

COVID 19 PANDEMIC

LEARNINGS FROM THE GAME ECOSYSTEM

What alliance partners and ecosystem actors are saying

Challenges faced by Entrepreneurs

Operational Challenges:

- Very high business uncertainty without any clarity on how long will the current situation last.
- Keeping the workforce engaged and productive during lockdown phases is extremely challenging
- Complete shut-down of transportation leading to supply chain and logistic disruptions.
- Lack of appropriate information on the lockdown.

Financial Challenges:

- Uncertainty around statutory processes such as income tax, GST, PF ESI, etc.
- Cash flow and liquidity crunch due to inability to move inventory and reduction/temporary stop on sales.
- Debt repayments and interest servicing is a major challenge. Fear of repayment demands for loan EMIs by banks/NBFCs/moneylenders among entrepreneurs. Some of them also fear harassment.
- Poor Social Security mechanisms creating an even greater challenge for informal micro/nano businesses with very limited or no cash reserves.

Human Resource Challenges:

- Health scare among employees/daily wage earners to be affected by the virus as well as uniquely, inability to not work due to fear of not being paid salary/wage.
- Very high manpower gap in urban areas due to mass exodus back to home states.
- Loss of work for daily wagers due to complete shut down of industries they work in.
- Local mobility is a major challenge.
- With the harvesting season about to begin and lack of labour will result in a massive disruption in the agriculture space and cause losses to farmers and entrepreneurs in the space

Supply Chain Challenges:

- Raw materials as well as finished goods cannot get transported which has disrupted production across sectors such as handloom, garments, among others. This can possibly cause shut down of businesses, reverse migration and force entrepreneurs to return to an agri economy with lower incomes potential.
- Lack of transportation facilities in the perishable goods space is causing large scale wastage and loss of income

Recommendations for Government/Industry Bodies, Alliances

Financial Aid:

- Extension of due dates on loan payments to ease liquidity and help support workforce (esp unorganized workforce).
- Need for a bail out with lowering interest rates and heavy tax incentives.
- Provision of short-term financial aid that can cover operational costs and manage cash flow.
- Waiver of ESI and PF for next few months.
- Facilitation of creating PM account for Salary processing in a short turnaround
- Extension of deadline for payment of statutory dues – Advance tax, GST and TDS deadline
- Improved social security mechanisms for ‘loss of business’

Others Recommendations:

- Last-mile service providers an expectation should be for the strict and focused creation of a “green channel”.
- Creation of “Green-channel” for perishable goods (such as milk, agriculture produce) entrepreneurs and last mile providers to disable disruption of supply chain and loss of product
- Potential to leverage a network of local entrepreneurs in villages and small towns as a way of providing healthcare and other necessary services by Government as well as private entities.
- Provide facilities to support the mental health of entrepreneurs through mental health experts leveraging technology
- Proper channelization of Information and Communication of the government aids, schemes to avoid information asymmetry for small businesses
 - One way could be for the government/support entities to send SMS to registered mobile numbers of GST-registered businesses
 - Have one specific easily-navigable website bearing all such information/ in case of restriction in hardware bandwidth, list of websites where such information will be available
- Support handle receivables of small & micro businesses by providing bill discounting (could be through public-sector banks/RRBs/MFIs) and take measures in supporting them collect the receivables by themselves – [Partial liability (could be a percentage) to collect the receivables remain with the business]
- Leverage on existing local infrastructure to provide a common services and delivery channel for products
- Provide opportunity by developing a marketplace for items needed to tackle coronavirus (such as masks, low cost ventilators, hospital sheets, etc) and evangelize these opportunities through open platforms (maybe GeM)
- Support in identification of new opportunities during crisis as well as post crisis phase and help build the new value chains with relevant organizations that entrepreneurs can leverage
- Profile individuals based on their skills, competencies and help them identify new market opportunities to either become entrepreneurs or to find skilled work with small/micro businesses
- Create a dynamic system to create/enable new job opportunities as well as make it easier for businesses to run
- The government needs to provide clear monetisation pathways to help developers build new software to tackle issues:
 - Either by becoming the buyer themselves
 - Or through the stimulus package, extending deadlines can only do so much

- The alliances, industry bodies should enable better collaboration and support system among different organizations to work together during this crisis

Recommendations for micro-entrepreneurs

- Conserve cash and make quick revenue, sell inventory (even if at a lower price) and ensure all cost cutting measures are in place. Do whatever you can to sustain current conditions.
- Quickly localize businesses - make product/service changes to serve the local needs and sell locally.
- Renegotiate terms with creditors and extend moratorium as much as possible.
- Prepare for the next 6 months of continuous turbulence and evolve business to be in more essential space if possible.
- Build trust with customers through constant communication even if you are not open and current shut down
- Manufacturing organizations should reduce production & throughput, decongesting factory work hours by certain means (such as aligning odd-even days) to produce for minimum sustenance and wage payments.
- Capitalize and develop market-based solutions based on the need of the hour: Mask, sanitizers, cleaning agents, aprons, and low cost food for citizen/patients is possible.
- Existing business in the services space (such as tutoring service, advisory services) can move to a completely online model to stop complete loss of business

What secondary research is saying

Findings:

- Multiple organizations are forming groups of few members and launching some kind of help / announcements even if they are small in scope, to begin with.
- A number of webinars and other conversations have been enabled by industry bodies and thought leaders.
- Some collaborations between entrepreneurship development organizations are being enabled, and many collectives solving a variety of issues are taking shape.
- Announcements seem to be more important and solutions are being formed, as they go along.

Current Conversations:

- Most conversations are talking about safety measures, what they have done for their own staff, and sharing key information points from authorities (WHO, Health Department, etc) as well as retweeting or promoting other partner's messages.
- Overall, scenario planning, cash flow management, being compassionate towards stakeholders especially employees, keeping morale high and appeals to government are the key points that are being made.
- The areas that seem to be missing in terms of getting the stakeholders to collaborate and act to solve their own problems.
- Some demand aggregators have collaborated foundations/non-profits to create relief funds, and a package to provide business advances, health and other insurance for their business partners, and workers.
- Certain platforms have also launched campaigns for consumers to make advance purchases from small businesses (such as restaurants) to support these small businesses with working capital and business advances.
- Several foundations have come up with campaigns for donations to help daily wage workers and others for relief.

- Government has taken action to support businesses from a financial package and RBI lending terms relief measures. The loan moratorium, GST filing date extensions, and packages for social security and ration for the poor are key measures that shall support the ecosystem.
- Government has announced some key areas where the manufacturing sector may help produce essential and required items. Some manufacturers have responded and partnered with government.

Key Points to Note at this time:

- Most Foundations, Partner Organizations are now fully mobilized for CoVid response.
- Most Partners consider CoVid pandemic as the prominent event driving their work for next 3 months atleast. There seems to be room to educate the ecosystem on more possible scenarios and readiness plans.
- There are multiple webinars and thought papers being put out by different organizations.
- Government has immediately responded to social security needs of the society. Financial Package, liquidity, tax deferrals and loan moratorium are key steps here.
- There is significant room for Public-Private and Public-Non-profit collaborations
- Most responses are tactical, strategic responses are yet to emerge

Potential Areas for Strategic Responses:

- Engaging the ecosystem on scenarios and readiness plans
- Support on enabling Business Rehabilitation Plans
- Imagining and shaping the new normal - working on key challenges of our time and leveraging CoVid response to shape solutions for CoVid recovery as well as other global challenges
- Developing a robust ecosystem for small, micro as well as specifically informal businesses