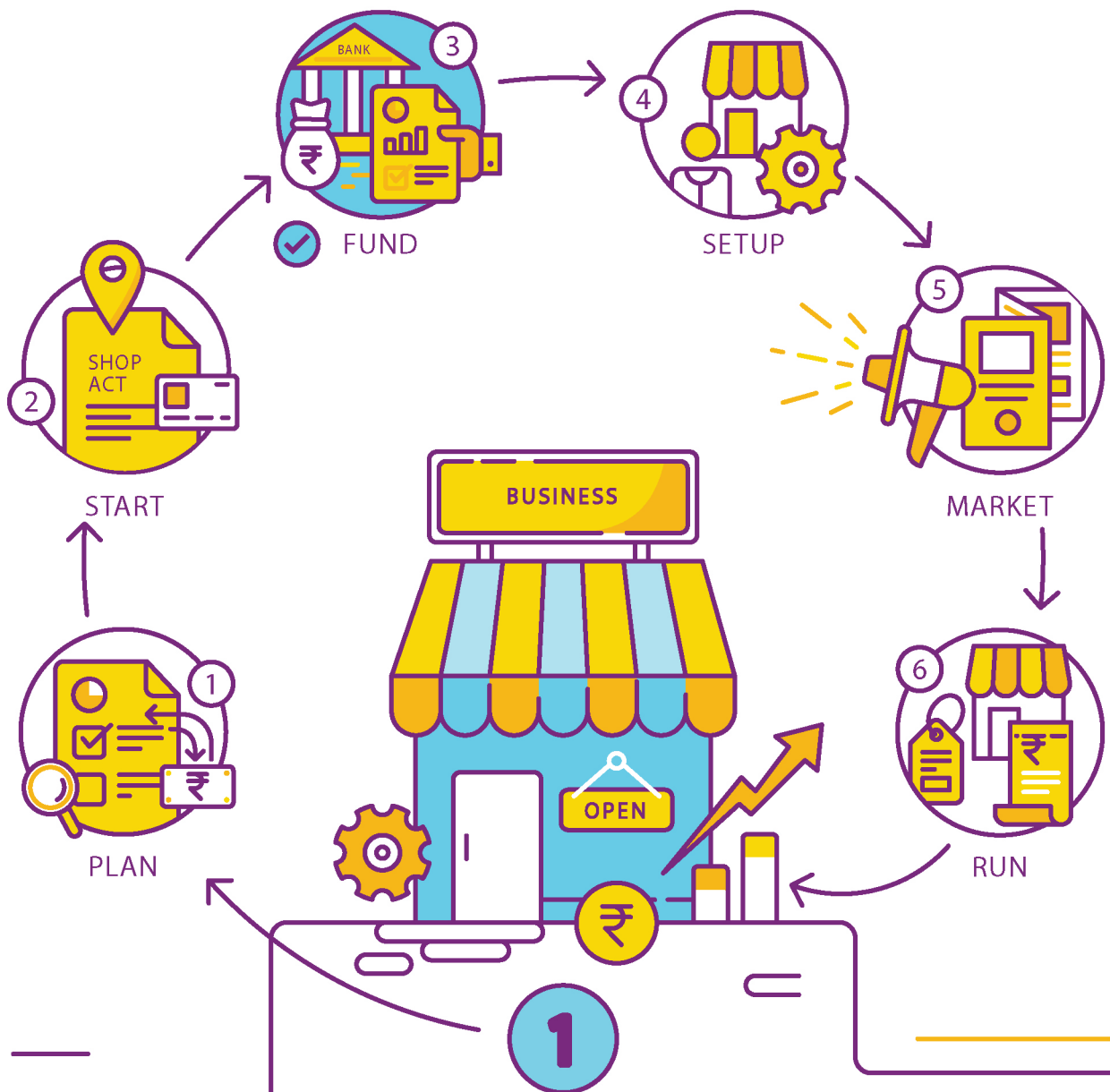


# STABILIZATION & RECOVERY OF MICRO/SMALL BUSINESSES DURING AND POST THE COVID LOCKDOWN



**de Asra**

Powering businesses. Creating jobs.

# Stabilization & Recovery of Micro/Small Businesses during and post the COVID lockdown

Based on our experience and conversations with our dePreneur community (deAsra's micro and small business beneficiaries) and industry experts from our ecosystem, find below the consolidation of suggestions for the survival of micro and small businesses in the coming months-

## Stabilization during lockdown

- Businesses can sell their products online. Tying up with online stores or apps or even selling products through their website can help maintain sales and cash inflow.
- Food businesses can give home delivery as this is not yet banned. This will ensure sales and customer retention.
- Teaching or coaching classes can do virtual classes using Zoom, Skype, Hangouts to conduct their training. This will ensure continuity in business.
- In the current scenario, the demand for packaged products is high, retail businesses should make use of this opportunity.
- Businesses should take all necessary hygiene measures. If required, dedicated staff can be maintained for cleaning the premises.
- Rather than laying off employees, their salaries can be paid in installments or salaries reduced for the lockdown period. Once the business reopens, the manpower will be needed.
- Businesses can take advantage of this lockdown to reach out to their customers. This period can be used to conduct digital or over the call surveys to improve your service or product. This will increase customer engagement.
- During this lockdown, if businesses are planning to keep them running and open for business, they should analyze the demand. If there is no demand during this period resources will be wasted.

## Financial Management

- Businesses can request their landlord for relaxation in rent payments. Landlords can also be asked to utilize the deposit amount to recover rent for the lockdown period.
- Businesses can revisit their credit cycle. E.g. in case of businesses that sell on credit, they can request their customers to settle the debts as soon as possible. In case they have bought products on credit they can request their sellers for an extension in repayment.
- Assets not in use can be sold or rented. This cash inflow can help in meeting upcoming expenses. Businesses can apply for an extension in their loan tenure.
- Employees can opt for taking loans on their Provident Fund balances.

## Financial Management

- Post current scenario, demand for made in India products will increase and consumers will prefer buying such products over imported goods. To make most of this, businesses should monitor demand and accordingly target the right customers.
- Overseas businesses might consider shifting their manufacturing base to India. To beat competition, local businesses will have to improve the quality of their products.
- Tourism industry might benefit from this as people will avoid overseas trips for a while. Tourism in countries like Europe will reduce drastically and these tourists might shift their focus to India.
- Businesses should start maintaining funds in reserves which will help them to sustain in case of any future similar disruptions.
- Once lockdown is over, there can be a spike in demand. Resources will have to be kept ready to meet customers' needs. This includes raw material, stock and man power. Businesses should prepare for post lockdown demand.

## Policy suggestions to Government

- We are seeing a requirement for between Rs 50,000 to 1 lac for a 3 month period to keep the business running - mostly to take care of rent and salaries. If these funds can be raised and provided to these businesses at low interest rates, they will have a chance to recover post lockdown.
- In addition to the moratorium period, businesses should be given extension in repayment tenure. If moratorium is available only for three months for example, businesses will take much more time to recover and generate enough sales/receipts to repay loans.
- Government can grant 50% subsidy to businesses for wages to be paid to apprentices and trainees. This will ensure that they don't lose their jobs.
- Government can raise a fund which can be used to support the workers of businesses which have been highly impacted by COVID-19.
- Government can give loans to small businesses to meet their working capital needs i.e. rent, salary, raw materials cost etc. This will ensure that small businesses don't shut down and fire their employees.
- Relaxation in property tax for businesses premises for the period of lockdown.



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# Good Luck For Your Business.



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