

I. IMPACT OF COVID-19 OUTBREAK ON BUSINESS IN INDIA.

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Abstract

Coronaviruses (CoV) are a large family of viruses that cause illness ranging from the common cold to more severe diseases such as Middle East Respiratory Syndrome (MERS-CoV) and Severe Acute Respiratory Syndrome (SARS-CoV). A novel coronavirus (nCoV) is a new strain that has not been previously identified in humans. The Covid-19 pandemic has overwhelmed the entire world, and India also has borne the brunt of the same. The spread was so colossal that the World Health Organization (WHO) had to declare it as an outbreak. About 57 per cent of organizations in India expect a moderate to large negative impact on their businesses in the next six months while 46 percent expect the effects of Covid-19 pandemic to last over 12 months, according to a survey by global advisory firm Willis Towers Watson.

The survey further said that 83 percent organizations plan to review their work-from-home policy, while 55 percent have no fixed end-date on their flexible work arrangements. As per the survey, 42 percent organizations have not taken a decision on salary increment budgets for this year, while 33 percent indicated that performance appraisals and bonus pay-outs will happen as planned. This paper describes the impact of Covid-19 outbreak on business in India and the possible ways in which the disease can be controlled.

Keywords: Covid-19, outbreak, lockdowns, business, India.

Introduction:

Hit by the Covid-19 slump followed by social distancing and a nationwide lockdown, businesses are experiencing major impacts no matter how established they are and are having to re-look at how

they manage and operate their business including re-visitation of their business plan. 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 startups 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, startup 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.

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. 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.

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.

Review:

Studies on impact of covid-19 on different sectors of the India as well as the entire world has been carried out by various workers which include the impact of coronavirus (covid-19) on Indian economy by Kumar Sunil *et al.*, (2020). Agarwal S. *et al.*, (2020) investigated the effect of Covid-19 on the Indian Economy and Supply Chain. Economic impact of covid-19 in India has studied by Baron Christof (2020). Gupta

Rajat & Madgavkar Anu (2020) suggested getting ahead of coronavirus: Saving lives and livelihoods in India. COVID-19: Implications for business has been studied by Craven Matt *et al.*, (2020). Mathukrishnan Manjula (2020) has studied COVID-19 and its impact on Indian economy.

Conclusion:

The Covid-19 pandemic has overwhelmed the entire world, and India also has borne the brunt of the same. The spread was so colossal that the World Health Organization (WHO) had to declare it as an outbreak. About 57 per cent of organizations in India expect a moderate to large negative impact on their businesses in the next six months while 46 percent expect the effects of Covid-19 pandemic to last over 12 months, according to a survey by global advisory firm Willis Towers Watson.

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