



COVID-19 PANDEMICS EFFECT ON INDUSTRY – A STUDY

Dr. C. SUBATHRA, Assistant Professor of Commerce & Research Supervisor, Pioneer Kumaraswamy College, Nagercoil ,
Affiliated to Manonmaniam Sundaranar University, Abishegapatti, Tirunelveli – 627 012, Tamilnadu, India,
drsubathra@gmail.com

Dr. S. KRISHNAKUMARI, Associate Professor, Department of Management Studies, Anand Institute of Higher Technology,
Chennai

Dr. D. YUVARAJ, Professor, Department of Management Studies, Anand Institute of Higher Technology, Chennai

ABSTRACT- This research paper investigates the effect of COVID-19 pandemic on Apparel & Textile Industry and Automotive Industry and also analyses the methodologies adopted by them to overcome the crisis. The study has analysed the impact of COVID -19 on the selected ten different business sectors and its challenges and opportunities along with their performance analysis of pre and post COVID conditions. It is found that the business sectors have emerged drastically well while others go down pathetically. The study also revealed that the technological innovations have not only improve business performance but also help to develop a consumer behavior for “new normal” scenario. Some of the sectors that easily adapt and migrate new technology for smoothen their functions. Technology enables the remote working, online learning, telemedicine services, etc. The study also found that the organizations have invested more on technology upgradations, made tangible improvements in their businesses. COVID 19 pandemic enabled the consumer to embrace latest technology and change in lifestyle to adapt new normal.

Key words: Impact, COVID -19, Apparel & Textile, Automotive Industry

I. INTRODUCTION

The Novel corona virus or COVID-19 which causes a highly infectious disease that has infected more than 1.2 Crore people worldwide. As the spreading of COVID 19 is primarily through contact with an infected person (when they cough or sneeze) or when a person touches a surface that has the virus on it and the recommended way to guard against it is to stay at home. This has increased online shopping usage, globally. In India, it is witnessed to rise in the number of first-time-e-commerce-users (FTUs) who had been so far inhibited to shop online. Due to the increased demands and supply chain issues related to lockdown restrictions, online shoppers come across problems concerning product delivery timelines and customer support services.

Covid-19 pandemic has transformed the way we work, shop and communicate with people more than any other disruption in the recent past. As more people start working from home, they are sticking to basics, stepping outside only to buy essentials and are constantly worried about the risks of getting infected in crowded places like malls and supermarkets.

Almost 162 countries announced lockdown to contain the corona virus outbreak. This situation altered the online business platform and impacted industries along with their operations. Businesses across the globe are operating in fear of an impending collapse of global financial markets. This situation, clubbed with sluggish economic growth in the previous year, especially in a developing country like India, is leading to extremely volatile market conditions. Corona virus pandemic created a huge economic impact in India like other countries in the world. The Indian economy has lost over 32,000 crores per day during the first 21-days of complete lockdown, the period which has been declared as full lock down period to limit the corona virus outbreak. Almost 53 per cent of businesses in the country were significantly affected. Supply chains have been put under stress with the lockdown restrictions in place. People those who are working in the informal sectors and daily wage groups are the most at risk. Farmers who grow perishables are also facing uncertainty. Various businesses such as hotels and airlines are in trouble and most of them are cutting salaries and laying off their employees. The Event Management industry is falling with huge loss. Major companies in India such as Bharat Forge, Aditya Birla Group, Tata Motors, Larsen and Toubro, Ultra Tech

Cement, Grasim Industries and Thermax have temporarily suspended or significantly reduced their operations. Most of the upcoming startups have been severely affected as funding has fallen. In the third week of March, e-commerce legends such as Amazon and Wal-Mart-owned Flipkart announced that it would stop sale of non-essential items and focus on essential deliveries in India. Other fast-moving consumer goods companies are also reduced its operations and are focusing on essential commodities. Stock markets in India posted their worst loses in history.

“From the economy's point of view, the lockdown undoubtedly looks costly right now, but compared to the lives of Indian citizens, it is nothing.” -Prime Minister Narendra Modi, speech to the nation on 14 April 2020. To tackle the situation, The Government of India announced a variety of measures for food security, extra funds for healthcare, incentives and tax deadline extensions etc. Reserve Bank of India has also announced some measures which would make available 3,74,000 crores to the country's financial system. According to Asian Development Bank (ADB), India's economic growth is likely to slow down to 4 per cent this fiscal on the back of the current global health emergency.

The announcement of complete county wide lockdown with the closure of restaurants, cafes, bars, hotels and the airlines, Online media come up to take with a role to meet the demands in grocery sector. Mass quarantines and unpredictable retail stock availability cause online commerce to its peak. This is the new reality which is facing by India like other countries in the world. This scenario has urged the online service providers to identify the emerging opportunity to grow in terms of revenue, attract new customers and drive channel shift. At the same time, for handling the huge demands, one has to address the dependability such as stability of digital channels, online media and its capabilities. Businesses must flex quickly to capture the opportunity, and appropriate systems must be prepared to withstand the increased loads. This study deals with impact of trajectory of COVID-19 pandemic on online business in India and discuss about the changes that brings by COVID 19 in various online business platform.

OBJECTIVE

The primary objective of this study is to understand the impact of COVID -19 Apparel & Textile Industry and Automotive Industry

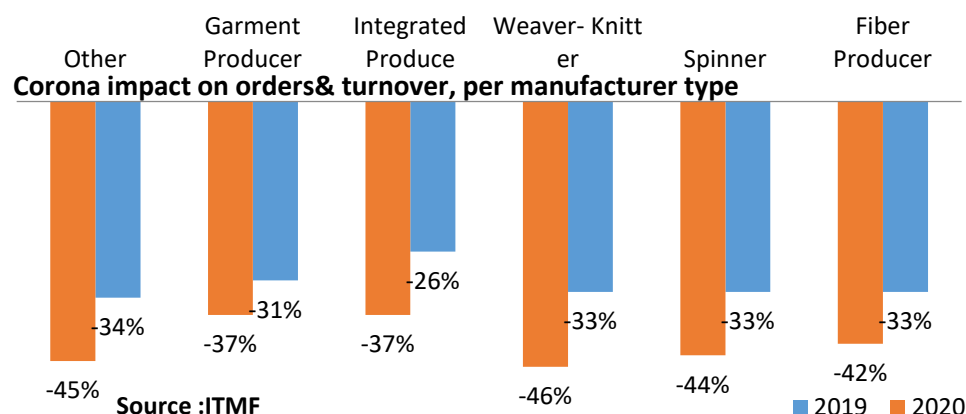
II. METHODOLOGY

Secondary data from different sources has been taken for the Purpose of identifying the impact of COVID-19 pandemic on apparel & textile, automotive industry

IMPACT ON APPAREL & TEXTILE

Based on the survey of 600 companies conducted by the International Textile Manufacturers Federation (ITMF), an international forum for the world's textile industries, between 20th May and 8th June 2020 about the impact of Corona-pandemic on the global textile value chain indicated that the global textile value chain orders were down in the range of -37% to -46% and Turnover 2020 was down in the range of -26% to -34% as compared to 2019.

Fig 1. Impact of COVID -19 on Different Sectors



Also survey indicated that 44% expect that pre crisis levels are reached again in the 1st or 2nd quarter 2021. India is the world's second largest exporter of textiles and clothing. Cloth production in India till January 2020 came up with 63.34 billion square meters. Expected export of textiles and apparel is increase to US\$ 82.00 billion by 2021 from US\$ 22.95 billion till November 2019. Technology Up-gradation Fund Scheme (TUFS) by the Ministry of Textiles is one of the schemes for encouraging investment in this sector. The Government of India has allocated Rs 761.90 crore (US\$ 109.01 million) for Amended Technology Upgradation Fund Scheme (A-TUFS) in Union Budget 2020-21. Apart from these, an allocation around Rs 3,515 crore (US\$ 502.93 million) to the Ministry of Textiles and Rs 80 crore (US\$ 11.45 million) for the scheme on Integrated Textile Parks to boost up the industry. For setting up of 21 readymade garment manufacturing units in seven states, the Ministry of Textiles has announced Rs 690 crore (US\$ 106.58 million) in order to enable the development and modernization of Indian textile sector. National Technical Textiles Mission is proposed at an estimated outlay of Rs 1,480 crore (US\$ 211.76 million) for a period from 2020-21 to 2023-24. Other notable fund allocation in Union Budget 2020-21 are Rs 388.21 crore (US\$ 55.55 million) for National Handloom Development Programme and Rs 50 crore (US\$ 7.15 million) for Integrated Processing Development Scheme.

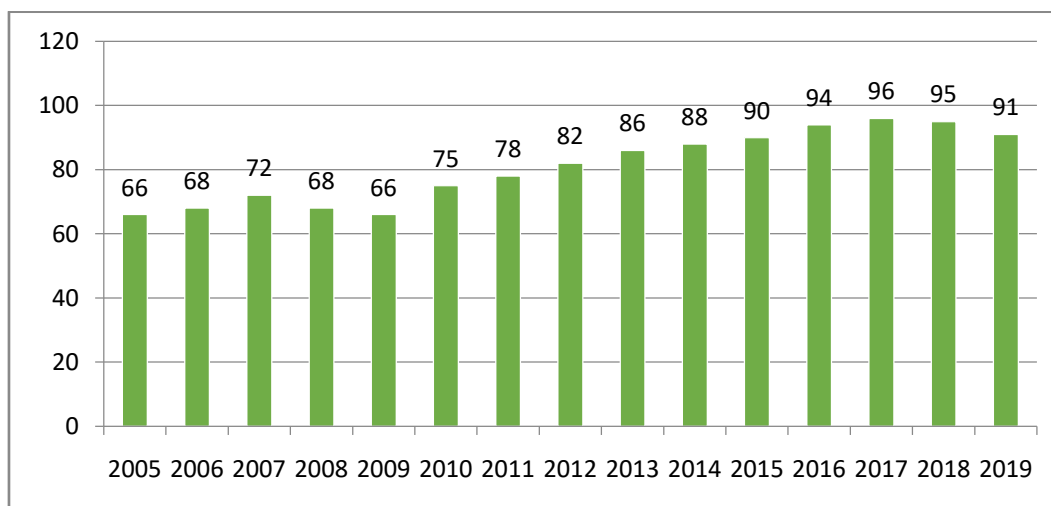
As per the recent trends and “new normal” pandemic situations, consumers become more comfortable with online shopping methods for their apparel needs. Online apparel shopping website - Myntra.com recently bought the acquisition of San Francisco-based FITIQUETTE, a technology solution firm that specializes in a virtual fitting room. FITIQUETTE gives users a 360-degree view of the fit and drape of a garment on their own customized models fitting room.

Facebook introduced Facebook shop in May 2020 and Instagram also added on-platform checkout where the user can order the product completely through the social media platform. Heavily increasing smart phone penetrations, Technology advancements and social distancing features and contact less delivery methods, shoppers are attracted online platform instead of brick and mortar shops. This will definitely boost up the Apparel industry in 2021.

IMPACT ON AUTOMOTIVE INDUSTRY

Organization International des Constructeurs' Automobiles (OICA), the International Organization of Motor Vehicle Manufacturers founded in Paris in 1919 with 37 national trade associations including all major automobile manufacturing countries around the world. The Sales report of OICA indicates that there was a clear cut decline of sales in 2019 after 10 years' continuous growth.

Fig 2. 2005-2019 Sales Statistics



Source: OICA :2005-2019 SALES STATISTICS

After the unfavorable 2019 with decline of more than 5% in world auto sales, the world automotive industry faces an unprecedented challenge during Q1 & Q2 of 2020. Many experts including OICA's president, Mr Fu Binfeng stated that “the worst crisis ever to impact the automotive industry”. Indian automotive industry has

been badly affected by the COVID-19 pandemic and related lockdown. Zero sales reported in April and it is the lowest ever in its sales history.

Considering the nature of the virus, it seems this pandemic does not seem to go any soon. It will take enough time to get back to normal. Now Government has come up with some relaxations to boost up the automobile industry to increase its sales through the online car business across India. The Pandemic led to companies coming up with a solution of selling the cars using their online platform. Hyundai launched its digital portal recently and allow consumers to buy cars through online platform. Now the companies such as Tata Motors, Honda Cars India, BMW, Mercedes-Benz, Volkswagen, and Volvo are also offering the online platform for enabling contactless car buying process to adapt with this pandemic situation. These online portals allows customers to choose dealership, viewing the cars' exterior and interior, the variant, additional equipment and financing option at their own convenience. Customers can also schedule test-drives by using these platforms before purchasing. Necessary paperwork is also taken care of digitally, via emails or dedicated document uploading facility, depending upon the platform provided by the companies. According to EY, An integrated "phygital" platform with a digitally-enabled agile Salesforce will become a critical success criterion to tap into select consumer segments.

According to Vinay Raghunath, EY India Partner and Automotive Sector Leader - "A contactless purchase journey could be a win-win situation for customers, OEMs and dealers. Digital heavy processes offering flexibility in consumer connect supported by lean dealer operations is bound to become the new normal in the near future. Every player in the auto industry must invest ahead of the curve to keep pace with changing consumer dynamics."

III. FINDINGS

Technology plays an important role to improve businesses in this pandemic situation. The sectors that easily adapt and migrate new technology for smoothen their functions, strengthens their business and improve profitability. The findings of the study from the selected sectors are listed in this section.

- **Apparel & Textile industry** come down with its turn over as compared to pre COVID period. Government schemes and Budget allocations helps this sector to strengthen its performance to some extent. Investing more on technological innovations will enable industry to fly its peak.
- **Automotive industry** experienced the drastic decline in the sales caused by this pandemic. Zero sales reported in the month of April in India and it is the lowest ever in its sales history of automobiles. To come out from this situation this industry has introduced a contactless purchase through online platform which offers flexibility in consumer. Investment for advanced technology definitely brings up the sector.

IV. SUGGESTION

- Government should take appropriate decisions to reduce vulnerability and financial crisis in the economy.
- Government should conduct awareness programs to educate people about the importance of social distancing, promote online businesses and other online transactions.
- RBI should promote online services and reduce the charges levied on e-wallet and UPI payments.
- Organizations need to concentrate on improvement their IT infrastructure to enable digital transformations to tackle the pandemic situations.

V. CONCLUSION

People have experienced the unprecedented condition caused by infectious virus that spread vigorously and killed many people worldwide. Now they learned to overcome the situation by implementing social distancing, masks, proper use of sanitizers, creating hygiene environment etc in the day today life. In the same way business sectors also adopted the changes to sustain further. The invention of vaccines shows some lights in this pandemic situation and the inoculation of the vaccinations may bring back the pre covid situation at the earliest and at the same time people and the business community should think about the risk

mitigation plans to upcoming pandemics if any. Business sectors have to concentrate more on technology advancement and risk mitigation plans. Investors need to accelerate the risk mitigation plans or preparedness of organizations and invest on technology advancement.

REFERENCES

1. Cheng E, Tan W. Coronavirus cases in China overtake SARS — and the economic impact could be “more severe.” CNBC; (2020).
2. <http://www.oica.net/category/sales-statistics/>
3. <https://www.grandviewresearch.com/industry-analysis/food-grocery-retail-market>
4. https://www.ifc.org/wps/wcm/connect/1d490aec-4d57-4cbf-82b3-d6842eecd9b2/IFC-Covid19-Telecommunications_final_web_2.pdf?MOD=AJPERES&CVID=n9nxogP
5. <https://www.itmf.org/images/dl/press-releases/2020/Corona-Survey-4th-2020.06.18-Press-Release.pdf>
6. Qiu W, Chu C, Mao A, Wu J. The impacts on health, society, and economy of SARS and H7N9 outbreaks in China: a case comparison study. *J Environ Public Health*. (2018)