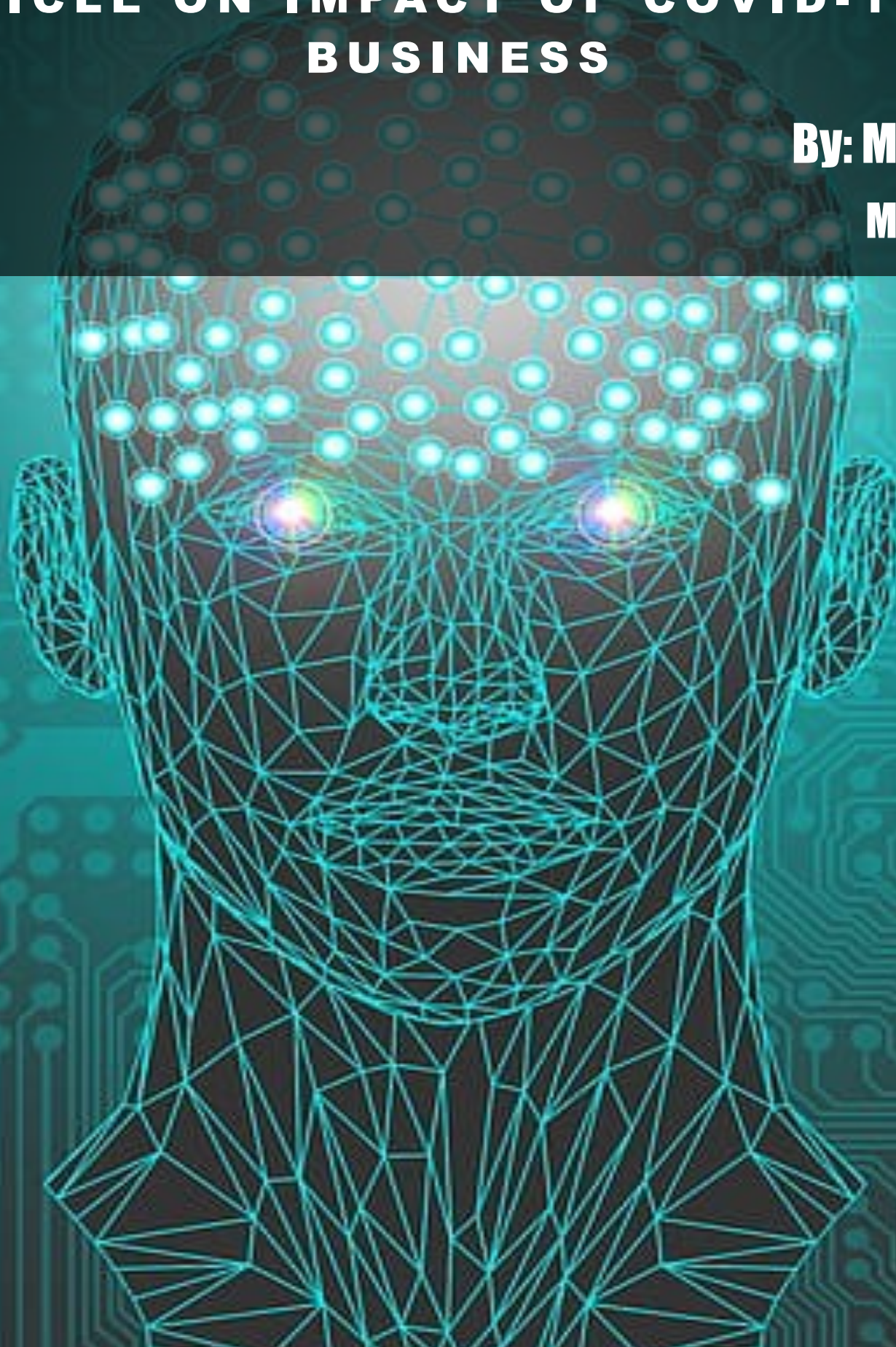


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**ARTICLE ON IMPACT OF COVID-19 ON  
BUSINESS**

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## Abstract:

The World Health Organizations (WHO) confirmed on 12 January 2020 that a novel corona virus was the cause of respiratory illness in Wuhan city, China. Since then, the disease has been declared a pandemic and has spread unabated, particularly in the global north. India has reported its first case of Covid-19 on 30 January. The transmission escalated from then and spread across the entire Indian Subcontinent, with most cases linked to people with a travel history from affected countries. Due to this reason the Government started taking steps to control this. Physical distancing, personal hygiene, and use of face masks were emphasized and are widely practised, with remarkable compliance. The government started total lockdown in India. The Government has introduced and implemented a series of innovations including a novel smartphone application called Aarogya setu for contact tracing and aiding in quarantine and related containment measures.

**Key words :** COVID - 19, WHO, Lockdown in India, Government implementation.

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## Introduction

As we all know that at the end of 2019, a novel corona virus (covid-19) was identified as the cause of a cluster of pneumonia cases of cases in Wuhan city of China. It rapidly spread, resulting in an epidemic throughout China, followed by an increasing number of cases in other countries throughout the world. Coronaviruses are a large family of viruses that causes illness ranging from the common cold to more severe deceases such as Middle East Respiratory Syndrome (MERS- COV) and Severe Acute Respiratory Syndrome (SARS-COV). Coronaviruses are Zoonotic, meaning they are transmitted between humans and animals. Common signs of this virus include respiratory symptoms, fever, cold, cough, shortness of breath and breathing difficulties. In more severe cases, infection can cause pneumonia, severe acute respiratory syndrome, kidney failure and even death. India faces multiple major challenges on Covid-19 front. It is densely populated: 464 people compared with Italy's 206, Spain's 91, Iran's 52, and the USA's 36. It has a huge population: 1308 million (USA 330 million, Iran 83 million, Italy 60 million, Spain 46 million). The infection increases due to direct contact among humans. For reducing the infection rate the decision is taken by the Government and that is lockdown. Before the 21day lockdown imposed from 25<sup>th</sup> march, mathematical modelling put the number of expected cases in India between 300 million and 500 million by July end, with a peak somewhere in April/ May of 100 million cases, with 10 million (10%), requiring hospitalisation, 5 million recovering, 5 million needing critical care and 1 to 2.5 million deaths. After the lockdown these numbers are estimated to come down by about 80% with 1 million needing critical care including ventilator support. India has just 20000 ventilators. The Covid-19 induced 21day lockdown has put more strain on an economy that was already experiencing declining growth and increased joblessness. More than 75% of India's substantial 100 million migrant workers have lost their jobs overnight. Due to the outbreak of pandemic, the work from home culture is booming in India. As social distancing is prescribed as the best way to curb the spread of Covid-19, companies are faced with an unprecedented challenge of ensuring it is business as usual even if everyone is working properly.

### Impact of Covid-19 on Education system in India

The pandemic has significantly disrupted the higher education sector as well, which is a critical deterrent of a country's economic future. In the second or third week of March, the State Governments across the country began shutting down schools and colleges temporarily as a measure to contain the spread of the novel coronavirus. This is a crucial time for the education sector- board examinations, school admissions, entrance tests of various universities and competitive examinations, among others, are all held during this period. The structure of schooling and learning, including teaching and assessment methodologies, was the first to be affected by these closures. So, schools and colleges could adopt the online teaching methods.

The bigger concern, however, on everybody's mind is the effect of the decrease on the employment rate. Recent graduates in India are fearing withdrawal of job offers from corporates because of the current situation. The centre for monitoring Indian Economy's estimates on unemployment shot up from 8.4 % in mid- March to 23% in early April and the urban employment rate to 30.9%. A multi prolonged strategy is necessary to manage the crisis and build a resilient Indian education system in the long term. One immediate measure is essential to ensure continuity of learning in government schools and universities. Open source digital learning solutions and learning management software should be adopted so teachers can conduct online teaching. The Diksha Platform, with reach across all states in India, can be strengthened to ensure accessibility of learning to the students. The current pandemic not only seen affecting the health of the citizens in the country but is also seen hindering various industries and shaking them to their roots.

The switch to online education has been ensuring that students suffer no loss of studies and their progress is being tracked simultaneously with timely evaluation. Uncertain times call for stronger measures and the education has been stepping up to take some. The pandemic has been working as a catalyst for the educational institutions to grow and opt for platforms and techniques, they haven't used before. The times are changing, and the theories have always pointed out towards the survival of the fittest. Surviving these crises with a different approach and digitising the sector are the two elements which will get the industry through the storm and wash away the blues of the pandemic. If we talk about the internet accessibility, then it can be seen that in a country like India where access to the internet is pitifully low, this new education model may fail miserably hence, the Internet comes out to be the biggest challenge of e-education. In the last two decades, there has been a conscious effort on the part of the government to improve access to the internet in every sector. But still India has to face the internet challenge.

### **Impact of Covid-19 on business**

Here, firstly we will discuss about the economic conditions during this pandemic and how it effects on business. The International Monetary Fund (IMF) has projected the Indian economy to grow at 1.9% in 2019-20. Nearly 162 countries are steadily going in to lockdown, and business across the globe are operating in fear of an impending collapse of global financial markets. The high impact sectors in terms of risk on account of Covid-19 are hotels, restaurants, retail, shipping, ports and port services. The medium impact sectors are automobiles, building materials, residential real estates while the low impact sectors include education, dairy products, fertilizers, and healthcare among others.

## **Let's understand how the Covid-19 is impacting business in India-**

### **Impact of Covid-19 on Raw materials and Spare parts-**

Nearly 55 % of electronics imported by India originated from China. These imports have already slid down to 40% in light of the coronavirus outbreak and subsequent lockdown. As a countermeasure, India is considering the promotion of indigenous production in a bid to reduce dependency on a single market. Additionally, China is India's third largest export partner for export of raw materials like organic chemicals, mineral fuels, cotton etc.; and lockdown of the countries is likely to lead to a substantial trade deficit for India.

### **Impact of Covid-19 on FMCG (Fast Moving Consumer Goods) Sector-**

After the lockdown announcement, demand for essential FMCG products spiked up owing to hoarding and panic buying by consumers. Grocery items milk, and hygiene products have seen a huge increase in demand while supply chain constraints have limited the manufacturing capacities.

### **Impact of Covid-19 on MSMEs (Micro, small and medium enterprises)-**

MSME exporters have been impacted more by the current lockdown on account of Covid-19 pandemic as the sector accounts for over 45% in the country's total outbound shipments. They will also face issues in calling back their workers as several of them have migrated to their villages and towns.

### **Opportunity in a Crisis-**

Like India several international economies are becoming cognizant of the risk they have faced by being overly dependent on one market. Making the present situation a learning opportunity, it is believed that this is the time India can work on capturing potentially 40% of their competitor's market share by looking at indigenous production of goods, furthering the country's make in India campaign. "While the impact of COVID -19 on the company's business operation has not been materially adverse so far, it is extremely difficult to assess its impact on near term and annual results. The Company continues to evaluate the impact of Covid-19 as the situation evolves". The company has resumed operations at all its manufacturing location and distribution centres and scaling up continuously in all areas of operations while adopting stringent safety practices and following standard operating procedures for social distancing. Here, we are going to discuss

about the effect of Covid-19 on Nestle Company. While the impact of this virus Nestle India continuous to witness demand for most of its products and its focus in the immediate period is to make sure that its products are available to consumers. Commenting on the impact of Covid-19, Nestle India said it is “extremely difficult” to access its impact in the near term and on annual earnings. Last month Nestle India, which follows January- December financial year- had reported 13.54% rise in January- March quarter net profit at 525.43 crore and 10.84 % increase in its net sales at 3,305.78 Crore. The Company had witnessed a volume growth and contribution from e-commerce went up significantly, while out of home sector performance was subdued.

### **Technology and Future of work-**

Technology for many businesses, until today, was considered to be a support function with it being used as a means to get to an end. This is set to change as technology will now become the frontline requirement in most organizations. Trends will accelerate. Due to this Pandemic, job creation will be limited with more offers being rolled out on a contractual basis than on a full time basis. Work from will be the new normal. Firms in some sectors will realise that employees working from home are equally productive as compared to when they are working from the office. This will also help in saving infrastructure costs.

### **More than half of Indian Companies expect moderate impact of covid-19 on business**

**Willis Towers Watson said on this concept that a total of 103 organizations in India participated in the survey conducted during March 20-31,2020. Data was collected from nearly 417,00 employees working across sectors.**

About 57% of organisations in India expect a moderate to large negative impact on their businesses in the next six months while 46% expect the effects of Covid-19 pandemic to last over 12 months, according to a survey by global advisory firm Willis Towers Watson. The survey further said that 83% organisations plan to review their work from home policy, while 55% have no fixed end date on their flexible work arrangements. As per the survey, 42% organisations have not taken a decision on salary increment budgets for this year, while 33% indicated that performance appraisals and bonus pay outs will happen as planned.

### **Corona Virus and its impact on the stock market**



**We are going to start with the definition of Stock Market:**

**What is stock market?**

It is a place where shares of public listed companies are traded. Stocks market are where individual and institutional investors come together to buy and sell shares in a public venue. Share prices are set by supply and demand in the market as buyers and sellers place orders.

**Let's start with the topic how Corona Virus (Covid-19) impact on the stock market-**

This is a very different type of situation which the globe is undergoing. The corona virus has been spreading beyond the initial expectations and is also beyond anticipation that when finally will the virus slowdown. The economic impact of Covid-19 (Novel Corona Virus) to the world will be bigger than the consequence of SARS in 2003 which did not impact the world economy. If the situation takes longer to stabilize, the impact on the world economy will be higher. In wake of the novel corona virus (covid-19) outbreak, over 50% of Indian companies see impact on their operations and nearly 80% have witnessed decline in cash flows, says a survey. The pandemic has significantly impacted the cash flow at organisations with almost 80% reporting a decrease in cash flow. Pre Covid-19, market capitalisation on each major exchange in India was about 2.16 trillion. The 2019 stock market rally was limited to 8-10 stocks within the large caps. The Sensex returned around 14% (excluding dividends) for the year 2019 but prominently featured blue chip companies such as HDFC bank, TCS, Infosys, Reliance, ICICI bank and Kotak bank, without which Sensex returns would have been negative. However, in the start of 2020 there was overall recovery which led to both NSE and BSE traded at their highest level ever, hitting peaks of 12,362 and 42,273 respectively. At the beginning of the year, there was close to 30 companies that were expected to file IPO's.

**Let's discuss about SEBI (Securities and exchange board of India)-**

What is Securities and exchange board of India (SEBI)?

The Securities and Exchange Board of India (SEBI) is the most important regulator of securities markets in India. SEBI is the counterpart of the Securities and Exchange Commission in the U.S. The Securities and Exchange Board of India was established in its current incarnation in April 1992, following the passage of the Securities and Exchange Board of India Act by the nation's parliament.

### **Securities and Exchange Board of India extends relaxation in procedural requirement-**

**SEBI, in May, had granted one time relaxations from strict enforcement of SAST (Substantial Acquisition of Shares and Takeovers) Regulations and norms of buyback of securities through open and buyback tenders offers opening till July 31.**

Markets regulator SEBI on Monday extended relaxation in procedural requirements for listed entities with respect to open and buyback offers till December 31 amid coronavirus pandemic.

“Based on representations received from the market participants, the validity of relaxations is further extended and shall be applicable for open offers and buyback through tender offers opening up to December 31, 2020 the Securities and Exchange Board of India said in a circular. This relaxation is subject to certain conditions, including that the acquirer or the company would have to publish the letter of offer and tender from on the websites of the company, registrar, stock exchanges and the manager to offer. The acquire may have the flexibility to publish the dispatch advertisement in additional newspapers, over and above those required under the respective regulations. The buyer should also make use of advertisements in television channels, radio and internet to disseminate information relating to the tendering process. Such advertisements can be the in the form of crawlers or tickers as well. All the advertisement issued should also be made available on the website of the company, registrar, managers to the offer, and stock exchanges.

### **Gold Market-**

Gold struck a record high of \$1,944.71 in Asian trading on Monday as traders piled in to the “Safe haven investment”, a status that is a product of the characteristics that have long made the metal useful in finance. It maintained a central role in monetary systems for centuries. It was only 50 years ago that gold lost its roles underpinning the international monetary system. The International Monetary Fund said that it would provide immediate debt relief to 25 member countries under its Catastrophe Containment and Relief Trust to allow focus more financial resources on fighting the pandemic. Gold prices rose to a more than seven-year-high as mounting fears of a steeper global economic downturn due to the novel coronavirus disease increased bullion’s safe haven appeal. Spot gold gained 0.1 percent to \$ 1,715.25 per ounce by 0037 GMT, having touched its highest since December 2012 at \$ 1,722.20 earlier in the session. US gold futures rose 0.5 percent to \$ 1,770.20 an ounce.



## **Let's talk about the legal technology and its implication**

*Here, restriction on movement have highlighted the importance of technology in the legal industry and we also discuss what are the implications for the legal technology?*

The pandemic and associated lockdown has had an impact on business across most industries. Law firms have not been immune, with clients reducing their business activity, several M&A transactions on hold and many courts closed. A recent research report for law firms estimate a revenue decline of 15-20 % in 2020 compared to the previous year which will have an even greater impact on profitability, driving many law firms to the difficult decision of freezing costs and in some cases taking more drastic measures such as reducing staff hours and cancelling partner pay-outs. Most of the world, law firms have also had to make the transition to a work from home environment, relying more than ever on technology to connect employees and drive efficiency.

### **Covid-19 Global: Arbitration and Court Impacts –**

The outbreak of Covid-19 is affecting litigation and arbitration and arbitration in various ways, ranging from an increased use of remote hearings to general court closures, depending on the countries and institutions concerned. Due to this pandemic, courts are close. India's Supreme Court is dealing only dealing with important matters, and is using video conferencing. The Supreme Court has suspended limitation periods and has issued general guidelines on the use of video conferencing and permitted this to be used in a wide range of situations.

### **Impact of Legal Tech post crisis**

Law firms and legal process have adopted new norms over the past months, several that are here to stay. So, this suggests a higher adoption of tech post covid-19. However legal tech has to be mindful of the situation that presents itself and its responsibility to its customers. Budgets will be limited for sometimes, so customer engagement, frequent interactions, ensuring customers are looked after and protecting a brand, is all crucial. All in all, the current covid-19 pandemic creates several challenges in the short term but guides to a new way of working and adopting technology that is here to remain. This creates an opportunity for software vendors and firms alike, and it is a supportive philosophy of customer support, alongside a solid business model, that will determine the long term legal tech winners of a 'post- COVID' tomorrow. More positively, the disruption

has caused an acceleration of remote working, and a rapid focus on acceleration of remote working, and a rapid focus on evaluating and de-risking the end to end value chain. As we transition to new ways of

operating against a backdrop or a volatile global economic outlook, global businesses are implementing strategies to ensure they can continue to operate in a rapidly changing and increasingly uncertain legal and regulatory landscape. This global resource hub identifies the key issues and provides practical guidance as well as innovative and strategic thinking from our lawyers around the world on the regular and regulatory challenges.

### **The impact of Covid-19 on formal and informal workers-**

India's nationwide lockdown amidst the COVID-19 pandemic has critically dislocated its migrant population. Lacking jobs and money, and with public transportation shut down, hundreds of thousands of migrants were forced to walk hundreds of miles back to their home villages- with some dying during the journey.

The central government imposed the lockdown and closed businesses when India reached around 500 cases of Covid-19. Local authorities followed with measures such as creating strict containment zones to close off hotspots, which left millions of migrant workers stranded. As India has started to relax some lockdown restrictions, we discuss the impact of the covid-19 virus and containment measures on the most vulnerable groups in India, and explore the social policy measures and employment opportunities that can protect informal and migrant workers

from hunger and extreme poverty. Looking at the recent crisis, the government should seriously consider, the government should seriously consider setting up an Inter-State Migration Council, which can work towards safety, security and welfare of the migrant workers. This council will be able to resolve issues related to inter-state migration. According to government sources, cash benefits of about R.s 5,000 to about 40,000 registered workers but the city would have many unregistered construction workers. More than 90% of the workforce is active in the unorganised sector in India without any permanent work or social security.

### **Why are migrant workers more vulnerable?**

Due to differing circumstances, some groups of people are more vulnerable to the impacts of COVID-19 than others. Migrants may not be able to get home and may not have access to local healthcare or the same legal rights as local workers. Many migrants live in crowded accommodation where social distancing is challenging to implement. They have limited access to personal protective equipment, such as masks or sanitizer. Those who working in factories producing key goods, such as canned or processed food, are unable

to distance themselves physically on labour intensive production lines. Migrant workers can often lack freedom of movement because of their immigration status, and their passports may be taken. They are therefore at greater risk of exploitation as they seek to return to their home countries or travel to find work irregularly and out of desperation.

### **What Government agencies can do to ensure safety and security of migrant workers**

True deficit among poor people has been quite visible during the Covid-19 outbreak. The painful visuals of helpless poor people going back to their hometowns and villages have raised questions about the government's timelines in providing adequate supports to migrant workers. By the time finance minister announced free food grains for the next two months to migrant workers who don't have ration cards with a financial support of R.s. 3,500 crore, most of the workers have either left or are leaving under distressed conditions.

Although Government agencies kept promising safety and security of poor people in the cities, it took almost 50 days in to the lockdown to announce this and other benefits. Many migrant workers have left cities in the absence of food and cash flow in to the household. According to the 2011 census India has 56 million inter-state migrants, of which 40 million live in urban areas. Of these roughly 34 million work in the informal sector. Roughly 79% of India's migrants work for daily wages in factories or construction sites. Looking at the recent crisis, the government should seriously consider setting up an inter-state Migration council, which can work towards safety, security and welfare of the migrant workers. According to government sources, cash benefits of about R.s. 3,000 crore have been given to 2 crore registered construction workers.

### **Conclusion**

The pandemic of Covid-19 has necessitated the need for attention to the underserved marginalised populations holistically, to prevent long lasting adverse health-outcomes. Economic stressors on the whole population will need mitigation and quick changes in policy would help.