

Problems and Issue of Industry, SMEs and Business

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Abstract: *In India, to attempt to forestall the spread of COVID-19, the Indian government forced an across the country lockdown on 24 March. The development of materials, just as powers and individuals, has all things considered arrive at a sudden halt. Assembling MSMEs solely gracefully different enterprises, which have additionally quit working, bringing about diminished interest and scratch-offs of requests no matter how you look at it, except for basic ventures. Anyway their requests for important contributions from superfluous enterprises can't be met. For instance, the paper business can't satisfy current needs for great paper for pharma, food and clean applications. The interruption of the progression of materials and products is having negative ramifications on different parts of business, specifically a sudden end to approaching incomes and the movement of workforce over all aptitude levels. IT merchants are working with customers to get unique endorsements and SLA occasions, any place required, to have representatives interface remotely to keep offering types of assistance particularly in supporting crucial IT frameworks. IT merchants are relied upon to focus on have vital power majeure conditions to cover circumstances like episodes notwithstanding existing provisos around demonstrations of God and cataclysmic events in their agreements.*

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1. Introduction

In India, to try and prevent the spread of COVID-19, the Indian government imposed a nationwide lockdown on 24 March. To gauge the impact on micro, small and medium-sized enterprises (MSMEs), the United Nations Industrial Development Organization (UNIDO) contacted 85 enterprises and asked about the challenges they are facing and their expectations and plans for the revival of their businesses once the lockdown is lifted. The survey was conducted by telephone during the period 9-13 April and included enterprises engaged in the automotive components, bicycle, paper, textile, ceramic, foundry, tea and rice milling sectors in clusters across the country.

2. Problems and Issue of industry and SMEs

□ Manufacturing in India is standing idle

The results of the survey indicate that manufacturing in India has stopped, except for the rice-milling sector where production has reportedly dropped by half. In several sectors, including automotive components, MSMEs were already experiencing a pre-lockdown decline in business, due to a stagnating economy and market demand and the disruption of international supply chains due to the lockdown in China. Some communications, sales, administrative and other support activities are being undertaken from home but on a rather limited scale. Migrant workers, particularly semi and unskilled workers, have returned in large numbers to their hometowns. One bicycle-parts manufacturer has succeeded in innovating and got involved in the manufacture of ventilators, although it only retains a small fraction of its regular workforce.

□ Restarting business is a mega-challenge

For the MSMEs participating in the survey, the main challenges for restarting business are:

- COVID-19 will remain around and create a high degree of uncertainty in all aspects of business. In particular, the need to avoid the further spread of COVID-19 in the workplace or through the movement of people and materials may result in further restrictions and a potential return to lockdown.
- When restrictions are lifted, the market is expected to be very tight and extremely cash-constrained. This is largely due to extreme uncertainties with regard to demand for MSMEs' products (and/or ability to deliver products to the market) and consequent low or non-existing business income while expenses for labour, energy, rent and other business inputs will still be incurred.
- Manpower will be a constraint, with MSMEs indicating that 30 to 70 per cent of their pre-COVID-19 workforce may have migrated back to their hometowns due to uncertainties and loss of income during the lockdown. It will be a challenge to convince staff to return or to hire new staff, and the staff turnover is expected to impact negatively on productivity and quality, adding further to financial concerns.
- Machinery and stocks of raw materials, work in progress and final products will have degraded. MSMEs will need to undertake outstanding maintenance and service, and clean out wasted stocks, before they can resume operations, at a significant cost and with likely write-offs of stocks currently trapped on-site.
- Ensuring timely supplies of essential inputs without price hikes is a matter of concern. Those MSMEs those are critically dependent on specialized parts from other states or from abroad express concerns about their vulnerability to supply shortages.

□ Forward-planning has only just begun

Despite the fact that MSMEs have begun to thoroughly consider potential answers for the numerous and different restart difficulties, forward arranging despite everything gives off an impression of being in its beginning periods. Many trust that their critical thinking abilities will assist them with prevailing with regards to tending to the issues each in turn, in a hurry, while others put accentuation on

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their precise critical thinking capacities. MSMEs have begun to consider workforce-related arrangements, through progressing correspondences with labourers (counting the individuals who came back to their home state), setting up mate frameworks (conceivably with resigned representatives or potentially customer specialized staff), commitment with mechanical preparing establishments and recruiting of brief specialists on stroll in premise.

To facilitate the budgetary crunch, MSMEs have begun to see choices to diminish or concede less-basic costs (counting decrease of stocks, postponement of ventures, and so forth.), to make sure about pay (counting remarkable levy from purchasers, especially government and open division endeavours), to get to extra working capital (through low-premium advances as well as from held profit) or potentially to claim for government monetary and additionally money related help.

□ Keeping safe

Several MSMEs had already started pre-lockdown with some measures for COVID-19 infection prevention and control, particularly through awareness raising and communication (on hygiene, physical distancing, etc.) and, in some cases, the provision of hand sanitizers, masks and gloves. This forms the basis for stepping up preventive measures post lock-down, and here MSMEs are looking to the government for specific guidance. Common measures under consideration are health checks at the factory entrance, the provision of personal protective equipment (PPE), staggering of shifts and break times to minimize congestion of people, maintaining physical distancing during work and compulsory use of Aarogya Setu, the government's COVID-19 contact tracing app.

Few MSMEs are considering further measures such as the installation of sanitization tunnels, pre-restart fumigation of factory premises or rearrangement of workstations to maintain physical distancing. Some MSMEs expect that they will need to reduce or even halve staff numbers and keep visitors out, and may need to make alternative arrangements for providing food and drink at work.

There is a general apprehension that the future new normal will be different from what it used to be in the past. The time required to achieve some normalcy is expected to be significant, with minimum estimates varying between six weeks and six months. This will depend heavily on how the COVID-19 pandemic unfolds in India and globally in the coming weeks, as well as on policy responses and stimulus packages.

□ Overcoming the cash crunch

The immediate concerns currently on the minds of MSMEs are cash flow and working capital. Most are concerned that survival is only possible with a substantive financial and/or fiscal support package from the government specifically for MSMEs. Some MSMEs believe that a financial stimulus will be enough, but others are recognizing that COVID-19 is a wake-up call to

change and improve different aspects of MSME operations as well as the MSME ecosystem and the value chains in which they participate.

□ Challenges and Opportunities Facing IT Vendors in India

While the significant effect is required to be on Hardware business, the Software and Services organizations are additionally expected to back off as the spread of Corona virus goes past the limits of Asia. Be that as it may, selection of cooperative applications, security arrangements, Big Data and AI are set to see an expansion in the coming days. It has additionally given an open door for IT merchants to test a few ideas of "Fate of Work" and some of them may become standard as the residue settles. It likewise gives a chance to IT merchants to step-up as counselling accomplices to handhold their customers in helping them sail through the emergency.

Watching the situation of Indian market Sharath Srinivasamurthy, Research Director, Enterprise Solutions and ICT Practices, IDC India says, "While the genuine effect of COVID-19 on India market will be apparent by centre of 2020, we expect a log jam as far as optional IT spending, contract reestablishments and new arrangements getting marked as undertakings recalibrate by cost structure in coming months. Existing undertaking executions have additionally endured a shot because of movement limitations set up. IT merchants will be compelled to relook at their development focuses for the remainder of the year as the effect will get clear in the following not many quarters. Then again, it has given a chance to IT sellers to test their versatility on business congruity, remote network, and security as they take a gander at imaginative approaches to support their customers. Undertakings are taking a gander at IT sellers to handhold them in the hour of emergency."

With corporate the nation over actualizing elective methods of working, it is producing an equal corporate line that requests to be associated from where they need, when they need and to who they need. While telecommute is certainly not another idea for Indian corporate, it unquestionably is a trying time to see the accomplishment at this scale. Endeavours are additionally investigating methods of cooperating that use discussions, gatherings, and resources across stages with representatives working remotely from any place they are situated to serve clients better and guarantee business progression. IDC expects the appropriation of community applications developing at a quick pace after the COVID-19 episode.

As associations are taking preventive measures to check the spread by urging their workforce to interface from home, there are various arrangements of difficulties that the IT groups inside the association are thinking about – how to make sure about information and resources from digital dangers. IDC expects the appropriation of a zero-trust approach to increment, in the months ahead, as an expanding number of individuals associate with work from individual systems. IDC prescribes associations to keep

their VPNs and Firewalls refreshed with security fixes set up.

Utilizing the cutting edge innovations, for example, AI, quicker handling and higher precision can be given by cutting edge examination and AI to distinguish patterns, designs and wise estimates about the spread of the Corona virus. IT merchants should concentrate on building/improving capacities on AI and Big Data as new difficulties and use cases rise.

While the monetary effect of the COVID-19 flare-up will be clear in months to come, it has given a chance to IT sellers to turn out to be stronger and imaginative. IT sellers should take a gander at offering motivations on the current agreement augmentations and furthermore manufacture discussions on business coherence and calamity recuperation in the cloud. IT merchants ought to likewise watch out for rising uses cases in AI for ailment recognition, following, and counteraction. While we expect testing time ahead for IT merchants, it opens an open door for IT sellers to handhold the customers in the hour of emergency as a confided in accomplice and assist them with cruising through the circumstance.

3. Problems and Issue of Business

It has become challenging for most businesses to keep their financial wheels turning during the lockdown period due to less revenue churn and the general uncertainty in the global financial environment. Unfortunately, the impact on start-ups or small businesses can be way more brutal as they have scarcer cash reserves and a smaller margin for managing sudden slumps. The ripple effect of this shutdown will have a key impact on India's economy, as all business sectors get affected resulting in low revenue generation due to an eventual halt/slump on the sale of products and/or services. It is expected that India's growth rate in FY20-21 will be down to 2% from a range of 4.7%-5.2% as was predicted earlier by the rating agency ICRA. So, during such testing times, start-up entrepreneurs will have to adapt to a new set of rules and be mindful of the following aspects to alleviate risks and to survive the slowdown caused by the impact of COVID19.

□ Tracking expenses against the revenue status

During this contagion, it is of utmost importance for businesses to conduct a proper assessment of their fixed and variable expenses as well as the actual revenues. This assessment will give a clear picture of where a company stands financially and help the entrepreneurs in planning ahead in the current disconcerted market. This strategy can be implemented even when the pandemic effect settles.

□ Checking the feasibility of the business model

Considering the market is changing every week (and for the worse), it is imperative to reconsider the business model and reassess where your business stands as per your assumptions concerning the revenue and cost. This is also a crucial time to track current financial metrics and cash flow. Be mindful of what your runway is. Businesses need

to evaluate the impact on new sales, collections, credit cycles and potential bad debts.

□ Plan policies for next 3 months/ 9 months/ 18 months

Since, it is difficult to gauge how long this epidemic will last, it is important to be prepared for all scenarios. If we consider it as a 3-month problem, an instant halt on variable expenditures like hiring, marketing, travel, etc. can help. However, if the crisis continues for 9 months to a year, entrepreneurs will have to reconfigure their business strategy to reduce the variable expenses, renegotiate fixed expenses (rent, salaries, equipment lease payments, etc.), and focus only on the crucial essentials for survival. It may be a good idea to revisit sales strategy – selling online versus in-person. Analyze if you need to cut back or scale up on marketing costs. Some serious reconsiderations would be required if the effect of the pandemic continues for 18 months or beyond. Businesses will need to strategize, communicate, and act with compassion. They would require a revision of sales revenue goals and product timelines along with a new operating plan. In that case, entrepreneurs and leaders will have to keep the communication transparent as much as possible with their investors and employees.

□ Be patient in securing investments

Every business needs capital to run and the question that crosses the mind of every founder/entrepreneur in these difficult times is from where they will get the capital. There are many funds who have enough capital to deploy for the coming years and they may not shy away from it. In order to extend the runway, businesses can even approach existing investors for additional funding. Since, they are already invested and have their skin in the game; they are more likely to help during this time. This is the time when understanding the gravity of the situation and turning it favourable for the business is all that matters to let it sail smoothly in these difficult times. Here are a few tips to stay connected and afloat during the shutdown.

□ Communicate transparently with your customers

We are all in this together, so the ideal way is to stay transparent with your consumers about what your business is going through. Customers can empathize with companies facing a crisis, as long as the communication is transparent. Communicate with customers to understand their perception of the product/solution offered by you.

□ Maintaining healthy relationship with contracted parties

It is understandable that it might be difficult to pay out vendors/suppliers during the lockdown. However, it would be helpful to give your vendors, suppliers, landlords' etc. sufficient notice in case there is going to be any delay in payments so that they can also be prepared and there is no bitterness in this already difficult time.

□ **Managing employees & related optimization**

businesses-during-covid-19-lockdown/articleshow/75371157.cms?from=mdr

For large companies considering layoffs, the primary option should be to cut the salaries of the higher paid exec/employees to try to retain the people who can least afford to lose their jobs employed. However, when the time comes to make the tough call, do it with compassion look out for government directives, and offer extra compensation as and when required. Such implementation should be carried out only once and not in stages such that it does not affect employee morale.

□ **Keep Your Team Engaged**

Your team relies on you so keep them updated about every development. As a promoter, it is your responsibility to keep your team members engaged and stay connected with them through video conferencing tools like Zoom and Google Hangouts. It is very important to maintain high spirits within the team and understand the general mood within your remote workforce.

4. Conclusion

There is a general apprehension that the future new normal will be different from what it used to be in the past. The time required to achieve some normalcy is expected to be significant, with minimum estimates varying between six weeks and six months. This will depend heavily on how the COVID-19 pandemic unfolds in India and globally in the coming weeks, as well as on policy responses and stimulus packages. In these difficult times it is important to stand united and help one another in whatever way we can. Stay safe and stay healthy. Please remember that some of the best initiatives are built in trying times.

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