Corporate India During Lockdown: A Study On Selected Media Reportage

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Abstract: The COVID-19 pandemic has left the business world bleak and desolated across the world. India is also not an exception. The Indian business organisations have faced severe financial challenges despite making claims of survival. Business Today, a noted magazine and daily in its online version reported that 10113 companies were shut down during the period of April 2020 to February 2021. The media house claimed the figure as reported by the Union Ministry of Corporate Affairs. The state wise report would raise the eye brows more. In a developing country like India where poverty rate strikes deep inspite of the presence of skyscrapers and conspicuous life style of the plutocratic society in selected metropolitan cities, the CMIE reports that amid the COVID-19 crisis around 7 million people lost their jobs between February 2020 and February 2021 in different sectors. Crisis indeed looms large across the business world. The second wave of the pandemic hit the country hard recently and attempted its worst to rage the economy to the ground. How much Indian economy has been able to survive and is trying to pull through is a debatable issue. To know in detail, a society has to depend on media discourse regarding the same. Media's role is to disseminate the information and therefore generating awareness among its viewers and readers. There lies its objectivity. This research article reflects on the role of media in presenting the condition of Indian and India based multinational industries during the lockdown and post lockdown through its different forms of publication. A series of reports based on this issue have been taken from selected globally reputed print and online media and they have been presented here. A review of literature has been carried out to analyse the condition of the Corporate India during the pandemic.

Key words: Pandemic, COVID-19, Industries, India, Media, Lockdown

Introduction:

Media is considered as the opinion leader. The term opinion leadership first appeared in the theory of 'Two-step flow of communication' propounded by Paul Lazarsfeld and Elihu Katz. (Katz, Lazarsfeld, 1957). The term opinion leader refers to an active media user who interprets the meaning of media messages or content for lower-end media users. But in today's society, it is media who is helping to frame the idea of an individual through constant publication and dissemination of any information as per their editorial policies. The opinion leader always enjoys a high esteem in the society as his / her opinion is highly valued by his / her followers. Here the media is considered as opinion leader as any medium is being followed or read or observed by a number of viewers, readers or audience. There are dedicated readers to any particular medium e.g. print, electronic or audio visual and in broadcast media organisations. Each group reinforces their views after reading or listening to the news published or broadcast in any media to the followers of other media. (Kuwashima, 2018).

Media is considered as the polymorphic opinion leader i.e. it influences its readers or followers or viewers on broad range of topics like politics, business, finance, personality plus, international relations, entertainment, sports, etc. (Flynn et al, 2018).

The COVID-19 pandemic has halted various development process across the world. Corporate sector in India has been highly affected. In order to realize the status of corporate scenario of the country during this global pandemic and subsequent lockdown throughout the country, this article contemplates on the views published in different media.

Objectives:

- To find out the condition of the Corporate India during lockdown through the economic reporting by selected media houses.
- To assess the economic condition of Corporate India during pre and post COVID-19 pandemic.

Research methodology:

This research has been carried out through the systematic literature review. It is a descriptive study. A purposive sampling (non-probability sampling) has been carried out on online media publications. A total of six (6) media reporting were selected for review of literature. The media organisations included are India Today, The Economic Times, The Indian Express, Business Today, KPMG, etc.

Data Collection: Data is secondary and has been taken from the above mentioned media.

Review of literature and findings:

Joe C Mathew reported that during the period of April 2020 - February 2021, India witnessed the closure of 10,113 companies. The data was revealed by the Ministry of Corporate Affairs (MCA). The status of the cities were like this – Delhi faced 2,394 shutdowns and it was listed as the worst scenario across the nation, followed by Uttar Pradesh (1,936), Tamil Nadu (1,322), Maharashtra (1,279), Karnataka (836), Chandigarh (501), Rajasthan (479), Telangana (404), Kerala (307), Jharkhand (137), Madhya Pradesh (111), Bihar (104) and Odisha (78). Gujarat and West Bengal have 17 and 4 companies in the list respectively and Haryana runs with a nil record. In a written reply to Benny Behanan, a Congress MP from Kerala, the ministry stated in its report that the names were struck off from the ministry register under section 248 (2) of the Companies Act, 2013. In a bid to encourage the revival of the Indian Industries, the ministry stated that it has incentivized the incorporation of One Person Company as per the notification on February 1, the Companies (Incorporation) Second Amendment Rules, 2021. The Companies (Specification of Definitions Details) Amendment Rules, 2021 also amended the definition of small companies by increasing the paid up capital from Rs 50 lakh to Rs 2 crore and turnover from Rs 2 crore to Rs 20 crore respectively through another notification. Both these notifications became effective from April 1, 2021. (Mathew, 2021).

Krishna Ram and Shivani Yadav in their report 'The pandemic has worsened India's poverty crisis' published in the Indian Express on July 8, 2021 stated that outbreak of novel Corona virus affected the global health and economic crisis more resulting in death of millions, more lockdown of industries and job recession at a larger percentage across the globe. This scenario has been witnessed again after the days of Great Depression. Around 3.9 million people died throughout the globe and millions were pushed to face extreme poverty. The Indian economy contracted by 7.3% in 2020. They quoted the CMIE report as the source. Considering the CMIE report as a biased one, the reporters here mentioned that as per their own survey, the poorer households faced more crisis. "218 million additional people (168 million in rural and 50 million in urban areas) would have been pushed into poverty at 12 per cent contraction in their monthly per capita consumption in the year 2020-21," they reported. They also mentioned that as the nation-wide lockdown and restrictions were not as tough as the first one, the impact of the second wave would be severe. They even quoted the data from the report of Soumya Kanti Ghosh and Sachchidanand Shukla from the IE, June 5 that both rural and urban areas are severely affected this time. The rural districts reported 2.28 million new cases in the August-September 2020. During April-May 2021, the caseload became 7.61 million in the rural areas resulting in death of 83,863 people. The 2021 FICCI survey reported that approximately 58 per cent of businesses reported high impact and another 38 per cent reported moderate impact in their overall business because of the individual state-level lockdown during the period of April-May 2021. There was a weak demand for goods and services in both urban and rural areas. Around 71 per cent of businesses reported that their sales in rural markets were severely affected. The CMIE's (June 2021) consumer pyramid household survey reported that there was a loss of 22.3 million jobs during April and June 2021. The daily wage-earners were found as the worst victims. They also reported that the *"World Bank revised its estimates of Indian GDP forecast to 8.3 percent from their earlier estimates of 10 per cent for the year 2021-22. The RBI has also revised its estimate of GDP growth at 9.3 per cent from its earlier forecast of 10.5 per cent."* Around 35 per cent (265 million people) of the rural population was poor during the pre Covid period. This volume is expected to rise to roughly 381-418 million, they reported. The total headcount ratio will reach 50.9-55.87 per cent in 2021-22. The ongoing level of contractions directs around 36 to 46 million people more in the urban India would be the prey of poverty. The marginalised groups are expected to be the worst sufferers than other social groups. Around 13-20 per cent of additional SC/ST people are expected to face severe poverty as compared to 12-16 per cent of upper caste people across the country. The COVID-19 pandemic-created-poverty, thus, leads to widen the gap between SC/ST and non-SC/ST groups. While in the rural India, the self-employed agriculture, non-agriculture, and casual labourers are the worst victims, the casual labourers suffer the most in the urban India. Reasons are myriad - farm distress, rural indebtedness, lack of infrastructures, small, marginal scattered landholdings, adverse terms of trade, informal jobs and corporatisation of agriculture contribute, etc. The highest level of poverty is being faced in the low-income states like Uttar Pradesh, Rajasthan, Madhya Pradesh, Chhattisgarh, Odisha, and Bihar, while the middle-income states like Karnataka, West Bengal and Uttarakhand also bear the brunt of the crises. The rural parts of the high income states like Maharashtra and Gujarat suffer the worst. Lack of employment has left a catastrophic impact on the lives of the rural inhabitants here. Steps like national food security, direct cash transfer and other social security programmes should be considered to help these marginalized sections to survive. (Ram, Yadav 2021).

In a report published in the web version of the India Today on May 18. 2021, it was mentioned that the second wave of COVID-19 in India has already effected the Indian economy which was further ratified by many ratings agencies who published a downgraded growth of the country's economy based on various dwindling macroeconomic factors. The dwindling demand is considered as one of the biggest factors that has affected the country's economy at its worst level. This would delay the country's economic recovery for a longer period even after the second wave is over. The reasons are lower footfall of consumer in markets, super markets, shopping malls, restrictions on the people's movement beyond a certain time period and local lockdowns across the country. After the first wave of the pandemic, the country's economy met a fast recovery through pent-up demand and higher discretionary consumption. Consequently the demand jump was very sharp and India even registered a notable growth in GDP after just two quarters of negative growth. The festive seasons is one of the factors behind this growth and the trend continued to March 2021. The Govt's GST collection was 1 lakh crore for several months. But the lower demand has started affecting the economy since May 2021. The second wave of the pandemic has hit the sentiments of the consumers strongly. That results in low demand. The demand for non-essential goods and services plummeted in April 2021 and this move would continue to persist in coming months. People are now more interested to save their capital for unforeseen expenditure, rising healthcare costs, fuel prices and online delivery of goods. Demand for discretionary items would likely to be silent for a longer period. The report quoted a recent SBI note in this regard. The rising unemployment rate and the weak consumer sentiment are also inextricably related. The lower household savings and the fear of the second wave have played a role of negative catalyst. Quoting the CMIE report, it stated that at least 97 per cent of Indian households have suffered a loss in real income. The rising inflation is another concern. According to Soumya Kanti Ghosh, the Group Chief Economic Adviser at State Bank of India, said that *"the steep fall in retail inflation in April to 4.29 per cent is 'deceptive'. The Consumer Price Inflation (CPI), used to measure retail inflation, declined in April due to a decline in food CPI. However, when the relative prices of food items are compared to the overall CPI, the deceleration was not as sharp as the actual food CPI."* The core inflation, he opined, excluding food and energy prices, has risen sharply during the pandemic. The rural core inflation has risen to 6.4 per cent in April and is expected to rise further in May. This has happened because of rising expenditure on healthcare. (Web desk, India Today, 2021).

Reactions were found coming from industrialists also and the same became the headlines. In one such report, it was found that the former Bajaj Auto chairman and veteran industrialist Rahul Bajaj expressed his serious concerns over the negative effects of lockdowns on business to fight against the COVID-19 pandemic. He expressed his deep concerns over the Q1 FY2022. In his address in the company's annual report of 2020-21, he wrote that we should not react to the epidemic by announcing lockdowns like last year. Lockdowns would leave a catastrophic impact on business, employment and the overall economy. It has nothing left to control the spread of the pandemic. Even the Bajaj Auto's management in its annual report reaffirmed their former chairman's views and mentioned that both nationwide and localized lockdowns were not the solutions to prevent the pandemic. As the report quotes, *"Today, there is enough evidence to show that these have not worked to limit the spread of the virus. Instead, such lockdowns create massive economic uncertainty; threaten the livelihood of daily workers and the poor; prompt needless urban-to-rural migration; and sharply accentuate fear in an already fearful milieu."* While stressing on continuation of work culture, the management in its report mentioned that a combination of using masks, maintaining basic social distancing and a rapid vaccination programme should be practiced to prevent the disease. (PTI, The ET, Rahul Bajaj 2021).

The COVID-19 pandemic has not spared the media and entertainment sectors also. Though the entire country as well as the world have been enjoying the online platform to mitigate their tastes of different types of entertainment sections, the sector also received a big setback because of this pandemic. The pandemic and associated lockdowns have affected the entertainment sector related industries at varying degrees. The entire media and entertainment sector has been facing extreme disruptions because of the lockdown as a preventive measure and consequently the supply chains like content management companies, cinema halls and outdoor entertainment organisations have been suffering a lot. This report has categorized the entire media and entertainment sector into few sections. In the digital and OTT video segment, the advertising money has been reallocated from outdoor sectors and conventional forms of media towards the digital sector. A huge transition has been observed even in Tier III city based population to go online for entertainment purpose. This new low touch model of economy where human interaction and touch are absent or very much limited during business will definitely leave an impact on all kinds of business in near future. The rural areas also have expressed their deep interest towards this online transition. In television sector, there has been a significant decline in advertising revenue and subscription revenues in FY 21. There has been renegotiation of content cost between broadcasters and producers. Though ad and subscription revenues may be recovered during FY22, the rationalization of content costs may not be taken place soon. The worst sufferers are print media organisations. Extremely low ad spends and curtailed circulation during Q1 FY 20 was observed. The decline in revenue generation would compel the print media industries to continue the already taken cost cutting measures. The legacy cost structures and the streamlining of editorial policies are another concern. Here legacy cost means the company costs like health insurances and other health care policies and other benefits for its existing and retired employees. Though it is not adding a single penny in the overall revenue of the industry, it increases the company's expenditure. There has been no theatrical distribution as cinema halls have remained closed for lockdown. Even when relaxations were given, a very minimum or ignorable percentage of football was found in cinema halls across the nation. The OTT releases are another threat to the existence of conventional cinema halls in near future as there has been increasing propensity towards the viewership and subscription of OTT platforms. The shutdown of small animation and VFX studios are also affecting the media industry a lot. The 'Work from Home' culture also has stalled the growth of animation and VFX related jobs. In near future, the lean cost structure may be followed in the VFX and animation studios. The comparatively smaller budget of the OTT releases also leaves an impact on the overall film industry. (KPMG, 2021).

A FICCI survey report, conducted during April-May 2021 affirmed the need for another fiscal package as the business environment in India was highly affected due to the second wave of COVID-19 pandemic across the country. The report mentioned that the entire business confidence index has plummeted and stood at 51.5 in the current round. The previous survey report mentioned a remarkable high value of 74.2. The recently made Business Confidence Survey of FICCI reported that there was a whetted decline in the optimism level of Corporate India because of this lockdown. The report mentioned that the present scenario is fearful as there was no indication of any near term prospects. The overall index value has nosedived by nearly 20 points, which leaves the corporate India anxious. The survey report said that continuous weak demand and rising cost of raw materials are equally considered as troubling factors. The household income per family and their past savings of each family have been affected during the first wave and the trend continues. The low demand scenario may run for a longer period, the report anticipates. The export prospects also has been facing a negative challenge. Keeping views on demand side, the companies have been recognizing the need for another fiscal package. In order to boost up the economy, the survey also mentioned about the continuation of demand boosting measures e.g. direct income support to poor section in both rural and urban India, reduction in Income Tax for the middle class section and temporary reduction in the indirect taxes. In the survey report, it was found a handful percentage of respondents were hopeful about better hiring prospects over the next two quarters. The survey reported that a good number of the participating companies contemplated on the rising problems of availing credit and urged the banking and financial organisations to facilitate lending procedures more. The entire process right from sanctioning to availability of loans is highly time consuming and it has been weakening the overall business process. A targeted fiscal support like offering tax waiver and financial assistance to MSME sectors is also needed. This was earlier kept out of the stimulus package, but the inclusion of travel, tourism, hotels and hospitality, civil aviation in this section has left a good impact. In addition to rapid vaccination drive to prevent further spread of Corona virus, the report mentioned that both the state and central governments should provide employment-based incentives to employers to avert any job losses. This may include providing the temporary fiscal support in the salary of the MSME employees and/or exempt if necessary the contribution of employers to PF and ESI for the current fiscal year. (PTI, The ET, 2021).

Conclusion

India is a country which has a record volume of workers associated with unorganized sectors. They are also known as informal workers. An informal worker is defined as a worker with no written contract, paid leave, health benefits or social security. It has been found in a research paper data that during the period of 2011-12 to 2017-18, the unorganized sector in India has employed 83% of the work force and in the organized sector, the volume stands at 17%. The percentage of informal workers is 92.4% in Indian economy who do not have written contract, paid leave and other benefits in the economy. 9.8% workers are termed as informal even in the organised sectors in the posts of contractual staff or outsourced staff. In 2017-18, there has been a 3.6% rise in the unorganised sector employment. Contrary to that, the share stands at 0.9% in the formal employment sector. (Murthy, n.a.)

In such a country, lockdown, therefore, should be considered as a fantasy. A research report by a group of researchers of Kristu Jayanti College, a UNAI member institution mentioned that Michelle Bachelet, the UN High Commissioner for Human Rights warned about the consequences of the unplanned and sudden announcement of lockdown in India. In June 2020, two UN Special Rapporteurs warned about the "*well-being of more than 100 million internal migrant workers suffering hardship after COVID-19 measures forced them to travel long distances home, many on foot.*" In Indian economy, the migrant workers are the backbone of several sectors. They have a major contribution in different economic sectors like textiles, security forces, domestic service, infrastructure development, food processing, manufacturing, tea, coffee and cardamom plantations and in many such areas across the country. Their condition became grimmer because of this lockdown. This has left a serious impact on the economy. (UN Academic Impact, 2021).

The limitation of the paper is less number of reports have been found in these media during this time frame. Inclusion and analysis of more reports would be able to present a more elaborate scenario.

Lockdown, therefore, is not a solution. Thorough vaccination drive under government supervision for all and using of mask are necessary to follow; at the same time, the country should run at its own normal pace without any hindrance. To revive the Indian economy, both the state and central governments should plan collectively keeping political interests apart, and definitely, the plans must be framed at par with the interests of corporate houses as a whole.

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