A beacon at the end of the lockdown tunnel?

Perceptions, Aspirations and Anticipations of
Indian Millennials++

Laqshya Media Insights Group

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> It is often in the
> darkest moments,
> that we must focus
> to see the light.
>
> Aristotle, Greece,
> circa 384 − 322 BCE

EXECUTIVE SUMMARY

Not for the last several decades has the world seen such darkness as it does today. Governments and businesses across the globe are trying to figure out the meaning of the newly-minted term – 'new normal'.

We are looking at the silver linings in the country.

In this spirit of optimism, here is an observation: Marketeers today have the 'fortune' of the availability of a plethora of detailed reports, from some of the world's best-known research and knowledge management consultancies, about the impact of Covid-19 in the world. We found the reports by The Reserve Bank of India, The International Monetary Fund and McKinsey & Company to be especially informative. The second part of this e-paper endeavours to encapsulate these large presentations of data into a few pages to allow the reader to get the gist of these studies.

After the enriching and challenging process of internalising and summarizing these reports, we saw the opportunity to assess the perceptions, aspirations, and anticipations of the most prolific consumers of products and services: the generation called millennials.

Would fresh consumption trends emerge from this unhappy quarantined phase? Would the lockdown rid the world of twentieth century's profligacy? The survey wades into the concept of this "new normal", into relevant situations and patterns amidst the current deluge of doomsday predictions.

The study was conducted online (of course!) reaching 1104 respondents across the primary cities in India and limited to people between the age groups of 18 and 39 across genders, and to NCCS A and B. The representation of NCCS B is lower at ~15%. Mumbaikars emerged as the largest pool of responders, with NCR and Bengaluru following at numbers 2 and 3.
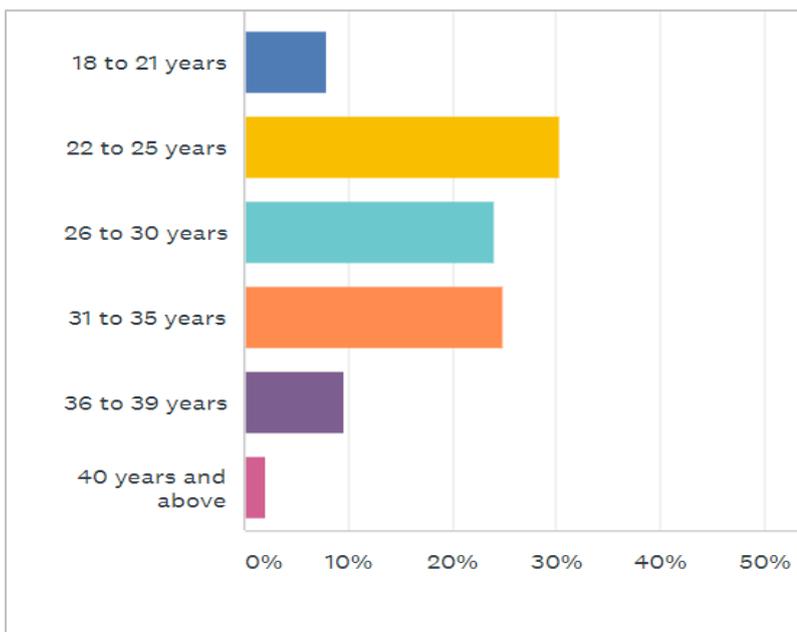
The results of this study will nudge you towards that light which is shining at the end of the dark tunnel of COVID-19. Many young Indians are confident, if somewhat judiciously, of emerging stronger, loosening their purses and enjoying life – not long after the end of the lockdown.

Some of the more interesting, and to emphasise the tone, optimistic, findings cover the return to retail, to investment, and to the outdoors. The anticipations of use of digital media is intriguing. The perceptions of people about other people… are heart-warming. Take a look!

Both Men +Women

Representing NCCS A, B
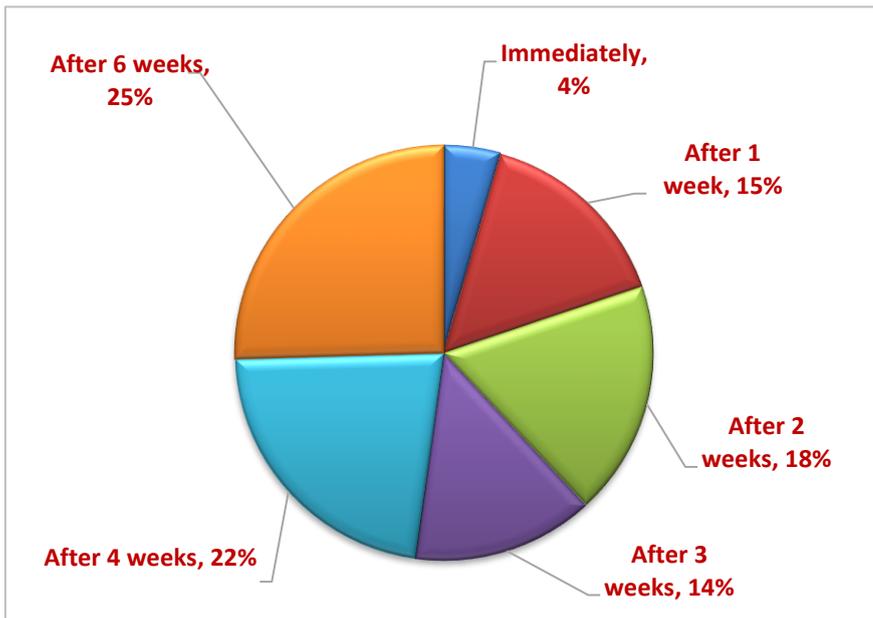
Aged between

18 & 39 years

While they chose to be responsible citizens and stayed at home, they missed some aspects of normal life more than others!

One of the big lessons learnt from behavioural trends (category buying, brand buying, and media consumption) is how habitual consumers are. Underneath the day-to-day randomness lie rather consistent patterns of behaviour. Thus, a sudden halt to the daily activities can make them yearn for their normal schedules. The study finds out what these patterns are and what do Indians long for the most after this lockdown.

It is interesting to recognize that among all the options available, or missing, what all have the millennials chosen to be their "favourite things that they miss" in confinement!

After 6 weeks, 25%

Immediately, 4%

After 1 week, 15%

After 2 weeks, 18%

After 3 weeks, 14%
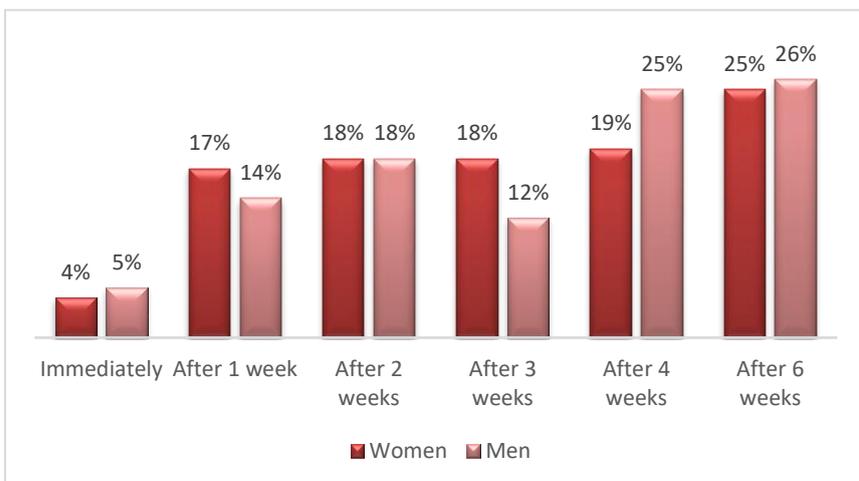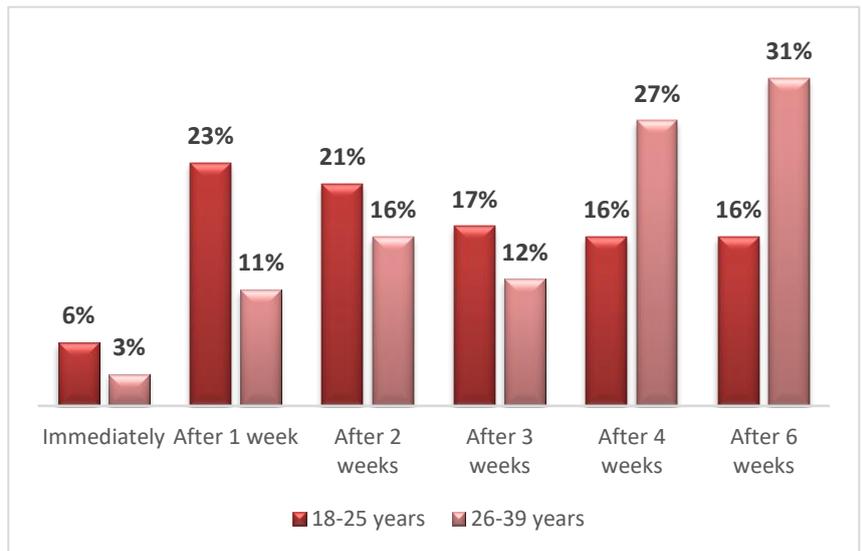
After 4 weeks, 22%

How long will you wait, after the end of the lockdown, before going to the primary congregation places like malls, movie halls and restaurants?

75% of the consumers say that they will be back in the malls, movie halls and restaurants within 4-5 weeks of the lockdown being lifted.

25% are the laggards who will come back after 6 weeks. Further analysis shows that the laggards are the older lot, with 31% of the 26-39-year-olds expressing the need to stay away a little longer, letting the younger folk take the lead.
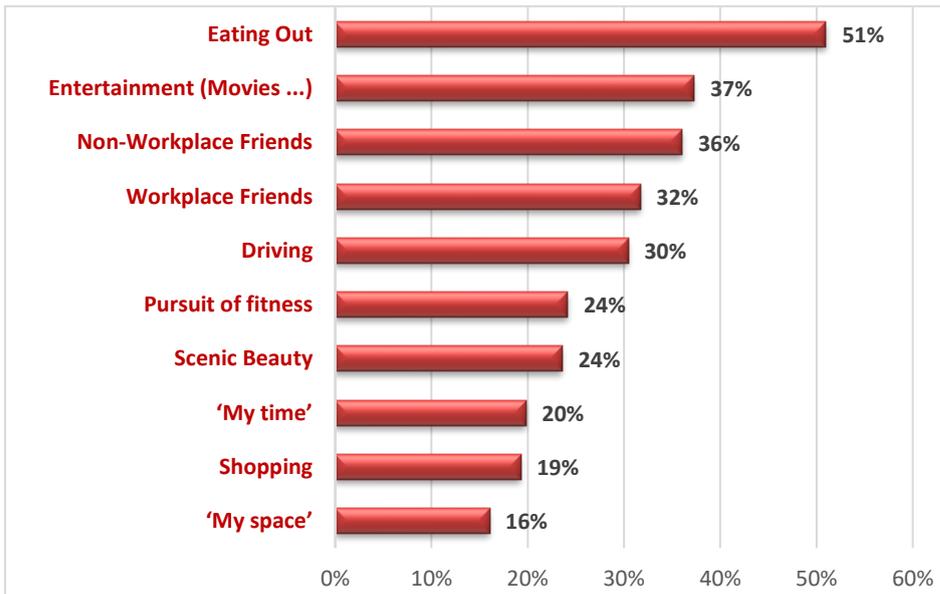
23: The average number of days that the less-than-25-year-olds will take to hit the malls, movies and restaurants (not in any specific order)

29: The average for the >25-year-olds to come back to the malls, et al.

	Immediately	After 1 week	After 2 weeks	After 3 weeks	After 4 weeks	After 6 weeks
18-25 years	6%	23%	21%	17%	16%	16%
26-39 years	3%	11%	16%	12%	27%	31%

	Immediately	After 1 week	After 2 weeks	After 3 weeks	After 4 weeks	After 6 weeks
Women	4%	17%	18%	18%	19%	25%
Men	5%	14%	18%	12%	25%	26%

24: Average number of days for Women to get back to the malls, et al

27: Average days for Men to get back to malls, et al

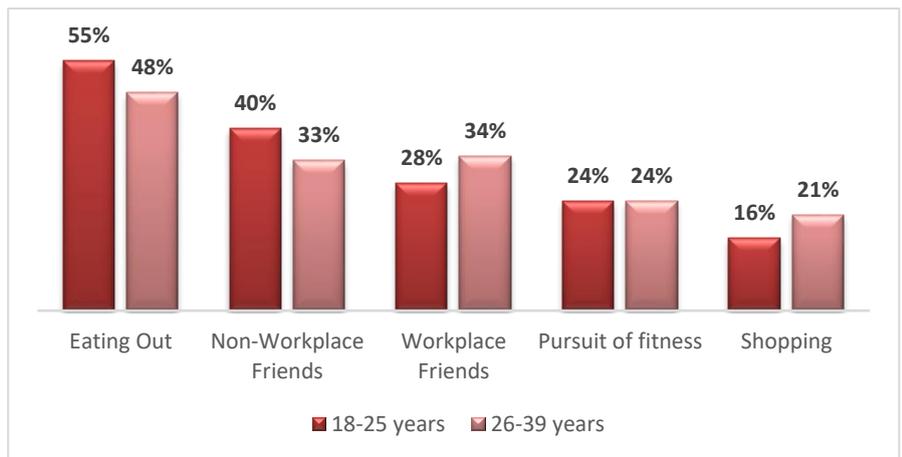## What are the 3 most precious things/factors that you miss while you are locked down at home?
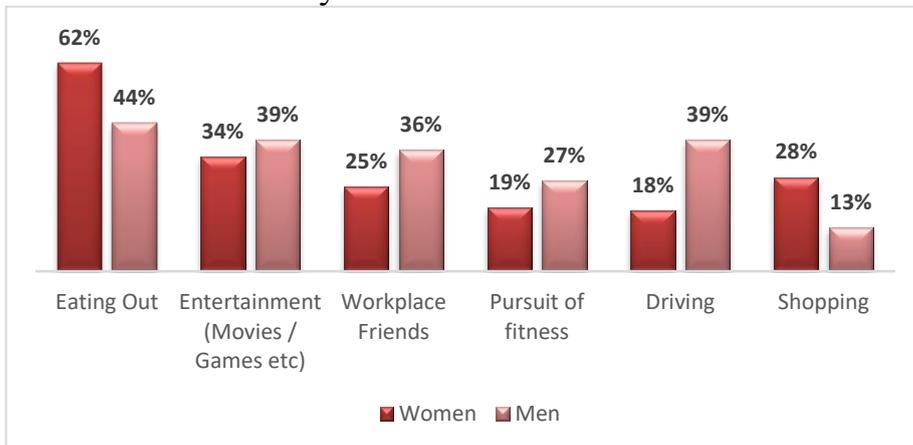
Eating out (51%), Entertainment including movies (37%) and Non-workplace friends (36%) are the 3 most important things that our respondents miss while they spend their days working from home.

'Eating Out' is ingrained in the 18-25 years age bracket: 55% of respondents missing this the most; in the 'older group', 48%.

Fitness is missed equally by both age groups.
Surprising to some, shopping is not missed as much as some CXOs would like!

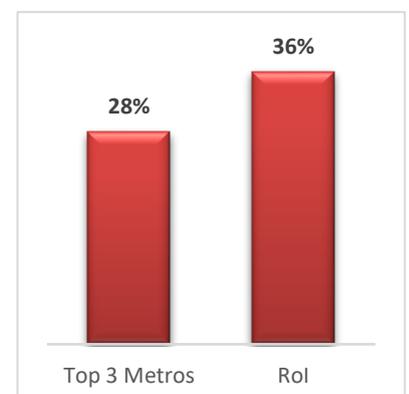Entertainment and Non-Workplace friends are universally missed.

A higher proportion of Women mentioned Eating Out (62%) and shopping (28%) as compared to men.

More men miss workplace friends (36%), driving (39%) and pursuit of fitness (27%) as compared to women.

Top 3 cities (Mumbai, Delhi and Bengaluru) versus the Rest of India (RoI): Fewer respondents in the top 3 cities missed workplace friends (28%) versus RoI (36%).

Do work-life and leisure overlap more as one moves away from the big 3?

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Activity	%
Visit friends	54%
Eat out	46%
Visit family	41%
Go for a long drive	31%
Visit a place of worship	24%
Visit gym/fitness centre	22%
Travel to another city for leisure	18%
Go for a movie	17%
Go shopping	15%
Go to a park/beach	13%
Go to the bank	8%
Go for a picnic	7%

Question 3:

Once the lockdown is lifted, what are the first 3 things that you would do (apart from re-joining of office/ college/ school)?
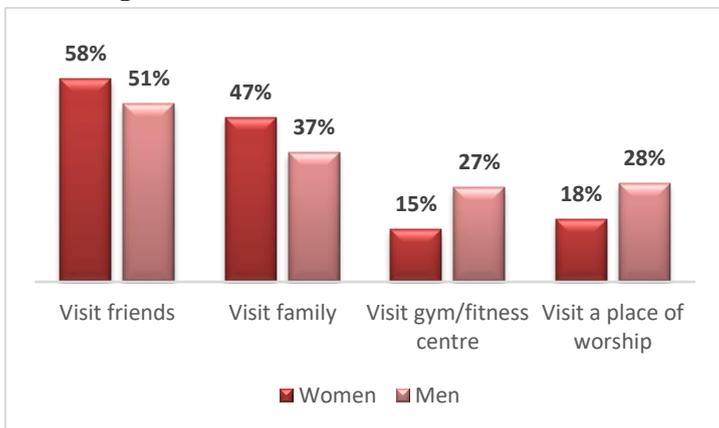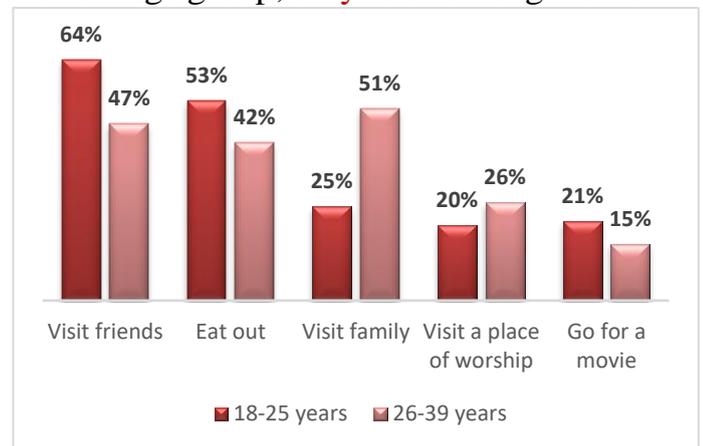
Visiting friends and Eating out are clearly the top two activities that Millennials hope to do as soon as the lockdown is over, with the politically correct visiting family ranking third.

Almost two-thirds (64%) of the younger bunch will rush to their friends; relatively less (47%) of the 25+ expressed similar keenness. Eating out is also most planned for by the <25.

Visiting family clearly is a top priority for 51% of the 25+ age group; only 25% among the 18-25 age group have mentioned so.

Visiting a place of worship has been cited more often by the 25+ age group.

Visiting friends and visiting family: more women are looking forward to these activities, as compared to men.

	Visit friends	Eat out	Visit family	Visit a place of worship	Go for a movie
18-25 years	64%	53%	25%	20%	21%
26-39 years	47%	42%	51%	26%	15%

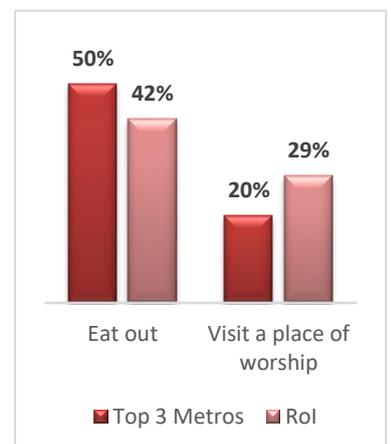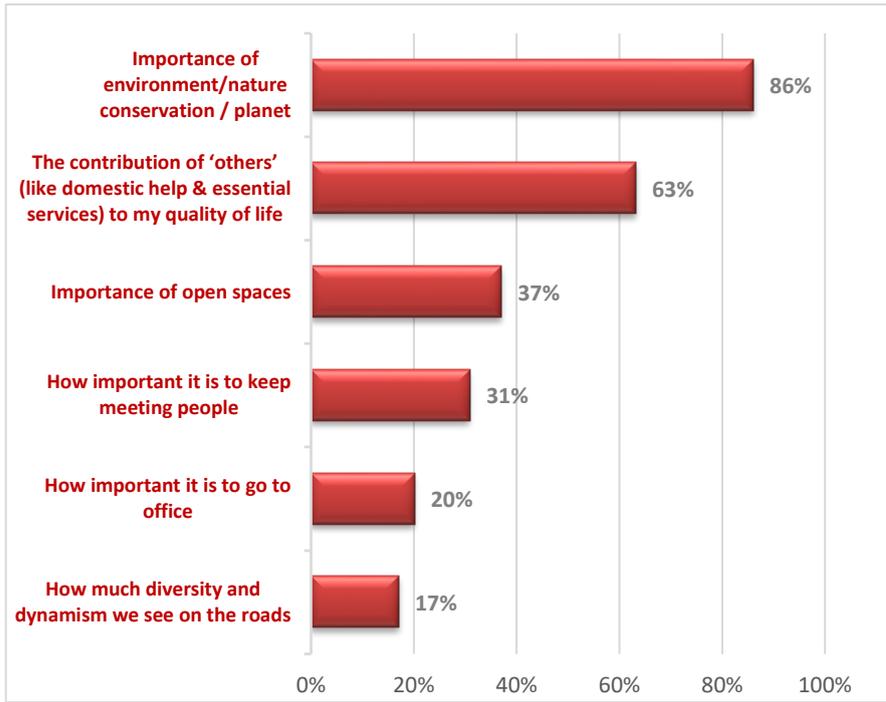|	Visit friends	Visit family	Visit gym/fitness centre	Visit a place of worship
Women	58%	47%	15%	18%
Men	51%	37%	27%	28%

27% of men plan to resume fitness activities immediately post the lockdown, compared to 15% of women.

Visiting a place of worship notably higher by men (28%) than women (18%). In the Top 3 towns, significantly higher number of respondents plan to eat out as compared to the rest of India.

A significantly larger bunch from the Rest of India are keen to visit a place of worship as compared to people from the Top 3.

	Eat out	Visit a place of worship
Top 3 Metros	50%	20%
RoI	42%	29%

Importance of environment/nature conservation / planet — 86%

The contribution of 'others' (like domestic help & essential services) to my quality of life — 63%

Importance of open spaces — 37%

How important it is to keep meeting people — 31%

How important it is to go to office — 20%

How much diversity and dynamism we see on the roads — 17%

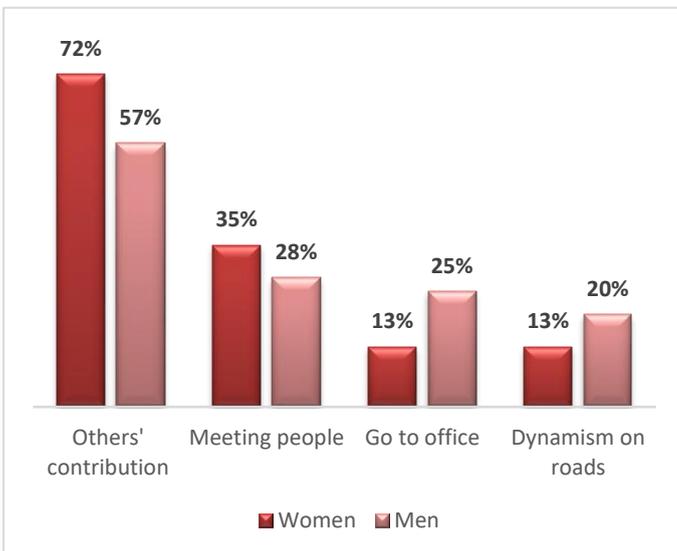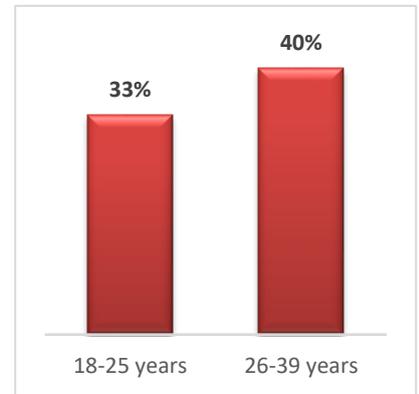### What have been your 3 biggest learnings of this lockdown period for COVID-19?

People's concern about the planet and about issues pertaining the environment is finally finding expression! *Presumably, the clean air and the sounds of the birds have made* **over 86%** respondents aware of the need to look after Mother Earth!

63%, almost two thirds of the respondents, appreciate the contribution of essential services including domestic help, et al.

The importance of open spaces comes up a distant, but important learning for **37%** of the respondents.

The learnings are quite similar across both the age cohorts, with one somewhat significant difference – the importance of open spaces, with more (40%) of the 25+ giving it mind space as compared to the >25 bunch (33%).

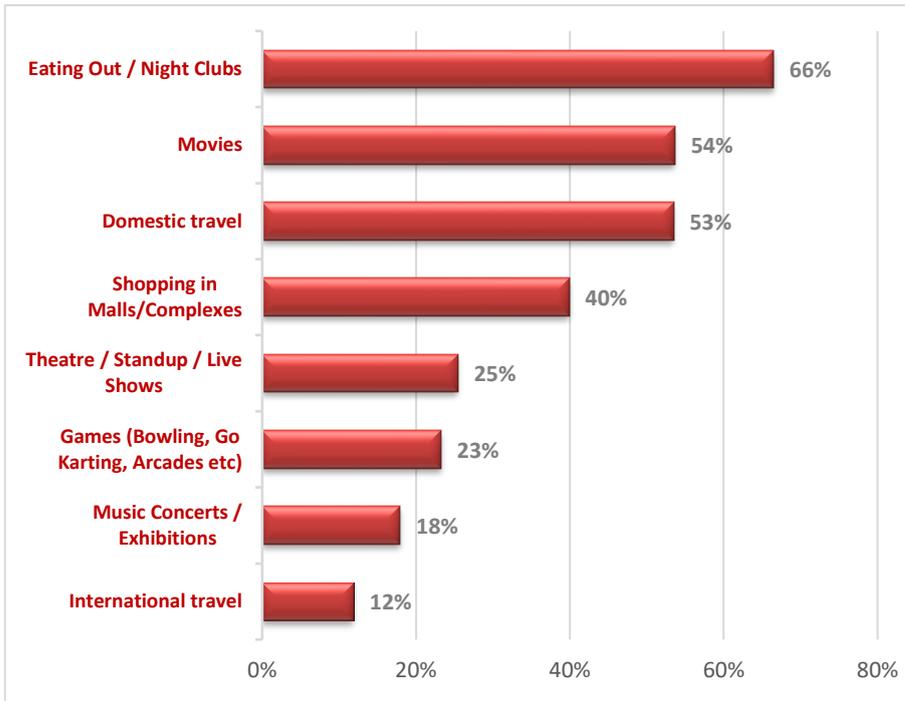18-25 years — 33%
26-39 years — 40%

72% / 57% — Others' contribution
35% / 28% — Meeting people
13% / 25% — Go to office
13% / 20% — Dynamism on roads

■ Women ■ Men

Learnings for women are different from the learnings for men on as many as 4 factors!

More women have learnt to appreciate the contribution of 'others' (like domestic help & essential services) and the importance of meeting people.

More men, on the other hand, have 'learnt' about the importance of office and have come to realize the value of the dynamism on the roads.

There was no perceptible difference between the city groups.

Activity	%
Eating Out / Night Clubs	66%
Movies	54%
Domestic travel	53%
Shopping in Malls/Complexes	40%
Theatre / Standup / Live Shows	25%
Games (Bowling, Go Karting, Arcades etc)	23%
Music Concerts / Exhibitions	18%
International travel	12%

Question 5:
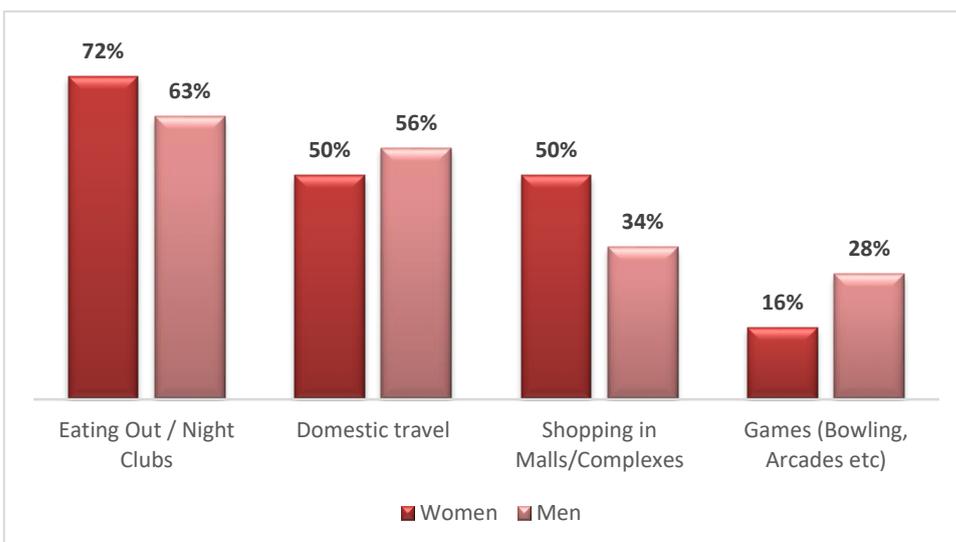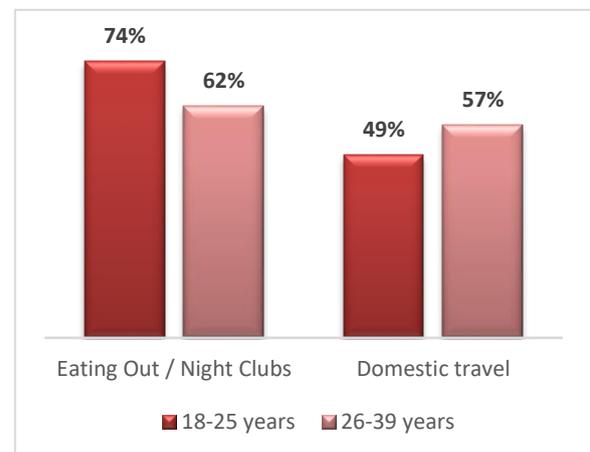**Over the next 6 months, which among these will be your top 3 leisure activities?**

Eating Out (66%), movies (54%) and domestic travel (53%) and are, by far, the top 3 leisure activities that individuals are considering.

International travel is significant at 12%.

Probably an immense opportunity for the travel & tourism industry to capitalize the situation and offer suitable deals to Indian consumers.

The younger lot of consumers are looking forward to eating out or going to night clubs, as compared to the relative seniors.

The 25+ age group will prefer domestic travel to a greater extent with 57% of the consumers mentioning so.

	Eating Out / Night Clubs	Domestic travel
18-25 years	74%	49%
26-39 years	62%	57%

	Eating Out / Night Clubs	Domestic travel	Shopping in Malls/Complexes	Games (Bowling, Arcades etc)
Women	72%	50%	50%	16%
Men	63%	56%	34%	28%

Shopping in malls/complexes and eating out/night clubs are the go-to activities for women consumers,

Domestic travel, games, concerts, exhibitions etc were preferred by men.

There were no significant differences in the choices made by people across cities.

9

Doctors and Health personnel	52%
Grocery shop Workers	37%
Local Vegetable vendors & Fruit sellers	36%
City Sanitation workers	30%
Law Enforcement (Police, CRPF, etc)	28%
Food Supply chain	28%
Farmers	20%
Pharmacy Shop Employees	20%
Online Entertainment	12%
Online and Offline Banking	9%
Electricity boards	8%
Water works	6%
Aviation industry workers	5%
Telecom Workers	5%
NGO workers	3%

Which are the 3 'Essential services' that most impacted your life in the lockdown period?

A pandemic is the reason for the lockdown – ergo, 52% of the respondents rank Doctors and Health personnel at Numero Uno amongst the essential service providers.

The Local grocery stores and the vegetable/fruit vendors get their due! ~36%+ respondents rank both these teams at number 2!
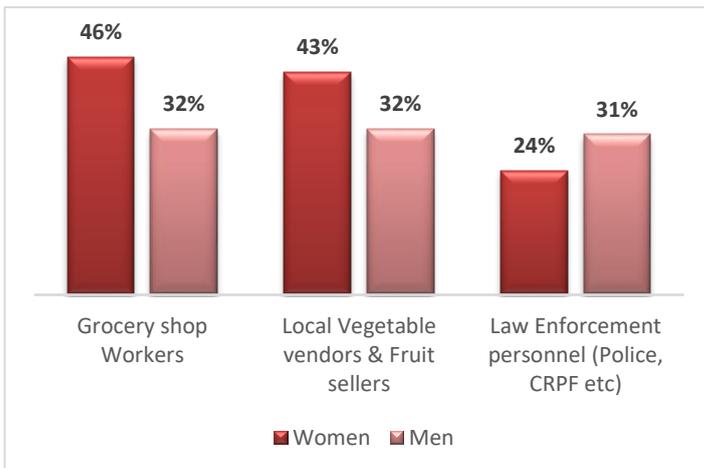
City sanitation workers, law enforcement personnel and the food supply chains also remained top-of-mind for a significant proportion (~30%) of the people. A welcome sign of long-awaited respect, perhaps?

Is there is an opportunity to make more people aware of the silent but critical services rendered by the Electricity and Water services, Telecom, et al. Without them, living in the confines of our homes would become unbearable.

City Sanitation workers	Online Entertainment
26% / 33%	19% / 8%

18-25 years   26-39 years

Online Entertainment, a conscious inclusion, emerged as an important contributor (for the quality of life?) for the younger cohort.

More respondents from the older cohort appreciated the contribution of the sanitation workers.

Grocery shop Workers	Local Vegetable vendors & Fruit sellers	Law Enforcement personnel (Police, CRPF etc)
46% / 32%	43% / 32%	24% / 31%

Women   Men

46% of the women recognize Grocery shop workers compared to 32% of the men.

43% of women appreciate the local veggie vendors / fruit sellers compared to the same 32% of men.

More men expressed higher cognizance of the efforts of law enforcement personnel.
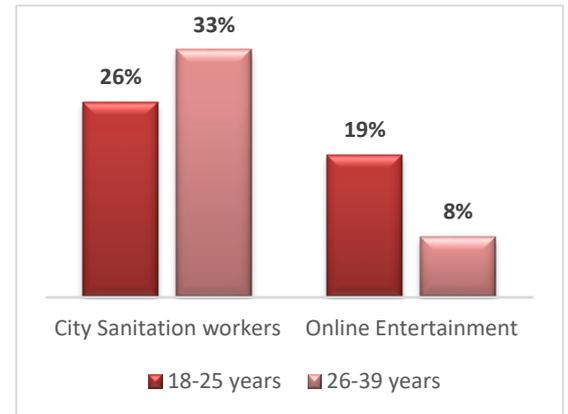
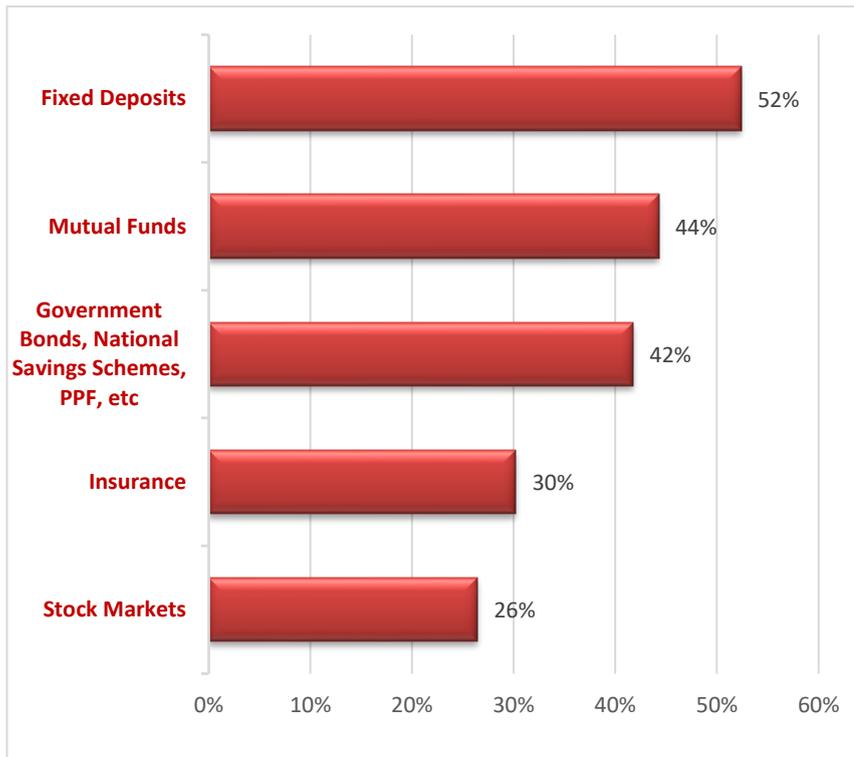No significant differences observed between the two city groups.

![Laqshya Media Group logo]

Chart showing preferred instruments of financial savings/investments:
- Fixed Deposits: 52%
- Mutual Funds: 44%
- Government Bonds, National Savings Schemes, PPF, etc: 42%
- Insurance: 30%
- Stock Markets: 26%

Post the lockdown, which among these are likely to be your top 2 preferred instruments of Financial Savings/ Investments?

More than half of all respondents (52% to be precise) expressed preference for fixed deposits and debt funds. Safety of investments in uncertain times, perhaps?

The good news for Indian industry - a very large proportion (44%) of the respondents will consider investments with mutual funds. (Despite the beating that mutual funds have taken thanks to the Covid-19 pandemic, speaks volumes of the optimism of the Indian millennials).

The relatively small range of preferences, between 53% for FDs and 26% for stocks seems to be a positive sign of continued faith in the growth story of India. A much larger preference for the safer but lower yielding instruments would have pointed to a nervous generation.
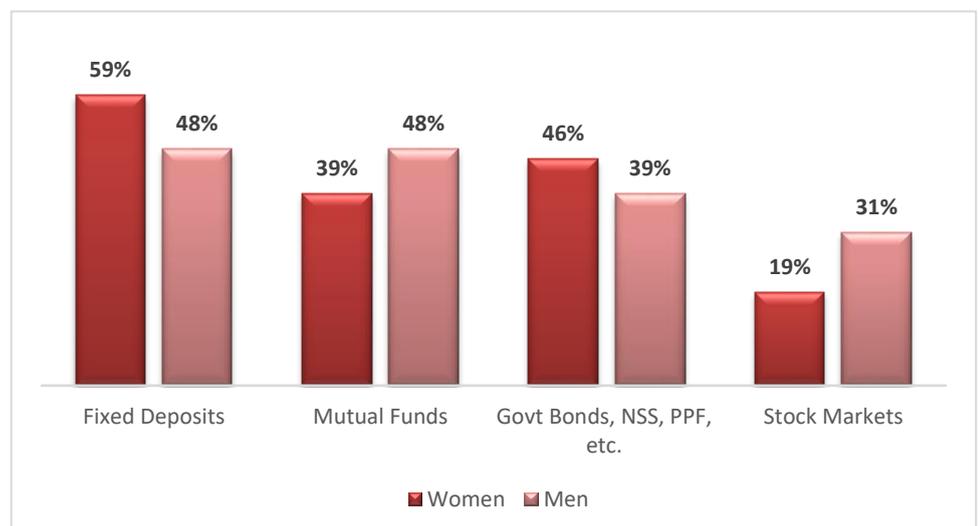
Between the two age cohorts, <25 years and >25 years, there is no difference in the preference of any instrument by either group.

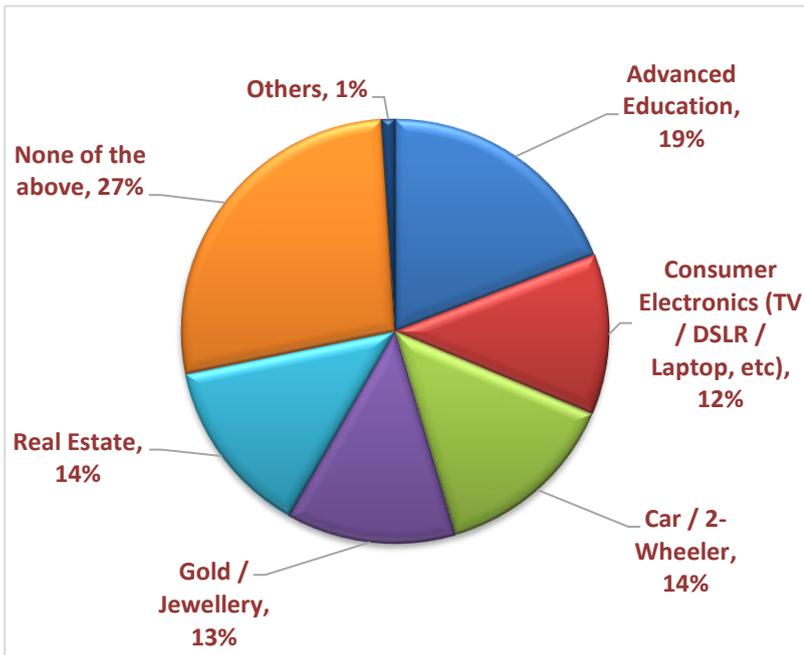More women (59%) than men (48%) exhibit a higher affinity to fixed deposits.

More women (46%) would prefer to invest in government bonds, NSS, PPF, etc. than men (39%)

More men (48%) prefer mutual funds than women (39%),
A lot more men would prefer investing in in the stock market 31%, than women (19%)

Chart comparing Women vs Men preferences:
- Fixed Deposits: Women 59%, Men 48%
- Mutual Funds: Women 39%, Men 48%
- Govt Bonds, NSS, PPF, etc.: Women 46%, Men 39%
- Stock Markets: Women 19%, Men 31%

There is no significant difference in preferences between the town classes.

Others, 1%

Advanced Education, 19%

None of the above, 27%

Consumer Electronics (TV / DSLR / Laptop, etc), 12%

Real Estate, 14%

Car / 2-Wheeler, 14%

Gold / Jewellery, 13%

Question 7:

Over the next 12 months, which 'asset' are you most likely to acquire?

First, the good news for the Education business – 19% of the respondents expressed a desire to invest in advanced education.
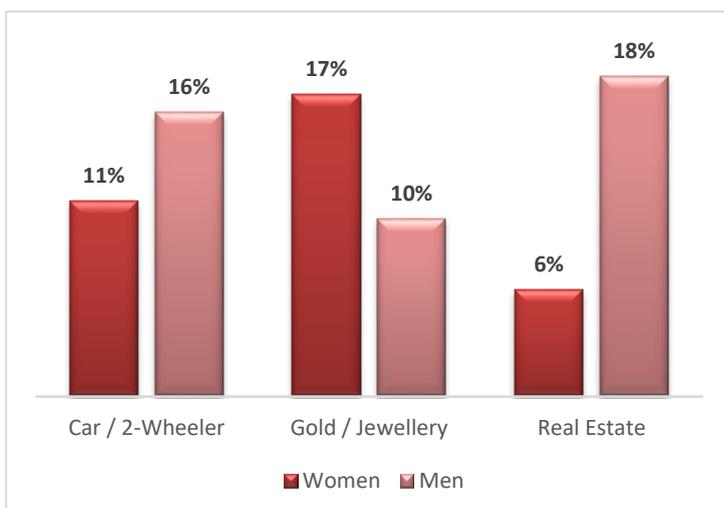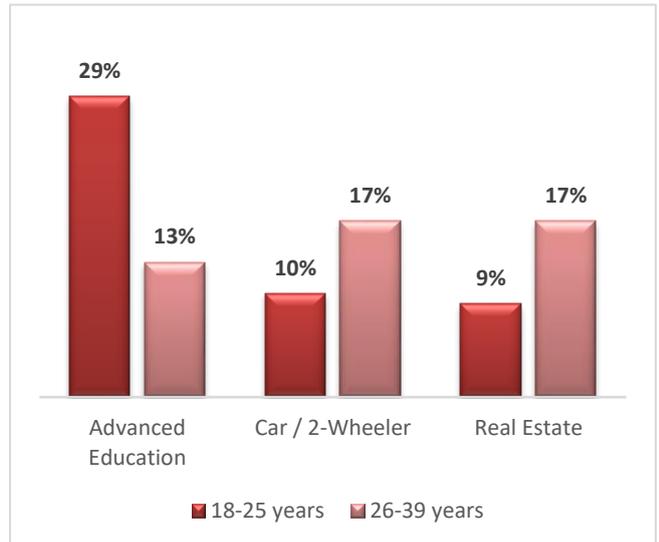
Given that this study represents millennials from NCCS A and the top end of NCCS B segments, a 19% intent-to-buy *could be considered really good news*!

A narrow range of 12% - 14% of the respondents expressed their intent to buy one of the four assets: car/2-wheelers, real estate, gold / jewellery and consumer electronics.

Prima facie, converting this expressed intent into actual action is Indian industry's creative /innovation challenge.

The preference trends between the 2 age cohorts (<25 years and >25 years) for specific 'assets' follows the logic curve.

More of younger group intend to acquire education, while more of the 25+ respondents expressed the intent to acquire personal transport vehicles and real estate.

29%

13%

10%

17%

9%

17%

Advanced Education   Car / 2-Wheeler   Real Estate

■ 18-25 years   ■ 26-39 years

11%

16%

17%

10%

6%

18%

Car / 2-Wheeler   Gold / Jewellery   Real Estate

■ Women   ■ Men

A noteworthy proportion of women have expressed intent to buy a vehicle!

A considerably larger percentage of women expressing intent to buy gold/ jewellery and

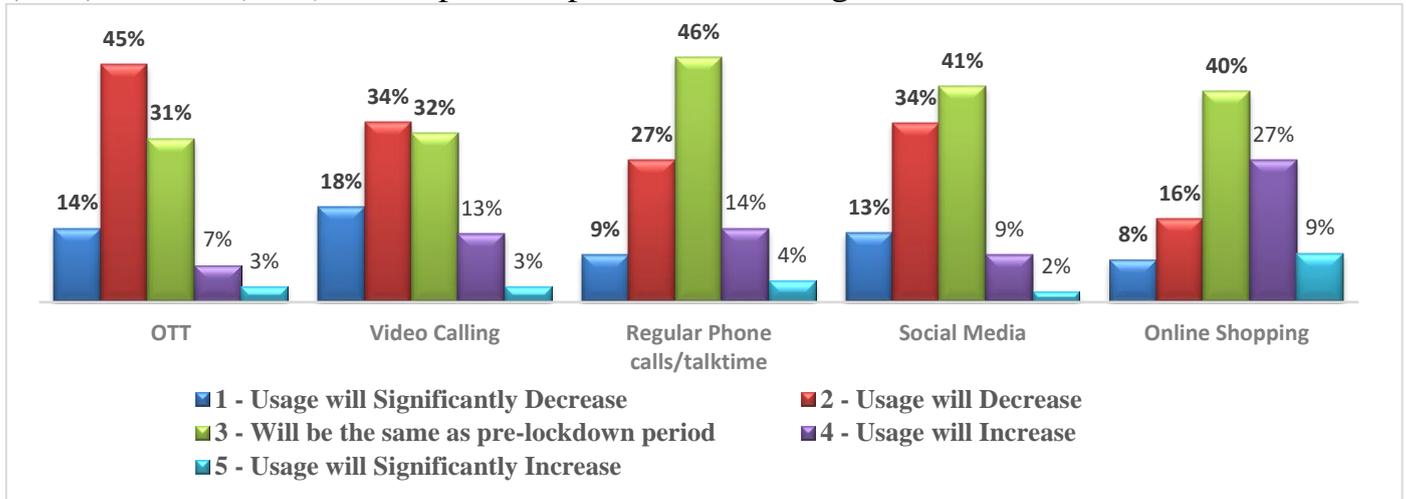A significantly larger proportion of men (18%) expressed their intent to buy real estate, as compared to women (6%)

No significant differences were observed between the city groups.

Once the lockdown period is over, how much more, or less, do you expect to use the following digital services?
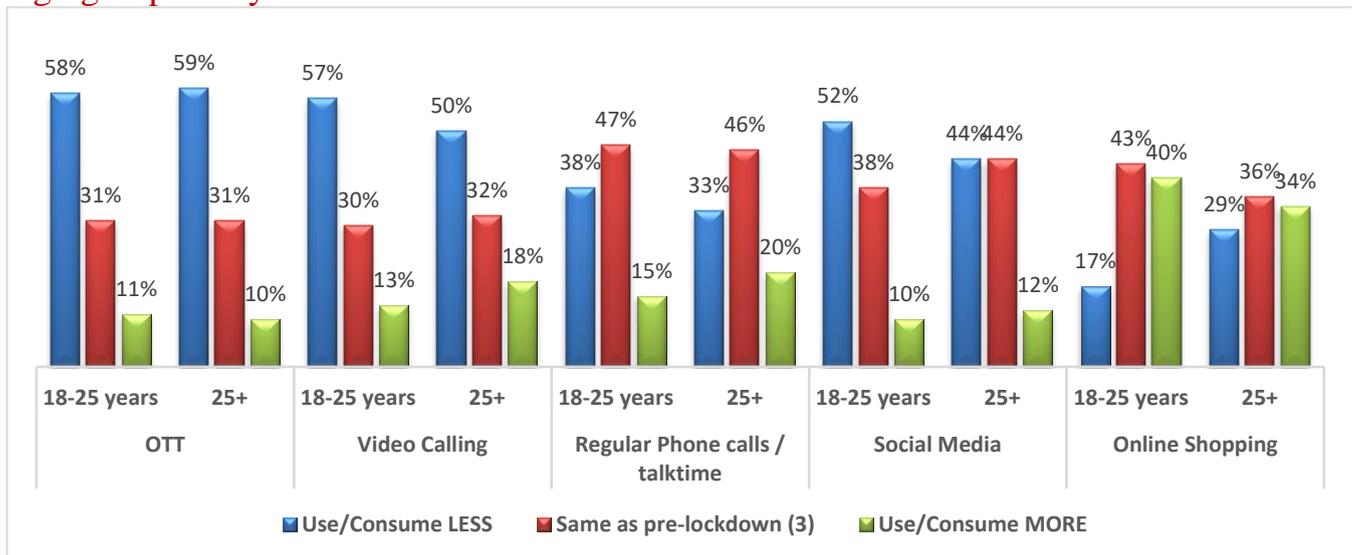
One of the more interesting anecdotes on social media pointed out that the lockdown will do more for digitisation of corporations than almost anything else in the past! Good digital habits acquired in this period could contribute to cleaner air and less road congestion, amongst other positive areas of impact such as saving foreign exchange on petroleum.

76% of the respondents have stated that they will continue to use Online Shopping as much (40%) or more (36%) as compared to pre-lockdown usage.

Legend:
- 1 - Usage will Significantly Decrease
- 2 - Usage will Decrease
- 3 - Will be the same as pre-lockdown period
- 4 - Usage will Increase
- 5 - Usage will Significantly Increase

Perhaps impacted by overuse during the lockdown, 52% of all respondents stated that they will use less video-calling and 59% said that they will use less OTT services.
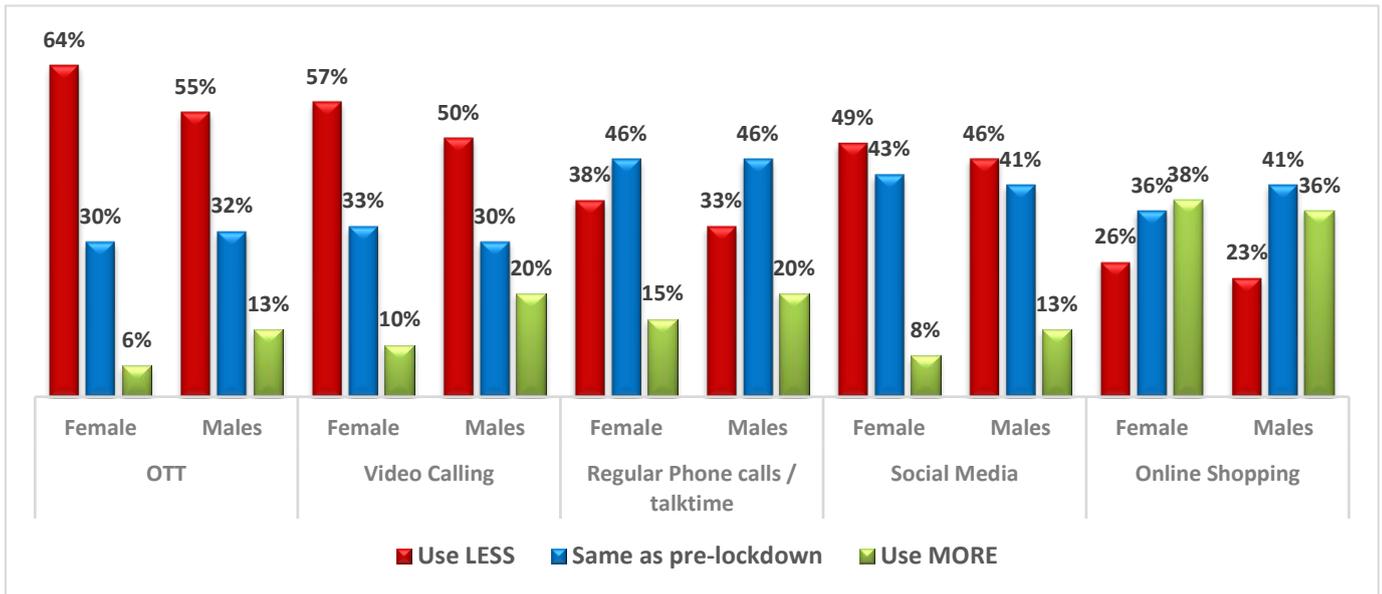
Age-group Analysis:

Legend:
- Use/Consume LESS
- Same as pre-lockdown (3)
- Use/Consume MORE

Online shopping is the only digital activity that is poised for growth post lockdown across both age cohorts.
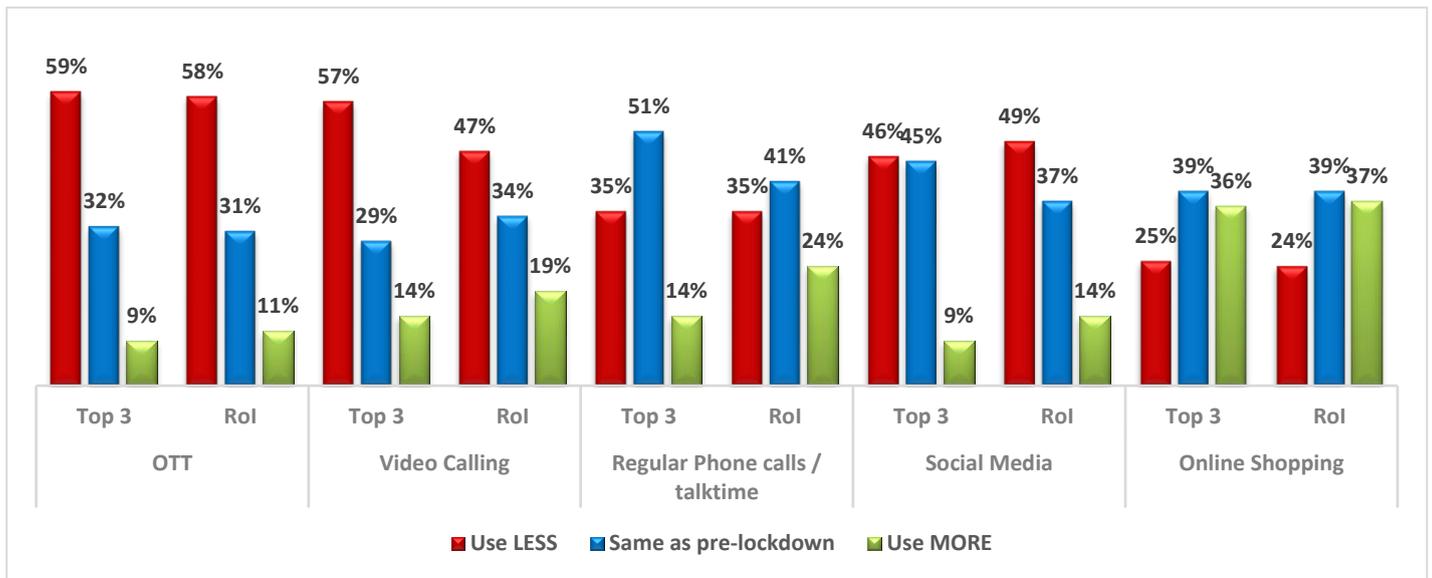
OTT, Video Calling and Social Media may see sharp decline across age groups.
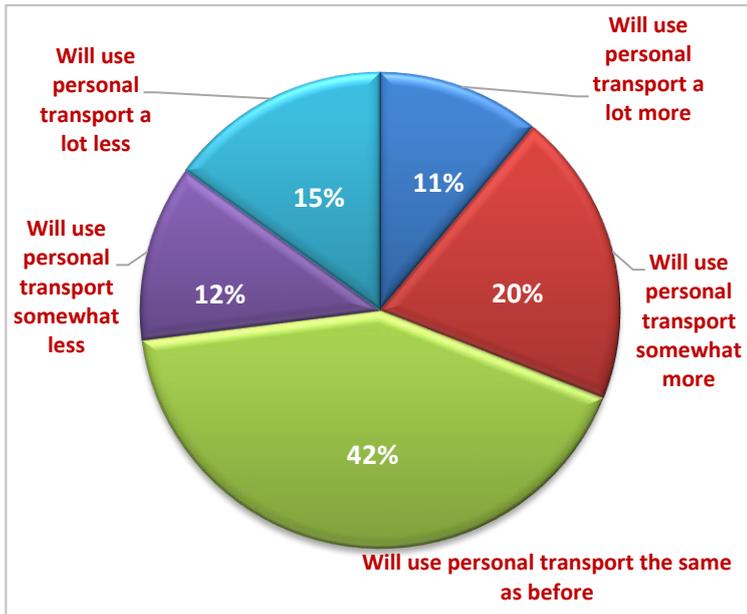
Gender Analysis:

Women state a sharper drop off for OTT (64%) and video calling (57%) post lockdown, as compared to men.
Online Shopping will continue-as-before or grow for 74% of the women and 77% of the men.
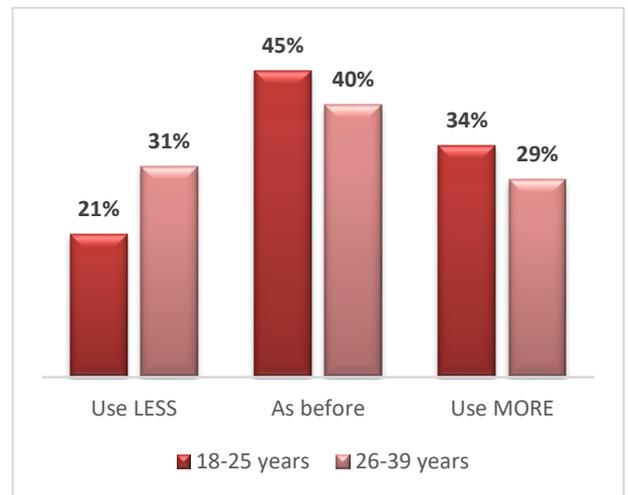
Top 3 cities versus the Rest of India:

Respondents from the RoI cities seem to be rediscovering telephony (will grow by 24% as compared to 14% in the Top 3)

Video calling will drop more significantly in the Top 3, possibly because of a larger base.
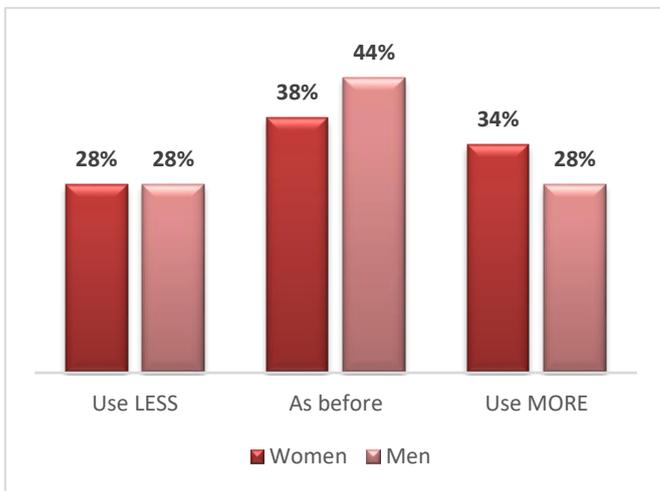Online Shopping will grow in both city groups.

Would you consider using personal transport more often, or less, for everyday local travel?

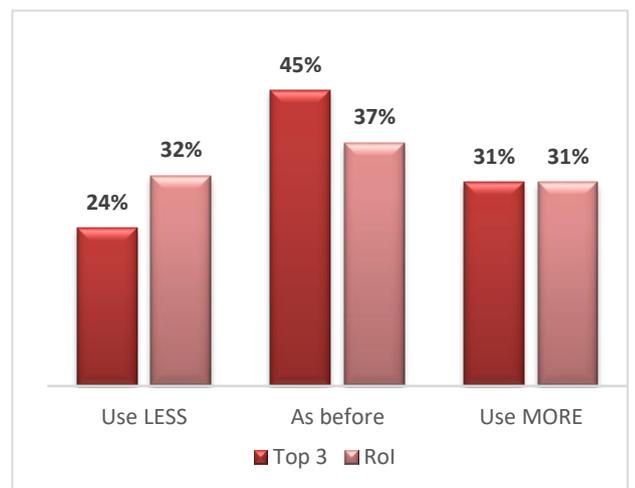31% of the respondents stated that they are more likely to use personal travel as compared to earlier.

Comparing the top 2 box scores by age groups, interesting to note that younger consumers (34%) are more likely to use personal transport more than older ones (29%).
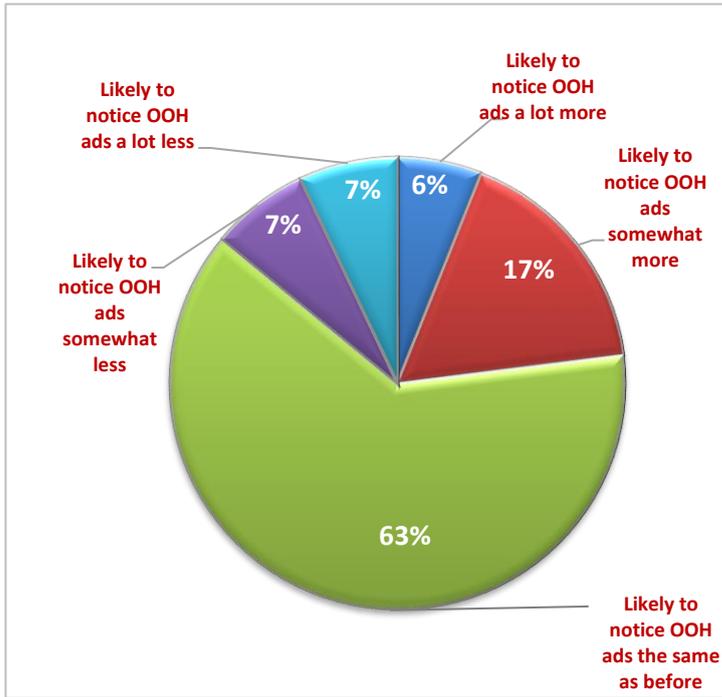

When comparing consumers based on gender, the top 2 box scores for women (34%) are more than men (28%).

Comparing consumers across town classes, there is not too much difference if the top 2 box scores are compared.

A smaller proportion of consumers from top 3 metros mention that they will use personal transport less often than consumers belonging to the rest of India.

Question 10:

Will you notice Billboard advertising / Bus Stop advertising more, or less, after the lockdown period?

Overall, 86% of all respondents chose to say that they will notice billboards and bus shelters as much or more than before the lockdown.
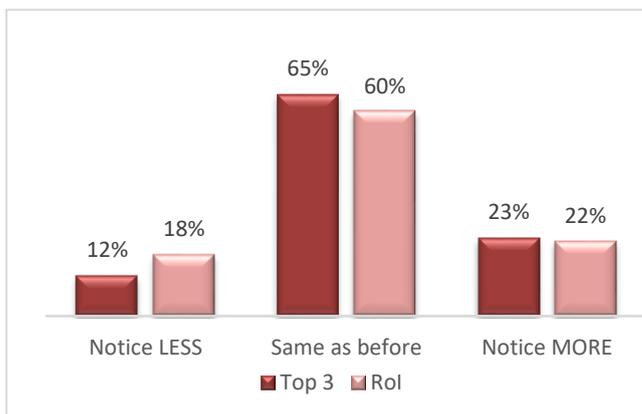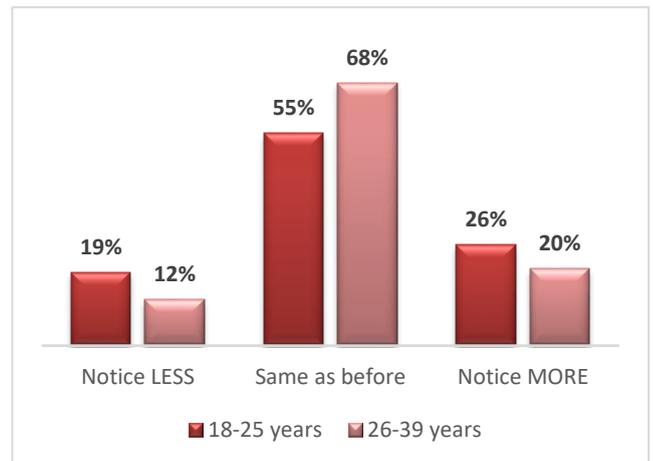
Only 14% of the respondents chose the 'less than before' options.

23% of the consumers stated that they are likely to notice out-of-home advertising to a greater extent than earlier. This relates positively with the choices made by the respondents in the previous question on lower consumption of digital media post lockdown.

Pie Chart:
- Likely to notice OOH ads a lot more: 6%
- Likely to notice OOH ads somewhat more: 17%
- Likely to notice OOH ads the same as before: 63%
- Likely to notice OOH ads somewhat less: 7%
- Likely to notice OOH ads a lot less: 7%

Top 2 box scores are significantly higher for both age cohorts.

More of the younger respondents (26%) believe that they will notice more outdoor advertising than older ones (20%).

More than 88% of the senior bunch will notice as much or more OOH media versus 81% for the younger cohort.

Bar chart (18-25 years / 26-39 years):
- Notice LESS: 19% / 12%
- Same as before: 55% / 68%
- Notice MORE: 26% / 20%

Bar chart (Top 3 / RoI):
- Notice LESS: 12% / 18%
- Same as before: 65% / 60%
- Notice MORE: 23% / 22%

There are no significant differences between the choices made between women and men.

Slightly more people in the larger cities feel that they will notice OOH more (23%) as compared to the top-2 box score of the RoI (22%)

Respondent Profiles – 1104 Respondents

NCCS Profile

- 15% NCCS B
- 85% NCCS A

Legend: NCCS A, NCCS B

Gender

- Women 40%
- Men 60%

Legend: Women, Men

Age Groups

- 18 to 21 years 9%
- 22 to 25 years 30%
- 26 to 30 years 24%
- 31 to 35 years 25%
- 36 to 39 years 12%

Cities

- Mumbai 34%
- Delhi + NCR 19%
- Bengaluru 8%
- Hyderabad 6%
- Kolkata 4%
- Chennai 4%
- Pune 2%
- Jaipur 1%
- Coimbatore 1%
- Ahmedabad 1%
- Visakhapatnam 1%
- Patna 1%
- Chandigarh 1%
- Dehradun 1%
- Varanasi 1%
- Others 11%

Part II

Summaries / Excerpts from the following reports / publications

- **McKinsey - Covid-19 Briefing Note - Global Health & Crisis Response**

- **RBI Monetary report (April 2020)**

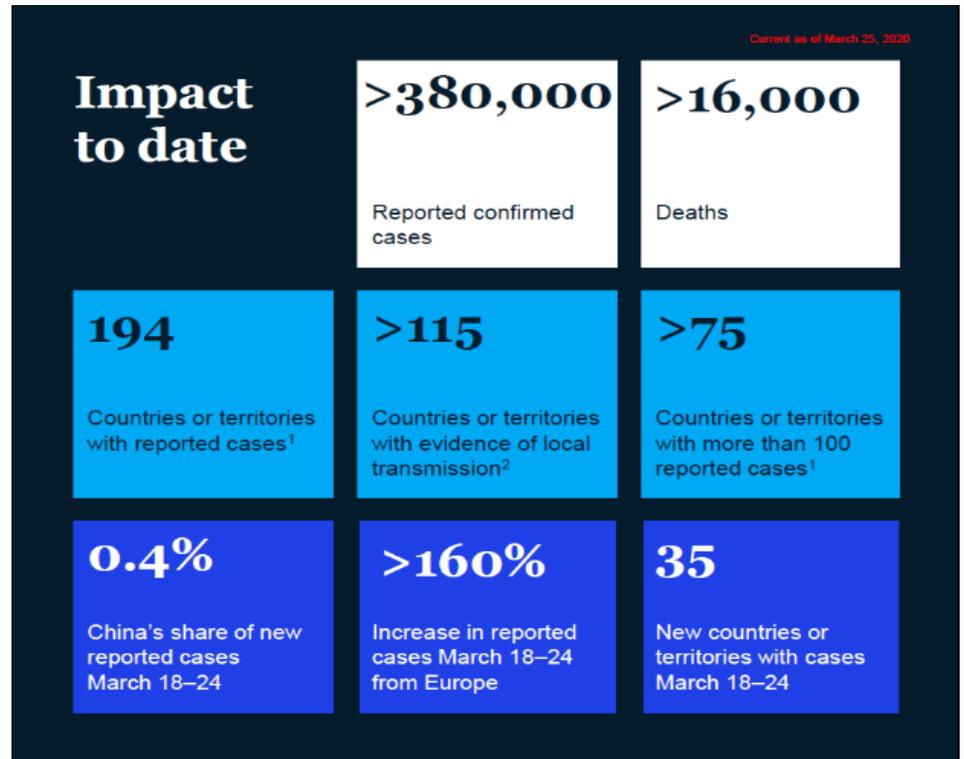- **IMF Growth Projections (April 2020)**

McKinsey - COVID-19 Briefing Note
Published on - 25th March 2020

McKinsey's updated version of the COVID-19 briefing note, released on 25th March intends to help senior level decision makers assess various scenarios, and possible steps to safeguard business interests, minimize losses, and protect employees, supply chains and partners.

The report provides an assessment of the number of cases present in the globe as of March 25th 2020, the countries affected, and the response mechanism of countries that have been relatively successful in containing the virus versus countries that have not, and the reasons.

While China resorted to overnight lockdowns before testing centers could be ramped up, South Korea benefited due to aggressive testing measures, contact tracing, surveillance, and mandatory quarantines, which dramatically helped slow down the spread of the virus. Italy on the other hand had a sudden increase in cases due to their inability to isolate virus affected clusters due to limited testing.

Scenarios & Way Forward - The report discusses the various economic scenarios considering a multi-level 3*3 matrix →

Virus response to Public Health Response and Nature of Economic Recovery expected				
Rapid and Effective control of virus		Virus contained but sector damage; lower long-term trend growth	Virus contained; slow recovery	Virus contained; strong growth rebound
Effective response but virus resurgence		Virus resurgence	Virus resurgence; slow long term-growth Muted World Recovery	Virus resurgence; return to trend growth Strong World Rebound
Broad failure of public interventions		Pandemic escalation	Pandemic escalation; slow progressions towards economic recovery	Pandemic escalation; delayed but full economic recovery
		Ineffective interventions	**Partially effective interventions**	**Highly effective interventions**

Deciding a Path forward - Based on this matrix, the report recommends that each business leader consider the following in the upcoming immediate weeks (~April/May 2020).

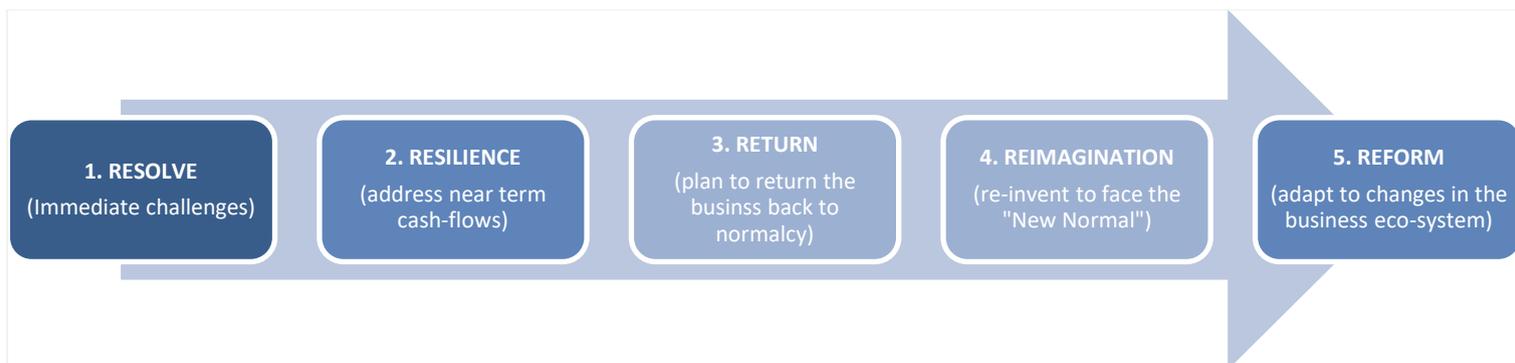| Depth of Disruption	Length of Disruption	Shape of Recovery
- Time to implement social distancing after confirming community transmission - Number of cases + geographic distribution	- Rate of change of cases - Evidence of seasonality - Tests per million - Cases (%) treated at home - Utilization (%) of Hospital Beds - Availability of therapies - Case fatality ratio vs other countries	- Effective integration of public health measures with economic activity - Potential for different disease characteristics over time

Sectoral Impact - The report highlights the decline in market capitalization across sectors due to the virus outbreak. The sectors are listed below along with the drop in capitalization as reported with the help of S&CF Insights, S&P Global based on top 3000 companies in 2019.

Sector	Drop (-)	Sector	Drop (-)	Sector	Drop (-)
Oil & Gas	47%	Real Estate	31%	Food & Beverage	27%
Aerospace/Defence	44%	Business Services	30%	Logistics & Trading	26%
Air & Travel	44%	Apparel, Fashion, Luxury	30%	Media	25%
Healthcare Payors	35%	Transport & Infrastructure	29%	Personal & Office Goods	23%
Other Financial Services	34%	Healthcare Facilities	29%	High Tech	23%
Insurance	33%	Basic Materials	29%	Telecom	22%
Conglomerates	32%	Medical Technology	29%	Healthcare Supplies & Distribution	21%
Banks	31%	Electric Power & Natural Gas	28%	Pharmaceuticals	19%
Automotive & Assembly	31%	Advanced Electronics	28%	Retail	15%
Chemicals & Agriculture	31%	Consumer Durables	27%	Consumer Services	12%

Source: S&CF Insights, S&P Global

Among all sectors, Aerospace/Defence, Air & Travel, Insurance Carriers are expected to have the slowest recoveries. The average drop in the stock price for each of these sectors ranges between (-) 38% and (-) 51% respectively.

Planning & Managing COVID-19 - McKinsey has recommended a five-point action plan for institutions to safeguard business interests, controlled by a Nerve Center.

| 1. RESOLVE (Immediate challenges) | 2. RESILIENCE (address near term cash-flows) | 3. RETURN (plan to return the businss back to normalcy) | 4. REIMAGINATION (re-invent to face the "New Normal") | 5. REFORM (adapt to changes in the business eco-system) |

1. **Resolve –** As part of this action plan, business leaders are expected to address the immediate social and mental challenges that COVID-19 represents to the institution's workforce, customers, and business partners, and take basic steps to protect liquidity.

2. **Resilience –** Further, it is important to address the near-term cash management challenges, and broader resiliency issues during virus-related shutdowns and economic knock-on effects.

3. **Return –** The next point of the action plan involves creating a detailed plan to return the business back to scale quickly, as the virus evolves and knock down effects become clearer.

4. **Reimagination** – Further, businesses need to reimagine the "next normal" i.e. how a new normal will be, and implications for how the institution should reinvent.

5. **Reform** – Also, it is important to be cognizant of how the regulatory and competitive environment in your industry may shift.

Nerve Center – As part of the action plan, managing the 5Rs requires a Nerve Center, which has the capability to address high-velocity disruptions. The Nerve Center will act like a "Team of Teams" with clear roles, responsibilities, and decision authority. It will consist of four teams that will enable success of the organization. These four teams are coined as 'Discovery', 'Design', 'Decide' and 'Deliver' that will participate in the 5Rs at various levels and are elucidated in detail in the main report.
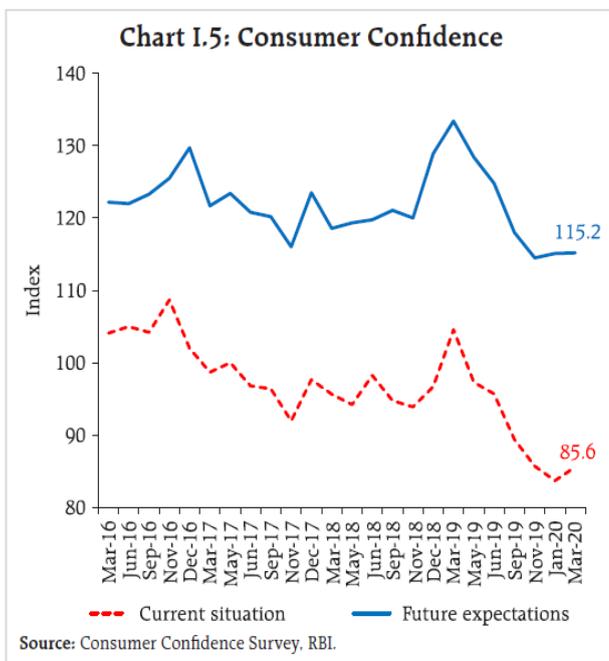
Develop Leading Indicator dashboards – For any business transformation activity, it will be important to develop leading indicator dashboards, which will help track the progress of various business initiatives. These need to be updated periodically (daily/weekly/monthly/quarterly etc) depending on criticality of the respective KPI in the dashboard (s).

RBI Monetary report

April 2020

As per the latest Monetary Policy Report (MPR), headline inflation stayed above the upper tolerance band of the inflation target band during December 2019-February 2020, led by a spike in vegetable prices. While it has peaked and vegetable prices are on the ebb, the impact of COVID-19 on inflation is ambiguous relative to that on growth, with a possible decline in prices of food items being offset by potential cost-push increases in prices of non-food items due to supply disruptions.

The Outlook for Inflation - Headline consumer price index (CPI) inflation breached the upper tolerance band of the target in December 2019 and peaked in January 2020, before ebbing prices of vegetables, fruits and petroleum products produced a downward shift of 100 bps in February.

Chart I.5: Consumer Confidence

Source: Consumer Confidence Survey, RBI.

The Outlook for Growth - Prior to the outbreak of COVID-19, the outlook for growth for 2020-21 was looking up. First, the bumper rabi harvest and higher food prices during 2019-20 provided conducive conditions for the strengthening of rural demand. Second, the transmission of past reductions in the policy rate to bank lending rates has been improving, with favourable implications for both consumption and investment demand. Third, reductions in the goods and services tax (GST) rates, corporate tax rate cuts in Sept 2019 and measures to boost rural and infrastructure spending were directed at boosting domestic demand more generally. The COVID-19 pandemic has drastically altered this outlook. The global economy is expected to slump into recession in 2020, as post-COVID projections indicate. The sharp reduction in international crude oil prices, if sustained, could improve the country's terms of trade, but the gain from this channel is not expected to offset the drag from the shutdown and loss of external demand.

Latest excerpts - The global economy is expected to go into recession after considering the impact of the COVID-19 pandemic, the Reserve Bank of India (RBI) said in its latest Monetary Policy report. "Aggregate demand is expected to be impacted adversely by likely recession in the global economy, caused by disruptions in global supply chains, travel and tourism, and lockdowns in many economies," the RBI said in its latest monetary policy report. "The oppressive force of the novel coronavirus (COVID-19) on weak or moderating high-frequency indicators of activity, barring agriculture, indicates that the implicit real GDP growth for Q4:2019-20 in the NSO's data release could be undershot by a fair margin. In fact, the widening incidence of COVID-19 in March 2020 may produce downward pulls to Q4 GDP," RBI said.

Summary - COVID-19, the accompanying lockdowns, and the expected contraction in global output in 2020 weigh heavily on the growth outlook. The actual outturn would depend upon the speed with which the outbreak is contained, and economic activity returns to normalcy. Significant monetary and liquidity measures taken by the Reserve Bank and fiscal measures by the government would mitigate the adverse impact on domestic demand and help spur economic activity once normalcy is restored. Risks around the inflation projections appear balanced at this juncture and the tentative outlook is benign relative to recent history. But COVID-19 hangs over the future, like a spectre.

IMF Growth Projections for the Indian Economy

April 2020

IMF lowers growth expectations for FY2020-21 - The IMF on Tuesday projected a GDP growth of 1.9 per cent for India in 2020, as the global economy hits the worst recession since the Great Depression in the 1930s due to the raging coronavirus pandemic that has nearly stalled all economic activities across the world.

2020 Projected Real GDP (% Change)	1.9
2020 Projected Consumer Prices (% Change)	3.3
Date of Membership	December 27, 1945
Special Drawing Rights (SDR)	1048.72 million
Quota (SDR)	13114.4 million
Number of Arrangements since membership	7
Original country publication date: Article IV/Country Report	December 23, 2019

RBI Governor's positive expectations for FY2021-22 – Growth of 7.4% expected - Quoting IMF's projection of 1.9% growth for India in current fiscal, RBI Governor Das said that India is among the handful of countries that will cling on to positive growth. This is the highest in G20 countries as is estimated by the IMF. The RBI Governor said that the inflation is also expected to fall within the comfort zone of the RBI and will provide policy space for further action. It expects India to record a sharp turnaround and resume its pre-COVID pre-slowdown trajectory by growing at 7.4 per cent in 2021-22.

Corona Impact — IMF World Economic Outlook

GDP Growth Projections

The COVID-19 pandemic will severely impact growth across all regions

(Real GDP, annual percentage change)	2019	Projections 2020	2021
World	2.9	-3.0	5.8
Advanced Economies	1.7	-6.1	4.5
United States	2.3	-5.9	4.7
Euro Area	1.2	-7.5	4.7
Japan	0.7	-5.2	3.0
Emerging Market and Developing Economies (EMDEs)	3.7	-1.0	6.6
China	6.1	1.2	9.2
India	4.2	1.9	7.4
Russia	1.3	-5.5	3.5
Brazil	1.1	-5.3	2.9
Saudi Arabia	0.3	-2.3	2.9
Pakistan	3.3	-1.5	2.0
Bangladesh	7.9	2.0	9.5
South Africa	0.2	-5.8	4.0

India's growth on fiscal basis (2020 denotes 2020-21)
Source: IMF, World Economic Outlook, April 2020

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It is the same set of Indians, but their minds are evolving and new mindsets are shaping up.

A report by
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