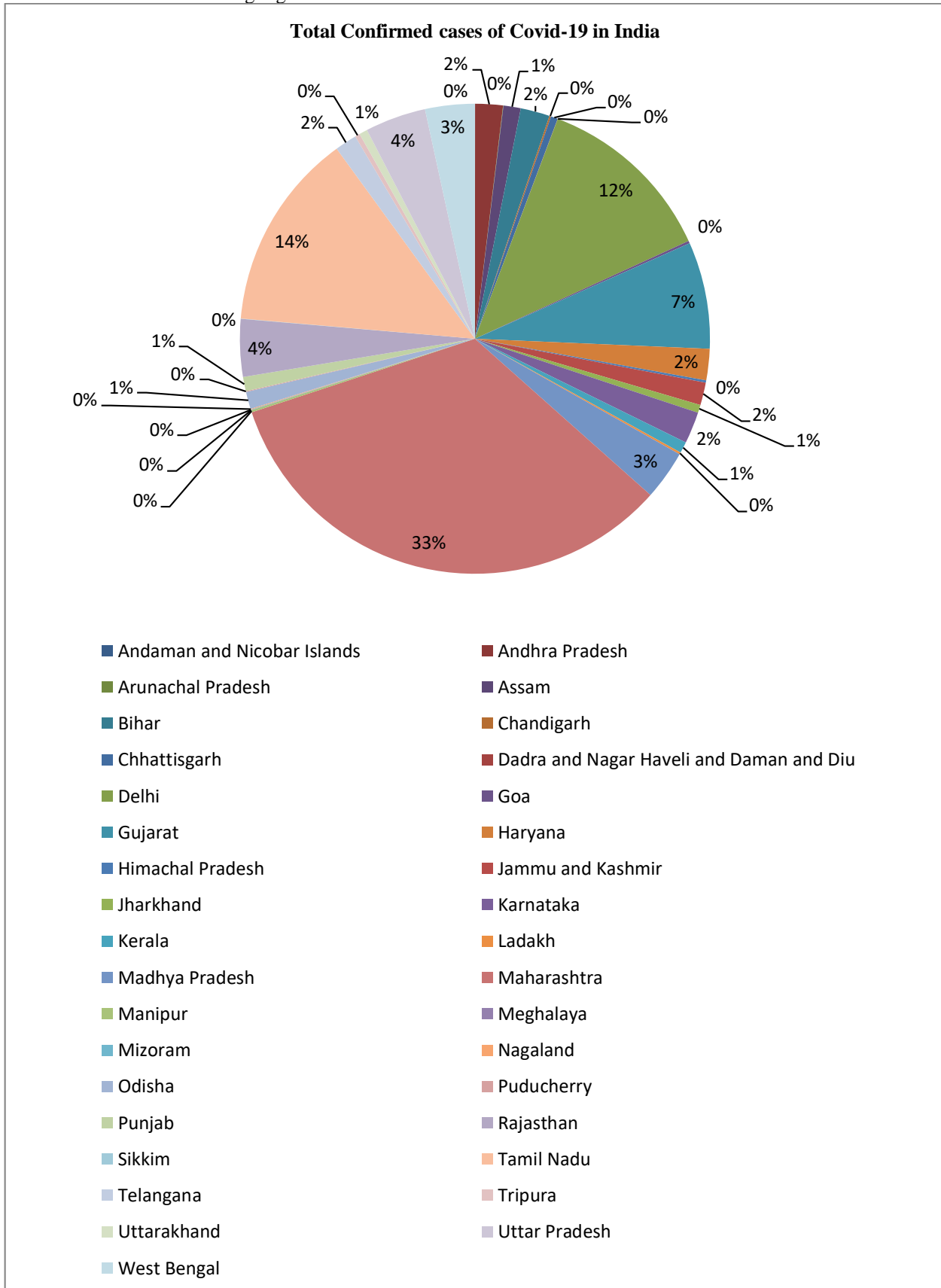
The confirmed cases of Covid-19 are mounting gradually. These can be pinpointed using the following table: -

S. No.	Name of State / UT	Total Confirmed cases*
1	Andaman and Nicobar Islands	38
2	Andhra Pradesh	5965
3	Arunachal Pradesh	87
4	Assam	3718
5	Bihar	6290
6	Chandigarh	345
7	Chhattisgarh	1512
8	Dadra and Nagar Haveli and Daman and Diu	35
9	Delhi	38958
10	Goa	523
11	Gujarat	23038
12	Haryana	6749
13	Himachal Pradesh	502
14	Jammu and Kashmir	4878
15	Jharkhand	1711
16	Karnataka	6824
17	Kerala	2407
18	Ladakh	437
19	Madhya Pradesh	10641
20	Maharashtra	104568
21	Manipur	449
22	Meghalaya	44
23	Mizoram	107
24	Nagaland	163
25	Odisha	3723
26	Puducherry	176
27	Punjab	3063
28	Rajasthan	12401
29	Sikkim	63
30	Tamil Nadu	42687

31	Telangana	4737
32	Tripura	1046
33	Uttarakhand	1785
34	Uttar Pradesh	13118
35	West Bengal	10693

*(Including foreign Nationals) Source: - MoHFW website on June 14, 2020

The pie-chart of the above table is highlighted as follows: -



Analysis and interpretation

The above table and pie-diagram shows that Maharashtra is the worst affected state with the total confirmed cases of 104568 which is 33% of the total tally of Covid-19 in various states. It is followed by Tamil Nadu and Delhi with 42687(14%) and 38958(12%) number of confirmed cases respectively.

Dadra and Nagar Haveli and Daman and Diu have recorded the lowest number of cases i.e. 35 cases only, which is followed by Andaman and Nicobar Islands (38), Meghalaya (44), Sikkim (63). This depicts an alarming situation in certain parts of India, which needs to be dealt with utmost attention and care. Proper medical facilities, social distancing, lockdown in certain areas (if required) is of paramount importance to combat this situation.

Impact of COVID-19 on Sectors in India

Assumptions*:

- The COVID-19 pandemic subsides in India from its peak level and all businesses resume operations from June 2020 onwards, although in a staggered manner.
- Businesses across the globe (excluding China) also resume operations from June 2020, although in a staggered manner.
- More businesses across China resume operations from April 2020 (over 60% of the companies in China have actually resumed in March 2020).

Sectors	Impact	Recovery period	Reasons
Drugs and pharmaceutical	Moderate	Short term	<ul style="list-style-type: none"> ➤ Production is expected to recover quickly as the government is extending support for essential commodities. ➤ Businesses have started resuming operation in China, which accounts for around 85% of India's active pharmaceutical ingredients imports. This Alleviates the supply chain disruptions, though not by a great extent.
Livestock	Severe	Short term	<ul style="list-style-type: none"> ➤ Prices and demand may increase after the outbreak.
Retail (non-food items)	Severe	Short term	<ul style="list-style-type: none"> ➤ Sales of essential items may recover quickly, while sales of non-essential items might take slightly longer to recover. However, pent up demand will aid a fast recovery.
Wholesale (non-food items)	Severe	Short term	
Textiles	Moderate	Short term	<ul style="list-style-type: none"> ➤ Discretionary spending is expected to remain muted for at least one quarter. However, demand for essential commodities such as masks, cotton rolls, gauzes, etc. will not be negatively impacted. ➤ Even if demand for low-priced products starts reviving after a quarter, the uncertainty and slow growth or loss of income may impede a quick recovery for the next two quarters. ➤ Exporters will take longer to recover until recessionary pressures in the USA and European countries fade away.
Logistics	Severe	Medium term	<ul style="list-style-type: none"> ➤ Slowdown in the tourism sector will have knock-on effects on passenger traffic. Heightened risk aversion will prolong the recovery. ➤ Cargo traffic is expected to pick up once businesses start resuming operations across all countries. However, low consumption expenditure will delay the recovery.
Metals	Moderate	Medium term	<ul style="list-style-type: none"> ➤ The metal industry has strong forward linkages to many important sectors such as automotive, construction and infrastructure. Hence a slowdown in business activity in these sectors will inevitably drive down The demand for basic metals.
Automotive	High	Long term	<ul style="list-style-type: none"> ➤ Demand for cars is likely to be deferred or dropped given low consumer confidence, subdued economic activity, lower disposable income and higher prices. ➤ Demand for commercial vehicles will be dependent on growth in Gross Material Products (GMP), which is expected to be slower. ➤ Component dependency will create supply side disruption.
Entertainment	Severe	Long term	<ul style="list-style-type: none"> ➤ The biggest concern is the likely continuation of social distancing measures to avoid the risk of any relapses. ➤ Revenues from advertisements will be dependent on revival of the aggregate demand in the economy.

Sectors	Impact	Recovery period	Reasons
Banking	High	Long term	<ul style="list-style-type: none"> ➤ The Reserve Bank of India (RBI) estimated that Non-Performing Assets (NPAs) may increase to 10.2-10.5% by September 2020. With the outbreak of COVID-19, this figure is expected to increase. ➤ The phase to recovery will depend on the outcome of the measures that the RBI has initiated and is likely to take place in the following weeks.
Gems & Jewellery	Severe	Long term	<ul style="list-style-type: none"> ➤ Exports constitute a major portion of the net sales for domestic companies. With recessionary pressures across the globe, demand for Gems and jeweler are expected to be severely impacted over the next couple of quarters.
Tourism	Severe	Long term	<ul style="list-style-type: none"> ➤ Even when the travel bans are lifted, both foreign tourist arrivals and domestic tourist movements are expected to remain very low because of heightened risk aversion, measures related to social distancing and Lower disposable incomes.
Hospitality	Severe	Long term	<ul style="list-style-type: none"> ➤ Slowdown in the tourism sector will have knock-on effects on hospitality. Occupancy rates may remain very low until Q1 2021. ➤ In an effort to increase and improve the bottom lines, many businesses are expected to cut down travel and accommodation costs for their employees.
Electronics	High	Long term	<ul style="list-style-type: none"> ➤ Demand for white goods and other high-end consumer durables will remain impaired as consumers are expected to postpone their purchases because of lower disposable income, and uncertainty over growth prospects. ➤ About 50-60% of the products and 70-80% of the components are imported, and a shortage of components of electronic goods from China Is likely to keep prices higher and hence will impact demand.
Micro, Small, and Medium Enterprises (MSMEs)	High	Long term	<ul style="list-style-type: none"> ➤ Recessionary pressures across the globe are expected to have a direct impact on the level of global exports. Given that MSMEs contribute to over 40% of India's exports, the impact will be severe and linger for a longer time. ➤ MSMEs are expected to experience severe liquidity problems due to delayed payments from their customers. ➤ The strain in the banking system is expected to increase the credit gap for MSMEs.

Note: *The assumptions are strictly not to be considered as Dun & Bradstreet's projections or estimates
Data Sources: Ministry of Commerce & Industry, Ministry of MSMEs, and D&B Survey

Legend:

Impact	Moderate	High	Severe
Recovery period	Short term (Up to 6 months)	Medium term (7-12 months)	Long term (more than 12 months)

From the above tables it can be inferred that severely affected sectors include livestock (retail & wholesale nonfood items), logistics, entertainment, Gems & Jewellery, Tourism and hospitality. Due to which the recovery period of most of these sectors is long term in nature. Moderately affected sectors include drugs and pharmaceutical, textiles and metals. The recovery of such sectors will be at a faster pace in comparison to others. Also, there is no sector which remained untouched due to the covid-19 pandemic.

Post-COVID-19 economy: An opportunity to explore and accomplish

The world is slowly going back to work. Although there is a fall in infections and death rates in many developed countries to some extent, however the coronavirus is not done with the world yet. That is the human outlay. The economic and social impact is unparalleled. This is one of the worst global economic declines ever since recorded. Negative growth rate from 5-15% will be witnessed by most of the countries. But there is enough resilience in the system with advanced technologies and smooth connectivity in financial markets across the globe. India should also devise a clear policy to survive and grow in the post-Covid-19 era. Some of the policies can be pinpointed as follows: -

- 1) **Diversification of global manufacturing sectors:** - Concentrating of manufacturing sector in one country, i.e. China has posed danger to the world because it might provide cheap commodities but it would be very dear once the systems fail and there is hit on the supply chain management. This as the significant lesson being taught by Covid-19. This has posed a rift between world's 2 major economies—the China and US. With the recent premeditated decision of intruding into digital currency, China seems to be moving away from the dollar-dominated international monetary system gradually with the passage of time. Also, the reaction of US to fix China for the global disaster can also be liked in the same context. Thus, there will be a movement of capital away from China in the manufacturing sector which may act as an opportunity for India, particularly southern states, provided there is a proper policy and strategy framework. Thus, should move in that direction.
- 2) **Public health at the center of development:** - India has a major manufacturing base for vaccines, and it should provide facilities and training for many developing countries, and establish R&D for early detection and monitoring of such future situations. The large pharma base will also help and gain in that process, provided it takes all measures to eliminate pollution. India requires spending on the public health. Focus should be on prevention of diseases by maintaining the natural and human resources.
- 3) **Green economy:** - At an international level, a post Covid-19 economy will be mostly a green economy. Characteristics of it can be highlighted as follows: -
 - a) Tax rebates for electric vehicles at production and consumer levels;
 - b) Implementation of pollution policies and tightening existing regulations on water and air pollution;
 - c) Tax rebates for electric vehicles at production and consumer levels;
 - d) More public transport systems like expanding metros to suburban areas;
 - e) Facilities for using vehicles to get to work, etc.
- 4) **Agriculture should be a prime focus:** - In such times of crisis, social stability is of supreme importance which is tenable with production and distribution of food grains. India in general is a country with a strong agriculture produce. Availability of food should be given paramount importance. Thus, expenditure on agriculture, particularly for the continuous supply of food grains, is the need of the hour. India has a great opportunity to promote sustainable agriculture, thus it needs to refocus on the agriculture sector post Covid-19, but in diverse directions such as: -
 - a) Directing subsidies to organic inputs;
 - b) Organic agriculture to meet the growing demand in urban areas for quality food. There is enough market, but the government needs to have policies to promote, certify and streamline markets with reliable organic food. People are ready to pay a huge premium for organic produce;
 - c) To focus on value addition and rural Agri-processing industries so that jobs can be created in rural areas and pressure on cities can be reduced to a considerable extent. Sustainable agriculture should be the focus, and approaches and technologies are now mature and available. India needs a serious policy and programmatic approach to take advantage of these methods through incentives.
- 5) **Employment of Youth:** - This is the area which requires utmost attention After Covid-19; the strategy should be to develop policies and institutional frameworks to create entry-level, mid-level and low-end jobs in large numbers, mostly in rural and semi-urban areas. Financial institutions need to come out with innovative lending that creates jobs with limited capital.

Government of India Initiative: AtmaNirbhar Bharat Abhiyan

Prime Minister Narendra Modi recently announced Rs 20 lakh crore financial package to revive the Indian economy. This acts as an affirmative move towards 'Atmanirbhar Bharat Abhiyan'. The announcements made by the government over Covid-19, decisions of RBI and the package totals to Rs 20 lakh crores. This is 10 per cent of India's GDP,"

The prime minister focused on the importance of self-reliance which is the path for Indian economic revival. This financial package will equip to revive every sector of the India economy i.e. from demand, supply chain to manufacturing, servicing etc. It focuses on land, labour, liquidity and laws. It will help cottage industries, home industry, and small-scale industries, MSMEs, to revive and survive in the competent scenario.

'Vocal for the local' is the agenda of this package.

The five pillars that serve as the foundation for a self-reliant India are as follows: -

1. **Economy**- India needs an economy that doesn't bring incremental change but makes quantum jumps.
2. **Infrastructure**- We need infrastructure that will become the identity of modern India.
3. **System**-We need a system that is no longer based on the rules and rituals of the past but one that actualizes the dreams of the 21st century. This system needs to be technology-based.
4. **Democracy**-We are the world's biggest democracy. A vibrant demography is our strength. It is the source of energy for our efforts to make India self-reliant.
5. **Demand**-The cycle of demand and supply in our economy is an asset. We need to utilize this powerfully.

Conclusion

Thus Covid-19 has provided India an opportunity to become self-reliant and emerge as the best in the world thereby rediscovering itself. Nisha Desai Biswal, the president of US India Business Council (USIBC) also said that India has an opportunity to build a more resilient and diverse economy after COVID-19 pandemic. It is expected to benefit as it is expected that businesses will want to de-risk in having too much of a supply chain concentrated in one area and try to diversify and disperse.

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