

THE IMPACT OF COVID-19 ON THE INDUSTRIAL SECTOR OF PUNJAB

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ABSTRACT

The COVID-19 pandemic affects the Indian economy moreover the industrial sector of Punjab over time. The growth and employment in the industrial sector revealed drastic changes during this time. The COVID-19 affects the industrial sector of Punjab in terms of output and employment. There are wide variations in the growth among the sub-sector due to the COVID-19 pandemic problem in Punjab. The share of sub-sector in the industrial's Gross State Value Added (GSVA) in Punjab shows declining trend as manufacturing from 58.17% in 2011-12 to 55.03% in 2018-2019, construction from 30.7% in 2011-2012 to 26.0% in 2018-2019, Mining and quarrying reveals stagnation share as 0.1% in 2011-12 and 0.1% in 2018-2019 the only Electricity, Gas and Water (EGW) supply, and other utility services shows positive growth as it increased from 11.1% in 2011-2012 to 18.9% in 2018-2019. The level of employment declined in the Electricity, Gas, and Water (EGW) as well as in construction activity and also in other utility services over time. However, it was constant in Mining and quarrying moreover there is no exact trend of employment in the manufacturing sector of Punjab over the period. Heterogeneity in growth was observed over time in the study

Keywords: - COVID-19, Industrial Sector of Punjab, Employment and Government Initiatives.

1. INTRODUCTION

The impact of the COVID-19 pandemic is unprecedented to the world economy. As the Indian economy already has been passing its deteriorate condition before the emergence of COVID-19. As the lockdown was imposed across the nations and the global economic downfall and stagnation in demand and supply chain, the Indian economy faces a tremendous slowdown in the economic activities around the nation. Before COVID-19 as per the official statistics, GDP growth was about 4.2% in 2019-2020 and the industry that records 30% of GDP falls by 0.5% in quarter four. Investment is a very important component for the growth of every nation but during COVID-19, the investment declined to 2.4% between the year 2015-2016 and 2019-2020 in India (Dev & Sengupta, 2020). During the period 2016-17, the number of large and medium scale industrial units was 494 with fixed investment of around 67654 crore which employed 2.94 persons in Punjab and this large and medium unit had increased to 524 with fixed investment of Rs 73133 crore that provided employment to 2.94 person in Punjab. The growth of the industrial sector in Punjab was more than at all India levels based on constant 2011-12 basis prices. As the growth rate was 5.08% in 2014-2015 it increased to 6.45 in 2018-2019. So far as the growth of the industrial sector at all India levels it was decreased from 6.72 in 2014-15 to 6.04 in 2018-19. The index of Industrial Production (IIP) was also increased from 0.85% in 2014-15 to 3.73% in 2017-18 in the registered manufacturing sector of Punjab (Economic Survey of Punjab, 2018-19). The textiles industry in Punjab is very crucial because its contribution to total industrial production almost 19% and 38% to total export from the Punjab economy. The textiles and apparel sector is expected to decline in production by around 10%-12% in April-June due to the COVID-19 pandemic problem. The important feature of the industrial sector of Punjab is MSME and this aspect provides a bulk of employment to the workers and constitutes around 30-35% of GDP. There are so many labour-intensive industries in Punjab that are highly dominated by the migrant labour force such as textile, hand tools, leather, sports goods, bicycle, and automobile. Moreover, the textile industry in Ludhiana, Jalandhar, Ropar, Anandpur Sahib, Pathankot, Hoshiarpur, Gurdaspur, Patiala, and Sangrur are also facing the same type of labour force. So the likely effect of COVID-19 on this aspect can be seen in the industrial sector of Punjab (FICCI, 2020).

The present study would be underlined the impact of the COVID-19 pandemic problem on the industrial sector as well as on employment in the industrial sector of Punjab along with the analysis of government policy that will help to uplift Punjab's industrial sector from the COVID-19 pandemic problem.

2. REVIEW OF LITERATURE

Dev and Sengupta (2020) examined the state of the Indian economy in the Pre-COVID period. The study finds that during the pandemic, there was a downfall in GDP growth by 4.2 percent in 2019-20. The share of the industrial sector in the GDP also declined up to 0.58 percent in the fourth quarter of 2019-20. The employment level of the informal sector has also declined during the period of the pandemic.

Soloman *et al.* (2020) analyzed the impact of COVID-19 on the Indian Sugar Industry. The Indian Sugar Mill Association has resulted that the production of the sugar had declined in 2019-20 as compared to the production in the previous year.

The slowdown in the activities was due to the shortage of labour, courier services, and public transport. There was a tremendous impact of the COVID-19 pandemic on the production of sugarcane in Maharashtra and Karnataka.

Sahoo and Ashwani (2020) studied the impact of COVID-19 on the Indian economy in terms of output, manufacturing, trade, and MSMEs. The study resulted that the value of output in the manufacturing sector, the value of imports and exports, and the net value added of the MSMEs have declined during the 2019-20 period as compared to 2018-19. It also defined that the net value added of all the industries has declined to a greater extent because of the pandemic.

Mehta (2020) explained the impact of COVID-19 on MSMEs in the manufacturing sector of Punjab. The study revealed that the industrial sector of Punjab has suffered a loss of almost Rs. 40,000 crore due to lockdown. This is due to the lack of 482 man-days due to lockdown in India. It also aimed to analyze the policies announced for MSMEs in Punjab. The government of India has announced the economic package of Rs. 3 lakh crore for MSMEs out of which 20 lakh are provided in the first instance. Some challenges are to be faced by MSMEs in Punjab. These are human capital, unskilled labour force, and infrastructure backwardness. This study suggested that policies should be adopted in the area of human capital which will accelerate the growth of MSMEs and help to tackle the problem of the pandemic in Punjab.

Shankar (2020) studied the impact of COVID-19 on the IT service industry. The study told that the imposition of lockdown among people has made the people go back to their home for safety. The study revealed that Infosys employs almost 35000 persons out of which 30000 have gone home for work. But, the work has risked the lives of the family men. This has lead to the decline in the productivity of the workers in the company. Thus, it leads to a decline in the production of the country. There is a need on the part of the government to make initiatives to tackle this pandemic.

3. RESEARCH GAP

The review of literature told us that, most of the studies discussed the impact of COVID-19 on the Indian economy as a whole. There is no such study available on the part of Punjab that explained the impact of the COVID-19 pandemic on the industrial sector. As some studies talk about the industry, growth of the manufacturing sector, trade as well as MSMEs concerning India. There is a need for a study that will talk about the impact of the covid-19 pandemic on the industrial sector of Punjab. So, the present study aims to explain the impact of the COVID-19 pandemic problem on the industrial sector of Punjab.

4. OBJECTIVES OF THE STUDY

The present study will focus on the following major objective:

- ❖ To analyze the growth of Gross State Value Added in the Industrial sector of Punjab.
- ❖ To examine the trend of Employment in the industrial sector of Punjab.
- ❖ To analyze the Index of Industrial Production (IIP) in both India and Punjab.
- ❖ To study the growth of the industrial sub-sectors in Punjab.

5. DATA AND METHODOLOGY

To get the objectives of the study, only secondary data will be utilized. To report the result of the study simple average or percentage method will be used in the study. The data has been used from various government-published sites and some unpublished sources. The secondary data sources will be assessed from the Economic Survey of Punjab, Punjab statistical abstract, and the report of FICCI (Federation of Indian Chambers of Commerce and Industry).

6. INDUSTRIAL SECTOR OF PUNJAB

The industrial sector of Punjab plays an important role along with the other sector of the economy to make emerging economies among the other states in India. There are sub-sector of the industrial sector such as manufacturing, construction, electricity, gas water, and mining, and quarrying that are playing a very crucial role in the industrial sector of Punjab notably the manufacturing sector that is a very important part of the industrial sector. One of the prime feature of Punjab's economy is that the existence of its small size industrial units in the state as about 194,000 small-scale industrial units along with the 586 large and medium units in the state. The likely impact of COVID-19 can be seen in the MSMEs sector of Punjab because this sector providing more than 114 million people and contributing almost 30-35% to the GDP of the state economy. The growth rate of the manufacturing sector was 5.8% in 2018-19 as compared to 6% as the economy of Punjab as a whole. Due to the problem of COVID-19 there is down falling tendency in the industrial sector of Punjab. As we know, the industrial sector of Punjab contains migrant labour in the industries like textile, hand tools, leather, sports goods, bicycle, and automobile.

Table 1: Index of Industrial Production (IIP) of Punjab from 2014-15 to 2018-19:-

Years	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
India	3.8	2.8	4.4	4.5	4.4	3.8
Punjab	0.85	2.96	3.05	3.73	4.5	2.7

Source: Economic Survey of Punjab 2019-20

There are variations in the IIP index of Punjab as well as India over time. The table compares the IIP index of India at a whole level with the particular state of Punjab. There is an increase in the share of the IIP index by Punjab to the Indian IIP index except for the year 2015-16. The Table 1 shows the impact of the pandemic in terms of the decline in the value of IIP of both India and Punjab. The IIP index of Punjab declined to 2.7 percent during the pandemic period.

Table 2: Share of sub-sectors in Industrial Gross State Value Added (GSVA) in Punjab (at current prices):-

s. no.	Sub-sector	2011-12	2018-19	%age change
1.	Manufacturing sector	58.17	55.03	(5.39)
2.	Construction	30.7	26.0	(15.3)
3.	Electricity, gas, water supply, and other utility services	11.1	18.9	70.27
4.	Mining and quarrying	0.1	0.1	0
5.	Total	100	100	-

Note: figures in () shows negative values. Source: Economic Survey of Punjab 2019-20

The Table 2 compares the level of GSVA of subsectors of Punjab at 2011-12 and 2018-19. This shows that the value has declined for all the sectors except mining and quarrying. The GSVA shows the gross value added at the state level. For all the sectors these have declined due to the attack of the pandemic in India.

Table 3: %age share of Industrial sub-sector in employment in Punjab:-

S.no.	Sub-Sector	2011-12	2015-16	2017-18	%age change
1.	Manufacturing	53.4	45.5	57.0	25.27
2	Construction	41.8	49.5	40.2	(18.78)
3.	Mining & Quarrying	-	1.1	-	-
4.	Electricity, Gas, Water, and other utility services	4.8	3.8	2.4	(36.84)
5.	Total	100	100	100	-

Source: Economic Survey of Punjab, 2019-20. Note: Figures in Brackets () shows a negative value

The Table 3 compares the value of employment in the different sectors of Punjab in the industrial sector. The share of employment in the sub-sectors is different over time as noted from the given Table. The share of employment in the manufacturing sector has increased from (45.4) in 2015-16 to 57 in 2017-18 but it declined in construction, mining and quarrying, electricity, water supply, and other services during the same time.

Table 4: Growth rate of Sub-sector of Industrial Sector in GSVA in Punjab:-

S.no.	Sub-Sector	2016-17	2017-18	2018-19	2019-20	%age change
1.	Manufacturing	7.1	5.9	5.6	1.8	(74.1)
2.	Construction	2.0	4.0	5.6	1.9	(5.0)
3.	EGW and Other utility services	7.0	8.0	6.0	5.0	(28.5)
4.	Industry	6.1	5.9	5.6	4.0	(34.4)

Sources: Economic Survey of Punjab, 2019-20

There is a differential performance of the sub-sectors of the industrial sector in GSVA in Punjab. As described in the Table 4, among the sub-sectors the highest share reported in manufacturing and EGW. No doubt, the share of these two sectors declined from 5.6 in 2018-19 to (1.9) in 2019-20 in the manufacturing and from 5.6 in 2018-19 to (1.9) in 2019-20 in the EGW and other utility.

Table: 5 Growth of Industrial GSVA at constant prices in Punjab and GVA of India:-

Geographical coverage	2016-17	2017-18	2018-19	2019-20	%age Change
India (GVA)	7.0	6.0	4.2	4.0	Decreased
Punjab (GSVA)	5.0	6.0	5.0	4.0	Decreased
%age compare	71.4	0	119	0	

Source: Economic Survey of Punjab, 2019-20

India and Punjab revealed a declining trend in the growth of industrial GSVA at constant prices as given in Table 5. This growth in India is declined from 7 percent in 2016-17 to 4 percent in 2019-20. Similarly, in Punjab, this trend declined from 5 percent in 2016-17 to 4 percent in 2019-20.

7. GOVERNMENT POLICIES FOR THE INDUSTRIAL SECTOR OF PUNJAB

To remove the impact of COVID-19, the government of India has announced various economic packages with an investment of Rs. 1.7 lakh crore. It is provided after the lockdown to cover the basic needs of the people. The Reserve Bank of India also took the step to reduce policy rates which increase the flow of liquidity in the market by 3.2 percent of GDP i.e. Rs. 6.5 lakh crore. The big economic package of almost Rs. 12 lakh crore (6% of GDP) was announced in May 2020 to cover the needs of the labour class.

So far as the Punjab government is concerned, it also introduced various measures during COVID-19 for the industrial sector of Punjab. As we know that Punjab was the first state among the other states in India that imposed a curfew as a preventive measure to tackle the problem of COVID-19.

- To sustain the industrial sector of Punjab, the government has introduced various types of measures for the industrial sector of Punjab during COVID-19 as discussed below: Lockdown 1.0 (Period from 23 March to 15 April 2020):

During this period, the state government allowed manufacturing units of essentials goods moreover production units that are required will be remaining in progress as per the guidelines of the government.

- Lockdown 2.0 (Period from 15 April to 3 May 2020):

The state government provides provision for industries in the rural and, special economic zones and export-oriented units. Besides, the government also allowed operating industrial estates and industrial towns, manufacturing units of essential goods, industries related to IT hardware, food processing units, jute industries, coal and mineral production, oil and gas refining units and construction activities involves irrigation projects, renewable energy units.

- Lockdown 3.0 (Period from 3 May to 17 May 2020)

During this period, the Punjab government announced the following provision concerning the industrial sector;

- Essentials goods, IT units, jute and packaging industries.
- Industrial in urban areas only in the special economic zone, export-oriented units, industrial estates and Industrial Township.
- Lockdown 4.0 (Period from 17 May to 31 May 2020)

The lockdown 4.0 provided provision to all types of industries to operate in both rural and urban areas.

- Unlock 1.0 Period from 31 May to 30 June 2020)

This period also allowed to operate all types of industries both in rural as well as in urban areas. Moreover, for the encouragement of investment, the state government of Punjab also gives relaxations for operating industries like industries issues involves the extension of validity of statutory clearances without any type of inspections.

6. LIMITATIONS OF THE STUDY

The present study has analyzed the impact of COVID-19 on the industrial sector of the Punjab economy. But, the study is based upon the secondary data only available at the different government sites. There is a need for a deep study with primary data to analyze the proper impact of the pandemic on the industrial sector of Punjab.

7. CONCLUSION

As we have studied the impact of COVID-19 on Punjab's industrial sector, it reflects that the pandemic problem pushes the downfall in the economic activity of the industrial sector Punjab as already we have seen in output and employment aspects. No doubt, the state government also starts various measures to handle the industrial sector of Punjab. Thus, the present study suggests that understanding the impact of COVID-19 on Punjab's economy there should be done further study in every sector of the economy.

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