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Microeconomic Analysis of the Positive Impact of Covid-19 Pandemic on Indian Entrepreneurs

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ABSTRACT

Covid-19 Pandemic has challenged the every aspect of human life. Everybody is talking about the negative impact of corona virus, but every cloud has a silver lining. This situation of pandemic has required for exceptional levels of socio-political responsibility, dynamic leadership and agility of institutions. Even if we refer the last century history, we can see every global economic crisis has provided the better opportunities in disguise. Business activities around the world have been impacted by the global pandemic. However, COVID-19's economic impact differed by region, and the implications were mostly determined by a region's economic situation. In spite of Covid-19 crisis, Indian entrepreneurial spirit is high. In these tough circumstances, many small companies are stepping up for the community and supporting one another to help generate a more positive influence. Several small enterprises and entrepreneurs have been spotted collaborating with the government and local organisations to help financially disadvantaged populations cope with the effects of the crisis. The main objectives of this article to analyse all the aspects related to Indian entrepreneurship and majorly the positive impact of pandemic on Indian entrepreneurs at middle/small levels. The article also explores the new opportunities and challenges for India entrepreneur in coming times.

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1. Introduction

Pandemics always impact the economy and society tremendously. The COVID-19 pandemic presents an extraordinary challenge in many ways to human society and economy (Chriscaden 2020). First, it threatens millions of people's lives all over the world. It has already taken a death toll of almost four million people worldwide, as of the end of June 2021 (Worldometers, 2021). At the same time, the social distancing guidelines, taken to contain the virus, affected the service sector in particular, an area where physical proximity often matters and a sector that depends more on micro and small businesses than the manufacturing sector. Therefore, COVID-19 directly affected self-employed individuals more than employed individuals and small businesses more than large businesses.

COVID-19 outbreak has forced a change in the nature of work globally. World is witnessing a digital transformation in the way business is conducted (Khatun et al 2021). There are lot many negative impacts of pandemic but every cloud has its silver lining. This situation of pandemic has required for exceptional levels of socio-political responsibility, dynamic leadership and agility of institutions. Even if we refer the last century history, we can see every global economic crisis has provided the better opportunities in disguise. Business activities around the world have been impacted by the global pandemic. However, COVID-19's economic impact differed by region, and the implications were mostly determined by a region's economic situation (Inoue et al 2021).

In spite of Covid-19 crisis, Indian entrepreneurial spirit is high. In these tough circumstances, many small companies are stepping up for the community and supporting one another to help generate a more positive influence. Several small enterprises and entrepreneurs have been spotted collaborating with the government and local organisations to help financially disadvantaged populations cope with the effects of the crisis (Mannan et al 2020).

2. Positive Impact of Pandemic on Indian Entrepreneur

During the COVID-19 crisis, start-ups have continued to play a critical role for economies. Some innovative young firms have reacted fast and flexibly to the pandemic, and have been critical in helping many countries shift towards fully digital work, education, and health services, and have provided innovations in medical goods and services. The report by researchers from the University of Strathclyde and King's College London found that, despite nearly a third of small and medium enterprises (SMEs) being forced to lay off staff, more than half were able to capture new business opportunities during lockdown (Stephan et al 2020). The researchers surveyed 107 entrepreneurs to discover the short and long-term consequences of COVID-19 on small business in India, as part of a larger global study carried out across 23 countries.

“Our survey paints a picture of short and long-term opportunities but also vulnerability of Indian SMEs and entrepreneurs in the COVID-19 pandemic,” said Dr Sreevas Sahasranamam, Chancellor's Fellow at the Hunter Centre for Entrepreneurship at Strathclyde Business School, the lead author of the report.

Some are the positive outcomes of covid-19 pandemic for Indian entrepreneurs:

More Digital Economy:

With demonetization in 2017 Indian economy took the turn towards digitalization but covid-19 pandemic forced the economy for complete digitalization. The role of digital technology has significantly increased under COVID-19. More digital economy is more favourable for small entrepreneurs and Indian entrepreneurs take it as a positive impact of pandemic (Sonobe et al 2021).

Covid-19 is the shock that is forcing everyone to adopt digital in everything.. In a 53-page report on 'India's Digital Economy in a Post-Covid-19 World', Morgan Stanley has projected that India's online shoppers will jump to 590 million from 190



million in 2020. The average spend per online shopper is also projected to nearly double to \$318¹.

New Global supply chain management:

China has been a factory of world but covid-19 pandemic has shown the world that keeping all eggs in one basket is not the right approach. With the huge labour force and technical knowhow, India is a great choice for world manufactures. This would mean that India would increasingly see more foreign businesses set up base and generate large scale employment. This is also a great opportunity for Indian entrepreneurs.

India's biggest advantage today is 600 million in young population which was one of the biggest strengths of the Chinese economy in 1980-90 for their substantial growth². India also has the third-largest entrepreneur base and ecosystem for start-ups. India's socially diverse demography and multiculturalism give a base for successful and diplomatic partnerships across the world.

Transformed Job nature:

The covid-19 pandemic has led to a lot of companies rethinking office spaces and on-site work. It's only a matter of time that many more companies follow suit as they determine that spending on office spaces can be cut and productivity can be measured better in terms of to-do timesheets. More workers are also finding out that the gig economy perhaps offers a lot more flexibility to earn money and follow passions.

Policy Reforms in India:

The pandemic has led India to initiate reforms that have been stuck in red tape for decades. For instance, the government has liberalised the coal sector and changed certain labour laws that were said to have been hindering businesses. Moreover, the government has also announced agricultural market reforms. Different initiatives are taken by the Indian government on domestic front to enhance the economic situation for e.g. 'Make in India' initiative.

¹ <https://www.morganstanley.com/ideas/digital-india>

Changed consumer behaviour:

The customer behaviour has been positively impacted by the pandemic. Consumers are more inclined towards small business products. Different initiatives by government of India are also supporting a lot to new businesses, initiative like Make in India.

More quality of life and balanced work life:

Indian entrepreneurs' life style has been improved due to this pandemic. Lifestyle changes have been made by entrepreneurs. Research Report from the University of Strathclyde and King's College London stated 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%) (Stephan et al 2020).

This confirms that periods of crisis are not only a challenge, but also provide new opportunities for entrepreneurs, as start-ups can help address the constraints created by difficult health or economic conditions, and respond to changing preferences and needs.

3. Challenges and Opportunities in Future for Indian Entrepreneurs

This pandemic has been an eye-opener in terms of telling us that future planning is a necessity. Launching schemes with attractive tag-lines like Stand Up India, Start-Up India seemed perfect for a happy economy. But with great uncertainties comes great responsibilities. There must be provisions for emergency and relief funds for small business and other self-employed workers. The COVID-19 crisis is not going to go away anytime soon, and thus, we must be prepared for more lockdowns and hence policy measures. It is also relatable to mention that none of these small businesses, start-ups, and self-employed workers has received any kind of substantial financial

²<https://www.worldbank.org/en/country/india/overview#w1>



assistance from the government. At a time marked by significant economic uncertainty and with their revenues affected by containment measures and significant drop in demand, start-ups become even more financially fragile and need support for their short-term liquidity needs, critical for their survival (OECD 2020).

4. Conclusion

Every great global economic crisis in the past century has been followed by a period of boom.

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