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COVID 19 - Be Vocal For Local - Mantra for Economic Recovery

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Abstract: *The widespread of COVID 19 remains a health and humanitarian crisis affecting businesses and economy worldwide. The effect of COVID-19 is deep and far reaching. The current pandemic has paralysed the entire economy including all businesses especially MSME, small agricultural and local shops. Our PM Narendra Modi coined the term "Vocal for Local" on his independence's day speech as an initiative to boost the employment opportunities in India. The hour of crisis has taught India the importance of being local. This paper gives an insight on the importance of being vocal for local, challenges faced in the current crisis and the measure to minimize the effect of COVID-19 on the local domestic industries.*

Keyword: *COVID-19, MSME, Government Initiative, Vocal for local, MSME.*

I. INTRODUCTION

Vocal for local is not a new concept to India. Our country's freedom fighters, pioneers' leaders such as Mahatma Gandhi, Ram Singh Kuka, Shakeel Anwar and many other supported the concept of self-reliant to achieve sustainability across the country. Our history has witnessed events in the form of Dandi march, swadeshi for production and consumption of hand spun and hand-woven cloth of khadi as a gateway to success. Vocal for local is an extension to the "swadeshi movement" which was led by Mahatma Gandhi. During the ongoing crisis, Our PM Narendra Modi has once again emphasised on the movement of getting swadeshi through "voice for local" for all our local brands, products, local industries, MSME etc. Some of our Indian brands are already challenging and is giving a tuff competition to the existing multinational brands .It is also observed many a times that many multinational companies buys products from the local market and sell them under their brand name ,Yet many domestic companies stands unmoved the wave of Competitive and globalised market .There is a vast array of products and services and competencies can be found across industries such as a) Consumer products and consumer durables b) Services such as domestic transport and tourism c) Engineering goods d) Our ethnic products.

II. OBJECTIVES OF THE PAPER

- To study and understand the concept of vocal for local and highlighting its importance in recent hours of crisis
- To analyze the impact of COVID-19 on the domestic industries in unprecedented contingency
- To understand the measures and initiatives taken by the government to sustain the current crisis

III. RESEARCH METHODOLOGY

The research is done based on secondary data sources. It is studied on the basis of data available from the Department of Financial services, Ministry of Finance, Government reports, Journals, Reserve bank of India Notifications and Web resources.

IV. LITERATURE REVIEW

With the ongoing economic crisis caused by the COVID-19 it is essential to endorse the domestically produced goods .Significant importance should be given to local traders, craftsmen and brands .There is need to manufacture and consume locally (Go vocal for local, Lalit Kumar).In the times of disruption ,there is need to encourage vocal for local to promote tourism ,heritage conservation, localism, and biodiversity in order to sustain the crisis (Outlooktraveller,2020).The economic exploitation of India's resources was the major reason for poverty in India .Mahatma Gandhi including other prominent leaders such as Dadabhai Naoroji and RC Dutt were on the opinion to promote "made in India " goods (The Pioneer, April 2021) Adrain,Aditya Narain) .COVID-19 will change the bank's customer 's behavior in India and across the globe .Post COVID-19 ,it will determine strategy of banking players with segments emerging (CXOtoady ,25 June 2020) The global turbulence in the economy is disrupting the trade and commerce, hence diminished growth is predicted in most of the sectors. With the aggravated liquidity shocks that COVID-19 has imposed have led to diminished growth. Post Covid recovery period, the stability and the growth of US and China's economy would determine the economic global recovery. (Tally, Pratibha Devasenapathy,April 2020). The present lockdown has impacted the all the major sectors including manufacturing, Pharmaceuticals, tourism and supply chain operations. In spite of the government initiatives to minimise the disruption the economy has slowed down (GlobalData,15 April 2020). Uttar Pradesh government recently introduced new electronics manufacturing policy. This is an initiative taken by the government to attract companies looking to shift their manufacturing base to India in the post COVID-19 scenario (Financial Express, August 2020). COVID-19 Pandemic has affected different business lines with huge disparities in global production, supply chains and cross border as well as inter-country trade. (Business Management, May 2020).

V. COVID-19 IMPACT ON THE VARIOUS SECTOR OF AN ECONOMY AND THE INITIATIVES TAKEN TO MINIMISE EFFECT ANALYSIS

Pharmaceutical Industry

The demand and supply of pharmaceutical products in India have increased to multiple folds in the pandemic. Though Indian pharmaceutical companies are the largest exporters of drugs in the world, yet it has to rely on the import of bulk drugs from other countries such as China, France etc. In FY19 India imported around Rs 24,900 crore worth of bulk drugs. It is expected that due to the current situation, lack of transportation, logistics, manpower, difficulties with the supply of raw materials will disrupt the supply and unexpected price fluctuations might be encountered.

Initiatives by the Government for Indian Pharma Industry

Government is taking proactive measures to minimize the disruptions in pharmaceutical manufacturing and the supply chain. Last year government unveiled "Pharma Vision 2020" aims Indian Pharma Industries in end-to-end drug manufacturer.

Union Minister of Chemicals and Petrochemicals recently unveiled the decision of has setting up of chemical hubs across the country and establishment of a Central Institute of Chemical Engineering and Technology. The state drug controllers are asked to report operational data on a daily basis. The Indian Postal Service is involved in the transportation of pharmaceuticals and medical equipment. NPPA is taking special measures to track the hydroxychloroquine (HCQS) stock, which is considered as an important drug for the treatment of Covid-19 outbreak.

Electronics Industry

Unlike the Pharma Industry, Indian Electronic Industry is also disrupted due to the lack of electronic raw materials that are imported by China. Hence. Indian electronic industry is affected in terms of production, meeting the market demands, product pricing etc. This would definitely push down the sales and profitability would go down the spread of coronavirus have lowered down the sales of top electronic companies and smart phone makers in India.

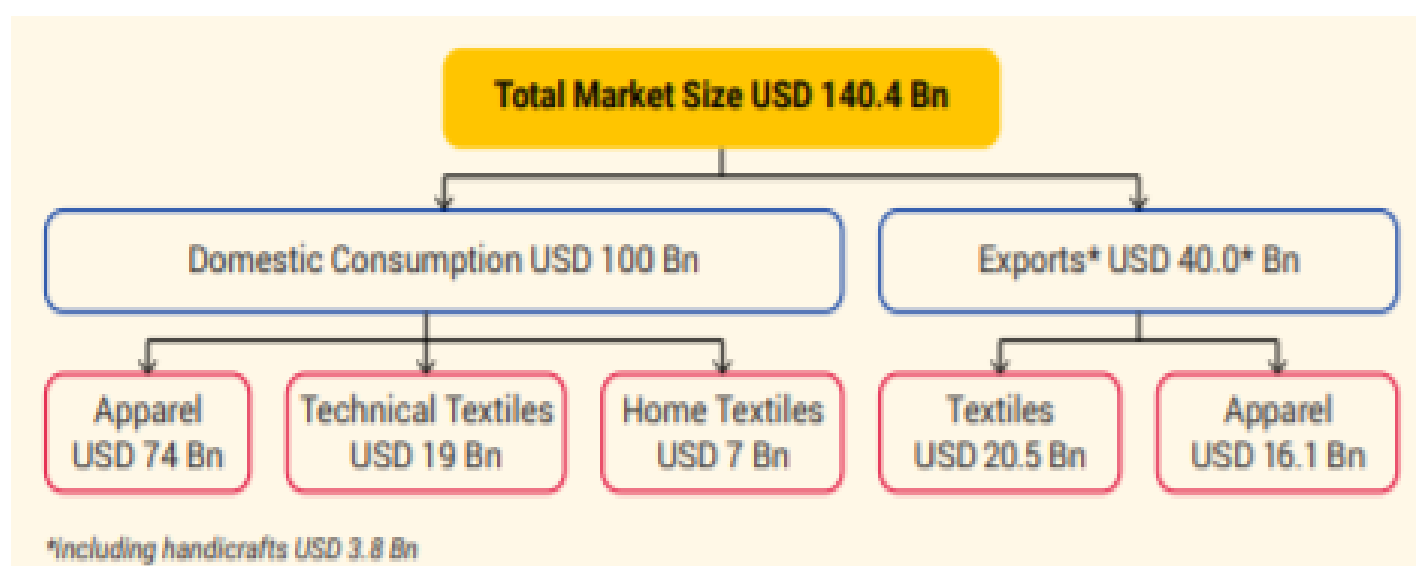
Initiatives by the Government for Indian Electronic Industry

China's electronic parts and components are imported to many countries across globe Recently ICEA laid down the electronics manufacturing policies in order to. It is taking initiative and are inviting the companies to shift their base from China to India.

Indian Textiles and Apparels Industry

Indian Textiles and Apparels industry is almost 4% of the world T&A market. The Indian industry is one of the largest sectors in terms of output, foreign exchange earnings and employment and accounts for 2% to the GDP and 15% to the country's export earnings.

Due to countrywide lockdown, Apparel industry is facing of temporary closure, lay off and low wages of workers. The pandemic has affected India's export market causing order cancellations/deferral of order leading to inventory build-up and expectation of slower realization of export receivables leading to higher working capital requirements. Domestic consumption has been disrupted and the existing shops have faced inventory shortages. Hence, the apparel industry is grappling with profitability issue with decline in yarn exports, cheaper imports.





Initiative for Indian Textiles and Apparels Industry

Government is taking active initiatives for the sector to be the key focus of new policies being framed to achieving the target of a \$5 trillion economy. Future of Indian textile looks promising with regards to online presence. The recent directives passed by the Khadi institutions states that AWF contribution to the bank accounts of artisans would be carried out in three instalments. April 2020 witnessed a remedial decision that 100% income tax exemption on export income for the first five years, 50 per cent for five years thereafter, and 50 per cent of the export profit reinvested in the business for the next five years. 100% FDI is allowed in textile. Government have invested huge amount in integrated textile parks (US \$184.98 Million) and technology upgradation fund scheme (961.11\$Million)

Indian FMCG product Industry

With the advent of COVID-19 Consumer's demand for healthy and hygienic products have increased. There have been visible rise of 39.9% of Indian FMCG products. Patanjali, Emami, Dabur, HUL, Bisleri, Colgate, Marico Limited, ITC, Nestle, Godrej, Varun Beverages Ltd, GlaxoSmithKline, Amul, Britannia Industries Limited are few prominent FMCG Indian companies which have paved the way to success and have indeed encouraged "vocal for local". The sale of Indian FMCG products was not only limited to the domestic boundaries but it caters to also in the international market as well such as South America, Canada, Australia, New Zealand, HongKong, Singapore, West Africa etc. Indian kiranas shops are the pulse of the nation. During Pandemic crisis we all realised the fact that the local kirana were the saviour especially when e-commerce deliveries were delayed.

Initiatives by the Government to FMCG Industry

Indian Government is taking initiative to encourage our country to start using Indian made products in order to ensure rich quality of products than the cheap imported products or raw material. There is the need for Indian FMCG companies to manufacture domestically organic and domestic products and become self-reliant through brand, package, price and channels

COVID-19 impact on logistics

Logistics are the blood to a healthy economy. The imposition of the lockdowns and the spread of the pandemic globally has left it paralysed. Several disruptions are seen and the global trade is affected drastically. As per announcement by the

Retailers Association of India, the supply chain of about 25,000-30,000 supermarkets that have so far been impacted due to the lockdown announced. Due to current crisis, public transport facilities, availability of labours and transportation of essential products and supplies are hampered, leading to lower productivity.

Initiatives taken by the government

Government-led initiatives have redefined the logistics business in India. The ministry has provided comprehensive 18 Point Agenda which aims to improve the logistics including simplification of approvals for warehouses, facilitation for warehousing development, city logistics and reducing burden on truck movement. In the recent times logistics cost have become realistic to greater extent with diesel prices moving in tandem with international fuel prices. Make in India campaign will add more than \$ 20 billion to the Indian logistics sector to make in India have a high logistics dependence.

COVID-19 impact on Tourism

This pandemic crisis has ceaseless impact on the tourism industry. The crisis made thousands of domestic flights cancelled and temporarily suspended flights operating from India. Pre-covid 2019 outbreak, tourism was one of the best performers. With the outbreak, it resulted in a severe drop in foreign and domestic travel impacting tourism and business traveller segments. One of the estimates by JLL revealed that at least 30 per cent of hotel and hospitality industry revenue could be affected drastically if the current situation continues by 2020. More than 60 per cent of hotels in India have already shut and several are struggling to maintain their existence.

Initiatives by SBI COVID-19 funding scheme and Atal Bimit Vyakti Kalyan Yojana

SBI has introduced SBI COVID-19 funding scheme in order to provide assistance to small and medium businesses in order to keep the operations going. This scheme applies for existing borrowers on an ad-hoc basis. It scheme will be provided in the form of demand loan which would be available to provide temporary cash flow requirements. Borrowers who in the past have availed specialised loan products for their businesses are eligible for the loan facility

The last date to file income tax returns for businesses for the AY 2019-20 has been extended from 31st March 2020 to 31st July 2020. Small Industries Development Bank of India have taken initiatives to provide the helping hands to the startups across the nation to deal with operational and financial crisis. The Scheme it provides quick working capital to innovative start up in the next 45 to 90 days. The scheme will ensure loan of up to INR 2 crore to the start up. Government has Increase in insolvency threshold for MSMEs. Though The Atal Bimit Vyakti Kalyan Yojana is introduced especially for COVID -19 Crisis for the individual to benefit from the scheme . As per this scheme, the person who have lost jobs will be granted compensation in the form of cash deposited which will be credited to the individual accounts for three months from the time of unemployment. Few days back MSME Ideas Portal was launched. This initiative was taken to facilitate venture capital inventors to connect with businesses. The portal will assist MSMEs based in rural and semi-urban areas.

RBI has reduced repo rates and has infused liquidity in the economy and has introduced relief packages worth Rs. 1.7 lakh crore.

VI. SUGGESTIONS TO SUPPORT LOCAL BUSINESS DURING COVID -19 LOCKDOWN

- Ordering essentials from local kirana, flower shops, restaurants, bookstore, clothing boutique
- By buying credit or gift cards for later purchase post covid
- Encouraging membership and subscriptions for newspapers, magazines, journals etc if they have been temporary suspended

- Using the social platform to spread and promote local kirana address, stationary shops /toy shops, restaurant details etc
- Promoting online services such as for Therapists, tutoring, yoga, personal trainers, coaches, financial planners, lawyers, music classes for kids
- One can help small brick and mortar model businesses to start their online presence through various platforms. Hence, it can promote people to engage with local businesses remotely.
- Assessment of fixed and variable and actual revenues for Entrepreneur /Businesses to get a clear picture of where a company stands financially and help the businesses to plan ahead.
- Businesses should analyse the impact on new sales, credit cycles, potential bad debts etc.

VII. CONCLUSION

In the unprecedented time, Vocal for locals seems to be the solution to overcome the crisis. However, it does not mean to completely isolate or step out of the foreign market. We should try to focus on our believes in order to promote, consume and grow the Indian brands within our domestic territory so that they can give a tuff competition to the foreign brands in n the existing market. This would definitely play a vital role in furthering strengthening the spirit of pride aatmanirbharta among India's people. Thus, revamping the "Swadeshi movement" and taking it to the next level "Swadeshi movement 2.0".

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