COVID-19 impact on Indian Industry

Voice of the Indian Industry

April 2020
COVID-19 impact on Indian Industry

Respondent Profile

- 3,552 Respondents
- 0-500 employees (75%)
- 500-2000 employees (12%)
- 2000-10000 employees (6%)
- More than 10000 employees (7%)

COVID-19's impact to industry

Key challenges faced by industry

- Lack of raw material: 18.2%
- Productivity loss - lack of remote work capabilities: 25.2%
- Insufficient staffing to accomplish critical work: 19.9%
- Limited orders/demand for end-products: 7.9%
- Limited operations due to transport restrictions: 28.7%

Expected duration of economic stress on the industry

- More than a quarter: 79%
- 18%: 2-3 months
- 2%: 3-4 weeks
- 1%: 10-15 days

Effectiveness of Government measures for the industry

- Very effective: 11.5%
- Somewhat effective: 34%
- No effect: 27.5%
- Somewhat ineffective: 10.7%
- Very ineffective: 14.3%

Restrictions on the movement of people and goods have impacted workforce capacity and disrupted supply chain, bringing economic activity to an almost stand-still. While most respondents don’t expect their industry to recover soon, they are also not confident of the effectiveness of measures to support their industry-specific challenges at the state level.
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**COVID-19's impact to business**

**Current status of operations**

- Remote working at nearly full capacity (14%)
- Partial operations working with limited capacity (75%)
- Completely operational (6%)
- Completely closed (5%)

**Most worrisome financial pressure**

- Working capital constraint (33%)
- Paying salaries to staff (27%)
- EMI payments against loans (21%)
- In-progress capital expansion (19%)

**Most Indian businesses are operating at limited capacity, owing to supply chain disruption and movement constraints. This is adding to their financial burden and making it difficult to pay interest and EMI against loans and salaries.**

**Expected impact to business revenue**

- Decline more than 20% (78.4%)
- Decline 10-20% (30.3%)
- Decline 1-10% (5.1%)
- No Change (27.2%)

**Expected manpower reduction**

- More than 20% (26.4%)
- 11-20% (14.6%)
- 1-10% (21.3%)
- No Change (36.0%)

The current quarter is expected to be strenuous for most businesses, with things expected to improve from July. At the same time, most businesses are looking at minimal disruption to their workforce, to ensure readiness when operations resume to full scale.

**Financial actions being planned by business**

- Implementing cost containment initiatives (37.6%)
- Deferring or cancelling planned investments (28.9%)
- Modifying company financing plans (25.8%)
- Changing M&A strategy (3.4%)

Economic uncertainties are forcing businesses to reduce costs and consider deferring long-term capex plans. The coming few weeks will determine the extent to which businesses will have to tighten purse strings, as the situation unfolds.
ASSOCHAM initiated its endeavour of value creation for Indian industry in 1920. Having in its fold more than 250 Chambers and Trade Associations, and serving more than 4,50,000 members from all over India. It has witnessed upswings as well as upheavals of Indian Economy, and contributed significantly by playing a catalytic role in shaping up the Trade, Commerce and Industrial environment of the country.

Our legacy has helped build a strong foundation for future endeavors wherein we serve as the Knowledge Chamber for the industry and become the conduit between them and the Government to foster development of a New India. Seen as a proactive and forward looking institution, ASSOCHAM is fully equipped to meet the aspirations of Corporate India in the new world of business.

ASSOCHAM has emerged as the fountainhead of Knowledge for Indian industry, which is all set to redefine the dynamics of growth and development in the technology driven cyber age of ‘Knowledge Based Economy’. We aim to empower Indian enterprise by inculcating knowledge that will be the catalyst of growth in the technology-driven global market and helps them upscale, align and emerge as formidable player in respective business segments.

Aligned with the vision of creating a New India, ASSOCHAM works as a conduit between the industry and the Government. ASSOCHAM is seen as a forceful, proactive, forward looking institution equipping itself to meet the aspirations of corporate India in the new world of business. ASSOCHAM is working towards creating a conducive environment of India business to compete globally.

As a representative of Corporate India, ASSOCHAM articulates the genuine, legitimate needs and interests of its members. Its mission is to impact the policy and legislative environment so as to foster balanced economic, industrial and social development. ASSOCHAM derives its strength from its Promoter Chambers and other Industry/Regional Chambers/Associations spread all over the country.

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