

**STUDY ON COVID-19 LOCKDOWN AND ITS  
ECONOMIC CONSEQUENCES FOR THE STATE  
OF MIZORAM**

**(Policy Response – Recommendation & Advisory)**



**Government of Mizoram  
Planning & Programme Implementation Department  
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# Foreword

The 'Study on Covid-19 Lockdown and its Economic Consequences for the State of Mizoram' is an attempt to analyse the economic implications of the ongoing COVID-19 pandemic on the State's economy and to highlight possible policy measures for various sectors to cushion economic shock during the pandemic and to revive / recover the economy in the post-pandemic environment.

The evolution of the pandemic and its economic impact is quite uncertain, and it is difficult for policymakers to formulate an appropriate policy response. In order to better understand possible economic outcomes, the study examines the impacts of three different scenarios on GSVA outcomes. The findings indicated in the study are projections and analysis of the likely scenarios based on certain assumptions with available data and samples. This may not be treated as official document or policy of the State Government; rather, it is a preliminary study conducted by a group of officers under Planning & Programme Implementation Department, Government of Mizoram.

The first set of policy recommendations and advisory target short term measures to address problems faced by the vulnerable sections of the society through job creations in public and private sectors, and survival of private sectors during pandemic business environment. The second set of recommendation and advisory target medium to long term measures for enhancing growth potentials, building resilient to future shocks, and for taking appropriate actions to minimise long term negative impact on the State economy.

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# Contents

SUMMARY .....	4
I: COVID-19 AND THE GLOBAL SCENARIO .....	5
Global Economic Impact .....	5
Most Severely Hit Sectors.....	6
Labour Market & Employment .....	6
Food Security .....	7
Global Response .....	7
II: COVID-19 AND THE INDIAN ECONOMY .....	8
Effect of the Pandemic on the Economy .....	8
Policy Responses of Government of India .....	10
III: COVID-19 LOCKDOWN AND ITS IMPACT ON MIZORAM.....	13
National and State Growth Correlation and Predictive Regression .....	13
Sector-wise expected Impact of Lockdown .....	17
IV: OPPORTUNITIES.....	29
1. Localization of Product Line .....	29
2. Occupational Shift.....	30
3. Addressing current Market Failure .....	30
4. Double Sourcing.....	31
5. Work from Home Option .....	31
6. Job Opportunities.....	31
7. Eco-tourism .....	31
8. Opportunities in the Agriculture and Allied Sector .....	32
V: GENERAL RECOMMENDATION AND ADVISORY .....	34
Recommendation on Economic Policy Measures.....	34
1. Non-Pharmaceutical Interventions (NPIs) for the Public & Private Sectors .....	35
2. Vulnerable Section of the Society .....	36
3. Recommendation and Advisory for the Public Sector .....	37
4. Advisory for the Private Sector .....	45
CONCLUSION.....	51

## SUMMARY

*The threat of COVID-19 pandemic has destabilized the socio-economic status quo in every corner of the globe. In addition to the unfortunate loss of many lives, the pandemic continues to interrupt economic activity and disrupt supply chains which have not only had the short-term effect of downward financial pressure and a step down in the living standards of the people, but could also lead to acute shortages of essential commodities in the medium-term if corrective measures are not undertaken.*

*In Mizoram, the sectors that are expected to be hit hardest by COVID-19 lockdowns are those engaged in Trade, Hotel, Restaurants and Repair Services, Transport & Communication, Construction, Manufacturing (especially in garments) and those in the informal sector and micro and small scale industries. The impact on the economy of the State during the extended lockdown period (40 days) is estimated to be a loss of 2.35 percent of Gross State Value Added (GSVA) which could escalate to 3.78 percent if the lockdown is extended till mid June. The GSVA/ GSDP growth rate could fall considerably.*

*The need of the hour, therefore, is to ensure safety of human lives, while taking appropriate measures to mitigate the economic and business impact of the present pandemic and also to prepare the groundwork to take advantage of the eventual rebound of the post-pandemic economy. The current calamity can be converted into an opportunity to change the economic landscape of the State through appropriate policy measures in the short term, and innovative economic processes by enhancing our human resource capabilities to harness the innate economic potential of the State, and to identify new modes of resource mobilization for our development goals, prioritising sectors where the State has adaptive capabilities and competitiveness, and engagement in opportunities created in the post COVID-19 businesses environment, innovations, and start ups with fresh business ideas.*

# I: COVID-19 AND THE GLOBAL SCENARIO

The pandemic has enveloped the globe almost in its entirety and no country is spared from the direct or indirect fallout of COVID-19. It is expected that the pandemic will bring in a 'new normal', a recession of the world economy not brought about by the cyclical turns in business, but a 'black swan' event in the world economic order to usher in permanent change in the way we live, work and play, with new social realities, and permanent structural changes in the political & economic discourse all over.

First identified in China in December 2019, the Coronavirus Disease 2019 or COVID-19 has been reported in 180 sovereign countries, prompting the World Health Organisation to declare it as a 'pandemic' on 11<sup>th</sup> March 2020. The UN Secretary General, Mr. Antonio Guterres announced on 1<sup>st</sup> April 2020 that the world is facing its 'greatest test' since World War II with more than 42.6 lakh people infected, and 2.92 lakh dead and counting. The virus has brought low the world's richest and most powerful countries with infrastructure and supplies stretched so thin that infections rise exponentially with proportionate casualties. A few months into the pandemic, its social and economic impact is already being likened to the SARS outbreak of 2002-04 and the Financial Crisis of 2008, all rolled into one.

## Global Economic Impact

The global economy has slowed down considerably as preventative measures to protect populations from infection has resulted in diminish economic activity and unprecedented unemployment levels at a global scale. At least 60% of the world's supply and demand in goods and services, 65% of manufacturing, and 41% of worlds' manufacturing exports are being hit.

In an initial assessment, the International Monetary Fund (IMF) expects the economy of China, the epicentre of the global outbreak, to slow down to 1.2%. It also projects the global economy to contract sharply by -3% in 2020. The Eurozone economy is expected to contract by 0.5 - 1.0% in 2020 and the US is already almost in a recession.

The UNCTAD estimates that the economic slowdown could cost almost \$1trillion to the Global Economy, which was otherwise expected to rise above that of last year but will now fall in the recessionary zone of 1 - 1.5 % as per rating agency S&P Global. With

a contraction of the global economy seemingly eminent, the current situation is already being labelled as the *Great Lockdown* or the *Coronavirus Recession*.

### **Most Severely Hit Sectors**

While COVID-19 pandemic has disrupted economies across the board, industries that are particularly exposed are those that are reliant on consumer discretionary spending (e.g., travel& tourism, sports & entertainment, retail & e-commerce) and cross-border supply chains (e.g., automobiles, electronics, chemicals), which are experiencing increased pressure on revenues and earnings.

The Financial market has been at an increased state of volatility ever since the crash of global stock markets began in February-March 2020. According to UNCTAD report dated 9<sup>th</sup> March 2020, the impact will also be quite pronounced in the services sector due to decrease in private spending. The fact still remains that the shocks in the global supply chain, inventories, and manufacturing activities due to COVID-19 pandemic are yet to be fully estimated.

An unexpected upside to the pandemic has been witnessed in the form of decrease in the level of pollution. According to Carbon Brief, China's greenhouse gas emissions have reduced by 25%; NASA revealed in March 2020 that satellite images from space indicated that pollution has dropped significantly across the globe, probably due to the slowdown of economic activity as a result of COVID-19 outbreak.

### **Labour Market & Employment**

The International Labour Organization has estimated that 3 crore jobs were lost in the first quarter alone, compared to 2.5 crore during the whole period of 2008 Financial Crisis. They also predict a 6.7% loss of job hours globally in the second quarter of 2020, equivalent to 19.5 crore full-time jobs. Tightening financial conditions are amplifying both supply and demand effects so that it is no longer mainly an issue of supply chain disruption but also of the growing size of the demand shock and the corresponding potential dislocation to production and labour markets.



## Food Security

The COVID-19 is causing a disruption to food supply and availability, leading to instability in both local and global food markets. In addition to directly impacting food supply, the pandemic is affecting food systems indirectly through decreases in purchasing power and in the capacity to produce and distribute food.

A decline in purchasing power due to the economic impact of COVID-19 is sure to result in declining demand which will in turn affect the ability and willingness of farmers and producers to invest in the sector. Consequently, food production and availability will shrink further.

According to the Committee on World Food Security (CFS), food availability will be affected in short run and likely continue in the long run which will have differentiated impact and will more strongly affect the poor and vulnerable. The United Nations World Food Programme has warned that an estimated 265 million people could face acute food insecurity by the end of 2020 (up from 135 million people before the COVID-19 crisis).

## Global Response

It has been estimated that the pandemic will peak between June and August, and the focus of policymakers has been shifting in favour of fiscal measures. The IMF has approved debt relief for 25 Countries. The Eurozone's total fiscal response to the crisis for shielding European Union countries, workers, and businesses now adds up to €3.2 trillion. The U.S. Federal Reserve has announced that it would buy as much government-backed debt and commercial paper as needed to keep financial markets functioning. In India, steps taken by the RBI to keep the economy afloat include ease in interest rates, relaxation of cash reserve ratio, and other liquidity improvement measures such as moratorium on repayment of loans by businesses and EMIs by individual borrowers.

The Private Sector has also stepped up to combat the pandemic in several ways. Pharmaceutical companies are geared towards finding a cure for COVID-19. Many manufacturing companies have reoriented themselves to produce medical equipment such as ventilators, testing kits, face shields etc. Fashion houses and designer brands have shifted to producing surgical clothing and aprons. Breweries are contributing towards the production of sanitizers and disinfectants.



## II: COVID-19 AND THE INDIAN ECONOMY

Since the incidence of the first case of the COVID-19 in the country during the first week of March, 2020, preventive actions taken by the Indian Government, enforcing the 'Janata Curfew' on 22<sup>nd</sup> March followed by the Nationwide Lockdown for 21 days, and now extended till 3<sup>rd</sup> May 2020, and other social and fiscal & monetary measures, has been lauded as effective in containing the outbreak, and buying much needed time and space for the administration to take stock and put in place preventive and mitigation measures.

### Effect of the Pandemic on the Economy

The world's biggest lockdown that shut a majority of the factories and businesses, suspended flights, stopped trains and restricted movement of vehicles and people brought at least 75% of economic activity, investment, exports and discretionary consumption to a standstill besides causing massive supply-chain disruptions, and internally displacing millions of people. In its 'South Asia Economic Update: Impact of COVID-19' report, the World Bank stated that the economic standstill will severely impact the country's growth rate and will magnify pre-existing risks to its outlook.

A host of international agencies have predicted severe disruptions on the India's economic growth projections due to fallout of COVID-19 outbreak. The World Bank on 12<sup>th</sup> April 2020 has stated that India's growth projections could be revised downwards to 1.5% in 2020-21 fiscal, which will incidentally be the slowest growth rate recorded since the Economic Reforms of 1991 if domestic contagion is not contained, and the nationwide shutdown is extended (which is now being extended). Other more moderate estimates came from Asian Development Bank (ADB) which saw India's economic growth slipping to 4% in FY21. United Nations has reported that for the current fiscal, India's GDP growth is expected to slow down to 1.2% while the IMF estimates India's growth at 1.9%.

Goldman Sachs forecasted that India's real GDP growth could fall to 1.6% in FY 2021 compared to its earlier projection of 3.3% in a report titled 'An Unprecedented Sudden Stop for India', while S&P Global Ratings forecasted GDP growth to 3.5%, and Moody's Investors Service estimated India's GDP growth during the 2020 calendar year

to 2.5%, from an earlier estimate of 5.3%. However, Fitch's rating forecasts a contraction of 5% (-ve) in 2020-21.

Agricultural sector, which accounts for 15% of GVA, is expected to be relatively less impacted as the sector was off to a good start with timely sowing of kharif crops and predictions of favourable monsoon during the year. However, the continuing lockdowns have resulted in disruption in the supply chains, labour shortages, uncertainty in harvesting and procurement activities and volatility in wholesale market prices. Livestock and fishery segments witness muted demand and will lower the sector's average 3.5% growth. However, the severity of the impact could depend on produce based on long shelf life (in which case effects could be nominal) and perishables (in which case even 1% salvage could be optimistic).

Manufacturing, except for essential items, is non-performing with stalling demands for FMCG items. India's Manufacturing PMI witnessed a sharp drop to 27.4 in April 2020 compared to 51.8 a month earlier. The impact of the lockdown is fairly severe on industrial activity, which is set to witness significant contraction except in the pharmaceutical, gas and electricity and medical devices. The overall industrial production decreased by 16.7% during the lockdown period, with severe disruption to construction and manufacturing as cement production fell by 24.7% and steel by 13%. The biggest blow might be seen on private consumption, which accounts for 57% of India's GDP, which has seen an acute drop especially in consumption of non-essentials.

The services industry, which generates almost half of India's GDP, will remain shut for some time to come. This is reflected in India's Services Business Activity Index which fell sharply from 49.3 in March 2020 to 5.4 in the following month. The decrease in demand and erosion of purchasing power due to job losses and pay cuts directly impacts all other sectors.

The recessionistic trend in the global economy has spiked risk aversion tendencies in investors which has resulted in the largest-ever foreign portfolio outflow of USD 15.2 billion from India. All commodity groups have also registered negative export growth except for iron ore.

In India, out of its total workforce of approximately 461 million workers, 80% of them work in the informal sector, such as in agricultural work and in micro, small, and

medium enterprises (MSMEs), with not more than 10 workers, the remaining designated as being in the formal sector, but some employed as informal workers and called variously contract labourers temporary staff. Of the total working force, close to 52% are in the self-employed category, and those with casual labour status come to 24%. Together, they constitute the core of the national informal labour base (Ministry of Labour and Employment, 2019). Center for Monitoring Indian Economy (CMIE) has reported that due to the pandemic, it is estimated that unemployment rate may have already climbed to more than 20% after the lockdown. According to Organisation for Economic Cooperation and Development (OECD), unemployment rate in March was 8.7%, the highest in 43 months, and climbed to 23.8% during last week of March.

The implication is glaring and loss of incomes for majority of the unorganized labour force, who contribute to the making of the National Income, belong to the category of the working poor. Moreover, the contribution of the worst hit states in India contributes 64% of the nominal GDP; Maharashtra alone has a share of 14% of the National GDP. The impact of lockdown will be felt through several channels, weakening of domestic demand, and disruption in supply chain and disruption in financial markets, the real effects of which will be felt during the coming months.

## **Policy Responses of Government of India**

To overcome the ‘greatest emergency since Independence’, the Government of India has announced a variety of measures to tackle the situation, from food security and extra funds for healthcare, to sector related incentives and tax deadline extensions.

Both the Central and State governments have resorted to expansionary fiscal measures to safeguard the economy. The Centre’s gross borrowings have already risen by 88% while those by the States have accumulated to more than 1.7 times the open market borrowings from last year.

On 24<sup>th</sup> March, in his address to the nation, the Prime Minister announced a package of Rs.15,000 crore for the healthcare sector. On the same day, the Finance Minister made a number of announcements related to the economy such as extending last dates for filing GST returns and income tax. On 25<sup>th</sup> March, the government announced the world's largest food security scheme for 80 crore people across the country. On 26<sup>th</sup> March the Finance Minister announced a number of economic relief measures for the

poor viz., Rs. 170,000 crore to fund the Pradhan Mantri Garib Kalyan Yojana which will provide both cash transfer and food security, Pradhan Mantri Ujjwala Yojana beneficiaries to get free cylinders for at least three months for the benefit of over 8 crore below poverty line families etc., and to expedite payment of the first installment (Rs.2,000) due in 2020–21 in April itself under the Pradhan Mantri Kisan Samman Nidhi (PM-KISAN).

The Reserve Bank of India (RBI) has resorted to conventional and unconventional monetary measures to facilitate liquidity for the private sector, especially small businesses and MSMEs. On 27<sup>th</sup> March, RBI made a number of announcements including EMIs being put on hold for three months and also reducing repo rates. Reverse repo rates were also made more favourable in the subsequent month and opened a special liquidity window of Rs. 50,000 crore for mutual funds. Altogether, RBI has infused liquidity amounting to more than 3 per cent of GDP.

On 2<sup>nd</sup> April the World Bank approved \$1 bn emergency financing for India to tackle the Coronavirus labeled 'India COVID-19 Emergency Response and Health Systems Preparedness Project' of which the first tranche has already been released to deal with the emergency in the health care sector.

On 3<sup>rd</sup> April, the Ministry of Home Affairs approved Rs.11,092 crore for states as relief under the State Disaster Risk Management Fund. On 6<sup>th</sup> April a 30% salary cut for one year was announced for the President, Vice President, Prime Minister, Governors, Members of Parliament and Ministers. It was also decided to suspend the MPLADS for two years and transfer the money, about Rs.7900 crore, into the consolidated fund of India.

On 10<sup>th</sup> April, the Asian Development Bank (ADB) assured India of Rs.15,800 crore assistance towards the fight against the covid-19 outbreak.

On 12<sup>th</sup> May, the Prime Minister announced a special economic package of Rs.20 lakh crore or 10% of India's GDP to deal with the COVID-19 induced economic crisis, which is the summation of all the financial packages and fiscal measures undertaken by the Government as well as the liquidity support made by the RBI. He emphasized the need for self-reliance and launched the 'Atmanirbhar Bharat Abhiyan'.

The Atmanirbhar Bharat Abhiyan or the Self-Reliant India Movement will roll out Policy reforms in investment, coal sector, mineral sector, power sector, defense production & atomic energy, and emphasize on developing civil aviation and social infrastructure of the country with greater participation from the private sector.

Break-up of the stimulus provided under the Aatmanirbhar Bharat Abhiyan package is as under:-

Tranche I	=	Rs.5.95 lakh crore
Tranche II	=	Rs.3.10 lakh crore
Tranche III	=	Rs.1.50 lakh crore
Tranche IV-V	=	Rs.0.48 lakh crore
Earlier measures	=	Rs.1.93 lakh crore
RBI monetary measures	=	Rs.8.02 lakh crore
<b>TOTAL</b>	<b>=</b>	<b>Rs.20.97 lakh crore</b>

Under the package fresh support will be aimed at aiding migrant workers whose source of income have been compromised through additional allocations for free food, MGNREGS, etc. Focused measures in the form of credit support, liquidity provision, cash outgo and regulatory reform measures will also be initiated for sectors such as MSMEs, health, NBFCs, MFIs, state governments, Discoms, housing, agriculture and allied activities, defence, real estate, mining, civil aviation, space as well as migrants, street vendors, taxpayers, etc.

How long the lockdown is sustainable and at what cost to the economy, versus the human cost of death and loss of livelihood, will be a subject of economists, specialists and policy makers for many years to come.

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### **III: COVID-19 LOCKDOWN AND ITS IMPACT ON MIZORAM**

The sectors likely to be hardest hit in Mizoram due to Nationwide Lockdown are Trade, Hotel, Restaurants and Repair Services, Transport & Communication, Construction, and those in manufacturing (especially in garments), micro & small scale industries and those engaged in the informal sector.

Decrease of output in these sectors have direct repercussions in terms of loss of livelihoods and incomes for those engaged, who invariably happen to be the most vulnerable sections of the society.

The severity of external shocks on the State's economy, its risk and vulnerability across space and time can be summed up into two likely scenarios. The finances and development of the State is a direct function of the circumstances at the Centre & its financial robustness, and hence more so vulnerable under the current circumstances. On the one hand, owing to its economic status, the State could be in an unique situation of being partially immune to the disruptions if the Central Government's financial and its budgetary support to the State could remain dependable and stable; while on the other hand, as the State depends on imports for most essential items such as rice, pulses, vegetables, eggs and meat, supply shocks in other parts of the country, which is happening as we read this, will directly affect the availability of food and sustenance.

#### **National and State Growth Correlation and Predictive Regression**

It is worth exploring concerns that the tremors of the economic impact of COVID-19 pandemic at the National level are likely to reverberate strongly with states like Mizoram which are considerably dependent on the Centre. Therefore, a deeper understanding of economic inter-dependence of Mizoram with the rest of the Country and its policy implication is the first step to understand the likely scenarios.

A measure of the causal relationship between the two has been attempted through correlation and regression analyses. A correlation analysis was undertaken for India's GDP and Mizoram's GSDP for the past 8 years, i.e., from 2012-13 to 2019-20 (Projected).

<b>Table:1</b>								
<b>CORRELATION BETWEEN ECONOMIC GROWTH RATES (All India and Mizoram State)</b>								
ANNUAL ESTIMATES OF GDP AT CONSTANT PRICES, 2011-2012 SERIES (ALL INDIA)								
ITEM	GROWTH RATES							
	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
<b>GVA at Basic Prices from :</b>								
<b>1. Agriculture, Forestry &amp; Fishing</b>	1.5	5.6	-0.2	0.6	6.8	5.9	2.4	3.7
<b>2. Mining &amp; Quarrying</b>	0.6	0.2	9.7	10.1	9.8	4.9	-5.8	2.8
<b>3. Manufacturing</b>	5.5	5.0	7.9	13.1	7.9	6.6	5.7	0.9
<b>4. Electricity, Gas, Water Supply &amp; Other Utility Services</b>	2.7	4.2	7.2	4.7	10.0	11.2	8.2	4.6
<b>5. Construction</b>	0.3	2.7	4.3	3.6	5.9	5.0	6.1	3.0
<b>6. Trade, Hotels, Transport, Communication and Services related to broadcasting</b>	9.8	6.5	9.4	10.2	7.7	7.6	7.7	5.6
<b>7. Financial, Real Estate &amp; Prof. Services</b>	9.7	11.2	11.0	10.7	8.6	4.7	6.8	7.3
<b>8. Public Administration, Defence and Other Services</b>	4.3	3.8	8.3	6.1	9.3	9.9	9.4	8.8
<b>9. GVA at Basic Prices</b>	5.4	6.1	7.2	8.0	8.0	6.6	6.0	4.9
<b>10. NVA at Basic Prices</b>	4.8	5.7	7.2	8.1	7.9	6.4	5.7	4.9
<b>11. GNI</b>	5.1	6.3	7.5	8.0	8.3	7.1	6.1	5.0
<b>12. NNI</b>	4.5	6.0	7.5	8.0	8.2	7.0	5.9	5.0
<b>13. Per Capita Income (Rs.)</b>	3.3	4.6	6.2	6.7	6.9	5.8	4.8	3.9
<b>14. Net Taxes on Products</b>	5.9	10.6	10.5	7.6	11.7	12.3	7.0	6.0
<b>15. GDP (ECONOMIC GROWTH RATE)</b>	<b>5.5</b>	<b>6.4</b>	<b>7.4</b>	<b>8.0</b>	<b>8.3</b>	<b>7.0</b>	<b>6.1</b>	<b>5.0</b>

<b>Table: 2</b>									
<b>GROSS STATE VALUE ADDED BY ECONOMIC ACTIVITY AT CONSTANT PRICES</b>									
<b>(Base Year : 2011-2012)</b>									
<b>MIZORAM STATE</b>									
<b>ECONOMIC GROWTH RATE</b>									
SN	Item	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018 (Prov.)	2018-2019 (Prov.)	2019-2020 (Proj.)
1	2	3	4	5	6	7	8	9	10
1	<b>Agriculture, Forestry &amp; Fishing</b>	-2.36	2.49	30.09	22.41	18.68	16.11	13.45	14.11
1.1	<b>Crops</b>	-3.84	4.50	4.64	2.48	2.75	1.99	2.57	2.57
1.2	<b>Livestock</b>	-2.55	0.72	3.89	5.78	7.87	9.76	4.37	4.37
1.3	<b>Forestry &amp; Logging</b>	-0.76	-0.54	73.99	52.51	40.99	33.85	28.58	28.58
1.4	<b>Fishing</b>	9.19	5.36	6.26	6.02	6.94	5.83	5.01	5.01
2	<b>Mining &amp; Quarrying</b>	-24.80	52.16	14.73	7.69	-4.93	-0.79	3.31	3.31
	<b>Primary</b>	-3.10	4.50	29.64	22.00	18.16	15.71	13.19	13.85
3	<b>Manufacturing</b>	0.47	3.21	2.74	10.74	9.97	7.08	7.08	7.08



4	Electricity, Gas, Water Supply & Other Utility Services	11.84	31.82	29.10	22.65	23.29	23.90	23.90	23.90
5	Construction	-8.60	5.80	6.15	8.01	8.30	8.69	8.69	8.69
	Secondary	-1.10	15.39	15.05	13.86	14.49	15.11	15.36	15.61
	Industry	-1.89	16.81	15.04	13.67	14.02	14.73	15.06	15.32
6	Trade, Hotels & Restaurants	20.24	11.59	11.08	13.99	16.00	16.03	16.04	16.05
6.1	Trade & Repair Services	20.70	11.79	11.31	14.23	16.26	16.27	16.27	16.27
6.2	Hotels & Restaurants	5.11	4.86	2.82	5.29	5.74	5.92	5.92	5.92
7	Transport, Storage, Communication & Services related to Broadcasting	13.22	13.44	11.28	11.20	9.72	8.56	8.76	9.01
7.1	Railways	10.00	1.65	-1.12	2.41	-2.82	-2.36	-2.36	-2.36
7.2	Transport by means other than Railways	12.58	12.10	8.82	8.50	8.27	7.89	8.17	8.54
7.2.1	Road Transport	12.07	12.57	9.59	8.00	7.67	7.38	7.38	7.38
7.2.2	Water Transport	20.55	-7.00	-44.46	-23.59	-11.69	-10.98	-10.98	-10.98
7.2.3	Air Transport	71.84	18.15	30.14	89.42	73.44	60.49	60.49	60.49
7.2.4	Services incidental to Transport								
7.3	Storage								
7.4	Communication & Services related to Broadcasting	14.65	16.45	16.49	16.67	12.75	10.03	10.03	10.03
8	Financial Services	-4.29	-0.93	8.49	11.91	5.90	4.82	4.82	4.82
9	Real Estate, Ownership of Dwellings & Professional Services	2.23	2.80	2.50	2.26	2.34	2.49	2.49	2.49
10	Public Administration	17.40	12.17	7.78	8.42	7.90	6.73	7.08	7.08
11	Other Services	8.62	6.36	5.70	5.40	5.90	5.84	5.84	5.84
	Tertiary	12.55	9.02	7.58	8.44	8.52	8.12	8.33	8.44
12	TOTAL GSVA at basic prices	6.60	9.39	14.32	12.73	12.00	11.38	10.98	11.30
13	Taxes on Products	8.77	19.20	14.80	22.48	22.45	18.87	18.87	18.87
14	Subsidies on products	-2.20	-32.62	-21.90	-16.31	-19.27	-13.57	-13.57	-13.57
15	Gross State Domestic Product (ECONOMIC GROWTH RATE)	<b>7.15</b>	<b>11.59</b>	<b>15.76</b>	<b>14.15</b>	<b>13.37</b>	<b>12.44</b>	<b>11.99</b>	<b>12.25</b>

The exercise showed a *Pearson Correlation* coefficient of **0.646**.

**Table:3**  
**ANALYSIS :: CORRELATIONS**

		GDP (India) GROWTH RATE	GSDP (Mizoram) GROWTH RATE
GDP (India)	<b>Pearson Correlation</b>	1	<b>.646</b>
	Sig. (2-tailed)		.083
	N	8	8
GSDP (Mizoram)	<b>Pearson Correlation</b>	<b>.646</b>	1
	Sig. (2-tailed)	.083	
	N	8	8

The finding implies that there is a positive and moderately strong relationship between India's GDP and Mizoram's GSDP, i.e., Mizoram's growth rate has generally been in tandem with the rest of the Country's rise and fall in economic growth rate.

In order to further analyze the degree of repercussion that Mizoram's economy at the sub-national level will experience due to the setback received in the Country, predictive analysis by *Regression* is undertaken using linear regression equation:

$$Y = a + bX,$$

where,

Cause = X

Effect = Y

Intercept = a

and vice versa for  $X = a + bY$

<b>Table:4</b>		
<b>Fiscal</b>	<b>GDP (India) Growth Rate (X)</b>	<b>GSDP (Mizoram) Growth Rate (Y)</b>
2012-2013	5.5	7.15
2013-2014	6.4	11.59
2014-2015	7.4	15.76
2015-2016	8	14.15
2016-2017	8.3	13.37
2017-2018	7	12.44
2018-2019	6.1	11.99
2019-2020	5	12.25

<b>Table:5</b>	
<b>PROJECTION FOR 2020-2021 FISCAL</b>	
<b>Known Value (Independent Variable)</b>	<b>Unknown Value (Dependent Variable)_To be estimated/predicted</b>
<b>GDP (India) Growth Rate (X)</b>	<b>GSDP (Mizoram) Growth Rate (Y)</b>
4	9
2.5	7
1.9	5.2
-2	0.3
-5	-3.8

From this analysis, it is inferred that if India's GDP growth falls to 4% due to Covid-19 during 2020-2021 FY, Mizoram GSDP growth is projected to fall from the projected figure of 10.36% to 9%. If India's GDP growth falls to 2.5%, the impact on Mizoram's GSDP growth is likely to fall to 7%. Further, if the Country's GDP Growth falls to 1.9% as projected by the IMF, the GSDP growth of Mizoram could fall to 5.2% or less. Eminent analyst in India have predicted an even gloomier picture with negative growth of the economy within a range of -2% to -5% which would correspondingly reduce Mizoram's Growth to 0.33% and -3.8% respectively.

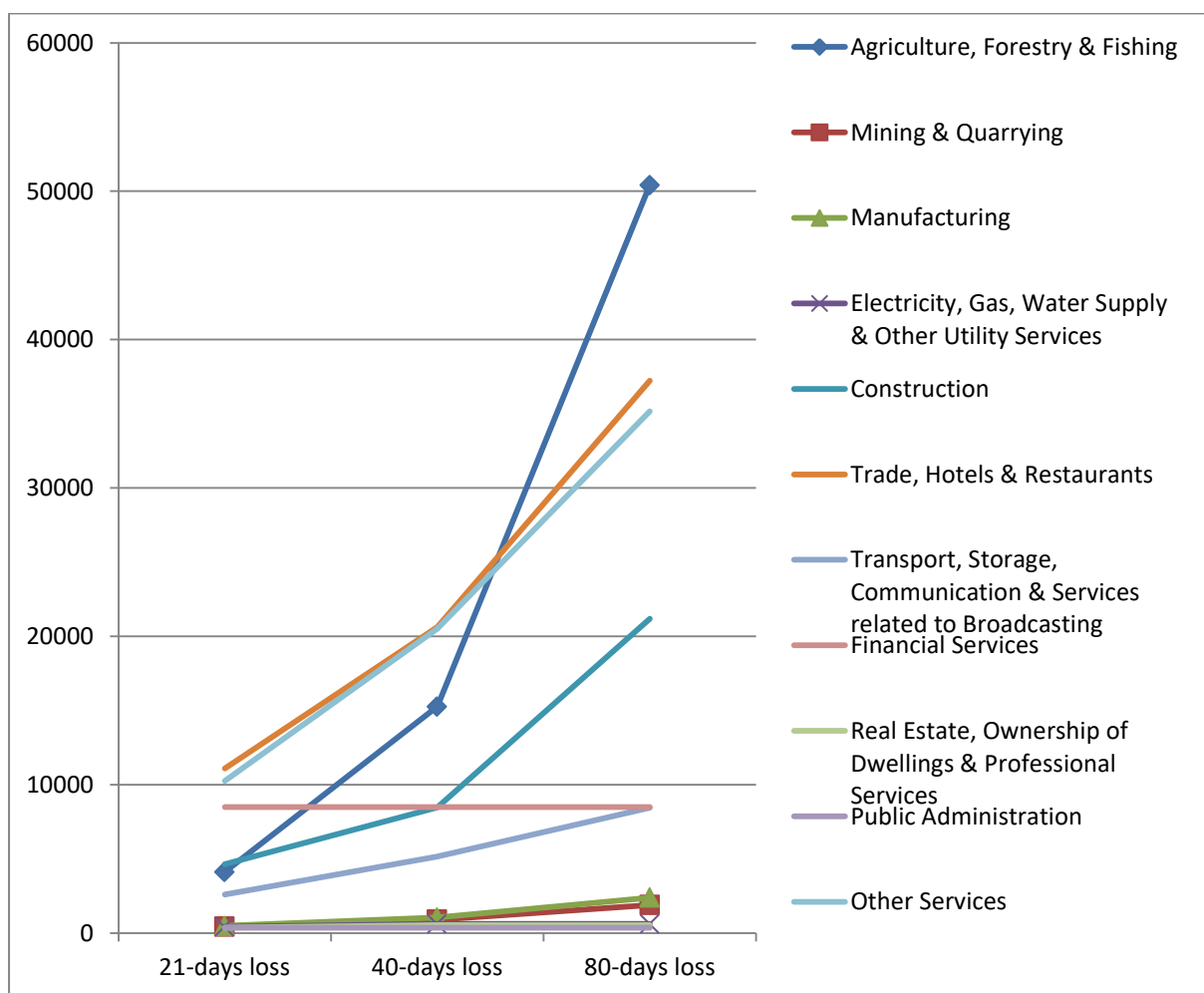
The implications clearly underline high vulnerability of external shocks to the State economy.

### **Sector-wise expected Impact of Lockdown**

The threat of COVID-19 pandemic has disrupted the socio-economic status quo in Mizoram as in other parts of the globe. The interruption of economic activity already has had short-term detrimental effects across the sectors. The disruption of supply chain has created shortages in supply of raw materials for manufacturers and availability of goods and services. The market failure is compounded by a slump in the demand side as a result of downward financial pressure on workers and restrictions on mobility for everything other than essential commodities.

The consequences of the pandemic on the State's economy has been analyzed based on the effect of the 'lockdown' which commenced on 22<sup>nd</sup> March, 2020, with two additional case scenarios in the event of extension of the lockdown period.

For the exercise, the first scenario is taken as 21 days of effective lockdown (scenario-1), followed by an extension to 40 Days (scenario-2) and finally for a total of 80 days (scenario-3). The measure of loss to be sustained by the economy in terms of Gross State Value Added (GSVA) is arrived at by calculating the daily value addition in each sector with projected figures for 2020-21 fiscal as the baseline, which is thereafter adjusted for loss in production (in Rupees Lakh) for the three case scenario periods based on the severity of lockdown impact in each sector. GSVA is the measure of the Gross State Domestic Product (GSDP) without including the effects of taxes and subsidies. The exercise is based on Table 6 & 7 below which gives the following results.



### i) Agriculture, Forestry & Fishing

Agriculture sector will be impacted in so far as there is ready supply of seeds to the farmers. The lockdown has come at a time of sowing of kharif crops in Mizoram and some farmers may not have been in time to procure the desired seeds. However, this would affect the sector only marginally this season.

The Livestock industry is expected to be the hardest hit in the sector. There is a marked increase in the number of livestock slaughter induced primarily due to difficulty in obtaining animal feed. Despite rationing of animal feed by the Government, restrictions on movement and the difficulty faced by private dealers to procure feed has made it difficult for small livestock owners to viably obtain sufficient feed. A contributing factor is also the fact that many of the livestock owners are dependent on door to door collection of household food waste for feed, which has become difficult with the restrictions on movement and the frugality in household consumption during this period.

Economic activity loss to the sector would be minimal in the 21 day case scenario-1 which is estimated at 0.62% of its projected GSVA for 2020-21. However, by scenario-2 period of 40-days lockdown, loss is estimated to escalate to 2.29% of its GSVA and to 7.55% in scenario-3 of 80-days lockdown. The result will be a decrease in the growth rate of the sector from the projected rate of 10.47% to 10.21% for 40-days lockdown scenario and 9.61% for 80 days lockdown scenario.

#### **ii) Mining & Quarrying**

Economic activity in this sector has virtually halted with an estimated loss of 4.93% for 21-day scenario, 10.41% for 40-days scenario and 21.92% for 80-days scenario. The sector is also slated to experience negative growth compared to normal year if the condition persists for a long period. Normal growth rate projected was 0.61% which is expected to decrease to -0.61% for 40-days scenario and -2.12% by mid June 2020. The situation is particularly grave as workers employed under the sector are the most economically vulnerable sections in the society.

#### **iii) Manufacturing**

Manufacturing contributes 0.57% to the total percentage share of GSVA (2019-2019). Within the sector, Manufacture of food products and beverages, apparels, rubber and plastic products, fabricated metal products etc contributes majority of the share. These items of products are also mostly labour intensive providing income and employment to many workers. As per UAM registration, 70% to 80% of the total 2914 nos. of MSME registrations is mainly in the manufacturing sector (Micro-2231 nos, Small-653 nos, Medium-30 nos). Extract from the Periodic Labour Force Survey 2017 shows that casual wage labour comprising of those engaged in carpentry, masonry, and

helpers constitute 7.90% of the total work force participation, with nearly 10,000 persons engaged earning an average of Rs. 337 per day.

Most activities in this sector came to a grinding halt without time to take steps in inventories, processes or finance, barring a limited number of cottage industries and household industries. The garment industry which has been the fastest growing industry in the sector for the past few years has also been affected by a demand shock. The sector is estimated to lose 3.29% for 21-days lockdown scenario, 7.12% for 40-days lockdown scenario and 16.33% for 80-days lockdown scenario. Growth rate of the sector is expected to plummet from projected rate of 5.58% to 4.72% in the 40 days lockdown scenario and 3.51% in the 80 days lockdown scenario.

#### **iv) Electricity, Gas, Water Supply & Other Utility Services**

The sector is dominated by the Public sector and it is not expected to be radically impacted by the pandemic. Taking into account the possible loss to private sector utility service providers, this sector is expected to incur a loss of 0.10% - 0.15% of its GSVA due to lockdown.

#### **v) Construction**

The construction sector is a major contributor to GSVA. Lockdown has virtually halted private sector construction activities. The public sector is also affected to a certain extent. Loss to the Construction sector is escalated by the fact that the lockdown has hindered work during the first half of the working season in the State. Estimated losses are to the tune of 2.22% for 21-days scenario, 4.06% for 40-days scenario and 10.15% for 80-days scenario. Growth rate of the sector will go down from 7.60% to 7.11% in 40-days lockdown scenario and 6.33% in 80-days lockdown scenario.

#### **vi) Trade, Hotels & Restaurants**

The sector consists of Hotels & Restaurants and Trade & Repair Services which was projected to contribute 11.86% of GSVA during 2020-21. Unfortunately, the sector is among the worst hit by the pandemic the following lockdown. Hotel occupancies are nil, petty trade is non-existent, and restaurants are shut due to the restrictions on mobility. Moreover, with the tourism industry expected to be dormant for several months, even years, for until the threat of the pandemic is removed, hotel occupancies and travelling will certainly take time to pick up.

It is estimated that the sector will lose 3.86% for 21-days scenario, 7.17% for 40-days scenario and 12.94% for 80-days scenario. This will lead to a slump in the growth rate of the sector from 14.06% to 13.12% in 40-days lockdown scenario and 12.32% in 80-days lockdown scenario.

#### **vii) Transport, Storage, Communication & Services related to Broadcasting**

Likewise, economic activity in the transport and allied sector has been severely disrupted. Maxi cab and other local private modes of transport are hard hit. As per extracts of the Periodic Labour Force Survey 2017, a total number of 3.54 lakh workers comprising of regular wage earners/salaried employees under the private sector—mostly as taxi & maxi cab drivers/sales assistants etc. constitutes 28.4% of the total work force, earning an average income of Rs. 793 per day.

The sectors estimated to witness loss of 3.37% for 21-days scenario, 6.67% for 40-days scenario and 10.94% for 80-days scenario. Growth rate of the sector is expected to decline from projected rate of 8.15% to 6.86% in 40 days lockdown scenario and 6.00% in the 80 days lockdown scenario.

#### **viii) Financial Services**

Data pertaining to this sector are supra-regional and independent state specific data is not available. The sector does not contribute much to the State's GSDP and running of different simulations indicated that Financial services sector is unlikely to have noticeable effect by the lockdown in the State economy. However, the long term impact of the financial sector would be felt through the national level.

#### **ix) Real Estate, Ownership of Dwellings & Professional Services**

The contribution of this sector to GSVA is also limited and therefore shocks experiences here are not expected to influence the State's economy significantly, with the growth rate of the sector estimated to fall by about 0.10%.

#### **x) Public Administration**

Public Administration was projected to contribute 13.41% of GSVA during 2020-21. The effect of lockdown on this sector will be determined by the policy decisions of the Government in responses to COVID-19 related activities.



## **xi) Other Services**

Other Services encompasses education, health, private household contributions and other remaining services and was projected to contribute 13.30% to GSVA for the fiscal of 2020-21. Closure of educational institutions, private clinics etc. is estimated to result in a loss of 3.18% for 21-days scenario, 6.36% for 40-days scenario and 10.89% for 80-days scenario. The growth rate of the sector is also expected to fall from 5.34% to 4.58% in 40-days lockdown scenario and 4.00% in 80-days lockdown scenario.

### **Summary**

The overall total impact on the economy of the State during the lockdown period and the extended case scenarios are estimated at a loss of 3.12% of GSVA in the 21-days lockdown scenario, 4.30% in the 40-days lockdown scenario and 7.19% in the 80-days lockdown scenario. In terms of approximate monetary value, loss of GSVA due to 21 days lockdown is estimated to be about Rs 432.37 crores, loss of GSVA due to 40 days lockdown is estimated to be about Rs 819.65 crores, and possible loss of extended lockdown for 80 days would be about Rs 1667.11 crores.

However, the impact of the lockdown period on Mizoram's economy spills over to two fiscal years, i.e., 9 days in 2019-2020 FY and the remaining in 2020-2021 FY. The loss accruing to the economy during 2019-20 FY because of the 9 days of lockdown falling within that fiscal is estimated to be 0.27% of GSVA and the growth rate projected at 9.69% is estimated to fall slightly to 9.51%. For 2020-21 FY, GSVA growth rate of Mizoram Economy is estimated to fall from the projected rate of 9.60% to 8.79% or lower.

The major downside risk is that the impact of the Covid-19 proves to be longer lasting and more intensive than assumed in these projections. Moreover, as risk to these growth scenarios are largely on the downside, GSDP growth could be much weaker if downside risks materialise. However, fundamentally there are no underlying economic factors that are dragging the economy down, the moment the lockdown is reversed and the pandemic is brought under reasonable control, the economy is expected to bounce back strongly.

Table: 6

## GROWTH RATE OF GROSS STATE VALUE ADDED BY ECONOMIC ACTIVITY AT CONSTANT PRICES

SN	Item	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018 (Prov.)	2018-2019 (Prov.)	2019-2020 (Adv.)	2019-2020 (Adv.) (After adjusting 9 days' loss)	2020-2021 (Proj)	2020-2021 (Proj) (After adjusting 21-days loss)	2020-2021 (Proj) (After adjusting 40-days loss)	2020-2021 (Proj) (After adjusting 80-days loss)
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>	<i>10</i>	<i>11</i>	<i>12</i>	<i>13</i>	<i>14</i>	<i>15</i>
1	<b>Agriculture, Forestry &amp; Fishing</b>	-2.36	2.49	30.09	22.41	18.68	13.36	11.00	11.42	11.39	10.47	10.40	10.21	9.61
1.1	Crops	-3.84	4.50	4.64	2.48	2.75	2.03	2.99	2.99	2.97	2.99	2.95	2.86	2.52
1.2	Livestock	-2.55	0.72	3.89	5.78	7.87	9.76	4.37	4.37	4.31	4.37	4.24	3.92	2.76
1.3	Forestry & Logging	-0.76	-0.54	73.99	52.51	40.99	28.36	23.60	23.60	23.57	21.11	21.03	20.81	20.16
1.4	Fishing	9.19	5.36	6.26	6.02	6.94	5.83	5.01	5.01	4.94	5.01	4.88	4.68	4.26
2	<b>Mining &amp; Quarrying</b>	-24.80	52.16	14.73	7.69	-4.93	0.03	0.61	0.61	0.33	0.61	0.05	-0.61	-2.12
	<b>Primary</b>	-3.10	4.50	29.64	22.00	18.16	13.03	10.74	11.17	11.13	10.24	10.16	9.96	9.35
3	<b>Manufacturing</b>	0.47	3.21	2.74	10.74	9.97	7.08	5.58	5.58	-41.50	5.58	5.19	4.72	3.51
4	<b>Electricity, Gas, Water Supply &amp; Other Utility Services</b>	11.84	31.82	29.10	22.65	23.29	23.90	20.55	20.55	20.55	20.55	20.54	20.53	20.53
5	<b>Construction</b>	-8.60	5.80	6.15	8.01	8.30	8.69	7.60	7.60	7.47	7.60	7.33	7.11	6.33
	<b>Secondary</b>	-1.10	15.39	15.05	13.86	14.49	15.11	13.09	13.28	12.85	13.46	13.05	13.23	12.91

SN	Item	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018 (Prov.)	2018-2019 (Prov.)	2019-2020 (Adv.)	2019-2020 (Adv.) (After adjusting 9 days' loss)	2020-2021 (Proj)	2020-2021 (Proj) (After adjusting 21-days loss)	2020-2021 (Proj) (After adjusting 40-days loss)	2020-2021 (Proj) (After adjusting 80-days loss)
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>	<i>10</i>	<i>11</i>	<i>12</i>	<i>13</i>	<i>14</i>	<i>15</i>
	<b>Industry</b>	-1.89	16.81	15.04	13.67	14.02	14.74	12.79	12.98	12.56	13.18	12.76	12.94	12.60
6	<b>Trade, Hotels &amp; Restaurants</b>	20.24	11.59	11.08	13.99	16.00	16.03	14.05	14.06	13.81	14.06	13.56	13.12	12.32
6.1	Trade & Repair Services	20.70	11.79	11.31	14.23	16.26	16.27	14.25	14.25	14.00	14.25	13.76	13.32	12.52
6.2	Hotels & Restaurants	5.11	4.86	2.82	5.29	5.74	5.92	5.68	5.68	5.37	5.68	5.05	4.43	3.51
7	Transport, Storage, Communication & Services related to Broadcasting	13.22	13.44	11.28	11.20	9.72	8.44	7.85	7.98	7.77	8.15	7.72	7.28	6.70
7.1	Railways	10.00	1.65	-1.12	2.41	-2.82	-1.14	0.00	0.00	-0.25	0.00	-0.50	-1.01	-1.73
7.2	Transport by means other than Railways	12.58	12.10	8.82	8.50	8.27	7.88	7.69	7.88	7.57	8.12	7.50	6.86	6.00
7.2.1	Road Transport	12.07	12.57	9.59	8.00	7.67	7.37	7.30	7.30	7.00	7.30	6.70	6.07	5.29
7.2.2	Water Transport	20.55	-7.00	-44.46	-23.59	-11.69	-10.98	-9.34	-9.34	-9.62	-9.34	-9.90	-10.50	-11.86
7.2.3	Air Transport	71.84	18.15	30.14	89.42	73.44	60.48	50.33	50.33	49.86	50.33	49.39	48.40	46.14
7.2.4	Services incidental to Transport	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7.3	Storage	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7.4	Communication & Services related to Broadcasting	14.65	16.45	16.49	16.67	12.75	9.67	8.24	8.24	8.22	8.24	8.20	8.19	8.16

SN	Item	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018 (Prov.)	2018-2019 (Prov.)	2019-2020 (Adv.)	2019-2020 (Adv.) (After adjusting 9 days' loss)	2020-2021 (Proj)	2020-2021 (Proj) (After adjusting 21-days loss)	2020-2021 (Proj) (After adjusting 40-days loss)	2020-2021 (Proj) (After adjusting 80-days loss)
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>	<i>10</i>	<i>11</i>	<i>12</i>	<i>13</i>	<i>14</i>	<i>15</i>
8	Financial Services	-4.29	-0.93	8.49	11.91	5.90	4.71	5.05	5.05	5.05	5.05	5.05	5.05	5.05
9	Real Estate, Ownership of Dwellings & Professional Services	2.23	2.80	2.50	2.26	2.34	2.49	2.19	2.19	2.16	2.19	2.12	2.09	2.09
10	Public Administration	17.40	12.17	7.78	8.42	7.90	6.73	7.08	7.08	7.08	7.08	7.07	7.07	7.07
11	Other Services	8.62	6.36	5.70	5.40	5.90	5.83	5.34	5.34	5.15	5.34	4.97	4.58	4.00
	<b><i>Tertiary</i></b>	12.55	9.02	7.58	8.44	8.52	8.11	7.62	7.69	7.56	7.76	7.50	7.25	6.86
<b>12</b>	<b>TOTAL GSVA at basic prices</b>	<b>6.60</b>	<b>9.39</b>	<b>14.32</b>	<b>12.73</b>	<b>12.00</b>	<b>10.72</b>	<b>9.49</b>	<b>9.69</b>	<b>9.51</b>	<b>9.60</b>	<b>9.33</b>	<b>9.21</b>	<b>8.79</b>
<b>13</b>	<b>Taxes on Products</b>	8.77	19.20	14.80	22.48	22.45	19.41	15.71	15.71	15.71	15.71	15.71	15.71	15.71
<b>14</b>	<b>Subsidies on products</b>	-2.20	-32.62	-21.90	-16.31	-19.27	-18.97	-8.03	-8.03	-8.03	-8.03	-8.03	-8.03	-8.03
<b>15</b>	<b>Gross State Domestic Product</b>	<b>7.15</b>	<b>11.59</b>	<b>15.76</b>	<b>14.15</b>	<b>13.37</b>	<b>11.90</b>	<b>10.32</b>	<b>10.48</b>	<b>10.30</b>	<b>10.36</b>	<b>10.10</b>	<b>9.98</b>	<b>9.58</b>

Table:7

ECONOMIC LOSS DUE TO LOCKDOWN (CURRENT PRICES)										
SN	Item	2019-2020 (Adv.)	2019-2020 (Adv.) (After deducting 2019-20 9 days' loss)	2020-2021 (Proj)	GSVA (in lakh INR)			Percentage Loss		
					2020-2021 (Proj) (After deducting 21-days loss)	2020-2021 (Proj) (After deducting 40-days loss)	2020-2021 (Proj) (After deducting 80-days loss)	2020-2021 (Proj) (After deducting 21-days loss)	2020-2021 (Proj) (After deducting 40-days loss)	2020-2021 (Proj) (After deducting 80-days loss)
1	2	3	4	5	6	7	8	9	10	11
1	<b>Agriculture, Forestry &amp; Fishing</b>	602,845	601,193	667,537	663,425	652,277	617,123	0.62	2.29	7.55
1.1	Crops	196,923	196,384	221,856	221,248	219,424	213,042	0.27	1.10	3.97
1.2	Livestock	149,378	148,969	182,317	180,319	175,324	158,541	1.10	3.84	13.04
1.3	Forestry & Logging	246,008	245,334	251,756	250,377	246,238	234,651	0.55	2.19	6.79
1.4	Fishing	10,536	10,507	11,608	11,481	11,290	10,889	1.10	2.74	6.19
2	<b>Mining &amp; Quarrying</b>	8,149	8,127	8,647	8,220	7,747	6,752	4.93	10.41	21.92
	<b>Primary</b>	610,994	609,320	676,184	671,645	660,023	623,875	0.67	2.39	7.74
3	<b>Manufacturing</b>	13,386	13,349	14,629	14,148	13,587	12,241	3.29	7.12	16.33
4	<b>Electricity, Gas, Water Supply &amp; Other Utility Services</b>	322,563	321,679	406,181	405,763	405,571	405,571	0.10	0.15	0.15
5	<b>Construction</b>	189,864	189,344	208,629	203,988	200,155	187,446	2.22	4.06	10.15
	<b>Secondary</b>	525,813	524,373	629,439	623,900	619,313	605,257	0.88	1.61	3.84

SN	Item	2019-2020 (Adv.)	2019-2020 (Adv.) (After deducting 2019-20 9 days' loss)	2020-2021 (Proj)	GSVA (in lakh INR)			Percentage Loss		
					2020-2021 (Proj) (After deducting 21-days loss)	2020-2021 (Proj) (After deducting 40-days loss)	2020-2021 (Proj) (After deducting 80-days loss)	2020-2021 (Proj) (After deducting 21-days loss)	2020-2021 (Proj) (After deducting 40-days loss)	2020-2021 (Proj) (After deducting 80-days loss)
1	2	3	4	5	6	7	8	9	10	11
	<b>Industry</b>	533,962	532,499	638,086	632,121	627,059	612,008	0.93	1.73	4.09
6	<b>Trade, Hotels &amp; Restaurants</b>	248,302	247,622	287,834	276,737	267,205	250,596	3.86	7.17	12.94
6.1	Trade & Repair Services	244,390	243,721	283,643	272,764	263,438	247,119	3.84	7.12	12.88
6.2	Hotels & Restaurants	3,912	3,901	4,191	3,973	3,767	3,477	5.21	10.14	17.04
7	Transport, Storage, Communication & Services related to Broadcasting	69,090	68,901	77,126	74,531	71,978	68,686	3.37	6.67	10.94
7.1	Railways	43	43	45	43	41	38	4.38	8.77	14.52
7.2	Transport by means other than Railways	45,255	45,131	45,255	42,734	40,213	36,985	5.57	11.14	18.28
7.2.1	Road Transport	40,618	40,507	44,012	41,841	39,671	37,139	4.93	9.86	15.62
7.2.2	Water Transport	357	356	333	315	297	258	5.48	10.96	22.47
7.2.3	Air Transport	3,409	3,399	5,279	4,990	4,701	4,093	5.48	10.96	22.47
7.2.4	Services incidental to Transport	872	869	874	831	787	737	4.93	9.86	15.62
7.3	Storage	0	0	0	0	0	0	0.00	0.00	0.00
7.4	Communication & Services related to Broadcasting	23,792	23,727	26,584	26,511	26,482	26,421	0.27	0.38	0.61
9	Real Estate, Ownership of Dwellings & Professional Services	38,284	38,179	41,507	33,011	33,011	33,011	20.47	20.47	20.47

SN	Item	2019-2020 (Adv.)	2019-2020 (Adv.) (After deducting 2019-20 9 days' loss)	2020-2021 (Proj)	GSVA (in lakh INR)			Percentage Loss		
					2020-2021 (Proj) (After deducting 21-days loss)	2020-2021 (Proj) (After deducting 40-days loss)	2020-2021 (Proj) (After deducting 80-days loss)	2020-2021 (Proj) (After deducting 21-days loss)	2020-2021 (Proj) (After deducting 40-days loss)	2020-2021 (Proj) (After deducting 80-days loss)
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>	<i>10</i>	<i>11</i>
10	Public Administration	296,000	295,189	325,248	324,892	324,892	324,892	0.11	0.11	0.11
11	Other Services	292,305	291,505	322,745	312,488	302,231	287,591	3.18	6.36	10.89
	<b>Tertiary</b>	1,005,828	1,003,073	1,119,476	1,086,317	1,063,798	1,029,257	2.96	4.97	8.06
<b>12</b>	<b>TOTAL GSVA at Basic Prices</b>	<b>2,142,636</b>	<b>2,136,766</b>	<b>2,425,099</b>	<b>2,381,863</b>	<b>2,343,134</b>	<b>2,258,389</b>	<b>1.78</b>	<b>3.38</b>	<b>6.87</b>

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## IV: OPPORTUNITIES

The present COVID-19 pandemic has drawn many parallels with the so called Spanish influenza pandemic of 1918 which was characterised by short term economic impact and long term social consequences. During the influenza pandemic, the sector for non-essential goods was particularly affected, and localization of production became key in the face of containment efforts by Governments and further economic rebound.

The post-pandemic economy witnessed a sharp hike in wages as a result of acute shortage of labour due to the high death toll among the working age group. In present times, due to greater degree of globalization, the effect of COVID-19 pandemic has the potential to be much greater. As the world grapples at the moment to contain the new pandemic, preparations need to be made for rapid recovery for the future. Within this context, a ready to rebound post COVID-19 economy may very well provide new opportunities for localization of production and services which can be taken advantage of even in Mizoram.

### 1. Localization of Product Line

Due to disruption of global supply chain, the private sector is looking for localization of solutions. Owing to a global recessionary climate, a wave of protectionism and risk aversion is sweeping manufacturers across sectors which will encourage localization of supply chains, especially of essentials and sectors that are seen as strategically important. In the context of Mizoram, localization of product line especially in agriculture, horticulture, and food processing sectors have high potentials.

Production of high value and low volume products with ready availability of raw material may provide an avenue with high potential for income and employment generation. For instance, all food processing items including processed vegetables and processed fruits, milk related products, high value meat processing including fisheries, beauty products, pharmaceuticals, non-sophisticated medical equipments etc.

## 2. Occupational Shift

Containment measures for COVID-19 have resulted in displacement of labour force in general and migrant workers in particular. Such kind of workforce dominates the low to moderate paying occupations in Mizoram especially in the construction and manufacturing sectors. However, as mobilization of these displaced labour force after the containment of the pandemic would not be possible to be affected immediately, there would be a vast demand gap in the labour market for both skilled and unskilled workforce. This could potentially be filled by the indigenous workforce. Similar opportunities are likely to open in the national and global avenues as well in the post COVID-19.

## 3. Addressing current Market Failure

Novel Coronavirus pandemic has created an unprecedented demand for Personal Protective/Preventive Equipment (PPE) such as medical gowns, face shields, disinfectants, sanitizers, masks etc. Panic buying of these products and the high demand from medical establishments has resulted in a short-term market failure due to supply shortages. This can be converted into business opportunity for local production of PPE.

- a) **Tailoring/Weaving:** Hosiery and Garment sector has been leading the small scale industry sector growth in recent years and has also contributed to the highest growth in employment generation in SSI sector. Livelihood of the many workers in this sector is adversely impacted due to the pandemic. In order to achieve the dual goals of generation of livelihood and combating COVID-19 pandemic, the tailors and weavers can switch to production of PPE such as masks, surgical clothing, quarantine tents etc.
- b) **Winery:** Vineyard owners and grape wine-makers of Champhai and Hnahthial will be hard hit as the demand for concentrated grape wine and branded wines plummets due to liquor prohibition in Mizoram and further exacerbated by nationwide lockdowns and curfews. Therefore, wineries can be induced to produce ethyl alcohol which is required for making hand sanitizers and disinfectants which would not only ensure local availability of raw material for PPE but also find a ready market outside the State even after the pandemic subsides.

#### **4. Double Sourcing**

Much of the economic downturn during COVID-19 pandemic is caused due to failure in the single point of supply resorted by many MNCs. It is estimated that 10-20% of manufacturing component are outsourced to China which had a detrimental cascading effect once the supply chain from China got disrupted. Therefore, more and more companies will resort to double sourcing and Mizoram could take advantage of the opportunity by becoming the manufacturing hub for companies. The opportunity can extend to outsourcing of services.

#### **5. Work from Home Option**

The pandemic has necessitated resorting to work from home option which is facilitated by the IT boom and advancement in technology. This trend is likely to continue to a certain extent post COVID-19. Therefore, work from home option could provide opportunities for the youth in Mizoram to find employment which is all the more applicable for the Service sector. Moreover, outsourcing boom witnessed during the IT boom period could reoccur as MNCs look to source out their service requirements to countries with lower skilled labour cost.

#### **6. Job Opportunities**

The advanced economies are also slated to experience acute labour shortage. The higher mortality among the elderly is expected to decrease the dependency ratio which could in turn facilitate a strong economic rebound in European, America and Asian countries. The rejuvenation of economic activity will require considerable labour input wherein Mizoram's young demography could fill the gap in the post COVID-19 labour demand environment.

#### **7. Eco-tourism**

Tourism and entertainment industry has been hit hard globally by COVID-19 pandemic. It is expected that for some time to come entertainment events featuring large gathering would be out of popularity at the very least under a suitable vaccine is found. Therefore, in the near future, there may be a high demand for a more secluded and nature oriented eco-tourism. This can be leveraged by the tourism industry in Mizoram due to its relative remoteness and pristine bio diversity.

## 8. Opportunities in the Agriculture and Allied Sector

The mainstay of the majority of workers in Mizoram lies in and around the Agriculture & Allied Sector. The wide demand gap in the availability of essential commodities in the State can be seen in Table: 8 below which highlights the market potential of locally produced goods.

Table:8								
Requirement of Selected Essential Commodities in the State								
Reference Period: 2017-18								
SN	ITEM	Per capita consumption/person (kg)	Daily consumption/person (kg)	State's Total Daily Requirement (In kg )	Total Annual Consumption (Tonnes)	Annual Production within the State (Tonnes)	Demand Gap (Tonnes)	Surplus Production (Tonnes)
1	Rice	131.68	0.361	454794.58	166003.9	49605.7	116398.2	
2	Maize	1.86	0.005	6424.04	2344.78	9469.3	None	7124.52
3	Wheat	0.34	0.001	1174.29	428.61	0	428.61	
4	Wheat Product	1.77	0.005	6113.20	2231.32	0	2231.32	
5	Masur Dal	6.14	0.017	21206.25	7740.28	0	7740.28	
6	Dry Peas	0.59	0.002	2037.73	743.77	209.6	None	1265.83
7	Total Pulses	8.45	0.023	29184.49	10652.34	6682.2	3970.14	
8	Potato	23.70	0.065	81854.74	29876.98	934.5	28942.48	
9	Onion	14.64	0.040	50563.43	18455.65	7928.1	10527.55	
10	Tomato	6.22	0.017	21482.55	7841.13	13228	None	5386.87
11	Brinjal	9.30	0.025	32120.21	11723.88	19326.4	None	7602.52
12	Pumpkin	10.33	0.028	35677.61	13022.33	139.4	12882.93	
13	Banana	69.58 (Nos)	0.191 (Nos)	240314 Nos	17543.38	138372.3	None	120829
14	Pineapple	21.36 (Nos)	0.059 (Nos)	73773 Nos	22437.39	30279	None	7841.61
15	Ginger	1.98	0.005	6833.28	2494.15	62743.6	None	60249.5
16	Garlic	1.19	0.003	4092.81	1493.87	12.41	1481.46	
17	Turmeric	0.77	0.002	2666.88	973.41	29823.4	None	28850

<b>Requirement of Selected Essential Commodities in the State</b>						
<b>Reference Period: 2017-18</b>						
<b>SN</b>	<b>ITEM</b>	<b>Per Capita Requirement as per ICMR Recommendation</b>	<b>Per Capita Availability</b>	<b>Annual Total Requirement (Tonnes)</b>	<b>Annual Production within the State (Tonnes)</b>	<b>Demand Gap (Tonnes)</b>
18	Milk	240 gms/day	54.37 gms/day	110431	25019	85412
19	Egg	180 Nos/Year	32.52 Nos/year	2269 Lakh Nos	410 Lakh Nos	1859 Lakh Nos
20	Meat	12.41 Kg/Year	12.44 Kg/Year	15644	15681	65% meat production/Consumption is met from imports
<b>SN</b>	<b>ITEM</b>	<b>Targeted Per Capita Consumption</b>	<b>Per Capita Availability</b>	<b>Annual Total Requirement (Tonnes)</b>	<b>Annual Production within the State (Tonnes)</b>	<b>Demand Gap (Tonnes)</b>
21	Fish	11 Kg	5.563 Kg	13866.952	7013	6853.952

The pandemic has also had the effect of reducing the popularity and desirability of imported commodities, and local products will continue to be held in greater esteem. Due to this, people will be willing to pay a higher price for localised products. Organic products would also command premium price in the market. Therefore, profitability for farmers is expected to increase which should induce greater investment in this sector. This would include vegetables, fruits, poultry, piggery, fishery, bee-keeping, logging, plantations, food processing etc.

The entrepreneurs of Mizoram have high capacity and capability to adapt, which was showcased in the performance of the private sector with respect to local production of PPE to combat COVID-19 within such limited time and under heavy restrictions. Perhaps, more PPE were produced by local entrepreneurs than what was procured by the State Government from outside. Therefore, there is a strong case for facilitating local entrepreneurs to take advantage of opportunities created in the post COVID-19 global economy.

## V: GENERAL RECOMMENDATION AND ADVISORY

Even as the world eagerly awaits a breakthrough in finding a cure for COVID-19, the need for containing the disease through social distancing and lockdown of businesses is already taking its toll on the livelihood and standard of living of the people. And the longer the cure evades discovery the higher will be the rate of deterioration of the economy which will in turn severely impact people's lives. Mizoram would be no exception. Therefore, it is crucial to have an enabling environment which facilitates economic activity without compromising safety of the people through short term and long term policy interventions.

As the COVID-19 pandemic continues, Governments are focusing on immediate and emergency requirements including enhancing capacity in hospitals, addressing hunger, and protecting families from bankruptcy. The majority of the funds flowing from the Government seek to provide funds for protective gear at hospitals, providing goods and services to essential workers, or provide direct cash support to poor households. In parallel, preliminary work has to start for economic recovery emphasising the role of strong public action in boosting demand, providing replacement income, and facilitating new investments.

### Recommendation on Economic Policy Measures

The task ahead is to ensure safety of human lives, while taking appropriate measures to mitigate the economic and business impact of the present pandemic and also to prepare the groundwork to take advantage of the eventual rebound of the post-pandemic economy.

*Short term measures:* Short term interventions are designed to assuage the current crisis in the coming 6 months. These interventions must be implemented in compliance with **Non-pharmaceutical Interventions (NPIs)**, which are community mitigation strategies that can be adopted by the public, that are not related to getting vaccinated or taking medicine, in order to help slow the spread of virus, particularly social distancing, sanitary measures including frequent cleaning of hands and compulsory wearing of masks. It has been noted in the past that countries that have adopted rigorous NPI

measures for the purpose of resuming economic activities have witnessed better and faster recovery in the post pandemic period. The focus here would be to avoid layoffs in the private sector, enable job creation and boost economic activities. The short term measure is segregated into three main categories: (i) Non-Pharmaceutical Interventions; (ii) Job creation for vulnerable sections / people; and (iii) Measure to boost economic activity in the short run.

*Medium to Long term measures:* Long term policy interventions will focus on building a resilient economy with sound structural basis, and a more conducive entrepreneurial ecosystem in the State economy. The long term measure is segregated into three main categories: (i) Measures to enhance growth potential; (ii) Measure to build resilient to future shocks; and (iii) Measures to build sustainable growth path for the economy.

The choices that the Public and Private sectors could make to restart economic engine, including the social, economic, and environmental co-benefits, with a little impetus through calibrate policy measures, are suggested below:-

## **1. Non-Pharmaceutical Interventions (NPIs) for the Public & Private Sectors**

- a. NPIs** are community mitigation strategies that can be adopted by the public, that are not related to getting vaccinated or taking medicine, in order to help slow the spread of virus, particularly *social distancing, sanitary measures including frequent cleaning of hands and compulsory wearing of masks*. The success of NPIs in rejuvenating their economies can be attributed to the fact that NPIs allowed the continuation of economic activity while also mitigating risks of community spreading of the virus.
- b.** The brunt of the economic fallout of the pandemic would be borne by salaried employees in the private sector and casual wage labour which form about 36% of the population. Careful continuation of economic activity particularly in the sectors where major chunks of the daily wage earners could participate, with the proper implementation of NPIs in the workplace is key to support the vulnerable section in the society.



- c. NPIs are already in place in Mizoram which need to continue in a more flexible way without compromising safety on the one hand, and allowing for regulated economic activity on the other, particularly for sectors that have high participation of vulnerable section in the society mostly unskilled and semi-skilled workers who might need to shift from their existing occupations to such activities in the short period.

## **2. Vulnerable Section of the Society**

The COVID-19 pandemic creates human, economic and social crisis, and affects all segments of the population. However, it is particularly detrimental economically to members of those social groups in the most vulnerable situations including people living in poverty situation, and daily wage earners whose activities are most affected by lockdown due to outbreak of COVID-19.

The mid-year 2020 projected population of Mizoram is 13,26,550 with an estimate of 3,15,845 households. Of these, the most vulnerable section in the population of Mizoram includes the following groups:

- a. BPL Families who as per BPL Baseline Survey of 2016-2017, number 56,584 families. Thus, about 19.63% of the population are under poverty line in Mizoram;
- b. Regular wage / salaried employment under private sector including taxi drivers, sales assistants, receptionists, maxi cab drivers, etc. will be severely affected by the lockdown. As per Periodic Labour Force Survey 2017-18, there are 28.4% of the population under this category;
- c. Casual Wage Laborers including carpenters, mason, helpers, etc. who, as per Periodic Labour Force Survey 2017-18, form 7.9% of the population in the State;
- d. Urban Street Vendors who are estimated to 3231 in the urban city/towns in the State as per Survey of Street Vendors in the State of Mizoram 2019.

A consorted effort from both the Public and Private sectors will be required even in the short term if we are to prevent the vulnerable sections of the society to fall into destitution. First and foremost, such measures would need a rigorous observation of NPIs in the workplace and in other places of interaction. A temporary job shift might be

necessitated for workers in certain sectors such as hospitality, transport, construction etc. Facilitation from the Government side might also be required in the form of providing interest subvention on commercial loans, skill training for job adaptability etc.

### 3. Recommendation and Advisory for the Public Sector

#### a. **Job Creation in the Short-Term:**

As a result of the economic crisis created by the pandemic, almost 1.6 billion informal economy workers (representing the most vulnerable in the labour market), out of a worldwide total of two billion and a global workforce of 3.3 billion, have suffered massive damage to their capacity to earn a living (Source: International Labour Organisation). This is due to lockdown measures and/or because they work in the hardest-hit sectors. Mizoram economy is no exception. The situation calls for urgent, targeted and flexible measures to support workers, particularly those in the informal economy and others who are vulnerable. Some of the approach recommended for short term policy measures are:

- i) **Convergence of CSS / State Schemes to Create More Jobs:** Centrally Sponsored Schemes / Central Sector Schemes and State Schemes included in the budget for 2020-21 may be provided with flexibility to adjust towards creating more jobs or converge towards more labour intensive works to create jobs within the State. For instance, to get the most benefit out of **MGNREGS** works, the nature of works may be re-oriented towards Agriculture and Allied Sectors that will help in enhancement of production, and other works that can generate further revenue stream. E.g., plantation of fruits & vegetables, irrigation, agriculture / horticulture link roads, construction of fish pond, construction of nursery, construction works relating to animal rearing / animal feed, water supply, and other works that could generate revenue stream in the economy. Indicative list of works may be determined by concerned Department. Currently, there are a total of 199,887 Job Card holders under this scheme in Mizoram out of which 197,890 are active. Moreover, minor works allocated to different

departments from the State fund can be reoriented towards job rich approach to works and activities.

- ii) **Construction:** Huge chunks of the total casual wage labour work under these sectors are masons and helpers and continued lockdown can have drastic consequences for the sector. Restrictions may be lifted for quarrying activities, possibly with limited number of workers working at a certain point of time while maintaining strict social distance and taking other precautions, to prevent loss of income and livelihoods for the most vulnerable. Construction activities may be allowed to commence with locally available laborers under close supervision following safety and preventive norms. Mizoram also need to take highest possible activities of construction during the current working season without compromising safety of the people.
- iii) **Introduction of Compulsory Home Delivery of LPG:** As per instruction of Central / State Government, home delivery of LPG distribution has to be implemented in the whole of country. The Covid-19 related lockdown period may be an opportune time to introduce the new system as it is expected to be safer for the people in mitigating virus transmission while creating more jobs in the economy.
- iv) **Outsourcing of Services:** Government may explore possibilities of outsourcing of public services to generate jobs without compromising cost and quality of services.

**b. Boost to Economic Activity in the Short Term:**

The State Government has moved quickly to the forefront of fighting the spread of the Covid-19, increasing resources for public health efforts, closing educational institutions, feeding stranded migrants in the State, bringing back stranded residents from other States and mobilizing the forces at all levels. However, State Government options are quite limited, when it comes to boosting of economic activity, particularly in the face of limited fiscal space. To mitigate the economic slump caused by the COVID-19 outbreak and its longer-term

implications, the Central Government has a range of tools available, including changes to both monetary and fiscal policy. Therefore, the State Government should try to take full advantage of policy measures adopted by the Central Government. Limited intervention in the short run, without resorting to race to the bottom approach, includes the following recommendations:

- i) Streamlining of Budget Provisions / Reprioritisation of Spending:** Reprioritisation of expenditure within the 2020-21 budget for streamlining and scaling down of all non-essential heads of expenditure in favour of priority expenditure which can create stimulus to the economy, provide more jobs and to create a corpus fund for 'post covid-19' economic recovery activities. Minor and Major Work's component of the State Government budget for 2020-21 may be reallocated to priority spending on job rich and labour intensive works and activities to create more jobs in the State. The Government should also take strong economy measures to slice avoidable expenses.
- ii) Streamlining of Sowing Activity:** Agriculture & Horticulture Department may develop credible programme and calendar for better sowing activities with proper and timely training, extension services, high quality seed supply etc.
- iii) Development of Better Seed Banks:** The success of the sectors begins with the availability of good quality seeds in adequate amount. The current seed banks may have been just enough for sowing in the normal condition. However, we are in critical conditions and well begin of the sector largely depend on sowing activity. And the continuity of improve agricultural production will require better management, stocking and distribution of seeds from credible seed banks.
- iv) Interest Subvention:** A new scheme may be develop to make provision for interest subvention as an incentive to expand operations or new ventures for farmers and MSMEs. Interest subvention of up to 8% could be provided by the Government for loan availed for agriculture / horticulture and MSME sectors in order to inject fresh capital into the economy to combat the

expected global economic recession. The interest subvention scheme will act as an incentive for establishment of new ventures and expansion of existing operations.

- v) **Land reform – short term:** Crisis of migrant workers due to lockdown in the country has witnessed the dream of urban opportunity dented. Migrant workers have been making their way back to their villages. Reverse migration from urban to rural both from within and outside the State. Many migrant workers may not want to return to urban city and towns, at least not in near-term. The reverse migration will have a number of impacts on the rural way of life and it will put pressure on rural economy. With more people back in the villages, there will be greater demand for agricultural work. There would be a need to allot more land for agriculture purposes, existing land will also see intensification. We may also see more pressure on forests to make land available for agriculture. The State Government may need to be pro active to provide new opportunities in the local economy for migrant workers returning home.

c. **Enhancing Growth Potential in the Medium to Long-term:**

Initiatives towards enhancing potential economic growth have to be central to economic policy in the medium to long-term period. Enhancing potential GSDP by enhancing productive capacity of the economy to achieve the highest level of output an economy can sustain over a period of time, is priority objective for the medium to long term. Some of the recommended measures are:

- i) **Growth Friendly Fiscal Reforms:** Reforms in Government spending can have an important impact on long-run growth. The post COVID-19 fiscal reforms design should reflect the conditions of the State economy. Since fiscal space is lacking in the State, growth-promoting fiscal reforms and spending reforms would need to be designed in a budget neutral manner. All fiscal reform packages should be designed to balance growth-equity trade-offs. Moreover, productivity of sub-national expenditures depends upon the

efficiency of public service provision and creation of accommodating business environment.

- ii) Promotion of Local Consumption of Local Products:** Our self-sufficiency ratio especially in production of Food Sector (Agriculture and Allied Sectors) and Manufacturing (MSME) are quite low. This situation is caused from the increase in import on these commodities corresponding to the change of consumption particularly in urban areas, and from the weakening of domestic productions. The Government may promote the Local Consumption of Local Products (LCLP) in a careful and calibrated manner. The Government may start with, as examples of the LCLP, create direct marketing platform, the development of processing products, the utilization of the local products at the Schools and Government offices, and the exchange and experience sharing with local bulk consumers etc. The State Government may formulate a separate scheme for short term and medium to long term policy measures for promoting the progress of local products for sustainability of the State Economy.
- iii) Ease of Doing Business:** Mizoram ranks 30 among the States and Union Territories in India in the Ease of Doing Business Index which highlights the necessity for giving greater focus in this area. It is a must for easy and speedy clearance for setting up of new business venture in the State to make our economy competitive and to enhance productive capacity.
- iv) Skills Development:** There is a crucial need for advanced technical and vocational skills development. Development of workforce eligible enough that can adjust to rapid shifts in demand is vital to economic growth and competitiveness. In particular, education systems must be oriented towards producing youth who have both strong foundational skills as well as specific skills for professional jobs.

Additionally, special focus would be required to be put by the Government for new skilling of stranded migrant workers in order to enable them to adapt to the shift in local job opportunities.

- v) **Establishment of High Value Manufacturing Units:** The failure of single source or point (China) is expected to generate double sourcing behaviour of large companies, particularly MNCs. The Government could facilitate setting up of pharmaceutical manufacturing unit through such sourcing. Production of high value and low volume pharmaceuticals manufacturing unit through establishment of third party manufacturing pharma units, as seen in Sikkim, is an avenue with very high potential for income and employment generation.
- vi) **Promotion of Eco-Tourism:** There may be a high demand for a more secluded and nature oriented eco-tourism. The COVID-19 scare is likely to make people averse to visit popular tourist destinations and events that used to attract large crowds for the next few years. Therefore, in the near future, there may be a high demand for a more secluded and nature oriented eco-tourism. This can be leveraged by the tourism industry in Mizoram due to its relative remoteness and pristine bio diversity.

d. **Building Resilience to Future Shock:**

At the moment, governments are struggling to absorb the shock generated by the pandemic, but the Covid-19 crisis also shows how important it is to keep local economy stronger to provide resources when unexpected upheavals prevent the economy from functioning normally. Furthermore, given the interdependence of economic and social systems, the pandemic also highlights the need for strengthening the local economy to tackle systemic threats and help avert systemic collapse at the national and global level. Strengthening local based economy coupled with improving social security would be the first basis for building resilience to future shock.

- i) **Localization of Agri-Production:** There is a huge demand gap in the availability of essential commodities requiring large amount of imports from outside the State. Current conditions create opportunities for localization of production of essential commodities for local consumption and for import substitution. For example, the available WRC area is 74,644 hectares while the total area of paddy cultivation in 2018-19 is only 35,550 hectares producing 60,010 MT of paddy. There is a huge scope of utilizing the WRC area not only for paddy but for other high yielding variety cash crops..

- ii) **Improving Social Security:** In order to provide greater security to workers, better social security system needs to be developed particularly for unorganized sector and marginal workers.
- iii) **Agriculture Produce Market:** The agriculture market in Mizoram is underdeveloped. Even though we have APMC Act we do not have APMC Rules to implement it. As of now, there is not a single ‘mandi’ in the State. Contract farming is also not popular. Development of agriculture produce market is a priority policy concern for better supply chain management in the State. The current condition where Government led supply chain management with the help of the local task force as aggregator will not be sustainable in the long run. Inducement for involvement of entrepreneurs as aggregator or development of Mandi system would be required to sustain better supply chain management in the State, together with enactment of APMC.
- iv) **Health Sector:** The requirement for strengthening healthcare facilities and institutions is of paramount importance as they form the last line of defence against the pandemic. The COVID-19 virus is not the first, nor will it be the last that the health sector has to be prepared for. The solution to prevent further spread of the virus appears to be not so much as medical, but of sociological and epidemiological & social distancing. A healthy community and a robust functioning healthcare system with effective service delivery system is the need of the hour. Proper long-term Master Plan for Health Sector needs to be formulated immediately for deriving maximum utility from the expenditure incurred in the health sector so that there can be systematic development of the State’s healthcare infrastructure and service delivery.
- v) **Stronger Digital Economy:** The digital economy has been playing an increasingly significant role as a new driver for economic growth and social transformation. Moreover, the digital services and business have served as new enablers and new growth boosts in the Covid-19 stricken economic and social life. Building credible ICT infrastructure to support stronger digital economy in the State is imperative. The right ICT infrastructure investments is expected to act as the backbone of better-functioning of economies and more inclusive societies in the post Covid-19 world.



e. **Building Sustainable Growth Path:**

It is important to look ahead and assess how the pandemic and the recovery from it will impact the future of sustainable development. Governments are racing to implement economic stimulus and support packages to keep individuals, businesses, and economies afloat. While supporting their urgent implementation, we must ensure that these measures pave the way to a more sustainable economy. Perhaps, the crisis may provides an opportunity to build a better and more sustainable economy.

- i) **Implementation of Sustainable Development Goals (SDGs):** COVID-19 outbreak is wreaking havoc across the globe and the effects on the economy and on sustainable development prospects is worrying. The pandemic hit at a time when the SDGs were gaining traction with good progress. The response to the pandemic cannot be de-linked from the SDGs. Indeed, achieving the SDGs will put us on a firm path to dealing with health risks and emerging infectious diseases. Achieving SDG will mean strengthening the capacity of our economy to deal such crisis better.
- ii) **Land reform – long term:** Land is a key asset that provides an important foundation for economic and social development. Where extreme inequality in land distribution and underutilization of vast tracts of productive land coexist with deep rural poverty, a case for redistributive measures to increase access to land by the poor can be made, both politically and from an economic perspective. Sound property rights in, and equitable access to, land can also offer the potential to help empower the rural and urban poor to adjust to the challenges posed by pandemic crisis. Land reform for more effective land utilization is critical for the promotion of growth and the reduction of poverty. There is also a need to integrate land reform into the broader context of economic and social policies aimed at development and poverty reduction.
- iii) **Afforestation/ Plantation:** Increase afforestation efforts with special emphasis on planting of fruit bearing trees to serve both environmental and economic purposes.

#### 4. Advisory for the Private Sector

The **Survival Strategy** for the private sector in particular is to rely heavily on innovative content in businesses and localization of production which will not only determine the survivability of the private sector during the current crisis but also shape the degree of success of the sector in the foreseeable future.

##### a. **Job Creation**

- i) **Home Delivery for Retail Shops & Petty Trade:** Lockdowns may continue with varying severity for an indeterminate period. The loss of sales by retail shops and petty trade due to restrictions on customer mobility could be offset by bringing the products to the customers' doorsteps instead. There are some home delivery service providers already operating within the State with whom retail shop owners could tie up. It would also have the added benefit of opening up avenues for fresh entry into the home delivery market segment and generate employment.
- ii) **Online education / tuition:** It is uncertain when educational institutions can be reopened to function normally which would be detrimental for the academic careers of students on the one hand and financially impact earnings of private schools on the other. A middle ground could be reached where private schools continue to charge fee and conduct online classes through innovative means. A number of educated youths would also generate income during the lockdown period by providing online tuition.
- iii) **PPE production:** Local production of Personal Preventive Equipment (PPE) such as protective gowns/masks/caps/shoe covers/aprons, sanitary hand washes and disinfectants etc. can augment the scarce supply. It also has potential for a thriving business plan even after the cessation of the coronavirus threat.
- iv) **Occupational Adaptability:** Workers in certain sectors like hospitality, hoteling, public transport etc. will likely be unable to continue their livelihood within these sectors for a long time. A number of the State's workforce are engaged in these sectors outside the State, many of whom would be returning home due to layoffs and closure of shops. Occupational adaptability will be crucial for such workers for swift job shifts to avoid destitution. Further, as

noted in the preceding chapter, re-mobilization of displaced workforce will be difficult especially in the short run. The resulting labour gap could be filled by local workers of such sectors that are untenable during the ongoing crisis.

The return of indigenous workers into the State due to the discontinuation of their livelihood elsewhere will need special attention from all quarters for their transition to the State economy with remunerative and suitable job opportunity.

**b. Boosting to Economic Activity**

- i) Community Mobilization & Utilization of Idle Land for Productive Activities:** Mizoram is blessed with good and strong social institutions. The COVID-19 crisis has highlighted the capabilities of these institutions in providing succour to the community, assisting the Government to maintain supply chains, proving instrumental in the effective distribution of essentials and maintaining order and civility. The capacities of these institutions need to be built up in order to orient and mobilize them towards development activities. One important way this can be achieved is through productive use of unutilized land (which may be due to the present pandemic or disinterest of the owners) and converting them into ‘community farms’, albeit with the permission of the owners and facilitation from the Government. These community farms could be cultivated in either of the two modes – firstly, by voluntary action from the community adjoining the land, or alternately, through occupational shift of currently out-of-job workers whose engagement could be worked-out with in greater detail between the concerned parties and the Government as the mediator and facilitator. The current pandemic could also be used as the tipping point for enacting enforceable laws for ‘ceiling on land holdings’, which would facilitate the aforementioned community farms in the short run and result in greater land productivity in the future.
- ii) Urban Farming:** The current crisis has highlighted the dependence of the urban population on the rural farming community for food, especially vegetables. This needs to be remedied to a certain extent by popularizing preparation of kitchen/balcony vegetable gardens in the urban areas. Incentives could be devised to induce activity in this direction. Step may be taken to

popularize preparation of kitchen/balcony/ backyard/courtyard/vertical farming of vegetable gardens in the urban/ semi-urban areas. Incentives could be devised to induce activity in this direction.

- iii) **Adaptability of Trade, Hotels & Restaurants, Transport Sectors:** It is anticipated that this sector will experience a shutdown for a longer period while the economic loss accruing due to trapped resources during this period will be enormous. Here, it is suggested that hotels and restaurants could utilize their existing infrastructure for facilitating supply chain, storage and other innovative business ventures as far as practicable. The sector could also gear up for providing more professional services for eco-tourism in anticipation of rebound in nature related tourism. Secondly, the local operators in the transport sector could federate together to actively participate in the transport market currently dominated by outside players for plying essential commodities into the State on a large scale.
- iv) **Opportunities in Value Addition:** The concept of value addition is simply to put certain extra features on existing products or services that help increase their value in the market. In the context of Mizoram, one of the reasons for the low income generation in all the sectors is the lack of value addition in the marketed products. Most of the products from the State, especially agriculture and allied commodities, are sold as raw materials which cannot fetch high prices. The private sector needs to inculcate addition of value to their products through means like processing (washing, grinding, drying, etc), packaging, organic branding etc. which would help the products command better prices or gain access to larger or niche markets.

**c. Enhancing Growth Potential**

- i) **Agri-preneurship Movement:** Agriculture in Mizoram has remained at a level of subsistence. It is important to introduce commercial farming in order to not only reduce dependence on food procured from outside the State but also to provide more gainful livelihood to farmers. The involvement of entrepreneurs in the agriculture and allied sector is not only crucial for

uplifting the Agriculture Sector, it can prove to be a highly profitable business venture.

- ii) Prepare for Business Process Outsourcing:** More and more companies will resort to double sourcing and Mizoram could take advantage of the opportunity of outsourced manufacturing and services. Moreover, the pandemic has necessitated resorting to work from home option and this trend is likely to continue to a certain extent post COVID-19. Only a couple of BPOs exist in the State. With an abundance of educated and English speaking workforce, this market segment is ripe for entrepreneurs to start their own BPOs or tie up with exiting players.
- iii) IT Sector:** Intensive business competition across the globe has increased the need for adoption of new technologies to increase the efficiency in service delivery and business processes. ICT has wide applications in public services, education system, health sector and different business processes. The Covid-19 pandemic is in fact a blessing in disguise for IT sector. IT enables business is expected to increase which will also lead to a larger number of people to work from home. They attribute the emerging scenario to cost and productivity gains out of WFH (Work From Home) and it is not just the IT sector which is reaping the benefits. Companies across the services sectors are set to have fewer people work from the offices in the future. IT firms and skilled workers in the State should grasp the opportunity.
- iv) Institutionalization of Supply Chain Management:** During the lockdown period, the supply chain activities in the State have been spearheaded by Task Group on Vegetable Supply Chains, Task Group on Commodities and Local / Village Level Task Forces set up by the Government. The current practice is viable only as a temporary response to an emergency and may not sustain for longer periods. The public sector needs to gradually shift its role to that of a facilitator and institutionalise the current process in such a way as to develop supply chain management into a more sustainable and practicable institution such as through entry of entrepreneurs and aggregators. This will bring professionalism and more profitability into the supply chain system industry.

- v) **Emphasis on semi-finished products:** The manufacturing sector should concentrate more and more on the production of semi-finished goods which has the advantage of avoiding competition from branded finished good while at the same time provide value addition for improved sale value. The highest opportunities are presented in Forestry and Logging, and Food Processing. For example, rather than exporting log form of trees and bamboo, establishing value addition activities within the State could generate large income in the State.

**d. Building Resilience to Future Shock**

- i) **Promotion of Cold Storage:** There is an abject lack of cold storages in the State for preservation of perishable agricultural commodities. This gap could be filled by private sector operated cold storage including indigenously developed cold storages. As required, these cold storages could also be community managed or operated on PPP mode.
- ii) **Localization of Animal Feed Production:** Mizoram is highly dependent on imports to meet its requirements for feed and fodder for its livestock. Due to restrictions on mobility, the import of readymade animal feed has virtually stopped. On the flip side, as the imports for raw material for feed manufacturing is continuing, the local production of animal feed has increased from 40 qtls to 90 qtls per day. However, this is expected to meet only 40% of the domestic demands. Therefore, incentives such as interest subvention may be provided for local entrepreneurs to start/develop feed manufacturing units. Side by side, cultivation of fodder crops like maize, soybean etc. can be encouraged and subsidized for an increase in local production of animal feeds. In the short term, local feed suppliers may be allowed to import feed as ‘essential’ item to meet the local demand.
- iii) **Formalisation of Enterprises:** Most of the micro and small businesses in the State are running under informal sector. Enterprise formalization initiatives are important in the State to create more and better jobs, reduce poverty and address marginalisation of those who are especially vulnerable persons. However, formalization of micro and small enterprises has to go hand in hand with a conducive business environment, economic growth and better working

conditions. It also increases tax revenues which in turn are needed to provide public goods and services. Formalizing enterprises gain access to finance, business development services and technologies. They can also participate in public biddings or act as suppliers or retailers of larger companies. Formalization of enterprises is part of a multidimensional and balanced approach for the Transition from the Informal to the Formal Economy. It is also essential for the formalization of employment in these enterprises.

e. **Building Sustainable Growth Path**

Inclusive and sustainable growth is imperative for the health of the economy and for the continued success of enterprises. Business cannot succeed in a failing environment. Private sector should also build around environmental and social approaches to creating positive impact on environment for sustainable growth including for future generation. This is essential for reducing carbon footprints using cleaner production technology, and saving natural resources to protect the environment.

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## CONCLUSION

This current disposition prescribes for innovative and bold steps to be taken by the Government and businesses. The externalities of the COVID-19 pandemic, aside from its direct economic impact, are bound to be vast and far-reaching. However, although many aspects connected to the pandemic such as healthcare are of paramount importance, it is no less important to plan for mitigating disruptions to livelihoods. Economic policy measures would need the same proactive, decisive and coordinated alacrity that the deserving healthcare is receiving. The present crisis could present an opportunity to change the landscape of the State Economy through economic policy measures and innovative economic processes by enhancing our resource capabilities to harness the innate economic potential of the State, and to identify new modes of spearheading our development goals, prioritising sectors where the State have potential, and enable engagement in entirely new categories of businesses and start ups with more innovative ideas. The success and the pace of recovery of the State economy will depend crucially on policies and measures undertaken during the COVID-19 related crisis.

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