

# An Economic Outlook to “The New Normal”- Mission Begin Again: Post Covid 19

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## **Abstract:**

By the start of the year, 2020 news of coronavirus spreading in the different parts of the world was doing the rounds, and sometime in mid-March, with immediate effect lockdown across India was declared by Central Government.

This pandemic has resulted in an economic scenario that was never experienced before. The amount of the pandemic and the havoc it has exhausted on economies globally is unparalleled. Never has the world gone in a total locked down approach not even during the great wars. Since half of the world's population is locked down in trying to stop the spread of COVID-19, a public health emergency that has claimed thousands of lives and flashed uncertainties of the worst global recession. This suggests that there will be a profound impact on the world of work, as well as mental and physical well-being. Although no one would choose to go through this crisis, social scientists, management professors, and psychologists across the world are observing closely, eager to investigate the effects of this enforced global experiment.

Like every other country, India is bracing itself for a period of extended total lockdown in the light of the COVID-19 pandemic spread, entrepreneurs, business leaders are coping with newly distressing apprehensions. The lockdown has already lifted in phases but there's no disagreeing that everyone has now entered an undiscovered new paradigm, where 'surviving against unknown' becomes the new norm. The economic impact of the outbreak will outshine processes and operations for years to come. However organizations cope with existence and customer retention, even stress and burnout, job uncertainty, discharge, retrenchment, downsizing, emotional and psychological stress take a center-stage, it's increasingly clear that recovery and improvements too, will have to be expedited, post the immediate crisis. The recognition that the right time to prepare for recovery is now!

The COVID-19 pandemic has forced every organization to move intellectual work from their offices to their employees' homes. Right now, everybody is uncertain about how long it will take for the virus to diminish and for work and the economy to return to normal. There's another question that corporate leaders need to ask: What might not return to normal? What are the new ways of operating in the time of the virus which can be superior to the old routines?

Simply, what might be the “new normal”?

**Keywords:** *Pandemic, new normal, lockdown, COVID-19*

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## **OBJECTIVES**

1. To understand the ways to operate in “The New Normal” with the Covid-19 Crisis.
2. To analyze the challenges faced in adopting this “The New Normal”.
3. To study new possibilities arising from the COVID-19 crisis.

## **INTRODUCTION**

We are living in an extraordinary era, surviving

through a crisis at a scale never experienced before. Hence, there is no pre-structured ‘game plan’ or standard operating procedure available on the comeback and handling. The only certainty in the current situation of uncertainty is that the world has changed and continues to change speedily every single day. In the times of globalization and interconnectivity, the interruption, disjointedness, and disturbance due to COVID-19 have impacted everyone's lives and pushing us towards a ‘NEW NORMAL’!

As the COVID-19 pandemic evolves rapidly and very little signs of fading, precise representing the scale of its fiscal impact may not be possible as yet. The effects, nonetheless, will be profoundly felt across all sectors and parts of the business and the reclamation process will be visible only after a while. Yet, projections for the industry appear depressing in the months ahead due to the inactive businesses, job layoffs and it is possible for the first time in living memory that, everybody in the same situation trying to combat an invisible enemy globally through continents and various sectors.

It is needless to say that recession is just about to hit post lockdown. Every recession has offered abundant challenges for every country, making it challenging for industries to endure and sustain, but they have also led a time of prospects for new-age industries to grow and shape consumer behavior for years. The global depressions, brought by COVID-19, will profoundly transform the way humankind works, and socializes, for many years to come. The pandemic crisis will be a substance to unparalleled changes in every industry. Every industry will be required to restructure to transform into the new realities that will appear.

Nevertheless, great instabilities bring great disruptions along with great new ways and opportunities for accomplishing goals. Businesses all over the world have suffered immensely, most probably MSMEs. Many businesses will not survive and those that do will have a long journey to recovery. There are some models that we can fall back on, which though not of the same magnitude, do still give indications on the markers we need to sight on the long path to recovery.

## RESEARCH METHODOLOGY

The present study is based on secondary data. The data is collected from sources like journals, articles, and the internet.

## REVIEW OF LITERATURE

As per CMIE's (Centre for Monitoring Indian Economy Pvt. Ltd.) data, the unemployment rate in May stood at 23.48 % in the month of May since March's 8.74%. It was conveyed that 27 million youth age group 20-30 years lost jobs in the month of April in India. Lockdown is not affordable for Indian Economy. Indian economy may see a U-shaped recovery, as compare to USA which evident a V shaped recovery, whereby monthly employment

increased to a greater level. U shaped recovery will show tremendous fall in economic activities, repossessing its motion.

## DATA ANALYSIS AND INTERPRETATION

Undoubtedly, this Covid-19 Pandemic has put the world economy at a huge risk. Its consequences the economic foundations of world trade. Analysts have identified this epidemic as a result of hyper-globalization and starting of de-globalization. Though, the world is going to face recession; and the global losses, according to some analysts, may exceed World Wars I and II combined. At the same time, the sinking world price of crude oil has added further anxieties. Many studies are now available on the economic loss and post-COVID-19 growth path, and most of the estimates show that the world is already in an economic crisis.

It is time that we should be thinking about the co-operative vulnerability of our world. The leaders, high-tech scientific establishments, and the huge economic prowess have all met their match in this critical situation. It is time to understand what we need to do differently? How we need to act and behave differently.

But there is going to be life after COVID-19. So, what will be the new normal? This study discusses ways to operate in The New Normal and new possibilities arising from the COVID-19 crisis.

### 1. Understand ways to operate in The New Normal

- a. 'Survival of the **fastest**' over 'survival of fittest': Quickness is the most important reason why some business organizations will overcome this crisis. It is about making quick changes by the corporate leaders and communicating the same to the business organization, partnering with the environment, and customers. This should be built on strong insightful planning that sets the rulebook of a new execution prototype that did not exist earlier. This would further bring efficiency and optimization to proactively grab the evolving opportunities, and create a significant impact on society to prosper.
- b. Digital Transformation: Every commercial process which could be transformed from physical to digital must be looked into and executed. Right from order dispensation to internal communication, from supply chain to

customer service all processes should be digitalized. This was already a trend but this COVID-19 crisis has made this imperative. Digital adaptation should be directed at creating abilities to influence the opportunities that new digital era technology presents. This will make it possible to serve the customers better and progress the business. It wouldn't be only about technology adoption, but about the advancement of business prototypes, including products, services, and operations. It will be about discovering new opportunities presented by data cloud, big data, analytics, artificial intelligence, and another evolution that are influencing a new wave of buyer behavior. The end goals of business continuation and cost-effectiveness, stakeholder's value and customer satisfaction will drive this transformation.

- c. Technology, technology, technology, and technology!: This crisis has led to an accelerated technological expansion in all areas of businesses. Similar to the time of wars when necessity gave rise to new technologies, this COVID-19 pandemic will speed up technological advancement, and every business must not only prepare to adjust but to embrace this change. This is India's chance as a developing country to grab opportunities that might have been missed in the past. Due to this pandemic, everyone witnessed rapid escalation of communication platforms like Google meet, Zoom, Webex Meet, and the OTT platforms like **Netflix**, Amazon, iTunes, and HBO in the entertainment space. These changes would have taken many years in normal times, but due to this crisis, it took mere months.
- d. Cash and Capital: Every business will limit and reduce the supply of capital, whereby restructuring their capital formation. Leverage and debt are great options in an expansionary economy but the same structuring hits hard in times of long term contraction. Cash is king and needs to be preserved until there is more clarity on the duration of this crisis.
- e. Government policies: Government policies and support are critical to aid the SME sector in these times. Despite some nominal relief given to businesses like a moratorium on loan

installments and some extension of procedural deadlines like return filings, very little has been done to provide tangible support to SME's. Infact the moratorium on filing cases under Insolvency law and extension of limit to Rupees 1 crore of debt for filing cases under bankruptcy law is a huge setback to SME's who can't rely on the civil court procedural delays to recover their outstanding overdue receivables. The SME Samadhan and SME redressal forums are highly ineffective and non-functional. In one such case, we were asked to go to the defaulting debtor's office and plead for recovery by the concerned officials. The commercial jurisprudence needs to effectively redress the collection scenario for SME's.

## 2. New possibilities arising from the COVID-19 crisis.

This Pandemic has challenged all the business leaders to ensure three things: getting back to work, understand and control the developments done during the crisis, and design new roadmap ahead. The organizations and leaders should not concentrate only on returning to work but they should rather take advantage of all the experiences and learning gained through this pandemic. As said by Thomas Friedman, organizations must embrace "dynamic stability." Rather than trying to stop an unavoidable storm of transformation, Friedman encourages leaders to "build an eye that moves with the storm, draws energy from it, but creates a platform of dynamic stability within it." (Thomas Friedman, 2020). So, rather than withdrawing from, or preparing to fight the upcoming storm of change, organizations should take energy from it.

However, many industries should and would figure out ways to transform, the following industries and sectors are well-poised to influence opportunities, faster than the others, to create larger employment opportunities.

- a. E-commerce: Everyone used to wonder what is "digital transformation" actually meant. This COVID-19 crisis has defined it better than anyone ever could have. Organizations need to listen carefully to consumer's fears, needs, and preferences as they evolve. Organizations from online sellers to ones just transitioning to e-commerce as a result of physical distancing will witness entirely different customers concerning

their buying behaviors and preferences. Customers may not be comfortable going straight back into crowded retail environments. It suggests that the future of e-commerce will be exciting because a lot of new segments will look forward to joining e-commerce, making sure each product and/ or service is made available online. With the help of rising data speed and internet facilities, the growth will be higher in emerging economies. It cannot be overlooked that post-pandemic, the e-commerce progression degree will outdo earlier levels. Ecommerce will expand from B2C to B2B, for companies to buy products and services for their workforce.

- b. Online training/ education: The pandemic has extensively disrupted the education sector. Learning, teaching, and exam valuation practices were the first to be affected. Online education will adapt to the digital world in the fastest and largest scale. Educational Institutions are evolving with the need of an hour and traditional teaching ‘chalk and talk’ standards are becoming a thing of the past. The impact can be seen from kindergarten to higher education, offering the flexibility of learning of the students, and flexibility of teaching to teachers. The cost of education will become cheaper and accessible to a mass of society. Online education can be carried out in two ways. The first is through the use of recorded classes, which can be open to the public, called Massive Open Online Course (MOOCs). The next one is via live online classes conducted as webinars, on google meet or zoom sessions, etc. There are many online platforms created by the Government of India, which are supported by the Ministry of Human Resource Development (MHRD) such as e-PG Pathshala (for e-content), SWAYAM (provides online courses for faculty teachers), and NEAT (to enhance employability).
- c. Healthcare: The impact of a pandemic can be noticed across all industries, indicating the commencement of clear and permanent ups and downs to come. Even if governments and communities are baking up, public and private healthcare organizations are still battling against a largely unknown enemy, while struggling with a lack of sufficient workforces and resources.

Healthcare including hospitals, medical tools, and equipment, diagnostics, antibiotics, medical tourism, and telemedicine can see remarkable growth. The Healthcare sector will certainly benefit from schemes like ‘The Pradhan Mantri Jan Arogya Yojana’ (PMJAY) popularly known as ‘Ayushman Bharat Yojana Scheme’, and other health care expenditures, by the government. Digital health will impact the entire value chain, from testing, medicines, and health cards, to telemedicine.

- d. Insurance: Due to this pandemic society has become more conscious about health, natural calamities, epidemics, diseases, and demand for social security. Insurance companies are now seen as service providers, as opposed to organizations that issue insurance policies only. The digitization of the insurance sector has been equivalent if not higher than the banking industry with swelling penetration of online business and integration with finance and technology. The current situation has considerably fast-tracked the opportunities of digital engagement of the insurance sector. The jump of customers from physical to digital is expected to see a significant change soon.
- e. Digital payments/ e-billing: Digital payments let people access goods and services while in quarantine or social-distancing. Contactless payments to grocery, taxi drivers, vendors, and even temples are possible through scanning a QR code. Payments for daily necessities, like mobile phone bills, utilities, rent, or internet bills can all be made through mobile payments or online banking. Digital payments are restraining in-person transactions and making sure customers can buy essentials from their homes at own ease. Increasing e-commerce initiatives are also helping small scale businesses to continue revenue flowing during uncertain times. Digital payments are a backbone to the world digital economy.



User penetration in the mobile point-of-sale segment in 2019\* (selected countries)

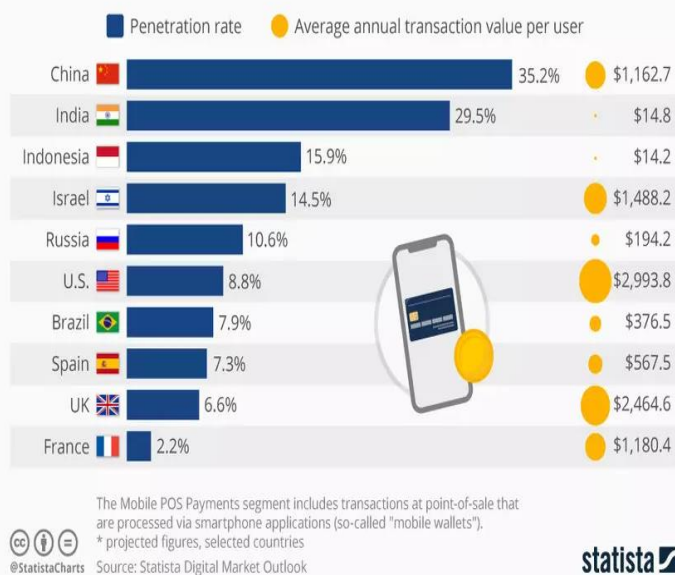


Image source: Statista

- f. **Content:** Since all the business organizations are launching 'direct to customer' services, the major focus is no content libraries to attract customers. Content includes video, music, 5G support. Subscription-based services will gain the upper hand due to the strategic position of having customized and targeted advertising options, and ad-free content.
- g. **Cloud computing:** The COVID-19 pandemic has flipped over many lives and businesses, however, if there's any industry that has emerged stronger from this crisis, that would be cloud computing. Cloud computing is adopted by many start-ups and large organizations for decades. The business of leasing computing power has changed into a gigantic industry with Amazon and Microsoft leading the way. Now, in this pandemic and with uncertainties of a recession approaches, cloud services may see growth as it experienced last time a recession hit in 2008. Times like quarantine and Work-From-Home have seen a significant boost in cloud-based services and applications.
- h. **Cybersecurity:** it will be the center of the new era as every organization will adopt digital transformation. The development of safe and secure payment gateways and security walls will drive this sector growth. This will include the use of blockchain, application program interface (API), and other advancements to arrest the occurrence of cybercrimes and financial fraud.

- i. **Logistics:** Almost all companies are building around 'delivery models' and post COVID-19 crisis uncertainties will bring a huge demand for this sector as the magnitude of distribution will expand. Increased efforts to promote *atmanirbharta* will lead to expansion between regions and territories. Extensive local expansion with a stronger presence of e-commerce companies across multiple types will play a key role. The future of logistics will be depending on high technology adoption and transportation, which will reduce cost, time, and waste.
- j. **Robotics:** Reformist organizations will implement robotics for public and personal uses. This will result in the expansion at a large-scale level – from security with the usage of drones, to manufacturing plants and in medical science for risk aversion.

## CONCLUSION

Although organizations have experienced a fast-forwarding into the future of work in ways that stress-tested every organization's ability to merge people and technology in the most dynamic business situation. But while moments of crisis like this brought heroic and unprecedented actions, this sustainability of actions is the true path towards recovery. That path must be paved not only with good intentions but with meaningful change.

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