

**THE WINNERS AND LOSERS OF COVID-19 IN INDIA: AN ANALYSIS
INTO THE IMPACT OF THE COVID-19
SUB TITLE - HOW DID THE COVID-19 PANDEMIC AFFECT SOME
INDUSTRIES POSITIVELY WHEREAS SOME NEGATIVELY IN INDIA?**

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ABSTRACT

In March 2020 the world experienced unprecedented circumstances with the ongoing COVID-19 pandemic, India with over 33,000 cases in the first few months which went on exponentially increasing. In the wake of the crisis the economy too underwent innumerable unpredictable alterations. While some industries flourished, others were adversely affected. This article explores the fate of some industries and delves deeper into the causes and subsequent consequences they faced. It also analyses how some of these fates were influenced by factors indirectly caused by the ongoing health crisis and tracks how consumer opinions and trends were wavered and strengthened. All information was sourced and collected from research papers, articles, and other secondary sources of information. Using figures by economic statisticians trends were analyzed and considered before the results were determined. For instance, the Hospitality Industry which had to shut down almost all operations amidst the Lockdown as their customers were not allowed to leave their respective households. This resulted in no Income. Another example of such an industry was the poultry which suffered losses due to a rumor or wrong publicity. Lastly, one industry that has seen rapid growth in sales and customer base is the Video Conferencing Industry. This has been primarily by the lockdown which prompted people to adopt the 'work from home' or interact with friends via video conferencing. It was concluded that the industries would take some time to recover their losses but in the long term, with the support of the government and investors, they would be on the path of recovery.

Keywords: Corona-virus, Work from home, Losses, Sales Revenue, Misinformation, Recession, derived demand, Unemployment .

Introduction

“A pessimist sees the difficulty in every opportunity; an optimist sees the opportunity in every difficulty.”

Winston Churchill

The Covid-19 pandemic in 2020 was not short of either difficulties or opportunities. Most Industries succumbed facing nearly fatal losses while for some this served as a pivotal moment to refocus and grow their business.

On March 24th, the Indian Government announced a Lockdown protocol to combat the spreading virus. This caught many industries off guard; as they had to shut down operations immediately until further notice. A few months after this announcement, in May 2020 the RBI governor, Shaktikanta Das made a statement saying “India’s GDP growth will be negative in 2020 to 2021 after the coronavirus outbreak has majorly disruptive economic activities”. He also added “that the global economy is heading into recession and inflation is highly uncertain” which would affect India’s exports and imports.

This intuitively seems disastrous - and it was for many industries - but the “new-normal” provided industries like Digital, Pharmaceuticals, and E-commerce with the scope to increase revenue. One example of such a company is the video conferencing app Zoom that has never seen such rapid growth in sales since its inception

The pandemic also influenced consumer opinion consequently leading to changes in spending patterns as reflected in the fall in sales. Rumors and misinformation seemed to be the primary cause of such changes in the fall of demand for goods and services. False news spread via social media platforms and word of mouth exacerbated the public’s fears. For instance, the poultry industry has seen a fall in demand and price due to the rumor: ‘Poultry spreads the COVID-19 germs’ which isn't scientifically proven.

The pandemic has ushered in an unavoidable change in our daily lifestyle. People have started to change the way they spend on luxury goods and necessities while also trying to save as much money as they possibly can. Industries must adapt to Social distancing, compulsory sanitization and fumigation, and various such norms and must incur the costs and “time” spent on them. This means that industries must change their strategies in accordance with public requirements and safety measures.

2.3.1. Poultry Industry: An Industry Negatively Impacted due to Misinformation:

In 2018 the Indian Poultry market values were around Rs-1750 billion. Leading industrial pundits expected this figure to rise at a CAGR of 16.2%, totaling up to market values of Rs-4340 billion in 2024. This figure represents one of the most rapid growth rates in any Indian market. However, this prediction was made prior to the onset of the COVID-19 pandemic and hence fails to account for it. This pandemic has posed a severe threat to the growth and prosperity of the poultry industry.

2.3.1.1 Causes of Contraction in Demand:

Misinformation:

Poultry is the only industry whose demand has rapidly fallen due to the spread of rumors and misinformation. The fear of buying poultry has caused a severe plunge in the wholesale price of poultry, reducing it by a staggering 70% as per Member of Lok Sabha Sanjeev Kumar Balyan. This has been complemented with a 60% reduction in demand as well. The Vice President of The All India Poultry Breeders Association (AIPBA), Suresh Chittur had said "Rumours began doing rounds in the first week of February, which affected us very badly. Some people spread false information that chicken and eggs should not be consumed. The adverse impact continued for about six weeks," when asked regarding the rapid spreading of the rumors.

The principal reason for the fall in the price of poultry is due to the negative publicity. The rumor that poultry transmits and spreads the coronavirus began making rounds of social media platforms, despite lacking solid evidence to back it up. Therefore, in fear, people reduced the consumption of poultry products. Some have gone to the extent of turning completely vegetarian in order to safeguard against the growing apparent concern. Government-funded definite research proving the "non-involvement" of poultry as a source of spread of the virus and the following action may be the only recourse.

Decreased Prices:

Poultry in India and around the world is an inelastic good. This implies that a small change in price leads to a larger change in quantity demanded. Hence if suppliers reduce prices their revenue would eventually fall. Poultry has also achieved this status by being a necessity good due to a lack of substitutes in India. Therefore, as a consequence of its inelasticity, poultry is now found between the price point of Rs-100 in comparison to the earlier price of Rs-180-200, a drop of nearly 50%. The reduced price of poultry has left many poultry farmers in severe distress. Further, unemployment too surged as this situation threatens the jobs and incomes of around 1.6 million people. Poultry industry as suppliers are losing Rs-1500-2000 crore on a daily basis, as

said the Union Minister of Animal Husbandry, Dairying and Fisheries Giriraj Singh. The All India Poultry Breeders Association also predicted a total loss of Rs-22,500 crore.

Transportation:

Most poultry farms are in rural areas and poultry is brought to the city by road. However, due to the coronavirus, many roads have been temporarily closed, after the prime minister announced a total lockdown for 21 days. Many transporters have refused the delivery of poultry in the fear of getting COVID-19 as the areas they eventually have to deliver to are red zones. This has made it more expensive to deliver poultry to potential customers. The restriction of transportation in hotspots has made it a lot harder and more expensive to bring poultry to the city despite the sale of essential goods are permitted

Problem of Fixed costs:

Consumers have reduced their demand and consequently, suppliers have reduced the quantity supplied. However, despite this, they yet have to face their fixed costs such as rent of warehouses, feed, electricity, and many more. This has made many poultry farmers act atypically. For instance, as per times now in Karnataka, a poultry farmer called Nazeer Makanda buried 6000 chickens alive as no one was willing to buy them, while he yet had to incur the fixed costs. This incident occurred as recently as 10 May.

5. Low Shelf Life :

Poultry, being “livestock”, has a “notoriously” low shelf life. Decreased demand for poultry has left poultry farmers with large unsold inventories. Moreover, poultry utilizes a lot of space which has really increased the average fixed costs of further maintaining the product. Many economists and experts have described the sudden reduction in price as a slump and as a result, many poultry farms think they would be much better off if they had temporarily shut down all operations until the lockdown is lifted rather than keeping it open. Low shelf life would eventually have an effect in the future where if consumers start demanding for poultry suppliers won't be able to supply poultry and they would lose a potential opportunity to recover their losses.

2.3.1.2. Consequences:

According to experts, this crisis cannot even be solved by a business model as no analysts could predict an Rs-22,600 crore loss of the market and now are struggling to gain recovery from the slump. The falling demand for the poultry industry has affected the derived demand for other goods such as maize, feeding systems, manual feeders, water systems, drinker heating systems,

and ventilators who are directly related to the growth of chickens said Purshottam Kaujalagi, an official of Dhumal Industries, a company that provides equipment to the poultry industry. Furthermore, due to the decrease in demands, the poultry farmers have cut down costs by reducing payments for the food of poultry such as maize and soybean. These industries' biggest buyers are the poultry industry and have in turn led to major losses.

The reduction of demand in the poultry industry has led to mass unemployment and as poultry workers and migrants are usually daily wage workers many people in India are unable to afford their basic necessities such as food and basic shelter. As a result, millions of migrants from various professions and of different states have started to walk home where a small percent are poultry workers. This will have a negative impact as in the short-term if there is a sudden increase in demand for poultry then the labor required to fulfill this demand would be insufficient leading to a shortage of supply.

2.3.1.3 Solutions:

If poultry doesn't spread the COVID-19 germs then the government and the poultry industry should do some advertisement in order to spread awareness and assure consumers about misconceptions they had regarding the consumption of poultry. By this consumers won't be scared of getting the virus and would start consuming more. However, this might not be the government's first priority as there have been other industries that have suffered more severe losses such as hospitality, and aviation industries.

2.3.2 Video Conferencing - A Positively Impacted Industry:

Owing to the lockdown and due to rising public health and safety concerns, companies started to adopt the idea of "Work from home". As the name suggests, this refers to the shift of the workforce from working in physical offices to working via video conference from domestic households. India with around 1.2 Billion people had the largest Lockdown in the world, and hence saw an exponential increase in the number of patrons using video conferencing as a means of communication. Many big companies have decided to communicate with employees via video conferencing sites such as zoom and google meet where many general meetings and work-related calls are being made with the help of video conferencing apps. Video Conferencing has also served as an invaluable resource in the field of education. The shutting down of physical school after the lockdown has worked in favor of video conferencing sites. Herewith inbuilt techniques such as screen sharing, pads to write on, stop and muting the video as and when the student wants to, has made teaching and learning from home more efficient. Teachers are able to cover a majority of their school syllabi via video conferencing.

Zoom went from just 10 million users to 200 million daily users and its market cap rose to \$60 billion with a growth in downloads with over 14 times more downloads than in 2017. On the other hand, Microsoft has increased its customer base by 12 million. When put in perspective, this means a surge of 130% over the share price of video conferencing apps amidst the COVID-19.

2.3.2.1. Causes for Sudden Increase in Demand

1. 'Work from home':

India has embraced the work from home experience as a long term solution. Given the severity of contagiousness of the virus, companies believe that maintaining this norm even post lockdown may be in the best interest of their employee's safety. When compared to email and phone calls as the other alternatives, video conferencing is evidently the easier, more reliable, and ultimately cheaper way to operate.

Furthermore, working from home saves many additional costs for employees and employers including transportation costs, rent, and even electricity costs in the office space. While the only thing they need is Wifi and an electronic device to communicate on Video conferencing is set to replace the physical offices, the traditional workplace setting.

2. Technological Edge:

Even within the video conferencing sphere, zoom seems to have an inherent edge. The initial complimentary 40 minutes on zoom has been a real boost in the Indian consumer base giving it leverage over sites such as Google meets and Skype where you do require a Gmail or Outlook email respectively. Zoom promises superior video conferencing quality with High definition video and audio. It also allows up to a hundred people on the same call. Zoom also offers to add ons like virtual backgrounds, up to 100 participants and multiple screen sharing with audio has been thoroughly enjoyed by their younger consumers/ users. These "factors or options" not offered by its counterparts and a user- friendly interface, have ensured that zoom gains the upper hand and has been reflected in the significant addition of customers and sales.

3. Customer Convenience:

Since face to face meetings with friends or family are not permitted, video conferencing is the closest substitute for physical interaction. Hence, besides the corporate world, Zoom has found applications in recreational, educational, and professional webinars and informal meetings. It has become the number one platform for informal and formal gatherings over this lockdown.

Millions use the platform for classes from yoga to painting as well as a space for live performances and family meetings. The comedian Vir das hosted a stand-up show as did the American Rapper Travis Scott who hosted a live concert via zoom. Even sports leagues such as the Bundesliga and Premier league have seized the platform to give fans the opportunity to see synchronous games on Zoom and interact in real-time.

Consumers are trying to make things come back to normal by using video conferencing but obviously, the transition has been gradual. It has taken some time for consumers to adapt to this change but now people are almost adept at virtual communication. However, now that people are used to and familiar with video conferencing as a means of communication, it is unlikely that this behavior will completely change after lockdown. It will prove hard to completely undo this behavior.

2.3.2.2. "Possible Problems"

1. Privacy Issues:

Revenue for the total video conferencing has increased at a rapid rate despite the large number of privacy issues, wherein some instances of unknown people join your meeting. Moreover, an article published by 'Hindu' where the supreme court in India has issued a notice for zoom where a petition admitted by Chief justice of India S.A Bobde. The Supreme court has claimed that zoom is sending user data by recording meets and chats and trafficking it to China. At this time around there was a growing trend and encouragement of abandoning Chinese goods. This issue had a negative impact on the reputation of Zoom however did not see any change in the customer base in India despite such messages spreading like wildfire on social media sites such as Whatsapp. Amidst these rumors, a MeITY(Ministry of Electronics and Information Technology) official said "Of course the Zoom security scare is a concern. Otherwise, also, the Ministry is of the view that work-from-home and social distancing could become the new normal. For now, the lockdown is till May 3, but what if it is extended? We want to find a lasting solution,". This has led to many trust and user issues from the customer side for zoom.

Many companies such as Google have also banned its employees from using Zoom after such privacy issues came up. To combat basic privacy problems, zoom has made it compulsory for users to enter a password along with their code but there has been no clear answer to the bigger picture yet. However, Zoom was never equipped for such a rapid increase in the number of customers thus it often does crash while sharing a screen or technical difficulties in regards to audio to arise often. As a whole, the virtual platform has increased for both social and formal events due to the restrictions but due to the rising risks of the COVID-19 many people are going to yet prefer to meet people or their employees over video conferencing sites such as Google

meets or Zoom in order to reduce the risk of the coronavirus. Experts are predicting a further rising demand for such sites and slowly people would start getting used to Zoom making it their platform to interact while social physical gathering would reduce.

2. Competition:

In India, the Prime minister's attempt to promote local under the 'innovative challenge' where the government is encouraging startups in the local economy and discourage spending on international companies. The COVID-19 has had negative impacts on many start-ups. The Indian video conferencing company, 'Say Namaste' has also started as Zoom and Google meets aren't Indian. In his speech, Mr. Modi has encouraged people to use Indian apps such as "Say Namaste" for video conferencing which crossed 100,000 users and 25,000 meetings in less than 48 hours as per their twitter tweet. Zoom and Google meet seem to be threatened in recent days by the rising customer base of Say Namaste and other Indian startups which is a much better alternative for Indian users for the economy. In the long term, the app 'Say Namaste' is expected to grow exceedingly fast in India.

2.3.3 Hospitality-A Negatively impacted Industry:

Many industries were affected negatively by COVID-19, but the hospitality industry has taken the largest hit. Within this industry, the food and beverage sector has borne the maximum brunt. Before the lockdown was announced the hospitality industry was one of the largest growing markets in India, earning billions of Rupees. But now, around 70% of all Indian restaurants and hotels have shut down as per the Federation of Hotels and Restaurants [FHRAI]. This has occurred as a direct consequence of reduced traveling accompanied by a customer desire to increase savings due to the infectious COVID-19.

Having contributed to around 10-15% of the country's GDP the large losses which the hospitality industries are expected to face are one of the integral reasons why the GDP is expecting to go negative. Hotels have slowly turned into free or very minimal charges as a quarantine center but this is yet not enough for them to cover their fixed costs or employee's salary. The restaurant industries are losing Rs-480 crore daily and are expected to lose over 2 Lakh Crore.

The COVID-19 has shown how vulnerable and risky the restaurant industry really is. New restaurant services such as 'Wow Momo' which just turned profitable prior to the lockdown have now started to incur losses. The hotel and restaurant industry employing over 4.2 crore people as per The Federation of Associations in Indian Tourism & Hospitality is expected to reduce the

workforce and implement wage cuts to threaten the future employment rate and GDP per capita. Hence Hotels are expected to cut their workforce by 30%.

2.3.3.1. Falling Demand:

1. Hotels

According to reports from HVS and Anarock, the Hotel industry's revenue is predicted to fall by Rs-90,000 crore in 2020 which is a 60% reduction from 2019 mainly because of the COVID-19 pandemic. Additionally, Mandeep Lamba, the South Asia president at HVS Anarock said, "With over 80% of hotels having been shut for close to three months, the sector has welcomed the central government's decision to allow hotels and restaurants to open. However, demand is expected to remain muted over the next few months as businesses settle down to the new normal of operating in a COVID environment". This statement has summarized what the Hotel industry is going through perfectly. There has been a big blow to the tourism industry where foreign national or domestic tourists have had to return to their place of residence after the lockdown was announced and thus have lost over half their customers. While people have been victims of wage cuts and mass unemployment many people have tried to save on luxury goods and services while spending only on necessities in order to save more. Due to this, the demand for hotels have really decreased at a domestic level. Other than this post the lockdown, people are forced to stay at home, and thus visiting hotels and restaurants is not something a person would ideally not want to do. Many people would try to avoid visiting hotels because of the large number of people present which would increase the possibility of being infected with the very contagious COVID-19.

2. Food and Beverage Industry:

As for the food and beverage industry, most restaurants aren't permitted to let people sit in their restaurant and eat, or if they are they must maintain social distancing. Now the restaurant industry can only earn money by delivering food on apps such as Swiggy, Scootsy, or Zomato. Despite this the rent, wage, and other costs they need to incur are much larger than the value of orders they are receiving thus, many restaurants prefer to remain temporarily shut down as they would save their fixed cost. Other than this many people are also scared about getting the COVID-19 through the food which gets in contact with many people having so many different ingredients and processes. As recently as May 26 some staff of Bombay Canteen and Koko that are well-known restaurants of Mumbai were tested positive for COVID-19.

2.3.3.2. Subsequent Effects:

The restaurant and hotel industry is already jeopardizing the jobs of 4.3 crore people according to the Federation of Associations in Indian Tourism & Hospitality. Moreover, it also affects the derived demand of other industries such as travel agents, airports, and majorly the delivery business who are also facing mass unemployment. The liquor and alcohol industry has suffered major hits as most people are not consuming the liquor served in the restaurant or hotels, the government is also affected by all these changes as hotels, restaurants, and liquor are the top three sources of indirect taxes. The government right now requires the tax revenue for testing centers and healthcare urgently. Thus sooner or later in the short run, they will have to give the green light for hotels and restaurants to open fully as the largest percentage of taxation for the government is related to the hospitality industry. However, this won't help their purpose in the near future as consumers are yet not going to leave their house until it is safe. All Hotel companies in India are affected equally as there has been no exception given to any hotel in the lockdown.

Other than this, loans to hotels and restaurants have also started to become harder to get, and right now there is no other way for the hotels and restaurants to cut down their losses except by shutting down their operations temporarily. Experts predict that it would take up to 9 months for the hospitality industry to recover all these losses and another 3 more months to then attract consumers amidst changes in consumer spending behavior.

2.3.3.3 Long Term:

In the long term, the hotel industry will recover and try to reduce their losses, however, they will not be able to earn normal profits until a year. However, this will be complemented by very substantial demand after consumer spending will have reduced by a lot. Demand for luxury goods would be of minimum priority. Around one crore, people in this industry are expected to become unemployed and would eventually become dependent on the government for better job opportunities. The hotel industry will need to seek further investment from foreign investors or financial help from the government in order to try to recover losses. This industry would need to reduce prices initially in order to remain competitive and slowly attract consumers while maintaining maximum hygiene and social distancing rules.

Whereas for the restaurant industry who are already spending money on marketing to portray their numerous precautions and try to assure the protections they take against the coronavirus, it will take a lot of time for consumers to trust their processes and be reassured that they are safe from the threat of COVID-19. Up to 20 Lakh people are expected to lose their job in India just from the Restaurant industry as per the National Restaurant Association of India (NRAI) after the COVID-19. Moreover, as they will have to also follow social distancing regulations, in the

long run, they will be only allowed to permit a certain number of people and would have to ensure safety. Many restaurants will now lose out on potential customers with fewer tables being occupied in order to adhere to directives issued by the government. The new norm would require restaurants to spend on precautions such as buying sanitizers and often fumigation. The government could help by giving loans to restaurants at low interest so that they could recover their losses. They could also correct the tax structure in such a way that restaurants would save the most and a fair price would be paid by consumers as well.

Results and Evidence

3.1 Figures and tables

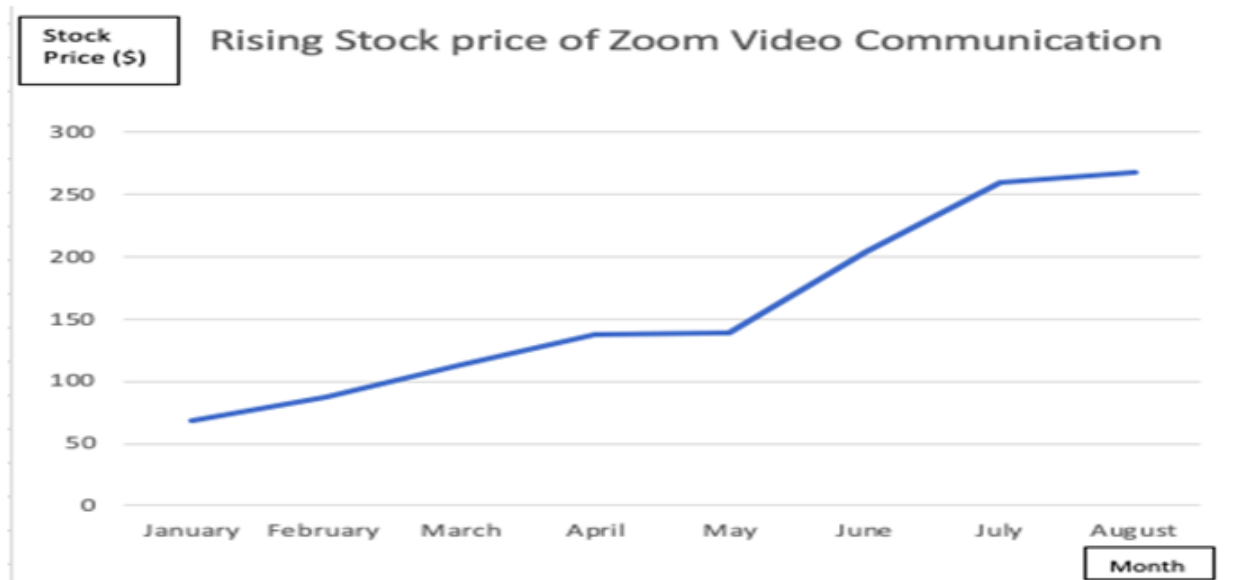
Table-1: Stock Price of Taj GVK Hotels and Resorts from 29th January to 21st of April on the Bombay Stock Exchange (NSE)

Date (2020)	Stock price in Rupees (₹)
29th of January	188.86
7th of February	159.41
11th of February	210.37
19th of February	170.16
2nd of March	162.21
17th of march	132.76
24th of March(Lockdown announced)	86.47
3rd of April	109.85
21st of April	119.67



Table-2: Stock price of Zoom Video Communications from the 29th of January to 19th of June on the NASDAQ Composite

Date (2020)	Stock price in American Dollars (\$)
29th of January	73.58
14th of February	90.95
16th of March	107.86
23rd of March (COVID-19 Starts increasing)	159.56
7th of April (Some zoom servers crash)	113.75
23rd of April	169.09
15th of May	174.83
3rd of June	223.87
19th of June	243.48



Conclusion

Most industries in the Indian market have suffered severe losses and people have either dealt with wage cuts or mass unemployment which has shaken the Indian economy. The rate of economic growth is expected to go into negative and it would take years to recover from the losses as experts predict a prolonged recession while there were some industries which benefited from the COVID-19 the industries which suffered quite evidently outweighed the industries that benefited. The effects of the coronavirus have left a detrimental effect on the Indian economy and impact the whole world, However, with the right guidance and help from the government, some industries can recover from these losses slightly faster.

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