

Indo Spanish Chamber of Commerce Survey Reveals the impact of Covid 19 on companies operating in India

By **India Education Diary Bureau Admin** - June 8, 2020

New Delhi: The Indo-Spanish Chamber of Commerce (ISCC), the official Chamber of Spain in India, and a guide and reference for Spanish companies who want to do business in India and Indian companies that want to do business in Spain or with Spanish entities, today announced findings from a survey evaluating the impact of Covid 19 on the companies with business interests across India. According to the survey, business performance has been negatively impacted and companies are facing more than one challenge in fighting against the adverse effects of Covid 19.

To assess and understand the dimension of the problem for the Spanish-Indian business community, ISCC designed a survey which has been filled by around 50 different Companies, most of them foreigner MNCs.

Key Findings of the Survey:

- 67% of the companies said that their business has been highly affected adversely due to Covid-19, while 24% having a medium impact
- Over 70% of companies are facing more than one challenge in their business
- The companies will see over 54% decrease in turnover resulting in 44% companies lowering their annual target, with a high percentage of companies, above 40%, not knowing yet the impact, and only 2% with no impact

Commenting on the survey, Mr. Oscar Esteban, President, Indo-Spanish Chamber of Commerce, and the Business Director of Asia of Prosegur said, "ISCC has been working since lockdown was announced by Honorable PM to support its members and by extension the Spanish-Indian business community with webinars, guides and reports to bring value and light to the multiple economic corners and derivatives of the Covid-19 pandemic. This survey has highlighted some important aspects and we are sure the Government of India and Government of Spain will support the companies in these challenging times."

Today, more than 0.5% of worldwide population is affected by Covid-19 in almost every corner of the world. GDP of Spain is estimated to be reduced by 12-15 absolute points this 2020 from 2-3% growth in the past. More than 4 m workers in Spain are suffering temporary suspension of their employment agreements, which represents 16% of the whole labour working force in Spain. In addition, unemployment in Spain has already arrived to 15%. Unemployment in USA has jumped to 14.7% in April 2020, the highest in history; the number of unemployed persons rose by 15.9 million in April only to a total of 23.1 million, and the country destroyed 22 million jobs in the same month, 17% of the total jobs in USA. IMF has reviewed India growth estimate for FY21 in April to 1.9% from 5.8% estimated in January. IMF considers that India and China would be the only two major economies likely to register growth, with all others contracting; however, far are those times when India was growing above 7%

The industry-wise break-up of participants in the survey are:

1. 13%: Construction
2. 9%: Consulting and Advisory
3. 9%: Food & Beverages
4. 7%: Logistics
5. 7%: Banking & Financials

6. 28%: Manufacturing

7. 28% Others

The responses received on how companies in India are providing support to their stakeholders include:

- Around 36% of companies are working towards creating awareness and educating their workers towards measures to contain the spread
- 18% of companies are helping the community by giving financial support to the organizations
- 16% of companies are procuring medical kits for their employees
- 24% of companies are giving business advice in various sectors
- 6% of companies are providing logistical support

The feedback on the kind of support that companies are expecting from the Indian Government include:

- 29 respondents need government to support companies through tax reliefs, reduction of import duties and extending deadlines for submissions.
- 27 needs support on new modes of doing business, e.g. Home office, Videoconferences, cheaper and faster Internet and helping maintain employment as well.
- 20 respondents want government to implement measures quickly to ensure that the virus does not spread further
- 18 respondents want government to ensure business continuity of SMEs, and improve liquidity and flow of money to companies from Banks, Financial Institutions, etc
- 15 wants better detection facilities for the virus by training the force to conduct test
- 14 respondents want support in smooth flow of goods across countries to minimize supply chain disruptions

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