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**THE IMPLICATION OF COVID-19 ON BUSINESSES  
AND INDUSTRIES: PREVAILING ISSUES AND  
MEASURES**

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## **Abstract:**

COVID-19 has hit hard several businesses around the world. It has caused a major downfall in the economy. This paper discusses several businesses and the impact COVID-19 has caused in its functioning and how it has made them do a shift towards online medium. It specifically talks about the small businesses that essentially operate on less cash flow and have to work through social distancing norms. It moves to the tourism industry which seems to have suffered a lot in regard to the ongoing pandemic and crisis. It also talks about the transport industry and the impact on the construction industries. It also talks about retail sector and the effect on its business. These are analysed by looking at the complete pictures of the circumstances present related to the lockdown and social distancing measures and the effect on it because of that.

At the end, the paper suggests some measures to be undertaken by the business as well as the aid to be provided by the authorities for smooth functioning and to not lead to the downfall in the economy. The paper ends with a conclusion pointing out the impact and the steps necessary to cope up with it.

Keywords – COVID-19, Businesses and Industries, Issues and measures.

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## **Introduction**

COVID-19 has made a paradigm shift in the international trade and marketplace. It had brought havoc to business and trade simultaneously affecting the lives of people. More than anything the economy worldwide has been shattered across the globe and with it a stagnant position is reached. There have been both positive and negative effects on businesses and corporate world with work through the virtual forum. Different sectors, be it tourism or textile, all are hit with a pandemic never encountered before. Many have taken steps to counter the badly hit market space and their workplace, yet the lacunas do exist which hinder the overall smooth functioning. Though pandemics are not a new thing yet it changes the preferences of consumers and in turn, it affects the businesses.

One of the things the epidemic confirmed is that there is no control over it and that is the reason that society and with it business have to mould into new shapes. They have to adopt new techniques and methods to overcome and prevail under such circumstances. Yet, it cannot be denied that it has affected the business multi-fold. By bringing their workspace to online medium or using online transaction methods, all have equally contributed to the impact of COVID-19 on the businesses.

## **Impact on Small Industries**

Small businesses have been the ones that are largely affected by the pandemic. Seeing the financial difficulties and along with it the higher rate of let off put an extreme burden on small businesses. Moreover, the closures of the business units have put the matter at a standstill and with no income generation, both employer and employee are under stress. The lack of cash flow and the liquidated cash is trivial at a point when complete lockdown is imposed. The expenses and the debt are at a rise with financial capacity reached. That is the reason of the financial fragility and incapability in case of small businesses which already operate on lower margins. With the shutdown of the premises, it had increased the burden and put financial constraints on the businesses. With the shortage of cash, the difficulties arise in the matter as to the payment to its employees, covering up the expenses, recovering raw material and performing daily activities with ease. At a short time period, the strain will be less but because of the uncertainty of the pandemic which has persisted even after half of 2020, the future burden is to increase. Since the contingency cash and capital is used for the present short time crisis and yet when the cash flow generated will be much less, the potential situation of the small business and its functioning will be under trouble.

The major need arises of the aid from the government to such small industries and businesses that are struggling through the pandemic. To provide for subsidized loans and grants to the business to cover up their debts is a necessary step. This is needed to ensure that small businesses does not face a complete shutdown or become bankrupt during the epidemic.

Even then, when a major crisis has hit the small businesses harshly, they are trying their best to take help from the technological advancement. One of the major benefits that came for the resolution of the cash flow issue is by the way of online payments. Online payments have offered a lot of benefit to the small business to help them function through such a time. With the applications like Pay TM or PayPal or even G pay, they are able to bridge a gap regarding the cash crunch. The other online payment methods related to RTGS, and online banking had aided a lot through the time.

But this would not have been possible without the significant factor of newly founded method called working through home or online working at such times. By bringing the complete working space of the small business at an online medium and to work through that by connecting people without being physically present at the premises and working despite that has proved a major opportunity for the businesses. It has made the work-from-home ideology a necessity which has taken a major course itself in shaping the moving-on strategy for the business even in such a hard-hitting crisis. Yet a complete shift to the online medium is debated since there is the issue of the logistics which involves procurement of raw material, pick-up of goods, delivery of goods, manufacture, etc. This can only be done through physical presence. While social distancing norms prevail, the strictness is seen in the number of employees or workers allowed and the rules to be followed for the same. Safety measures need to be adequately administered and brought about to the premise of the business and the working areas and space, lest to violate the norms.

More than that, the customer and its change in perspective is what the necessary factor is. Through the internet expansion, there can be seen more and more people ordering online products and encouraging services through the medium of internet. This has aided the small businesses a lot because of the attitude shift of the consumers who are becoming more apparent and reasoning to the ongoing pandemic. Even the local businesses that struggle are able to gather customers at this time. Through and through, the situation seems at stagnant but there can be seen the matter of revenue cuts and certain pay cuts of the workers and employees to meet the expenditure cost and to save the business from going to total shutdown stage.

Yet a long term assessment is to be established to understand the overall growth and stability of the small businesses during and after the COVID-19.

### **Impact on Tourism Industry**

It cannot definitely be denied in any way that the tourism industry is that one industry which is hit the hardest through the COVID-19. Tourism industry largely depends on the movement of people from one place to another and when because of social distancing norms, that becomes impossible, it causes the destruction of the tourism industry. Not only that but because the tourism industry helps majorly in the economy of a country and allows for the cash flow and cash currency in the country, the condition becomes all the more deplorable because of the existing pandemic. When such lockdown and shutdown measures are adopted by the countries' authorities, the tourism industry whose work largely is based on such a movement had to lead to a sharp decline in their revenue measures.

Tourism sector employs large number of people and with it different other professions as well. There have been travel restrictions because of the ongoing pandemic and because of that reason where a particular state is specifically famous for its tourism and travel phenomena, it causes a decline in the economy and revenue to be generated in that particular state. For example: Goa in India is famous tourist destination and is loved for its beaches but because of the restriction, there is a sharp decline in it.

More than that, the people that employed in tourism business like guides or travel agents or tour operators and other important people who are specially designed to work by preparing itinerary for the travellers, the plan have limited work at their hand and have to shift to another business because of lack of work. The domestic market and cultural traders that flourished by selling ethnic, artistic and other essential products to the tourists are now lacking their customers. The decline and standstill of trade of the artisans, craftsmen can definitely be seen. Moreover, tourism business is linked to other specific industries as well like the hospitality industry in the form of food sector, hotels, restaurants, and motels etc. who all work in connection to such tourism industry. The benefit of tourist package with the hotels and motels aid a lot to such industry and help them grow even more. But the drastic fall can be seen in such a case. Moreover, the another pertinent issue presents itself in the form of foreign exchange currency and earnings which are declining at a higher and faster rate because of the major fall in the tourism industry. Foreign tourists bring foreign currency in the country which maintains the inflow of foreign currency but because of lockdown and no travel, the foreign exchange has become a difficult factor. Foreign exchange helps a lot in the economy and the development of the country. It helps in increasing the value of rupees but with such strict norms in travel, it presents itself with stoppage of flow of currency through tourism business at a major end in the country. For hotels and other hospitality sectors, the contribution to the property and other sorts of taxes also causes a hindrance and problem. Providing help by appropriate authorities will alleviate the situation. The impact is so huge that there is requirement of issuance of credit and access to credit as the major factor for helping the tourism

business. Tourism industry in itself also includes certain small businesses as well. Thus, both the tourism business and small business sectors suffer because of such pandemic. Thereby, methods to employ funds to the tourism industry becomes utmost important.

### **Impact on Construction Business**

Construction businesses have work laid out and the plans made to complete the work within the assigned time frame. There will be delay in the construction and the completion of the important projects and buildings. This delay will cause lost in interest to the buyers and when the potential interest lies of the government, it will ultimately delay important projects and measures planned out. Since large amounts of investments lies in such construction projects, the delay causes the wastage of the portion of the investment. Construction businesses require the employment of manpower and capital as a major factor. Because of the cost involved in procuring both the manpower and machinery at an overall pace is high, the damage in the form of shutdown of the construction at the point of pandemic will also be high.

The sector employs skilled labour force as its manpower to perform the construction activity and with the delay of months is likely to cause impact to the project site and in return to the economy. But more importantly, the skilled labour will suffer because of the change in the outcome and their being not employed for the time being to perform the job. These might include contractual labourers or daily-wage workers who depend on the income for their sustenance and living. When minimum wage are not provided which includes more than just the basic wage but also required for the sustenance, they are to shift to their home. When such migration is happening and the condition of restriction and no travel exist, it leads to higher rate of poverty and overall decline in the economy as well as the construction sector as a whole.

Machinery becomes redundant at a faster rate in developing world. When the plant and machinery does not get used for the purpose, it was taken up for, the depreciation of the plant and machinery happen which causes loss of money and the value of the machinery itself declines. It leads to purchase of new machinery and more investment because of it. The major projects which are of essential nature, for example the irrigation in agriculture, if that project in a particular area is put to a halt, it causes a major loss to the agriculture sector as well. More than so, it puts a difficulty for the consumers as well. Similar things happen to priority level projects like road development projects.

The fixed period for the construction and adhering to the timeline is assigned for meeting with the possession requirement. When the issue revolves around the possession of the property of the buyer and handing out the possession where timeline is important, it causes default at the part. It also leads to factoring of the assured returns and interest attached with it. There can be penalties formed at such a stage. With the migration and the

problem in the supply chain, construction businesses are suffering a lot with a pressure and burden to complete the construction of the plot or site within the time frame. There can be increase in time with the force majeure clause in the agreement or existing contract since the pandemic. But to say that no loss occurs is wrong. The loss in the form of halted activity, depreciated plant and machinery, loss of business and labour is a major issue and impact that this pandemic has caused.

Furthermore, it can be seen in the form of forward or backward linkages which means that other industries and sectors will definitely suffer because of the halt in the construction activity. These might include transportation sector or the agricultural sector or trading sector or even the metal or steel sectors. They all suffer because of the loss of supply and demand. Since these sectors might depend on the providing of the raw materials or procurement of the end product, there is the likelihood of loss and reduction in such supply because of the shutdown. At a later stage, it can be seen in the form of loss of investment in the construction projects because of multicity and also because of lower rate of completion of the project and lagging of it for some time. With people who have just invested their money, the investment throughout the shutdown will produce negative return.

### **Impact on Transport Industry**

The transport industry flourishes with the movement of people and the usage of the transport. With the spread of COVID-19, there is a halt in the overall movement and the usage of transportation services. These services might be through private enterprises or under the government control. Needless the control, the damage is sure to happen. When the transport involved is for example, a public transport like buses or metros which are excessively used by the people to travel from one place to another part easily, a sharp decline in it causes a decline in revenue. The revenue is hit majorly as it provides the cheapest service to a large number of populations in the country. In country like India, where government solely has created a monopoly over the railways, the revenue generated from it is minimised to nothing because of the ongoing pandemic. The private sector does not own any share of railways to provide for the facility of it to every class of the society. It is economical in that sense. Yet, the stoppage in the form of lockdown and social distancing procedures has put a sharp contrast to the working, functioning and revenue earning portion of the government from this sector. This in turn affects the economy of the country as well. The air transport has hit the private employees with the loss of job for the pilots, air hostess, and other important crew members because of no travel or travel restrictions. This causes wastage of human capital. Yet some form of online method is established for the management of the sector to still function but the difficulties arises even in that sense when the travel is not allowed by the authorities.

When the closing of borders is there because of the shutdown, no international flights are there and thus, slow foreign exchange is seen because of the no inflow of the currency which has a harmful impact on the economic condition of the country. Not only this, the transportation services like Uber, Ola which are at a maximum surge at a previous couple of years with carpooling and shared services, has seen sharp decline in their revenue. Moreover, it employs several people to work for them as the drivers who in turn have suffered because of loss in their particular sector. Because such services are now at a stoppage the loss of wages and the increase in unemployment might be huge with people looking for different sectors to work for.

Since the operation is restricted and there even when the services start the social distancing norms needs to be maintained with less number of people to be able to use the services at a particular single point which means that if at earlier point a maximum of 200 people were to use the transportation, now the number might decrease by 50 or even 100 at a single round. It will cause a reduction in revenue of the people and thus, there might be pay cuts. Moreover, there are other industries which are associated with the transportation industry, for example the steel and iron industry that might lose the supply chain because of such a situation or where a train operates through coal, the coal industry might lose business regarding the thermal power which is required in the railways. Thus, the loss is eminent which can be surpassed to a certain other sector as well.

When one looks at the local level like the auto rickshaws or the e-rickshaws or taxis or such other small transport facilities that they provide, it can be seen the loss suffered. They work on daily-wage basis to provide for their family and for themselves. The loss can be seen in the matter of the cost and other essential unemployment because of it.

### **Impact on Retail Sector**

The physical retail shops in the form of malls, kirana shops, etc. has suffered a lot because of the corona virus. The malls support several other different outlets and has been impacted with loss in revenue because of the closure of the shops in malls. It also requires maintainability and employs a large number of people. Thereby, the loss is at a higher rate for such a sector.

Certain outlets have now started operating through the online medium by providing its workers with the opportunity to garner and attract more customers. The revenue from that can be seen to support at a portion but the backward link is lost for the retail operators. Since they deal with customers and supply them with products but the stock with them which though will finish after a certain time because of constant lockdown will prove the reduction in material. This is because of the situation of panic buying by the customers because of loss of stock.



Once at a point there will be a lot of inventory because of loss of customers and it will lead to loss in revenue condition. The capital might be redundant and the inventory will suffer being put up for several months.

But the retail sector like the IT sector will be hit the hardest because of the factor that people will focus more on essential commodities because of cash crunch and to support the family. They will not work towards IT sector products or other infrastructure, cars or other non-essential commodities. This will reduce their revenue and will make them suffer the hardest because of loss of customer support and consumer demand being almost equivalent to negligent.

### **Measures Needed to Cope Up**

The pandemic has proven a downhill for the economy. The major reason and the impact arise because of the social distancing and the lockdown or curfew measures. But the quickness of the sectors to go for the online methods and its adoption in the workspace has aided a lot in resolving the issue. Yet certain lacunas still exist. Thus, the central measure that needs to be done is in the form of credit facilities and fund transfer by the appropriate authority. Even in the measure of reducing the interest rate on the building up of the debt will prove as a major policy reform for the businesses in the form of aiding the domestic industries to flourish even in such lockdown.

The remote working is the need of the hour because of the government restrictions. The familiarity and the work with fully- remote of partially-remote work should be clearly assigned and planned out. This is very much a needed step so that there can be work done and there is no loss of important information and certain important factors because of the lack of physical presence in the business arenas. The clients' and the consumers need should be met with keeping in check the established norms of social contact. The business meetings and the events should take place adequately.

There can be situation of the long-term COVID-19 issue being prevalent because of which there can be increase in remote working phenomena. This will required adequate business planning and focusing on the potential threats that might arise but to continue the work and not to lose the step. Even in transport facilities where the income and revenue generation might be slow, yet the need for even the smallest economy generation will prove as a useful and reasonable step in the way. Since the situation is at the moment temporary and not a permanent one, there is need to fix the damages and respond automatically to that factor. Thus, there is need of re-budgeting which is major issue at the time and to understand the wasted portions and to minimize them. The less wastage and efficient and effective working becomes all the more important now. It is necessary to go for the online outlet to provide for the basic important factors. There can also be subsidized measures to be appointed by the appropriate authority and along with it the protectionist measures

for their particular country which is necessary. These will cause a shift in the new world order and might lead to paradigm shift in the trading policies as well. The tourism industry will start flourishing at higher surge after the lockdown. Thus, the shift is there and can definitely be seen. The reduction in unnecessary expenditure and devising of the new and renewed policies is a necessary measure which is required to cope up with COVID-19. Different retail and small businesses can flourish by including new supply chain according to the needs and demands of the consumers and customers and work accordingly. These will include adding new product or services to their particular business or sector which will attract more customers and consumers. There can be revenue generation by the way of adopting new methods for example, the method of take-outs is given or online services for food and other essential products are offered which has proved useful.

### **Conclusion**

Thus, it can definitely be said that different industries had and are suffering a lot because of the pandemic which is COVID-19. Yet, it cannot be denied that they have taken steps to overcome such a measure by the help of internet and online mechanism. They have, indeed, changed their workspace to the digital one. But some industries are the ones which still suffer because of the inherent nature of the business and the physicality required with it. It has impacted certain businesses to a verge to shutdown. Still the hope persists, that with the collective aid and adopting new changes, industries are growing, even if at a smaller pace, yet still growing during such a crisis of COVID-19.