



Opportunities Amidst Corona Disaster for New Entrepreneurs in India

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ABSTRACT

The growing impact of the unprecedented human tragedy on the global economy has hampered the functioning of several sectors, including technology, aviation, automotive, pharmaceuticals, banking, etc. There are several reasons for the corporate world to panic in the wake of the deadly Coronavirus outbreak. The growing impact of the unprecedented human tragedy on the global economy has hampered the functioning of several sectors, including technology, aviation, automotive, pharmaceuticals, banking, consumer electronics, travel and tourism, among others. One of the biggest stories of the moment is the major hit delivered to the tech sector that has behemoths like Apple, Google and Amazon grappling with unexpected challenges to business continuity. Also, as many as twelve high-profile technology conferences like Barcelona's Mobile World Congress, Facebook's Global Marketing Summit and Google's annual I/O developers have been cancelled. According to a report, the economic loss resulting from the cancellation of these events is estimated at \$1 billion. In India, analysts believe that the \$190 billion IT services and BPO sector will lower discretionary spending, posing a challenge to the industry for at least a couple of quarters. Faced with uncertainty around when the pandemic will end, the pace of recovery is expected to be a long and painful one for the sector. The dismal mood is, however, reflective of the overall gloom cast on the global tech industry. For starters, as the global tech industry—including India—is heavily dependent on Chinese vendors for the design and manufacture of components and systems, COVID-19 has caused a major disruption to the global supply chain. The closure of Chinese factories and supply networks has significantly affected technology companies. The U.S. tech industry bore the brunt of the hit as it relies on China for its immense manufacturing capabilities in consumer electronics, smartphones, microelectronic chips and other technology products. For example, Foxconn, Apple's iPhone manufacturer, was forced to suspend assembly-line production in response to the Coronavirus outbreak. Subsequently, though Apple proceeded to 'cautiously' resume production, it warned that it does not expect to meet its own revenue guidance for the second quarter.

As China's factories gradually return to normalcy, original equipment manufacturers (OEMs) grapple with issues such as a reduced workforce, shortage of components from lower-tier suppliers and a fractured transportation network that adds to the bottleneck in delays. In the long run, global supply chains are expected to undergo a massive reshuffle to rebuild resilience in the post-Coronavirus scenario. Tech companies might also localise their supply chains, kickstarting a new era in handling supply-chain risks. However, until such solutions emerge, the pandemic underscored the vulnerability of global companies across industries—all victims of COVID-19's destruction. The downside of just-in-time manufacturing has also been put to the test during the current global crisis.

INTRODUCTION

Throughout human history, crises have been pivotal in developing our societies. Pandemics have helped advance health-care systems, wars have fuelled technological innovations and the global financial crisis helped advance tech companies like Uber and Airbnb. The present coronavirus pandemic will arguably not be an exception; entrepreneurs can be expected to rise to the challenge. Businesses play a key role both in helping society get through an economic crisis and in creating innovations that shape society after a crisis. So one key question is: how will the ongoing crisis influence future society? While it's hard to predict the future, we can develop an understanding of what is ahead by analyzing current trends. The global pandemic and associated policies restricting people's movements have caused major disruptions to many businesses. We've already observed major shifts in business practices. Working from home is the new norm, while many personal meetings and conferences have been replaced by video meetings and other virtual forms of communication. A lot has changed in the last month, and that's just putting things mildly. Since the last week or two, in the most literal sense, the world has stopped as everyone watched with disbelief the coronavirus pandemic spread its reach across every corner of the globe.[1]

As of 30th March 2020, 11:15 GMT, there were 735,210 confirmed cases spread in over 100 countries across the globe. With the number of deaths reaching 34,808, and the recovered cases being 156,137, it gives us a high amount of perspective about the gravity of this global disaster. In just a couple of weeks, the preventive measures for COVID-19 have already started showing drastic effects. In the last month, Italy went under country-wide lockdown, California and New York, the two major states in the US have also announced emergency status, and several other countries are exercising lockdowns up to various degrees.[2]

In the times where people need to stay indoors and away from each other, the challenges startups face, particularly the ones with a high physical component, are only increasing. The world post the coronavirus pandemic, where research for cures is on the peak, companies like Google and Zoom are coming through for entrepreneurs and startups, allowing them to leverage their tech solutions.

As a result of some of the preventive measures taken by governments worldwide to control the

pandemic, small businesses, startups, and entrepreneurs have come out to be one of the most vulnerable groups that have been directly affected by these measures. Whether it's the preventive measures or the general chaos, COVID-19 has caused extreme disruption socially and economically. However, it turns out tech giants like Apple feel the consequences of the pandemic as sharply as startups.[3]

In the digital age, most of the newly formed businesses and startups have been adopting the lean organization structure, which means more cross-functional roles. With facilities being shut down, even a small decrease in employees' productivity can build up serious problems for the businesses.

Besides, these tough times also require additional time and attention on societal needs, such as to keep up with the global reactions and monitor possible development of the virus around the proximity. One also has to be more attentive towards personal needs like household concerns, taking care of the family, and ensuring the stable mental health of family and their own. No one can doubt these are tough and unprecedented times, but the cumulative impact of the loss of staff productivity spread over weeks and possibly months will be very tough to handle for businesses worldwide.

Whether it's the massive number of employees using their employee benefits like healthcare and burdening startups or the declining productivity of employees, getting through the other end of this pandemic will mean surviving a number of unprecedented challenges.

With the global commerce community being more connected than ever before, it is not surprising to see that a lot of companies are also facing problems because they are unable to communicate with vendors in the red zone areas. According to the whitepaper by Dun and Bradstreet, 94% of the Fortune 1000 companies have some primary components of their supply chain linked to the center of the COVID-19 pandemic, China.

The problems in the supply chain are turning out to be a big challenge for startups within a wide range of sectors, such as healthcare and technology. As the matter gets out of the control of entrepreneurs and small businesses, the dysfunctionality of the supply chain is further raising concerns about surviving the pandemic.[4]

Moreover, as China is the world's biggest market for industrial goods, mostly because of its cost-effectiveness, the practice of quarantine within the region is impacting businesses across the globe.

Besides, for startups that are associated with third-party firms for regulatory, industrial, and legal operations are also facing delays and challenges. The soft supply chain, which also includes outsourcing of essential tasks like customer services, data acquisitions, and administrative functions are creating another side of vulnerabilities for startups.

As most of the startups have relatively undiversified revenue flows, the supply chain is presenting to be a big challenge in terms of both goods and services. This obstacle will create problems like meeting the deadlines and orders in the short-run and impact the goodwill in the long-run.

DISCUSSION

As part of the preventive measure, an increasing number of countries are practicing social and commercial lockdown, except for healthcare and other necessary business. The closing down or restriction of running operations is profoundly affecting the performance of startups and other organizations. For a lot of small businesses, their management systems are either not adequately established to can't be fully taken online. This is again turning out to be another reason for concern.

Even though authorities have ordered businesses to shut down their premises, and as part of the social distancing, employees are expected to function as a virtual workforce without letting their productivity drop, which is a bit too much to ask for, given the current situation.

As the coronavirus continues to spread throughout the world, particularly in urban areas, it only increases the chances of more workplaces closing down or going virtual. However, there are also businesses, like Tekrevol, who are going the extra mile. They are providing their employees with all the necessary equipment and help them adopt digital platforms to ensure they are safe, healthy, and maintain some sense of purpose in these challenging times.[5]

There is no doubt entrepreneurs and startups are going to suffer due to this rising economic uncertainty. Besides, the United Nations has stated, along with other tragic consequences of

coronavirus, the slowdown in the global economy will cost the world around \$1 trillion within the year. However, with all that has changed in minimal time, it is imperative for the government, concerned authorities and leaders of the commercial and digital world, to come together for the more vulnerable community of entrepreneurs and startups. As the coronavirus epidemic takes over the world, entrepreneurs, organizations, and startups are looking at the government to offer some protective measures and financial tools to strengthen them to survive through the shock. And, in a lot of cases, governments have come through to support local businesses with some noticeable initiatives.

In the United States, the government has offered some relief to the taxpayers by extending the federal tax deadline from the 15th of April to the 15th of July. Moreover, the Economic Injury Disaster Loans of Small Business Association, SBA, has announced to offer up to \$2 million to assist small businesses that are suffering due to CONVID-19. Moreover, SBA is also working to further facilitate startups and small businesses by easing the regulations and making access to capital easier.

Startups that are right in the middle of the epicenter of coronavirus, China, the authorities are making it easier for startups to take loans. Whereas, entrepreneurs in Australia are being provided with cash grants for up to \$25,000, along with leniency on tax regulations.

Italy, facing the hardest blow of coronavirus in Europe, has also announced a relief package of 25 billion euros. It is supposed to lessen the consequences of COVID-19 and support the fragile economy of the country. Moreover, they are also providing businesses with a 50% tax credit for sanitation expenses.

Germany is providing unlimited loans from the state development bank to show support for startups that are promoting social distancing. The government of France is delaying tax payments for people and businesses. They are offering services of a state-assigned mediator who help intervene and try to make things easier for you in case you cannot pay debt payments or loan insurance fees.[6]

RESULT

Where some governments are coming through for the business community and are providing

financial and tax relief in whatever way and form they can, some are still debating over the details. However, technology and corporate leaders are stepping up and doing their part.

Tech giants like Facebook has announced to offer \$100 million in cash grants, as well as ad credits that are valid for up to 30,000 small businesses located in over 30 countries where Facebook operates.

Kabbage, an online lender, is offering a package that allows its customers to buy gift certificates and do their part in supporting small businesses. These businesses immediately receive the money, which can help them survive through the crisis.[7]

Citibank is offering assistance for bank customers, and small businesses affected the pandemic outbreak by waiving their fees and penalties.

However, in all this COVID-19, pandemic chaos, technology, and digital platforms have truly stepped up as the ultimate saviors of the global commercial community and economy. With an increasing number of cities, states, and countries turning to lockdown, and asking their people to stay at home, the more burden virtual communication and business management tools are taking on to keep things ticking. Tech giants like Zoom, Google, Microsoft, and Cisco, are offering their services free for a limited time for businesses to use as a conferencing and collaborating tool. Moreover, similar communication and free webinar tools are also being widely adopted by companies and educational institutions as they exercise social distancing.[8]

CONCLUSION

COVID-19 pandemic is the black swan event of the decade that has taken the world by storm. With unprecedented challenges and situations, entrepreneurs and startups are facing every day, their concerns for survival and getting through these tough times are only increasing. The social isolation has set some conscious or unconscious limitations on employees' productivity. [9]. Whereas, more tangible problems like dysfunction of supply chain and disrupted demand are easier to analyze. However, these rather unfortunate times have helped the global communities to come together in whatever capacity possible.[10] However, as the real-world implementation of digital innovation and tech-based platforms has come through as the real hero, it will be exciting to

witness how entrepreneurs and startups practice digitalization in post coronavirus pandemic.

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