

## India Inc sees significant hit to earnings in the near term

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India Inc. may incur a collective revenue loss of more than 10% as well as a 5% drop in net profit in the March and June quarters because of the adverse impact of covid-19 on the overall economic activity in the country, according to a survey conducted by Confederation of Indian Industry among CEOs of 200 firms.

The novel coronavirus outbreak and the subsequent nationwide lockdown has deeply impacted the Indian economy, with most of the companies surveyed expressing concerns about lower demand and a subsequent impact on jobs, the lobby group said in a statement.

The survey also pointed that 40% of the CEOs expect "their stocks or inventories to last beyond a month once the lockdown ends", indicating a sharp erosion in consumer demand.

As part of the survey, 52% of the firms are expecting job cuts due to lower earnings.

"While the proportion of jobs that are expected to be cut are quite staggered, a significant proportion of the firms (47%) expect less than 15% job loss while on the other hand 32% of the firms expect to shed about 15-30% of jobs, once the lockdown ends," CII said.

"The Union government could announce a fiscal stimulus package for the industry and implement it on fast track mode, given that the sudden imposition of the lockdown has significantly impacted industry operations and the uncertainty of a recovery threatens substantial loss of livelihoods going forward", said Chandrajit Banerjee, director general, CII.

Analysts expect covid-19 to hit India's economic growth in this fiscal year due to its impact on manufacturing and service industries. Ratings agency Crisil, on 3 April, announced a downward revision of GDP growth to just 3.5% for the current fiscal year.