

PERFORMANCE OF INDIAN BUSINESS AFTER COVID -19: RECENT CHALLENGES AND REMEDIES .

Dr. Anantanaga H. P

Assistant Professor

Department of Commerce

Govt First Grade College

Harihara- 577601

- Entrepreneurs in India have been affected by five key trends during the COVID-19 pandemic.
- A recent study shows they navigated the crisis thanks to digitization, multi-sector collaboration and localisation.
- The rise of social enterprises and paying attention to the well-being and resilience of themselves and those around them also helped these business leaders to survive and even thrive during the pandemic.

Entrepreneurship and the micro-, small- and medium-sized enterprise (MSME) sector contribute **nearly one-third** to India's GDP. However, the sector is particularly vulnerable to crises like the COVID-19 pandemic because they typically have fewer resources than large businesses.

We carried out a **study** with 107 Indian entrepreneurs to understand how they have navigated the pandemic. Our study shows five emerging trends for entrepreneurship in India.

1) Digitisation

The most dominant trend is the acceleration in digitisation supported by increasing consumer acceptance and adoption of digital services and products. This **digital reset** has **propelled** the use of contactless digital technology for financial transactions, **opened** up new markets and **spurred** a hiring spree among digitally-enabled startups.

It is supporting the growth of digitally-enabled hyper-local business models such as [Meesho](#) and [PayNearby](#), as well as the rise of vernacular language voice technology startups such as [Vernacular.ai](#).

There has been a rise in the adoption of emerging technologies for solving education and healthcare challenges too. [TutAR](#) began developing augmented reality education tools to make classrooms more engaging. [Qure.ai](#)'s AI-algorithm based interpretation of radiology images helped with COVID-19 assessment, making healthcare accessible and affordable.

Digitisation enables remote working, rebalancing the workforce away from metropolitan cities towards new job opportunities in non-urban centres. When we interviewed SarikaGulati Gupta, founder of video production company [Reel on Social](#), she said of new hires: “[Before] we were restricted to people based in Delhi or Mumbai. Now, sitting in their homes, say in [Patna](#), as long as they are good, they can work with us.”

The most dominant trend is the acceleration in digitisation supported by increasing consumer acceptance and adoption of digital services and products.

—*SreevasSahasranamam, University of Strathclyde; Ute Stephan &PrzemyslawZbierowski, King's College London*

2) Multi-sector collaboration

The complexity of the challenges posed by the pandemic has [spurred](#) multi-sector initiatives that have seen government, start-ups, universities and civil society collaborating. For example, the government funded [C-CAMP COVID-19 Innovation Development Accelerator \(C-CIDA\)](#) has supported startups in areas of diagnostics, respiratory devices, therapeutics and cold chain technology.

Such collaborations are also helping entrepreneurs engage with government regulatory processes around technology commercialisation. A case in point being the [RNA extraction kit](#) for COVID testing developed by research institution SreeChitraTirunal Institute for Medical Sciences & Technology ([SCTIMST](#)). It was commercialised by [Agappe Diagnostics](#) after regulatory approval was obtained within months.

Collaborations also help expand the development of entrepreneurs' products or services. As PrabhavGarudadhwan, founder of agri supply chain startup [EasyKrishi](#), told us: "I built a virtual network with scientists during lockdown when their labs were closed. They were all open to talk. Now, when I meet with investors, they are surprised at the amount of innovation that we are sitting on."

3) Localisation

The focus of the Indian government's support package for the MSME sector during the pandemic was Atma-Nirbhar Bharat (self-reliant India). It provided incentives and policies to facilitate the localisation of specific industries such as [electronics manufacturing](#) and [toy manufacturing](#).

The pandemic also gave further impetus to the [National Policy on Electronics](#), which envisions making India a \$400 billion hub of Electronics System Design and Manufacturing (ESDM) by 2025. Recent initiatives such as the [ESDM incubation centre in Hubli](#) and the [Super Fab-Lab in Kochi](#) support the localisation of the electronics supply chain through developing hardware startups.

Global multinationals are also supporting this localisation trend by setting up new [manufacturing clusters](#) and [platforms](#) for Indian small business. Such initiatives could help to create more reliable supply chains, boost local employment and reduce the carbon footprint related to transporting goods and reduce India's electronic imports, which currently [account](#) for 13% of all of India's imports.

Localisation could help to create more reliable supply chains, boost local employment and reduce the carbon footprint related to transporting goods.

—*SreevasSahasranamam, University of Strathclyde; Ute Stephan &PrzemyslawZbierowski, King's College London*

4) The rise of social enterprises

Indian entrepreneurs exhibited high societal commitment during the pandemic by volunteering their time (52%) and business services (65%) for social causes. Efforts were also made to [generate](#) funding

for COVID-related projects. Their societal engagement was among the highest [we observed](#) globally across entrepreneurs from 23 countries.

Many entrepreneurs we spoke to also stressed the increasing social and environmental consciousness of consumers. This intersection of entrepreneur's societal commitment and pent-up consumer demand for sustainable products/services supports the development of new social ventures, particularly in sectors such as agriculture, healthcare, and sanitation.

Support structures for such businesses have newly emerged or gained greater prominence during the pandemic. For example, the makerspace movement saw [Maker's Asylum](#) developing healthcare products such as oxygen concentrators and air-purification respirators.

Similarly, contextualised blended and grant-based financing models have also emerged. [REVIVE](#), created by the [Samhita Collective Good Foundation \(CGF\)](#), supported informal sector entrepreneurs during the pandemic. [Research](#) shows greater presence of such grant capital encourages individuals to engage in social enterprise.

5) Entrepreneurial well-being and resilience

The pandemic has led to an increased awareness of mental well-being in many countries, as pandemic-related stress has put entrepreneurs' productivity at risk. Yet, we [observed](#) that Indian entrepreneurs' life satisfaction and perceived stress were comparable to pre-COVID population estimates.

The healthy lifestyle choices of Indian entrepreneurs during the pandemic seem to play an important role. For instance, many Indian entrepreneurs exercised daily for at least 30 minutes (69%), slept well (58%), practised yoga or meditation (45%), and found comfort in religious or spiritual beliefs (58%).

These trends are important as they point to entrepreneurs' personal resilience and their attention to self care to maintain this resilience. Research finds this to be a critical basis for [personal creativity and productivity](#) and for the [resilience and future growth](#) of their businesses.

These five lessons point to the [resilience and robustness](#) of the Indian entrepreneurship ecosystem during the COVID-19 pandemic. They will be key drivers of India's ambition to become a sustainable and inclusive [\\$5 trillion economy](#) by 2025.

Significant stress

SMEs contribute one-third of India's GDP and employ 110 million people but were put under significant stress as a result of nationwide COVID-19 lockdown restrictions in 2020 lasting more than two months, followed by gradual easing of measures.

The researchers found that while almost half (49.5%) of entrepreneurs said the very existence of their business was under threat – with delays in customer payments and difficulties meeting running costs cited – less than a third had applied for government support.

However, 72% of entrepreneurs had adapted their plans for their business – half of them doing so by the end of March 2020 – and almost 60% believe their business will survive, with 85% expecting to hire employees over the next five years.

Entrepreneurs cited benefits to their business due to digitisation, consumer behaviour change, new business opportunities and efficiency and resilience gains.

The report also found that Indian entrepreneurs' life satisfaction and perceived stress were comparable to before the pandemic, as many had made lifestyle changes, including daily exercise of at least 30 minutes (69%), getting sufficient sleep (58%) and practising yoga or meditation (45%).

And despite the survival of their businesses being at stake, 61% gave personal money, 52% volunteered their personal time and nearly 66% volunteered their business services or products for good causes.

Real challenges

Dr SreevasSahasranamam, Chancellor's Fellow at the [Hunter Centre for Entrepreneurship](#) at [Strathclyde Business School](#) and lead author of the report, said: "Our survey paints a picture of short and long-term opportunities but also vulnerability of Indian SMEs and entrepreneurs in the COVID-19 pandemic.

"Many face real challenges to sustain their business going forward but we find four trends for the post-COVID economy that can help Indian SMEs to thrive: digitalisation; multi-sectoral collaboration; localisation; and prominence of inclusive businesses and support structures.

Indian entrepreneurs and SMEs hold significant promise for a sustainable and inclusive post-COVID recovery, and India's march towards a \$5 trillion economy by 2025."

New opportunities

Compared to other Asian countries 49.5% of Indian entrepreneurs perceived a lower existential threat posed by the pandemic than those in China (95.3%), Bangladesh (91.6%) and Pakistan (71.7%).

Nearly half of the Indian entrepreneurs saw new business opportunities despite of the pandemic, while less than 20% of entrepreneurs in Bangladesh, Pakistan and China noted new business opportunities.

Social commitment of entrepreneurs is another common attribute among Asian countries, with Bangladesh and India taking the top two spots globally for volunteering their business services during the pandemic.

The global study was funded from the European Union's Horizon 2020 research and innovation programme and was led by King's College London's Professor Ute Stephan and Dr PrzemyslawZbierowski in collaboration with Dr Sahasranamam.

Professor Ute Stephan, Professor of Entrepreneurship at [King's Business School](#), commented:

“Entrepreneurs are known for their agility and this was also true during the Covid-19 pandemic. Globally we saw over two thirds of entrepreneurs adapting the plans for the business and 40% seeking out new opportunities. While the stresses of the pandemic are clearly visible for the entrepreneurs and their businesses, there is also much

The rising number of COVID-19 cases during the nationwide lockdown led to a higher demand for polyester swabs for testing. However, till March 2020, polyester swabs were not manufactured in India and were imported from China or the US. With the global demand for the swabs on the rise, it became more difficult and expensive to source them for domestic use.

At the same time, Delhi-based Suparshva Swabs stepped forward to pivot its manufacturing business of personal hygiene products such as cotton buds, cotton balls, and special swabs under the Tulips brand.

The family business converted its 100 percent cotton processing lines at its Ghaziabad factory to produce polyester-spun swabs on automatic production lines — all in just ten days.

“We are the first Indian company to develop special polyester-spun swabs for COVID-19 testing. We started making two million polyester swabs a week, and grew it to five million a week towards the end of May,” says Rahul Jain, second-generation entrepreneur and partner at Suparshva Swabs.

The company claims it alone can cater to the entire nation’s requirements of polyester swabs for COVID-19 testing.

[Read the full story here](#)

IHCL



PuneetChattwal, MD and CEO, IHCL

The lockdown period saw a significant increase in the time spent by people on their mobile devices, and food being an essential commodity was readily available at the doorstep.

IHCL and its brands, especially Qmin — one of IHCL's initiatives — had been actively engaging with its global audiences on digital and social media channels.

Qmin was launched in July 2020 to bring its repertoire of culinary experiences and dishes from its restaurants to customers' homes in Mumbai, Delhi, Kolkata, Bengaluru, Chennai, and more.

Speaking to *SMBStory*, PuneetChhatwal, MD and CEO, IHCL, says,

“The app was designed and developed by IHCL in collaboration with Tata Digital within a short time-span of six weeks. It gives guests a differentiated delivery experience through a

seamless interface that allows them to personalise their orders, curate menus, and track deliveries real-time.”

As a startup, IHCL has taken these challenges in its stride and considered the crisis as an opportunity. To address difficulties whenever they arose, IHCL put its customers first and focussed on resilience and long-term sustainability.

[Read the full story here](#)

10by10



Rajesh Kumar Das, Founder, 10by10

At the beginning of the nationwide lockdown, with hospitals running out of beds and a shortage of ventilators, Indian entrepreneurs came forward unifying to contribute their bit in fighting against the threatful circumstances, thereby diversifying their product portfolio.

Seeing the shortage of beds at quarantine facilities, **Bengaluru-based 10by10** — which is into building sustainable and smart solutions that benefit both its customers and the environment — came up with **ISO.POD** — an instant isolation room solution that acts as a safety envelope protecting people against further infection.

Founded by **Rajesh Kumar Das**, ISO.POD comes in the size of 8’x7’x10’, making it compact, modular, and easy to duplicate and scale. Inspired by the Do It Yourself (DIY) methodology, ISO.POD is portable and can sustain wear and tear.

It has an aluminium pipe structure and is made of upcycled plastic polyester fabric, making it sustainable, economical, and an industrial solution at just Rs 15,000. As the ISO.POD acts like an airtight enclosure to every patient, it helps in curbing the spread of COVID-19.

[Read the full story here](#)

Shree Shakti Enterprises



In 2014, Rahul Bajaj joined his family business of dealing in essential kitchenware Shree Shakti Enterprises.

Between 2010 and 2019, he opened three new manufacturing units, expanded the company's workforce to 500, and increased its turnover from Rs 10 crore to Rs 140 crore, growing at an average of 40 percent yearly.

But come 2020, and Shree Shakti had to close all its manufacturing units as India went into a lockdown in late March. Consumption fell drastically, and sales of non-essential items hit south.

Almost compelled to innovate in order to survive, the company started building products that could come in handy in the present crisis. From sensor-based sanitiser dispensers to hands-free hand wash systems, and automatic foot sanitisers, Shree Shakti ventured into uncharted territory.

It all started with a video Rahul stumbled upon on social media, which showed a hands-free hand wash station that could be operated through a foot pedal. He realised that it was something that could be built in his plant and even installed there for the safety and sanitisation of workers.

Shree Shakti received large orders from various industries, public, and government institutions, including Hero Moto Corp, Wipro, Mohalla Clinics, the Ministry of Home Affairs, CRPF, BSF, police stations, and political parties. This allowed the company to avoid job cuts and gross Rs 1.15 crore in sales through the lockdown.

[Read the full story here](#)

Bioline India



NeettaGoel, Founder, Bioline India

Hand sanitisers were always essential to use. However, they were falling under the ‘[sleeping product](#)’ category until the deadly virus hit India. And, the same sleepy product saw a multifold growth in its demand.

What is surprising to see is that sanitisation and personal hygiene — which should have been a part of our daily habits — were waiting for a crisis of this magnitude to happen.

The story of Bioline India’s ULV Bio Fogger is seen to be similar. Based in Indore, Bioline India was founded by Neeta and her late husband Rajeev Goel in 2001 to manufacture and supply affordable medical equipment to masses.

NeettaGoel, Founder of Bioline India, narrates a story with ULV Bio Fogger, a product that was developed by her company in 2005. She says, “We have been supplying them to the local hospitals for sterilisation. However, it wasn’t into demand until coronavirus hit us badly.”

“The COVID-19 skyrocketed the demand of this once slow-moving product so much so that the team is now working 24x7 to meet the demand,” she adds.

People are realising the importance of sterilisation in their daily lives, and suddenly, Bioline India finds itself playing a bigger role in the daily battle against bacteria with its ULV Bio Fogger.

[Read the full story here](#)

FabIndia



William Bissell, Chairman, FabIndia

The nationwide lockdown came with a warning for FabIndia and its 250 retail stores. The popular ethnic wear brand — built over 60 years — shut its stores in March. However, it was quick to notice that the government was allowing the sales of essential items and hygiene products during the lockdown, and decided to ramp up its organic foods production.

During an interaction as part of the '*Money Matters with Shradha Sharma*' series, **FabIndia Chairman William Bissell** said,

“Teamwork and collaboration with the state government in Uttar Pradesh were critical to scale up production under our Organic India food brand. Before the lockdown, food and hygiene products contributed two to three percent of our business. With the increased production, it quickly grew to 15 to 20 percent of our business.”

[Read the full story here](#)

In just nine short months, the world has changed drastically with hospital systems, vaccines and facemasks becoming the mainstay of our lives. The Covid-19 pandemic has brought countries to a complete stand-still, re-imagined “normal” living patterns and pushed the global economy into one of the worst recessions of recent times. This changed orientation has adversely affected the global economy with uncertainty about future conditions worsening the situation. Indian businesses have also suffered the consequences of poor consumer demand, supply fluctuations and lockdown restrictions with them having to further walk on the tightrope of restoring their production systems as well as keeping their employees safe.

In such unprecedented times, it is crucial to synchronise the impact on businesses with the policy response by assessing the nature of the business impact due to the crisis. To do so, the Institute for Competitiveness along with Times Network has developed an in-depth Business Perception Survey that captures how the Covid-19 pandemic has disrupted business operations and what they expect the Government to do in response to it. The two-phase rollout of the survey – during the lockdown and after the lockdown helps us in understanding whether business prospects have improved over-time with Government’s announcement of various relief measures and economic revival strategies.

The findings of the survey reflect that the pandemic created various operational and financial challenges for Indian businesses. During the lockdown, approximately 71.31 percent of the businesses dealt with reduced cash flows with the manufacturing sector being the worst hit. Additionally, delay

and cancellation of projects have also been a major cause of concern, especially in the tertiary sectors, particularly retail, non-profit, consultancy, education, and financial services. However, post-lockdown, the optimism in the respondents' opinions is palpable – many businesses reported lesser projects being cancelled and the reduced problem of cash flow fall.

These challenges have taught businesses to adapt, causing them to tweak their long-term plans going in from lockdown to post-lockdown period. With regained trust in the market and targeted government actions, businesses have shifted away from short-term cost-cutting strategies – fewer cases of deferred payments (11.5%) and salary cuts (43%) have been noted in the post-lockdown period as compared to the lockdown period (19.4% & 57% respectively). Businesses are now thinking long-term by cutting down on operational costs such as marketing expenses and switching to low-cost raw material sources in the post-lockdown period. Nonetheless, dependency on virtual meetings has remained constant throughout the two time periods, implying that remote work might be the “new normal”.

Recognising the silver lining of this crisis, India Inc has worked in conjunction with the Government's focus on “Aatmanirbhar Bharat”, to strengthen and embrace domestic supply systems. An overwhelming majority of businesses (90%) believe that the Government should focus on import substitution of essential commodities by pushing domestic production. However, this does not mean businesses are in support of a protectionist economic system – approximately 47 percent of the respondents felt during the lockdown that they would still like to maintain their links with the global value chains.

While these micro-aspects continue to affect the Indian business community, decisive action can only be taken when they are certain about the economic future. Survey findings show that the shift from lockdown to post-lockdown have led to changed opinions on the time it will take for the resumption of “normal” economic revival. Majority of the respondents now feel that resumption of normal business operations might get delayed to the next 12-18 months, instead of 6-12 months predicted during the lockdown. Additionally, regarding consumer demand, 90% of the firms believe that consumer

spending has changed towards spending only on essential items. The businesses have also seemed to accept that this change in consumer demand will persist for about 1-2 years, indicating a more gradual path towards achieving the normal rate of consumption and investment levels.

The slight scepticism displayed by Indian businesses while indicative of the present economic uncertainty also presents the Government an opportunity to bolster the industry's confidence through targeted policy solutions. To fast-track the road to recovery, businesses have suggested appropriate economic responses both short-term (6-12 months) and long-term (1-2 years). Across lockdown and post-lockdown, respondents have continued to focus on four major demands – in the short term, the size of the stimulus needs to be increased along with improved tax breaks. While the Finance Ministry has announced reforms to attain the above two suggestions, the firms still feel that more can be done to ease the businesses from tax-related obligations.

In the long term, Indian businesses want structural transformation of the economy by revamping education and health infrastructure along with undertaking labour reforms. For this, the Government's actions on approving the New Education Policy 2020, passing the Labour Codes have gone a long way in regaining business trust. Timely income tax breaks to essential workers and specific manufacturing units looking to re-orient their businesses, along with these reforms could bolster consumer demand and innovation. Along with short-term policy actions, the Government could also fund more healthcare initiatives and developing decentralised healthcare monitoring systems.

With the slow but steady revival of India's economy, the Government must use this crisis to instil trust in the business community and improve ease of doing business. Big-bang changes are no longer the way to go. Instead, incremental changes are necessary by improving the regulatory structure, increasing data access, and re-imagining the industrial cluster system to orient it to global standards will go a long way in pushing India ahead. It is only through concerted efforts, and reposing faith in domestic businesses can India shine again.