Covid -19

Impact on Foreign Direct Investment and Various Sectors

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Preface

Around 200 nations were into lockdown, and all around the world global business are working in terror and that in future financial condition will fall. Especially developing countries are slow in the growth of economics let we see how corona virus is going to impact on businesses and economic conditions.

All over world is facing the challenge of covid-19. Herein this book authors has discuss that Covid 19 Impact on Various Sector, *Why Covid -19 will effect on economy globally, and the whole world has been hit by this pandemic. We all are the witness of this reality and facing this situation which is terrifying than narrative. This book is presenting the paper on "Covid -19: Effect on Foreign Direct Investment and on Various Sectors" and what impact will be on global economy of post Covid-19. I indebted to the authors whose works have been consulted in the preparation of this book this book is an edited version comprise chapters on various related topics and editors are thank full to all contributors.*

I express my heart felt gratitude to the student community and teaching fraternity for the support and encouragement.

Yousef Khiarak
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ISBN No:978-93-5408-401-0

Contents

ISBN No:978-93-5408-401-0

Online ISBN No: 978-93-5408-401-0

Covid 19 Impact on Various Sector

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Abstract

Covid-19 will change the way the world works; just like the Great Depression, dot-com bubble, and the 2008 financial crash did in the past. The question on everyone's mind is, 'Will things go back to normal?'

I've been pondering, like many have, what fundamental changes will take place in how people, businesses, and economies function. The next 12 months will be difficult. Many businesses will struggle, some may even die. But as with economic adversities of the past, new industries will emerge bringing with it renewed hope of recovery. Eventually, things will go back to normal. Just that we'll have to change the definition of normal. In this article, I will explore the impact of COVID-19 on the Various Sector.

Key Words: *Financial crisis, economic, trade.*

Introduction

The COVID-19 pandemic has wrought a huge amount of tragedy on the nation and the world. Loss of life, loss of health, loss of income and more have all made this the most challenging time in recent memory. The covid-19 epidemic is the first and foremost human disaster in 2020. More than 200 countries and territories have confirmed effective medical cases, caused by coronavirus declared a pandemic by the WHO. Recent growth rate case globally has accelerated to more than 12, 00,000 covid-19 confirmed cases and more than 66,000 deaths till April 1, 2020.

As we have already acknowledged that India is a developing economy, it is stated as an economy passing through demand depression and high unemployment, with 21-day lockdown announced by Prime Minister Narendra Modi on March 23, 2020, it would slowdown the supply-side, accelerating the slowdown further and jeopardizing the economic wellbeing of millions.

With an increasing number of coronavirus cases, the government has locked down transport services, closed all public and private offices, factories and restricted mobilization. Based on recent studies, some economists have said that there is a job loss of 40 million people (MHRD report) in the country, mostly in the unorganized sectors.

In this scenario, they are predicting that India would go into recession affecting the unorganized sector and semi-skilled jobholders losing their employment. It may also likely surface that at this time of eroding trust within and between countries – with national

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leadership under pressure from growing societal unrest and economic confrontations between major powers if we refer to the times of Ebola crisis in Africa.

The labour sector under the MGNREGA, are worst impacted as they are not provided jobs due to lockdown, most of the labour sectors are associated with the construction companies and daily wage earners. Travel restrictions and quarantines affecting hundreds of millions of people have left Indian factories short of labour and parts, just-in-time supply chains and triggering sales warnings across technology, automotive, consumer goods, pharmaceutical and other industries.

If we refer to the recent measures announced by the government and the RBI to mitigate the impact of the pandemic, as said by the RBI governor, these are only for short term and may not deliver the desired results as the problem is severe and has been further aggravated by the lockdown.

The quarterly GDP growth has consistently fallen since Q4 of FY18. If there is a deviation in Q4 of FY19, as shown in the graph below, it is because the National Statistical Office (NSO) revised its data on February 28, 2020, drastically cutting down growth rates in the first three-quarters of FY19 (from 8% to 7.1% for Quater1; from 7% to 6.2% in Quarter 2 and 6.6% to 5.6% in Quarter 3.

Referring to the recent happenings and data, the unorganized sector excluding this likely to suffer a great downfall in the coming days as the job generation is going down in an alarming rate with the prolonged lockdown and weak GDP.

With the commencement of 2020-21 financial years the effects of coronavirus have affected the stability of the economy of 150 countries - jeopardizing their lifestyle, economy, impacting business and assumption of common wellbeing which we had taken for granted. The lockdown has adversely have affected service sector like banks, restaurants, food vendors, and food delivery providers at par with providing health safety and medical sustenance, we should also have to think about the health of the sickening economy by mobilizing the resources and make plans of job creation and job continuity.

Impact on International Trade - China has been a major market for many Indian products like sea food, petrochemicals, gems and jewellery etc. The outbreak of coronavirus has adversely impacted exports of these items to China. For instance, the fisheries sector is anticipated to incur a loss of more than Rs 1,300 crore due to fall in exports. Similarly, India exports 36% of its diamonds to China.

The cancellation of four major trade events between February and April is likely to cause an estimated loss of Rs 8,000-10,000 crore in terms of business opportunity for Jaipur alone.[1]

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India also exports 34% of its petrochemicals to China. Due to exports restrictions to China petrochemical products are expected to see a price education.

According to UNCTAD, India's trade impact due to coronavirus outbreak could be about US$348million.India is among the top15 countries that have been affected most as a result of manufacturing slowdown in China that is disrupting world trade. For India, the overall trade impact is estimated to be the most for the chemicals sector at 129 million dollars, textiles and apparel at 64 million dollars, automotive sector at 34 million dollars, electrical machinery at 12 million dollars leather products at 13million dollars, metals and metal products at 27million dollars and wood products and furniture at 15million dollars. As per UNCTAD estimates, exports a cross global value chains could decrease by US$ 50 billion during the year in case there is a 2% reduction in China's exports of intermediate inputs.

India's Growth Projections Revised Down

Given the challenges that the businesses and people are facing currently, the Indian economy is most likely to experience a lower growth during the last quarter of the current fiscal. In case the spread of corona virus continues, growth may remain subdued in the first quarter of FY 20-21 as well. Most multilateral agencies and credit rating agencies have therefore revised their 2020 and 2021 growth projections for India keeping in view the negative impact of coronavirus-induced travel restrictions, supply chain disruptions, subdued consumption and investment levels on the growth of both global and the Indian economy.

Web results

Asian Development Bank - ADB has estimated that Covid-19 outbreak could cost the Indian economy alone between US$ 387 million and US$ 29.9 billion in personal consumption losses. The projections have been made by ADB under four different scenarios: best-case, moderate-case, worse-case and a hypothetical worst- case. Under the best-case scenario if the outbreak is contained and the precautionary measures are put on halt after two months from late January, the impact on India will be limited to about US$ US$ 387 million worth of decline in retail sales. Similarly, in a moderate case, the losses will be about US$ 640millionwhileinaworse-casescenariowhentheprecautionarymeasurescontinueforsixmonths, personal consumption expenditure in India can decline by US$ 1.2billion.

Organisation for Economic Co-operation and Development - As against the forecast made in November 2019, OECD has revised down India's growth forecast by 110 basis points to 5.1% for 2020-21 and by 80 bps to 5.6% for 2021-22. OECD has also warned that global growth in 2020 could come down by 50 bps as compared to what was projected in November last year.

ISBN No:978-93-5408-401-0

Fitch Ratings[4] - Fitch has also cut its forecast for India’s economic growth to 4.9% for 2019-20 from 5.1% projected earlier, as it expects weak domestic demand and supply chain disruptions due to the coronavirus outbreak to affect the manufacturing activities adversely.

Moodys[5]- Moody's Investors Service has revised down its growth forecast for India to 5.3% for 2020 from its earlier estimate of 5.4% made in February.

Standard & Poor's Global Ratings – S&P has lowered India's economic growth forecast to 5.2% for 2020 as against 5.7% projected earlier.

Conclusion

Due to covid 19 pandemic global economy hit down, every country lockdown it has affected in various sector. Manufacturing sector Tourism and hospitality, restaurant airline railway and education has been hit, covid19 has impacted on all sector. International trade has been affected. While for some of the sectors, the work from home proposition is posing implementation challenges as it has a direct bearing on the business operations. This is particularly true for manufacturing units where workers are required to be physically present at the production sites, and services sector like banking and IT where lot of confidential data is used and remote working can enhance security threat. Hence companies operating in these sectors are finding it difficult to implement work from home facility without compromising with their day to day operations.

Above points stated mostly the negative impact of the lockdown, but we would miss out something if we do not acknowledge the growth of digital infused technological gain. With the advent of the lockdown most of the sector shifted their functioning online the MNC are utilizing their work from home option to carry on an uninterrupted working.

While these trends were already in the baby steps, they were forced to hit the fast-forward button. The digital world got such a push that the small retail sectors like the Bricks and Mortar stores are also using apps like Pay TM and other digital channels. The education sector is now completely based on the digital platforms the colleges and universities are conducting their routine classes being in the comfort of their home with various online platforms such as Google classrooms, zoom, etc. they are also introducing new software to their curriculums such as digital campus where the students can access their college library, fee payments, online exams etc. This present crisis has highlighted the importance of investing in technologies like cloud data and cyber security, self-service capabilities, and e-governance.

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COVID-19: Impact on Foreign Direct Investment

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Abstract

First-time corona virus has shacked everyone around the world. Not any single country is free with this deadly virus. This situation is not first time in the world .Earlier also this type of deadly virus world has faced in 1918 as known "influenza/Spanish Flu. But after bearing this virus world comes out of this situation after 100 years the economic and the market are pretty explosive and become advanced. Now let see how corona virus has affected foreign direct investment.

In this paper I am going to tell you the due to Covid -19 what countries has took step to control their economy. In this paper, I will which recent steps has been taken by the to develop foreign invest in the EU, the UK, the United States and Australia in light of the COVID-19 pandemic.

Key words: *Foreign Direct Investment, policy, Implement*

Introduction

Over the last few years every country government is reforming their policies I foreign Direct investment to improve their economic and to enforce condition on their achievement. The Emerging trend of increasing foreign direct Investment is too focused on the national safety concerns .for example last year UK government involvement was in the future contract between Advent International and Cobham plc.

Furthermore due to Covid -19 many countries have now amend mended in their foreign direct invest polices to control or to protect extensive economy. Companies those who are interested in multinational business they should aware of these new polices.

European Commission guidance FDI

The European Commission (EC) has singled out the issue of foreign direct investment (FDI) screening as part of the EU's overall response to COVID-19, and issued guidance to Member States on 25 March 2020 to protect critical European assets and technology.

The EC's guidance is issued within the context of the EU FDI Screening Regulation (the Regulation), which will apply fully in all Member States from 11 October 2020. The

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Regulation empowers Member States to review investments within its scope on the grounds of security or public order, and to take measures to address specific risks. The Regulation applies to all sectors of the economy and is not subject to any thresholds.

On the basis of “an increased risk of attempts to acquire healthcare capacities (for example for the production of medical or protective equipment) or related industries such as research establishments (for instance developing vaccines) via foreign direct investment”, the EC has asked:

- Member States with existing FDI screening mechanisms (currently 14 Member States and the UK), to take into account the risks to critical health infrastructures, supply of critical inputs, and other critical sectors as envisaged in the EU legal framework;

- Member States that do not currently have a screening mechanism, or whose screening mechanisms do not cover all relevant transactions, to enact a fully-fledged screening mechanism. Meanwhile, those Member States are called upon to consider other available options to address cases where a foreign investor’s acquisition or control of a particular business, infrastructure or technology would create a risk to security or public order in the EU. Options include imposing controls on capital flows and granting the government a ‘golden share’ in the company. The use of both measures is ordinarily restricted by the EC.

The Regulation sets out a non-exhaustive list of factors that could trigger a screening. “Critical infrastructure” includes energy, transport, water, health, communications, media, data processing or storage, aerospace, defence, electoral or financial infrastructure and sensitive facilities, whether physical or virtual. “Critical inputs” include energy, raw materials and food security.

Non-EU investors should also bear in mind that under article 7 of the Regulation, even where a foreign investment does not undergo a national screening process, Member States and the EC may provide comments and opinions within 15 months after the foreign investment has been completed, and potentially impose mitigating measures. Article 7 applies to foreign direct investments completed on or after 10 April 2019. For example, a foreign investment completed in March 2020 could be subject to *ex post* comments by Member States or the EC from 11 October 2020 (when the Regulation applies), and until June 2021.

National Security and Investment Bill announced in the UK

The National Security and Investment Bill were announced in the Queen’s Speech on 19 December 2019. The proposed legislation follows the adoption of the Regulation in the EU, and will replace the UK government’s limited powers to intervene in takeovers and mergers under the Enterprise Act 2002.

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The UK government will have enhanced power to "scrutinise investments and consider the risks that can arise from hostile parties acquiring ownership of, or control over, businesses or other entities and assets that have national security implications." The new power applies to transactions in any sector, regardless of the parties' turnover or market share.

The UK government's proposals currently lack detail, but appear to build on those set out in its 2018 White Paper, which we considered in our alert on the Advent/Cobham deal. The three main elements of the proposed legislation are:

- A notification system allowing businesses to flag transactions with potential security concerns to the government for quick, efficient screening.
- Powers to mitigate risks to national security – by adding conditions to a transaction or blocking as a last resort, plus sanctions for non-compliance with the regime.
- A safeguarding mechanism for parties to appeal where necessary.

CFIUS remains unchanged to date, but foreign lenders should be on notice

The United States government has not announced, in response to COVID-19, additional restrictions related to foreign investment in U.S. businesses or any changes to the jurisdiction of the Committee on Foreign Investment in the United States (CFIUS), the inter-agency government committee authorised to review certain transactions involving foreign persons. Nonetheless, as a result of defaults on loans, debt restructuring and investment opportunities, the pandemic may thrust certain types of lending transactions into the spotlight of CFIUS review that would otherwise ordinarily escape scrutiny. In addition, foreign investors seeking to seize opportunities in this climate should be mindful that investments made under the auspices of lending or financing transactions can nonetheless be covered transactions or covered investments subject to CFIUS review.

CFIUS is authorised to review any transaction that could result in foreign control of a U.S. business, as well as certain non-controlling investments in U.S. businesses that afford a foreign person access to information, rights or involvement in specified U.S. technology, infrastructure or data. Ordinarily, the extension of a loan or a similar financing arrangement by a foreign person to a U.S. business does not, by itself, constitute a covered transaction subject to CFIUS review, even if the loan creates a secured interest over the securities or assets of the U.S. business in favour of the foreign person. However, CFIUS will review such loans or financing arrangements when imminent or actual default or other condition creates a significant possibility that the foreign person may obtain control of a U.S. business or may acquire a non-controlling equity interest. Accordingly, foreign lenders facing imminent defaults by U.S. borrowers in the wake of COVID-19 may soon find themselves subject to

CFIUS jurisdiction if controls of the U.S. Business or certain equity rights are transferred to the foreign lender as a result of the default.

For example, CFIUS regulations contemplate a scenario where a U.S. business seeks bankruptcy protection after it defaults on its loan from a foreign lender, and the foreign lender has the only secured claim on the U.S. business's assets, creating a high probability that the lender will receive title to assets that would constitute a U.S. business. The impending bankruptcy court adjudication transferring control of the U.S. business's assets to the foreign lender may be subject to CFIUS review as it could constitute a covered control transaction.

Relatedly, new foreign investors seeking to inject financing into U.S. businesses during the COVID-19 economic climate should be aware that a loan or similar financing arrangement may be subject to CFIUS jurisdiction if the arrangement more closely resembles an equity investment rather than a loan. For example, CFIUS may have jurisdiction to review a new financing transaction where a foreign person acquires an interest in the profits of the U.S. business or other comparable financial or governance rights characteristic of an equity investment but not of a typical loan.

Foreign lenders confronted with the potential acquisition of control or equity interests in a U.S. borrower should immediately assess the U.S. borrower's business activities, as certain activities trigger mandatory CFIUS filing requirements. CFIUS declarations are required for some foreign acquisitions and investments in U.S. critical technologies, as well as for certain transactions where a foreign government will obtain a substantial interest in specified U.S. technology, infrastructure or data. The failure to comply with mandatory filing requirements may result in a civil penalty in the amount of the value of the transaction.

Temporary changes to foreign investment review in Australia

The Australian government has announced temporary changes to its foreign investment review framework in light of the economic implications arising from COVID-19. From 29 March 2020, all proposed foreign investments into Australia subject to the Foreign Acquisitions and Takeover Act 1975 (FATA) will require approval from the Foreign Investment Review Board (FIRB), regardless of value or the nature of the foreign investor.[7]

In ordinary circumstances, a private foreign investor would only require approval if it plans to acquire a "substantial interest" (20 per cent or more) in an Australian corporation where the target is valued above certain monetary thresholds. Foreign government investors are already subject to a lower threshold of A$0 for proposals to acquire all "direct interests" (an interest of 10 per cent or more) in an Australian entity or business, or to start a new Australian business.[8] Acquisitions of interests in "critical infrastructure assets", such as

ISBN No:978-93-5408-401-0

ports, electricity, water and gas assets, by foreign investors are also subject to review by FIRB.

The Treasurer has power under FATA to block foreign investment proposals that are considered “contrary to Australia’s national interest”. Relevant factors include national security, competition, other Australian government policies (including tax), impact on the economy and community, and character of the investor.

The temporary measures will remain in place for the “duration of the coronavirus crisis”,[9] and will apply to all new overseas investment proposals as well as those currently in the process. FIRB has also extended the timeframes for reviewing applications from 30 days to up to six months.

New FDI rules bar automatic investments by neighbouring countries in policy targeted at China

This comes after China's central bank recently raised stake in Housing Development Finance Corporation to a little over 1 percent

As per the new amendment, FDI investments into Indian companies from the neighbouring countries will now require a nod from the government. This will be applicable to all countries that share a land border with India – such as China among others. The amendment specifies that transfer of ownership of Indian companies arising out of FDI investments from neighbouring countries will now also be subject to government approval.

Similar FDI restrictions were earlier placed on Pakistan and Bangladesh.

These changes were notified via a Press Note by the Department for Promotion of Industry and Internal Trade (DPIIT).

As per the note, “Government has reviewed the FDI policy for curbing opportunistic takeovers or acquisitions of Indian companies due to the current COVID-19 pandemic.”

Conclusion

These developments highlight the need for investors to carefully consider foreign investment review risks in respect of transactions that are currently underway and those that are contemplated. In the coming months, we will find out how many these measures and the prospect of delocalization is further impacting free flows of FDI, and if what we are seeing today in terms of restrictions is only the tip of the iceberg. For now, and until we figure out the long-term impact of the pandemic on foreign investment, the only option – for host countries and investors alike – is to keep on navigating the storm. As COVID-19

ISBN No:978-93-5408-401-0

continues to spread, it is possible that more countries will take a similar stance to protect their own national interests and economies.

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COVID-19 Pandemic: Impact on FDI

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Abstract

COVID-19 continues to wreak havoc with the global economy, disrupting all manner of business throughout the world. Stock markets have plummeted and many companies have to grapple with the economic damage. There is a great deal of uncertainty in the transactional space, with many potential investors taking a cautious approach before committing to significant transactions. FDI flows are expected to fall by more than 30% in 2020 even under the most optimistic scenario for the success of the public health and economic support policy measures taken by governments to address the COVID-19 pandemic and the resulting recession. It will also to developing countries are expected to drop even more because sectors that have been severely impacted by the pandemic, including the primary and manufacturing sectors, account for a larger share of their FDI than in developed economies. FDI could play an important role in supporting economies during and after the crisis through financial support to their affiliates, assisting governments in addressing the pandemic, and through linkages with local firms

***Key words**: Economic, Foreign Direct Investment, and Recession*

Introduction

Several steps have been taken by the many government for the public health measures to control the spread of the COVID-19 pandemic. For public health measures have disturbance of the economics of the country and it has also impact on the foreign direct investment (FDI) Governments have also took important steps for economic policy to expect, or moderate.

Ultimately FDI movement is be influenced by the achievement of economic policy response and public health. FDI can play a vital role to supportive in the economic regaining in this pandemic. With the previous result we can say that at the time of crises foreign direct investment, small medium enterprises has shown his big role to control the financial situation. (E.g. Alfaro and Chen, 2012; Desai et al., 2008). With other resource of international financing, including Portfolio investment in for emerging and development, FDI could be important to flow the economic. (see OECD Investment policy responses to COVID-19).

Unfortunately, it seems simply that this pandemic ill effect on FDI movement of the economy for example, many of manufacturing companies whose investment is in large scale of in this sector in most of the developing countries has been hit. (see forthcoming OECD note on implications of the COVID-19 public health and economic crisis on development

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finance)Contributions to the recovery from FDI can go beyond financing. Multinational enterprises (MNEs) are generally larger, more research and development (R&D)-intensive, and more productive than purely domestic firms

1 As such, they are well-positioned to help governments deal with the effects of the pandemic.

2 Investment Promotion Agencies (IPAs), charged with attracting and facilitating FDI, are also working with their clients and local networks of foreign affiliates to facilitate business collaborations and assist government efforts to combat the pandemic (see the forthcoming note investment promotion in times of uncertainty: OECD agencies during and post COVID-19 crisis). Going forward, cross-border partnerships and collaborations between companies can facilitate finding long-term business solutions, such as ways to resume production while protecting workers' health.

In the longer term, the pandemic may lead companies to shift the geographic allocation of their foreign operation. For example, MNEs may review and potentially shorten their GVCs to protect themselves from supply-chain disruptions; alternatively, they could seek geographic diversification to reduce exposure to location-specific shocks and reduce costs to be able to deal better with crises. Such shifts could have important implications for countries' economic prospects as MNEs are responsible for a large share of global value-added, trade, employment and R&D (OECD, 2018; Cadestin et al., 2018). Beyond direct impacts, FDI can also have potentially important indirect effects on the local economy. For example, it can have second-order effects on the economy when locally-established MNEs are entering buyer-supplier relations or competing with local firms, hiring and training local workers, and facilitating exports.

However, there are reasons to have some scepticism regarding the role that FDI can play. The pandemic hit at a time when FDI flows were at the second lowest level recorded since 2010 in the aftermath of the global financial crisis (for more information on developments in FDI flows through the end of 2019, (see the April 2020 edition of FDI). In addition, corporate debt was at record levels at the time the pandemic hit. OECD research shows that the stock of non-financial corporate bonds was at an all-time high at the end of 2019, and that this stock "has lower overall credit quality, higher payback requirements, longer maturities, and inferior covenant protections" compared to previous debt cycles (Celik et al, 2020). High levels of debt could limit the ability of companies to survive the COVID-19 crisis, let alone support their foreign affiliates or pursue new investments. Rising debt levels and liquidity constraints could also be factors driving companies to divest some of their foreign operations (Borga et al, 2020).

OECD projections show that even under the most optimistic scenario, FDI flows will likely fall by at least 30 percent in 2020 compared to 2019 before returning to pre-crisis levels by the

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end of 2021. Figure 1 shows half-year trends from 2015 to 2019 and possible scenarios on a half year basis through the end of 2021. The figure shows that there is expected to be a sharp drop in FDI flows in the first half of 2020. After that, the impact on FDI flows will depend on the success of the public health and economic policy measures taken by governments.

Current situation: Fast drop of FDI in first half of 2020

FDI is expected to decline sharply as a consequence of the pandemic and the resulting supply disruptions, demand contractions, and pessimistic outlook of economic actors. This decline is accentuating and accelerating the steady decline of FDI flows observed in the past five years There immediate impact on FDI flows will come from a reduction in reinvested earnings.4 However, equity capital flows will also be impacted as companies put some mergers and acquisitions (M&As) and greenfield investments on hold.

A fall in reinvested earnings is likely…

Reinvested earnings have become an increasingly important component of FDI flows, accounting for more than half of FDI inflows in 2019. Two factors determine the amount of reinvested earnings: the earnings of direct investment enterprises and the share that the direct investor chooses to reinvest.

In the first and second quarters of 2020, earnings of large MNEs are expected to fall, but the impact varies greatly across sectors. For example, Refinitiv (2020) gathered the latest earnings information and market intelligence for companies in the S&P 500, which includes many of the largest MNEs in the world. Their analysis found that there will be large year-over-year drops in earnings in the energy, consumer discretionary sector, industrials, and materials sectors. On the other hand, it is expected that there will be year-over-year increases in earnings in the health care, technology, and communications sectors. Given the important role that the primary sector and manufacturing play in FDI, these developments are expected to significantly reduce earnings of direct investment enterprises in the first half of 2020. FDI in emerging and developing economies will likely be more seriously impacted due to the higher share of the primary sector and manufacturing in their FDI than in developed economies, where services play a more important role.

The share of earnings investors choose to reinvest is also likely to fall during the crisis. Figure 3 shows the share of FDI earnings reinvested in OECD countries from 2005 to 2019. The share of earnings that are reinvested has shown an upward trend since 2013. In the period following the financial crisis, the share of earnings that were reinvested fell by about half, from 45% in 2007 to 24% in 2008. This is because some companies distribute a regular, constant amount of earnings, and some companies distributed a higher share of earnings to support other parts of the MNE. Therefore, it is expected that the share of earnings that are reinvested will fall in the first half of 2020.

ISBN No:978-93-5408-401-0

FDI flows through the end of 2021

In the medium term (second half of 2020 and 2021), the impacts on flows will vary greatly among country. Under the optimistic scenario, earnings are expected to start to rise in the second half of 2020 and return to pre-crisis levels by the end of 2021 as the economy recovers; the share that direct investors choose to reinvest will also return to historical levels. Almost all of the previously announced M&A deals that are pending and of the announced Greenfield projects will be completed. While there might be a drop in the medium term due to the dearth of new investments being negotiated at the current time, new investments will return to normal in late 2021. Divestments would remain at historical levels. As a result, FDI flows are expected to fall between 30% to 40% in 2020 before rising by a similar amount in 2021 to return to pre-crisis levels. As noted earlier, it is important to remember that FDI flows have been on a downward trend since 2015, and FDI flows in 2018 and 2019 were lower than for any years since 2010.

Under the middle scenario, the economic recovery will be uneven. While earnings in some sectors will recover, others will remain below pre-crisis levels; the share of earnings reinvested will recover somewhat but not to historic levels in all sectors. The pending M&A deals and announced Greenfield projects that still make strategic sense will be completed, but there will be more deals that are abandoned. Equity capital flows will be subdued not only from the dearth of new projects being negotiated during this time but from a continuing slump in new deals. Yet, there will be some foreign acquisitions as financially stronger firms buy assets at attractive prices. Divestments by firms that are struggling financially would also put downward pressure on equity capital flows. These divestments would include not only sales of existing affiliates but also some liquidation. Overall, FDI flows would fall 35% to 45% in 2020 before recovering somewhat in 2021 but would remain about one-third below pre-crisis levels.

Under the pessimistic scenario, earnings remain depressed in most sectors and so does the share of earnings reinvested. Equity capital flows would be significantly reduced as many of the pending M&A deals and announced Greenfield projects would be called off as they no longer make strategic sense or the investor faces financial pressure, and fewer Greenfield investments would be completed. New M&As and greenfield investments would be depressed. Divestments by struggling firms would be more common, including more liquidation. Overall, FDI flows would drop by more than 40% in 2020 and would be flat until the end of 2021 when the introduction of a vaccine could allow the recovery to begin.

Long term impact on investment in global value chains

COVID-19 may affect investors and economies differently depending on country/regional context and FDI motivations. For example, with the projected growth in the healthcare and

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ICT sectors, knowledge-seeking FDI may prove buoyant in the longer run. Meanwhile, the difficulties faced by firms operating in the energy sector following the collapse in demand, may result in negative impacts for economies relying on resource-seeking FDI. Future trends in efficiency-seeking FDI are still uncertain. Disruptions due to the coronavirus pandemic may lead some MNEs to rethink the geographic and sectorial spread of their activities and shorten their supply chains and the distance between suppliers and clients. Other MNEs may wish to diversify their supplier networks to increase resilience to location-specific shocks. This diversification may involve divestments from some locations but expansions in others.

These concerns will add to other factors that were already leading companies to reconsider their supply chains. For example, some companies were already concerned about possible vulnerabilities of GVCs in light of global trade tensions and Brexit (e.g. Cohen and Lee, 2020). The pandemic could also increase other pressures. For example, companies were already rethinking their supply chains in response to demands by consumers and companies for more sustainable and inclusive production methods; the pandemic may increase these demands (see COVID-19 and Responsible Business Conduct for more information). Another factor present before the crisis is the deployment of digital technologies, which could expand following the experiences during the pandemic. To insulate themselves from future shocks, companies may make more intense use of e-solutions to dematerialise and automate processes, and to reduce reliance on unmovable assets and long-term contracts. This may mean less FDI in the long-run but could also offer the possibility of market consolidation in the e-commerce and digital space that creates FDI opportunities.

Advances in automation and other advanced technologies may also potentially facilitate re-shoring. Although available evidence suggests that this type of activity has been relatively limited to date (de Backer et al., 2016). Long-term OECD projections also show that the rise of “new” emerging markets and a growing consumer demand could lead to further lengthening of GVCs by 2030.10 Even as wages rise in some developing countries, operations are more likely to be moved to other developing, rather than developed, economies (de Backer and Flaig, 2017). This means that, while some re-shoring opportunities may arise post-COVID-19, offshoring is likely to remain attractive to MNEs.

Impact of Covid-19

The whole world is trying to grasp the magnitude of the damage produced by the coronavirus crisis while dealing with the health emergency it brings along. Economic development organisations (EDOs) and investment promotions agencies (IPAs) are no exception. These are the 10 major impacts they will have to deal with and adjust to in the short term.

1. Vulnerable people and businesses are at the greatest risk

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Devastating impacts to families from a short gap in income must be emphasised. This is not a small segment of society. According to the 2019 American Payroll Association survey, over 74% of US employees would experience difficulty meeting their current financial obligations if their pay checks were delayed for a week.

2. Corporate site selection visits decline or disappear

Like everyone else, corporate real estate, executives, and site selection consultants must minimise their travel and exposure, which is increasingly preventing them from visiting communities to evaluate locations for expansions and relocations. This will slow the timing of projects happening or delay the start of new corporate real estate expansions.

3. Local business is the highest priority

Local business expansions and start-ups create more net new jobs than businesses recruited from outside. They are what make the local economy survive and thrive. Yet local entrepreneurs and businesses also want to minimise risk of contracting coronavirus through physical contact and meetings with EDOs. This means that EDOs need online business assistance services that reduce or eliminate physical interaction.

4. Finding prospects through trade shows is no longer viable

One of the first signs of the escalating coronavirus pandemic was the postponement or cancellation of the major industry conferences that economic developers rely on to fill their pipeline of contacts for potential investments in their community.

5. On shoring and near shoring become more important

The novel coronavirus pandemic is causing global supply chain chaos and delays as businesses and consumers cannot reliably receive shipments from international vendors. This puts your local businesses at risk because they may not be able to build or sell items necessary for them to do business or stay in business. If their supply chain was more diversified and available from locations outside of highly infected regions, their business would have less risk.

6. Technology becomes a greater competitive advantage

A recurring trend in positioning an EDO to be successful in an era of the current novel coronavirus pandemic and future infectious diseases is that technology offers a powerful alternative and competitive advantage to facilitate economic development. It is an advantage whether it is the only option or if it is a complement to in-person strategies.

7. Foreign direct investment becomes more difficult

Global foreign direct investment (FDI) projects declined overall in 2019, FDI Markets figures show, and the impact of coronavirus has accelerated this decline in 2020, with greenfield

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FDI estimated to fall by up to 40% in 2020 and 2021. EDOs and IPAs are confronted with fewer leads as the number of current companies with FDI plans has declined by 25% compared to the last half of 2019. Tourism, entertainment, retail, luxury goods, aviation, real estate, and coal/oil/gas sectors have all seen significant declines in FDI.

8. Travel and tourism impact is magnified

Many EDOs don't make tourism a focus of their efforts. The coronavirus pandemic will shine a light on just how important tourism is for many communities' economies. Travel and tourism account for 10.4% of global GDP ($8.8T USD), 1 out of every 10 jobs (319M), and 1 out of every 5 jobs created from 2014-2019, according to the World Travel and Tourism Council. Airlines and travel-related hospitality have been punished the fastest among industries as airline travel has plummeted.

9. Capital still needs to be invested

There is significant global capital that companies and individuals need to invest. The impact on financial markets is that it is shrinking the amount of that capital and it may cause a pause in investments. However, there are going to be opportunistic investors. As the saying goes, "When there is blood in the streets, buy real estate." Identifying these investors and how they can benefit your local economic development can be your opportunity in a crisis. Also, some companies and market segments are making so much extra money so quickly that they have no choice but to continue to invest their capital.

10. Non-physical contact is essential

The novel coronavirus pandemic is impacting relationships differently depending on where you live, but in metro areas people are already starting to alter their interpersonal behaviour. As the virus becomes more prevalent, non-physical contact is going to be the norm.

To find out more on how EDOs or IPAs can address these challenges, download the full report here.

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Foreign Direct Investment in India: An overview

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Abstract

FDI is an important monetary source for India's economic development. Economic liberalization started in India in the wake of the 1991 economic crisis and since then, FDI has steadily increased in the country. India today is a part of top 100-club on Ease of Doing Business (EoDB) and globally ranks number 1 in the Greenfield FDI ranking. Foreign Direct Investments are generally made in open economies that have abundance of skilled workforce and growth prospect. Apart from capital FDIs also brings skills, technology and knowledge. The aim of this paper is known about the role of the foreign Direct invest in development of economic how it helps to grow the nation.

Key words: Technology, Capital, Investment

Introduction

Meaning of Foreign Direct Investment

Foreign direct investment (FDI) is an investment made by a company or individual in one country in business interests in another country, for which the foreign investor has control over the company purchased, in the form of either establishing business operations or acquiring business assets in the other country, such as ownership or controlling interest in a foreign company. The Organization of Economic Cooperation and Development (OECD) define control as owning 10% or more of the business.

Foreign Direct Investments are generally made in open economies that have abundance of skilled workforce and growth prospect. Apart from capital FDIs also brings skills, technology and knowledge.

There are many ways in which FDI benefits the recipient nation:

1. Increased Employment and Economic Growth

Creation of jobs is the most obvious advantage of FDI. It is also one of the most important reasons why a nation, especially a developing one, looks to attract FDI. Increased FDI boosts the manufacturing as well as the services sector. This in turn creates jobs, and helps reduce unemployment among the educated youth - as well as skilled and unskilled labour - in the country. Increased employment translates to increased incomes, and equips the population with enhanced buying power. This boosts the economy of the country.

2. Human Resource Development

This is one of the less obvious advantages of FDI. Hence, it is often understated. Human Capital refers to the knowledge and competence of the workforce. Skills gained and

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enhanced through training and experience boost the education and human capital quotient of the country. Once developed, human capital is mobile. It can train human resources in other companies, thereby creating a ripple effect.

3. Development of Backward Areas

This is one of the most crucial benefits of FDI for a developing country. FDI enables the transformation of backward areas in a country into industrial centres. This in turn provides a boost to the social economy of the area. The Hyundai unit at Sriperumbudur, Tamil Nadu in India exemplifies this process.

4. Provision of Finance & Technology

Recipient businesses get access to latest financing tools, technologies and operational practices from across the world. Over time, the introduction of newer, enhanced technologies and processes results in their diffusion into the local economy, resulting in enhanced efficiency and effectiveness of the industry.

5. Increase in Exports

Not all goods produced through FDI are meant for domestic consumption. Many of these products have global markets. The creation of 100% Export Oriented Units and Economic Zones has further assisted FDI investors in boosting their exports from other countries.

6. Exchange Rate Stability

The constant flow of FDI into a country translates into a continuous flow of foreign exchange. This helps the country's Central Bank maintain a comfortable reserve of foreign exchange. This in turn ensures stable exchange rates.

7. Stimulation of Economic Development

This is another very important advantage of FDI. FDI is a source of external capital and higher revenues for a country. When factories are constructed, at least some local labour, materials and equipment are utilized. Once the construction is complete, the factory will employ some local employees and further use local materials and services. The people who are employed by such factories thus have more money to spend. This creates more jobs.

These factories will also create additional tax revenue for the Government that can be infused into creating and improving physical and financial infrastructure.

8. Improved Capital Flow

Inflow of capital is particularly beneficial for countries with limited domestic resources, as well as for nations with restricted opportunities to raise funds in global capital markets.

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9. Creation of a Competitive Market

By facilitating the entry of foreign organizations into the domestic marketplace, FDI helps create a competitive environment, as well as break domestic monopolies. A healthy competitive environment pushes firms to continuously enhance their processes and product offerings, thereby fostering innovation. Consumers also gain access to a wider range of competitively priced products.

Methods of Foreign Direct Investment

As mentioned above, an investor can make a foreign direct investment by expanding their business in a foreign country. Amazon opening a new headquarters in Vancouver, Canada would be an example of this.

Reinvesting profits from overseas operations, as well as intra company loans to overseas subsidiaries, are also considered foreign direct investments.

Finally, there are multiple methods for a domestic investor to acquire voting power in a foreign company. Below are some examples:

- Acquiring voting stock in a foreign company
- Mergers and acquisitions
- Joint ventures with foreign corporations
- Starting a subsidiary of a domestic firm in a foreign country

FDI in India

FDI is an important monetary source for India's economic development. Economic liberalization started in India in the wake of the 1991 economic crisis and since then, FDI has steadily increased in the country. India today is a part of top 100-club on Ease of Doing Business (EoDB) and globally ranks number 1 in the Greenfield FDI ranking.
There are two routes of FDI in India:
Automatic route: The non-resident or Indian company does not require prior nod of the RBI or government of India for FDI.
Sectors which come under up to 100% Automatic Route' category are:

- Infrastructure Company in the Securities Market: 49%
- Insurance: up to 49%
- Medical Devices: up to 100%
- Pension: 49%
- Petroleum Refining (By PSUs): 49%
- Power Exchanges: 49%

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Govt route: The government's approval is mandatory. The company will have to file an application through Foreign Investment Facilitation Portal, which facilitates single-window clearance. The application is then forwarded to the respective ministry, which will approve/reject the application in consultation with the Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce. DPIIT will issue the Standard Operating Procedure (SOP) for processing of applications under the existing FDI policy.

Sectors which come under the 'up to 100% Government Route' category are

- Banking & Public sector: 20%
- Broadcasting Content Services: 49%
- Core Investment Company: 100%
- Food Products Retail Trading: 100%
- Mining & Minerals separations of titanium bearing minerals and ores: 100%
- Multi-Brand Retail Trading: 51%
- Print Media (publications/ printing of scientific and technical magazines/ specialty journals/ periodicals and facsimile edition of foreign newspapers): 100%
- Print Media (publishing of newspaper, periodicals and Indian editions of foreign magazines dealing with news & current affairs): 26%
- Satellite (Establishment and operations): 100%
- There are a certain industries where FDI is strictly prohibited under any route.
- These industries are:
- Atomic Energy Generation
- Any Gambling or Betting businesses
- Lotteries (online, private, government, etc.)
- Investment in Chit Funds
- Nidhi Company
- Agricultural or Plantation Activities (although there are many exceptions like horticulture, fisheries, tea plantations, Pisci culture, animal husbandry, etc)
- Housing and Real Estate (except townships, commercial projects, etc.)
- Trading in TDR's
- Cigars, Cigarettes, or any related tobacco industry.

Latest FDI Trends in India

The Modi Government's favorable investment policy regime and robust business environment have ensured that foreign capital keeps flowing into the country.

The Government of India (GOI) has taken many initiatives in recent years such as relaxing FDI norms across sectors such as defense sector, PSU especially in the oil refineries sector, telecom sector, power exchanges, and stock exchanges, among others.

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According to Department for Promotion of Industry and Internal Trade (DPIIT), India received the highest-ever FDI inflow of USD 64.37 billion during the FY 2018-19, indicating that government's effort to improve ease of doing business and relaxation in FDI norms is yielding results.

During FY 2018-19, India received the maximum FDI equity inflows from Singapore (USD 16.23 billion), followed by Mauritius (USD 8.08 billion), Netherlands (USD 3.87 billion), USA (USD 3.14 billion), and Japan (USD 2.97 billion).

As of February 2019, the GOI is working on a road map to achieve its goal of USD 100 billion worth of FDI inflows.

Foreign Direct Investment Flows to India: Country-wise and Industry-wise

Date: Aug 29, 2019 (US$ million)					
Source/Industry	**2014-15**	**2015-16**	**2016-17**	**2017-18**	**2018-19 P**
1	**2**	**3**	**4**	**5**	**6**
Total FDI	24,748	36,068	36,317	37,366	38,744
Country-wise Inflows					
Singapore	5,137	12,479	6,529	9,273	14,632
Mauritius	5,878	7,452	13,383	13,415	6,570
USA	1,981	4,124	2,138	1,973	2,823
Japan	2,019	1,818	4,237	1,313	2,745
Netherlands	2,154	2,330	3,234	2,677	2,519
United Kingdom	1,891	842	1,301	716	1,211
South Korea	138	241	466	293	982
Cayman Islands	72	440	49	1,140	863
UAE	327	961	645	408	853
Germany	942	927	845	1,095	817
Hong Kong	325	344	134	1,044	598
Canada	153	52	32	274	548
Ireland	11	8	12	108	427
France	347	392	487	403	375
British Virgin Islands	30	203	212	21	290
Switzerland	292	195	502	506	280
Luxembourg	204	784	99	243	251
Others	2,846	2,476	2,012	2,464	1,959
Sector-wise Inflows					
Manufacturing	9,613	8,439	11,972	7,066	7,919
Financial Services	3,075	3,547	3,732	4,070	6,372

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Communication Services	1,075	2,638	5,876	8,809	5,365
Retail & Wholesale Trade	2,551	3,998	2,771	4,478	4,311
Computer Services	2,154	4,319	1,937	3,173	3,453
Business services	680	3,031	2,684	3,005	2,597
Electricity and other energy Generation, Distribution & Transmission	1,284	1,364	1,722	1,870	2,427
Construction	1,640	4,141	1,564	1,281	2,009
Miscellaneous Services	586	1,022	1,816	835	1,226
Transport	482	1,363	891	1,267	1,019
Restaurants and Hotels	686	889	430	452	749
Education, Research & Development	131	394	205	347	736
Mining	129	596	141	82	247
Real Estate Activities	202	112	105	405	213
Trading	228	0	0	0	0
Others	232	215	470	226	102

P:Provisional.
Note: Includes FDI through approval and automatic routes only.
Source: RBI.

Government Initiatives:

The Government of India has amended FDI policy to increase FDI inflow. In 2014, the government increased foreign investment upper limit from 26% to 49% in insurance sector. It also launched Make in India initiative in September 2014 under which FDI policy for 25 sectors was liberalized further. As of April 2015, FDI inflow in India increased by 48% since the launch of "Make in India" initiative.

2. India was ranking 15th in the world in 2013 in terms of FDI inflow; it rose up to 9th position in 2014 while in 2015 India became top destination for foreign direct investment. The Department for Promotion of Industry and Internal Trade and Invest India has developed the India Investment Grid (IIG) which provides a pan-India database of projects from Indian promoters for promoting and facilitating foreign investments. Latest FDI Trends in India

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As of February 2019, the GOI is working on a road map to achieve its goal of USD 100 billion worth of FDI inflows.

Government of India amends Foreign Direct Investment Policy as a response to Covid-19 Pandemic:

On 18 April 2020, the government of India passed an order that would protect Indian companies from FDI during the pandemic. All countries sharing a land border with India would now face scrutiny from the Ministry of Commerce and Industry before any FDIs. During 2014–16, India received most of its FDI from Mauritius, Singapore, Netherlands, Japan and the US. On 25 Sectors September 2014, Government of India launched Make in India initiative in which policy statement on 25 sectors were released with relaxed norms on each sector. Following are some of major sectors for Foreign Direct Investment.

Government of India on 17 April 2020 has reviewed the extant FDI policy for curbing opportunistic takeovers/acquisitions of Indian companies due to the current COVID-19 pandemic and amended para 3.1.1 of extant FDI policy as contained in Consolidated FDI Policy, 2017

"provided that an entity of a country, which shares land boundaries with India all the beneficial owner of an investment into India who is situated in or is a citizen of any such country, shall invest only with the government approval"

The department for promotion of industry and international trade (DPIIT) on April 18 issued a press note regarding this change in policy which would impact both direct and indirect FDI from China.

It said that the government has amended the FDI policy to curb optimistic takeover "provided that an entity of a country, which shares land boundaries with India all the beneficial owner of an investment into India who is situated in or is a citizen of any such country, shall invest only with the government approval". The department for promotion of industry and international trade (DPIIT) on April 18 issued a press note regarding this change in policy which would impact both direct and indirect FDI from China.

"Provided also that in the event of the transfer of ownership of any existing or future FDI in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within

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the restriction or purview of the above provisos, such subsequent change in beneficial ownership shall also require government approval," DEA said in the notification.

WHY THIS AMENDMENT IN FDI POLICY:

A storm in the entire financial media and the business community occurs as the news of acquiring over 1% shareholding by Peoples Bank of China (PBOC) in one of India's largest housing finance company the Housing Development Financial Corporation (HDFC), came out. It caused Alarm bells went off that Indian companies will become easy targets for acquisition by Chinese investors in the wake of sharp fall in the valuation of listed Indian companies because of COVID-19 pandemic. That the shareholding was picked when HDFC's price was down 40% from its peak further fuelled these concerns.

PBOC's acquisition was not the only opportunistic trade taking advantage of the crashing stock prices. There were other similar trades. The Saudi Arabian Monetary Authority (SAMA) picked up a 0.7 percent stake in HDFC on behalf of Saudi sovereign wealth fund. SAMA's name isn't reflected in the names of major shareholders in HDFC's regulatory filing as the holding in the company is less than one percent. One can argue that crash is a good time for investors to go shopping and pick up bargains at a discount and that what PBOC or SAMA did was normal investment activity. Then why has PBOC's stake buy in HDFC caused such a furore?

There are a number of reasons. Firstly, a central bank buying an equity stake in a commercial entity is not common. The backdrop to this acquisition made the move even more unusual and caused greater panic. Chinese government's role in the spread of COVID-19 pandemic has come under a cloud with questions being raised whether the worldwide spread and the consequent tragedy could have been averted if China had acted more responsibly. Secondly, China's desire for financial hegemony and global dominance has been an open secret. China's current forex reserve of over $3.2 trillion, which equal India' s GDP for 2019, dwarf India's forex reserves of $476.475 billion thereby giving it enough firepower to acquire beaten down companies and businesses. Thirdly, recently, China has emerged as one of the fastest-growing sources of foreign direct investment (FDI) in India, especially in Indian start-ups (Alibaba and Tencent have invested in a large number of start-ups). This coupled with the fact that in China the dividing line between the state and the private sector is blurred has caused greater concern.

It seems that paying heed to such concerns, the Department for Promotion of Industry and Internal Trade, Ministry of Commerce & Industry, Government of India (DIPP), the Government agency responsible for FDI policy which regulates foreign investments into India, in a swift and largely welcomed move, has amended the FDI policy, with a view to protect Indian companies against opportunistic takeovers/acquisitions during the COVID – 19 pandemic. Although the move was in discussion for some time within the Government, it

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appears that the COVID-19 pandemic and its impact on the Indian economy forced the Government's hand and prompted it to act. The amendment has come into effect from April 22, 2020.

It is unclear how the government will monitor investments that are routed through various shell companies. Estimating the actual investment flows from China and Chinese companies could be difficult because many investments in Indian companies are routed through Hong Kong, Singapore or other third-party countries which don't share a border with India. Further, it is also not clear if this is a temporary arrangement or something that will stay on. The amendment will also impact transactions and investments that were at advanced stage of negotiations or waiting completion. It would be interesting to watch the approach the Government adopts in dealing with proposals submitted to it for approval post this amendment. Will it reject all proposals or adopt a nuanced approach to reject proposals that it perceives to be a threat to national security or India's strategic interest or involve investment in certain specific sectors. The Government would have done well to clarify the ambiguities and loopholes that the amendment leaves open for the new regime to be effective. May be there is a purpose behind not doing so. It will also impact Indian startups, for whom China has been a stable source of capital. Alibaba and Tencent, China's largest listed firms are shareholders in over a dozen Indian startups, collectively worth tens of billions of dollars- in companies such as One97 Technologies (Paytm), Oyo, Dream11, Snap deal and Big Basket.

India's move is not isolated and follows similar developments in some other countries.

In the last few weeks, Germany, France, Italy, and Spain have also tightened their foreign investment laws to prevent hostile acquisitions.

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Impact of FDI in India: During lockdown period with special reference towards organized retailers

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Abstract

Retailing in India placed fifth position in the world, it generate 10 percent in GDP and placed an important role in the terms of employment opportunity in India. The Covid 19 lockdown period 1 and 2 were greatly affected in the retail business. Except those who were selling Essential Food & Grocery other than that all stores were closed in throughout India. The retailers faced financial pressures and liquidity challenges. Based on this scenario this paper focused towards impact of foreign direct investment in Organized Sector in India during lockdown period. It concludes the challenges faced by the industry in the form of sources of investment.

Keywords: *Foreign Direct Investment, Retailers and Organized Sector*

Introduction

Retailing in India placed fifth position in the world, it generate 10 percent in GDP and placed an important role in the terms of employment opportunity in India. (Dhanabhakyam). The retail sector played an important role in manufacturing consumer goods and services. The retail sector were categorized into two called as organized sector. In this paper the researcher concentrates towards organized sector it's otherwise called as licensed retailers. It means those who are registered for sales tax, income tax, etc. Foreign direct investment, it is a cross border investment into production and the host country will generate revenue from that. TheCOVID-19 has slowed down the economy and directly imposed towards the Indian retailers.

Review of Literature

Retailers Association of India (2020). The inflow and outflow of the retail industry has come to a standstill. Pinakiranjan Mishra (2020) The COVID-19 pandemic situation were globally affected the retail sector and witnessed significant disruption

Research Methodology

The data were collected through primary and secondary sources. It is a descriptive research. A well -developed questionnaire were prepared and distributed through Google forms. The sample size of the research consisted 102 based on convenient sampling method. The five-point like scale was used to collect the data. Due to lockdown period the researcher can able to take data from major retailers engaged in book, music and gift, electronic ,leather product, jewellery ,garments and hypermarket . The data were collected

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from four state capitals including Delhi, Mumbai, Calcutta and Chennai. The 102 questionnaires were analysed using SPSS software version 20.0.

Percentage analysis was used to generate a profile of key demographic characteristics of the respondents. The chi-square test was used to analyse the relation between the source of Investment and with Retailers Perception, Opportunities and Challenges Faced by Organized Retailers Due to FDI in Indian Retailing

Analysis

Socio-Economic factor

Table 1: Gender

		Frequency	Percent
Gender	Male	86	84.3
	Female	16	15.7
	Total	102	100.0

Inference: The majority of the respondents belongs to male retailers.

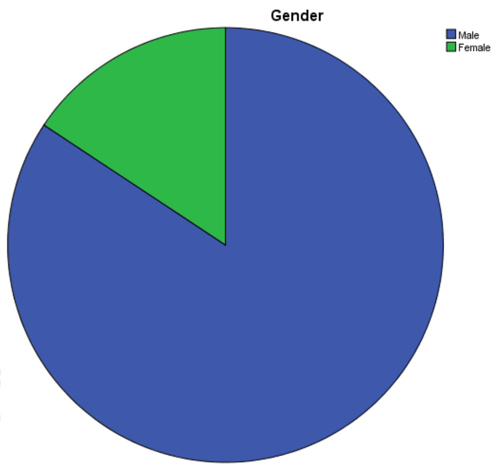

Figure 1: Gender

Table 2: Age

		Frequency	Percent
Age	Up to 25	26	25.5
	26-35	24	23.5
	36-45	25	24.5
	Above 45	27	26.5
	Total	102	100.0

Inference: The majority of the respondents age above 45 years old

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Table 3: Qualification

		Frequency	Percent
Qualification	HSC	13	12.7
	Diploma	23	22.5
	UG	32	31.4
	PG	34	33.3
	Total	102	100.0

Inference: The majority of the respondents were studied post-graduation.

Table 4: Source of Investment

		Frequency	Percent
Source of Investment	Own Investment	12	11.8
	Bank loan	87	85.3
	Corporate investment	3	2.9
	Total	102	100.0

Inference: The majority of the respondents were having their retail units with the help of bank loan.

Table 5: Year of Experience in Retail Business

		Frequency	Percent
Year of Experience in Retail Business	Below 5 years	30	29.4
	5-10 years	32	31.4
	Above 10 years	40	39.2
	Total	102	100.0

Inference: The majority of the respondents were having their experiences more than 10 years in retail units.

Table 6: Number of Trained Manpower

		Frequency	Percent
Number of Trained Manpower	Below 50	49	48.0
	50-100	30	29.4
	Above 100	23	22.5
	Total	102	100.0

Inference: The majority of the respondents having less than 50 trained manpower in their retail units.

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PERCEPTION OF ORGANIZED RETAILERS

Table 7: Cross tabulation between Source of Investment and Retailers Perception

Variables		**Strongly Agree**	**Agree**	**Neither Agree nor Disagree**	**Disagree**	**Strongly Disagree**	**Total**
FDI has greater impact over Indian retailing	Own Investment	4	3	1	3	1	12
	Bank loan	16	66	5	0	0	87
	Corporate investment	1	2	0	0	0	3
Total		21	**71**	6	3	1	102
Favorable government policies support FDI for easy entry into retailing	Own Investment	0	0	3	9	0	12
	Bank loan	4	3	43	20	17	87
	Corporate investment	0	2	1	0	0	3
Total		4	5	**47**	29	17	102
It understands customer's choice and serves according to their changing life styles.	Own Investment	1	3	0	4	4	12
	Bank loan	13	22	40	9	3	87
	Corporate investment	0	0	3	0	0	3
Total		14	25	**43**	13	7	102
It offers best management practices and IT friendly techniques	Own Investment	12	0	0	0	0	12
	Bank loan	10	45	27	5	0	87
	Corporate investment	0	3	0	0	0	3
Total		22	**48**	27	5	0	102
Lack of employment opportunities.	Own Investment	0	0	7	1	4	12
	Bank loan	27	16	8	23	13	87
	Corporate investment	0	0	0	3	0	3
Total		**27**	16	15	27	17	102

ISBN No:978-93-5408-401-0

It encourages investment and employment in supply chain management.	Own Investment	1	9	2	0	0	12
	Bank loan	36	44	7	0	0	87
	Corporate investment	0	3	0	0	0	3
Total		37	**56**	9	0	0	102

Inference: The majority of the retailers agreed towards FDI have greater impact over Indian retailing, it offers best management practices and IT friendly techniques, It encourages investment and employment in supply chain management.

The majority of the retailers were strongly agreed towards the huge employment opportunities.

The majority of the retailers were neutral towards favourable government policies support FDI for easy entry into retailing and It understands customer's choice and serves according to their changing life styles.

Hypothesis framed

H0: There is no Association between Source of Investment and Retailers Perception

H1: There is an Association between Source of Investment and Retailers Perception

Table 8: Chi Square Test: Association between Source of Investment and Retailers Perception

	Pearson Chi-Square	df	Asymp. Sig. (2-sided)	**Results**
FDI has greater impact over Indian retailing	35.612[a]	8	.000	**Significant**
Favourable government policies support FDI for easy entry into retailing	40.318[a]	8	.000	**Significant**
It understands customer's choice and serves according to their changing life styles	27.961[a]	8	.000	**Significant**
It offers best management practices and IT friendly techniques	52.319[a]	6	.000	**Significant**
It offers huge employment opportunities.	35.457[a]	8	.000	**Significant**
It encourages investment and employment in supply chain management.	7.748[a]	4	.101	**No Significant**

Inference: There is an association between Source of Investment and FDI has greater impact over Indian retailing, Favourable government policies support FDI for easy entry into retailing, It understands customer's choice and serves according to their changing life styles, It offers best management practices and IT friendly techniques and It offers huge employment opportunities

OPPORTUNITIES AVAILABLE TO ORGANIZED RETAILERS DUE TO EMERGENCE OF FDI IN INDIAN RETAILING

Table 9: Cross tabulation between Source of Investment and O. Percentage analysis was used to generate a profile of key demographic characteristics of the respondents. **Opportunities Available To Organized Retailers**

Variables		**Strongly Agree**	**Agree**	**Neither Agree nor Disagree**	**Disagree**	**Strongly Disagree**	**Total**
Upgrading their technology and renovating their stores according to global retailers.	Own Investment	2	2	8	0	0	12
	Bank loan	24	44	19	0	0	87
	Corporate investment	0	3	0	0	0	3
Total		26	**49**	27	0	0	102
Progressing with additional branded product lines	Own Investment	0	6	6	0	0	12
	Bank loan	40	31	3	7	6	87
	Corporate investment	3	0	0	0	0	3
Total		**43**	37	9	7	6	102
Effective global advertisement enhances the sales of their products	Own Investment	7	0	0	3	2	12
	Bank loan	0	6	2	59	20	87
	Corporate investment	0	0	0	3	0	3
Total		7	6	2	**65**	22	102
It started serving both modern and traditional products.	Own Investment	4	8	0	0	0	12
	Bank loan	31	27	8	4	17	87
	Corporate investment	3	0	0	0	0	3
Total		**38**	35	8	4	17	102
Improved support by various financing institutions.	Own Investment	4	1	4	3	0	12
	Bank loan	49	27	0	1	10	87
	Corporate investment	0	3	0	0	0	3
Total		**53**	31	4	4	10	102

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Inference: The majority of the retailers agreed towards upgrading their technology and renovating their stores according to global retailers.
The majority of the retailers strongly agreed towards Progressing with additional branded product lines, it started serving both modern and traditional products and improved support by various financing institutions.

The majority of the retailers disagreed towards the effective global advertisement enhances the sales of their products

Hypothesis framed

H0: There is no Association between Source of Investment and Opportunities Available to Organized Retailers

H2: There is an Association between Source of Investment and Opportunities Available to Organized Retailers

Table 10: Chi Square Test: Association between Source of Investment and Opportunities Available to Organized Retailers

	Pearson Chi-Square	df	Asymp. Sig. (2-sided)	Results
Upgrading their technology and renovating their stores according to global retailers.	14.366[a]	4	.006	Significant
Progressing with additional branded product lines	37.876[a]	8	.000	Significant
Effective global advertisement enhances the sales of their products	58.413[a]	8	.000	Significant
It started serving both modern and traditional products.	13.244[a]	8	.104	No Significant
Improved support by various financing institutions.	56.537[a]	8	.000	Significant

Inference: There is an association between Source of Investment and Upgrading their technology and renovating their stores according to global retailers, Progressing with additional branded product lines, Effective global advertisement enhances the sales of their products and improved support by various financing institutions.

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CHALLENGES FACED BY ORGANIZED RETAILERS DUE TO FDI IN INDIAN RETAILING

Table 11: Cross tabulation between Source of Investment and Challenges Faced by Organized Retailers Due to FDI in Indian Retailing

Variables		**Strongly Agree**	**Agree**	**Neither Agree nor Disagree**	**Disagree**	**Strongly Disagree**	**Total**
Recession	Own Investment	9	0	0	2	1	12
	Bank loan	16	67	3	1	0	87
	Corporate investment	0	3	0	0	0	3
Total		25	**70**	3	3	1	102
Dropping off loyal customer	Own Investment	8	4	0	0	0	12
	Bank loan	20	60	4	2	1	87
	Corporate investment	0	3	0	0	0	3
Total		28	**67**	4	2	1	102
Labour shortage	Own Investment	4	8	0	0	0	12
	Bank loan	49	31	4	2	1	87
	Corporate investment	0	3	0	0	0	3
Total		**53**	42	4	2	1	102
Jobs in manufacture sector will be lost	Own Investment	4	1	6	1	0	12
	Bank loan	33	35	14	2	3	87
	Corporate investment	0	3	0	0	0	3
Total		37	**39**	20	3	3	102

Inference: The majority of the retailers agreed towards Recession, Dropping off loyal customer and Jobs in manufacture sector will be lost as a challenges faced by organized retailers due to FDI in Indian retailing

The majority of the retailers strongly agreed towards Labour shortage as challenges faced by organized retailers due to FDI in Indian retailing.

Hypothesis framed

H0: There is no Association between Source of Investment and Challenges Faced by Organized Retailers Due to FDI in Indian Retailing

ISBN No:978-93-5408-401-0

H3: There is an Association between Source of Investment and Challenges Faced by Organized Retailers Due to FDI in Indian Retailing

Table 12: Chi Square Test: Association between Source of Investment and Challenges Faced By Organized Retailers Due to FDI in Indian Retailing

	Pearson Chi-Square	df	Asymp. Sig. (2-sided)	Results
Recession	40.844[a]	8	.000	Significant
Dropping off loyal customer	11.977[a]	8	.152	Non-Significant
Labour shortage	8.950[a]	8	.347	Non-Significant
Jobs in manufacture sector will be lost	15.776[a]	8	.046	Significant

Inference: There is an association between Source of Investment and Challenges Faced was Recession period and Jobs in manufacture sector will be lost towards the Organized Retailers.

Conclusion

From this research the researcher identified that, Majority of Indian retailers those who invested through the Bank loan faced major problem during COVID-19 lockdown period. There is no Association between Source of Investment like own capital or bank loan or corporate investment and Challenges Faced by Organized Retailers due to Dropping off loyal customer and Labour shortage. The actual impact of COVID-19 on Foreign Direct Investment in the organized retail sector will depend on the period of the crisis and the resulting extent of behaviour change.

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Covid19: Impact on It Sector

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Abstract

The outbreak of Covid-19 has severely impacted the global economy, with disrupting businesses across diverse sectors around the world. The spread of the virus now has led countries into lockdown, fearing the economy of a recession. As the virus significantly affects most established countries, its impact on India is relatively low than others but has a larger impact on the country's businesses and economy.

Since the country's nearly 55 percent of electronics imported from China, these have now slid down to 40 percent due to the coronavirus outbreak and subsequent lockdown. Over the last couple of decades, the IT industry has been India's leading sector to economic growth. It plays an imperative role in fulfilling the country's several middle-class dreams of accomplishment and aspirational careers.

However, due to coronavirus Covid-19 outbreak, players in India's IT services, according to industry analysts, will see a significant slowdown in growth during this financial year. Reports claim that top software exporters, including Tata Consultancy Services, Infosys, and HCL Technologies, will be impacted most by the lessened technology spending from clients in the US and Europe following lockdowns across the globe.

Introduction

Our support continues throughout the current disruption to the Information Technology (IT) industry caused by COVID-19. At present, the impact on the IT sector is less severe than experienced by other sectors. Whilst consumers need to be mindful of product lead-times and the ability for suppliers to provide on-site services, goods and services are still available. Customers need to be mindful of the following:

- Where possible plan in advance. This is particularly true of made to order infrastructure hardware where lead-times are typically longer
- The majority of IT equipment originates from Asia, including components used to build equipment in Europe. Factories are however re-opening and beginning to ship
- There are shortages of hardware used for home working, such as laptops, tablets, monitors and other peripherals. This equipment will become available, but at slightly longer lead-times
- Suppliers are prioritising the NHS and other critical services. If your requirement is critical and relating to COVID-19, please inform the supplier so that they can reprioritise accordingly
- On-site services are restricted due to social distancing rules, although suppliers are still offering remote services;
- Please refer to Procurement Policy Note 1 on awarding directly under Section 32 of the Public Contract Regulations. Customers can use this procedure when using a

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framework, including the NPS IT agreements, as well as a range of other national and sector IT and digital frameworks.

COVID-19. This is the most buzzing and booming word in the world at the moment. There's a huge and severe impact of coronavirus or Covid-19 on domestic and international businesses across countries and sectors. The effect of the Covid-19 pandemic in human life is incalculable and it continues to grow in the world.

Many Indian IT companies have asked their employees to work from remote locations via video conferencing and collaboration tools seamlessly. They are testing their systems before they can implement any widespread measure to allow their lakhs of employees to stay home. But the spread of coronavirus to multiple cities in India could result in shutting down, requiring broader work-from-home (WFH) authorizations.

Since IT companies are spread overseas, they have been keenly aware of the impact of Covid-19. The growth of IT sectors has fallen down to 3-8% for the next financial year as per the Kotak Institutional Equities. Due to the impact of Coronavirus pandemic, the trade impact for the country - India is estimated to be about $348 million and the country figures among the top 15 economies most affected as per the UN report. And India's information technology (IT) industry has been minimally impacted by $185 billion. As per the official report, it's also expected to be a hit of 0.3-0.5% on the GDP in the next fiscal year and growth in the first two quarters of the next fiscal could be as low as 4-4.5%.

Impact of COVID-19 on IT Industry

The Coronavirus has impaired the ability to manage day-to-day service delivery for certain clients or at certain sites and result in, among other things, losses of revenue and inadvertent breaches of client contracts if a group of employees who serve the same customers was unable to work at the same time.

The IT industry has been facing a crisis due to coronavirus pandemic, with organizations shutting workplaces, stores, and processing plants. Many companies in India - Wipro, Google, Microsoft, and many took a step to make life easier for those who are required to work from home, giving away advanced streaming tools to avoid further spread of the deadly virus.

There are several factors that Covid-19 has made the industry disabled with its attack.

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1) Dealing with Decreased Productivity and Performance

Impact productivity & performance

The virus is likely to impact productivity on a group and individual scale. Employers may need to adjust sales and/or bonus targets in some situations to account for unforeseen circumstances and consult their sales plans to determine the parameters. Handling day-to-day productivity and the performance-related issue is tied to the outbreak in the current scenario.

Workers from small and medium enterprises (SMEs) are the worst-hit in India. Since some of them cannot work from home or utilize the remote working facility, the companies have waived those employees and cut down their production. This way, it's having a huge impact on the production and performance of their businesses.

2) Fallout Disrupts Global Supply Chains

Fallout disrupts global supply chains

Understanding how global manufacturers or let's say, IT industries are managing through disruptions to their supply chains will help all businesses structure their own responses. As we can see, impacts in many companies across many industries are inevitable. As per today's circumstances, the cost of supplies from China may increase, stemming from overtime and expedited freight costs, as well as from paying premiums to buy up supply and hold capacity. Many industries in India are working through alternative sourcing strategies. It will not be an easy task to identify alternative supply scenarios.

However, the possibility of this situation being prolonged beyond a month or two cannot be ruled out. In the long term, the recovery of the supply chain will take a longer time, which will affect not only China and India, but also the global supply.

3) Facility and Office Closures

The Coronavirus is a grave challenge to our great nation. Our first priority is always the safety of our people. Some governments have imposed even longer closure periods to reduce the motivation for people to travel back from their hometowns to where they work during this critical period.

A few of our clients situated in the USA have experienced substantial local disruption and closure.

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"Our work is not exaggerated at all as working in a completely remote team is a big gift. The effect of office closures caused too much for my business. Since we are in the industry of event ticket selling and covering the whole part of the USA. The events are either postponed or canceled which has affected my business - economically and human resources. Our business has seen an impact of 80% down-fall." said one of our clients from the event booking industry from the USA.

4) Cash Flow Crisis for SMEs

Around 30% of SMEs have reported significant pressures on their cash levels as per the financial report. It's a very big lockdown to businesses paying for supplies earlier than anticipated because of Coronavirus-related stockpiling and fears of deeper disruptions to transport links.

This has a detrimental effect on a company's working capital and they will not survive more if they were unable to secure some finance.

5) Not Ready For a Fully Remote Workforce

Many organizations think they are capable of allowing their employees to work remotely and adapt to the work-from-home culture fully. But now that work from home function has become a mandate for many, they have found a lack of collaboration tools and interpersonal training.

A report by Gartner, a leading IT service management company, says that 54% of the companies in India do not have enough technology and resources for employees to work to home.

The non-IT companies or small businesses seem helpless due to old systems, poor network connectivity, and UPS backup. More than two-thirds of employees lack access to business tools like Skype, Zoom, etc.

How are Software Outsourcing Companies dealing with Corona Virus?

Organizations and enterprises are trying to find their zone in the chaotic circumstances created by the coronavirus like being enforced to implement the remote working atmosphere while remembering productivity, a big challenge for the companies that usually don't let people work remotely.

1) Permitting For Remote Workplace

When needed, create a distributed workforce and allow your employees to work remotely. As a top-notch IT company in India, we will also make sure, our employees should not come

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in touch with any public transport or co-workers, as it reduces the risk of infection. This type of social distancing and remote working practices will not let Covid-19 harm us.

Power of social distancing Also, the Government of India has announced a number of preventive measures to minimize the entry and spread of coronavirus. From the ministers to IT owners have appealed to Indians to avoid mass gatherings.

2) Encourage Sick Employees to Stay Home

Staying home being sick is a “stop the thread” tip that can be particularly difficult to follow, either because people have no sick leave or they feel otherwise compelled to show up and tough it out.

During this tough time, we strongly encourage employers to reconsider having people come to work when sick and develop non-punitive leave policies.

If you can see any minor symptoms of fever or illness, recommend your employees to stay home and not come to work until they are free of fever for at least 25 hours. Employees should notify their team leaders and stay home if they are sick.

3) Managing Business Travel

You should not allow your employees for business travel in the current situation. If there’s a business travel necessity, be prepared to articulate it and offer additional support to the traveling employee. If an employee is not comfortable about traveling anywhere, avoid requiring that particular employee to go.

4) Train Your Leaders

It’s believed that in many organizations, managers or leaders are lacking respect for normal working hours. While working remotely. Leaders need sensible rules about when they expect workers to be available - and when they don’t.

Nurture and train the employees and leaders who are the most crucial to maintaining business continuity. Make sure, they are aware of the latest tools and technologies to work effectively from home, if it’s needed. Ensure they are prepared for every scenario.

5) Train with Modern Digital Skills and Tools

Employee skilled expertise

Multinational tech companies in India are also taking precautions and depending more on remote collaboration tools. Many companies are adopting Skype and Zoom, among other facilities, to work remotely.

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During this tough time, Microsoft has seen a 500% increase in the usage of its collaboration platform Teams.

We should try to implement innovative new tools, establish important new skills, shift culture digitally, and prepare for whatever is beyond Coronavirus and the current distractions it's causing us.

Conclusion

Don't Panic
Obviously, the Coronavirus pandemic is serious. But thoughtful and precautions must be taken to keep yourself and your teams safe and healthy. However, conducting meetings on the chat or video call is the first step to spreading Covid-19.

As a reliable partner, The One Technologies would love to support all our customers, who are actually looking for advice on remotely working or handling teams remotely as COVID-19 is continuously disrupting the business. We really wish all our partners and customers remains secured during this COVID-19 pandemic.

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