

# Impact of COVID-19 Pandemic on the Agribusiness Start-ups: Case of Jammu City

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## ABSTRACT

The study has been conducted to study the Impact of the COVID-19 Pandemic on the Agribusiness start-ups in Jammu city. The research was carried out on the basis of primary data. Jammu city was selected purposively and 25 start-ups were taken randomly which constituted the total sample size. The research was descriptive type and a convenience sampling tool was used to select the start-ups. The research revealed that the COVID-19 pandemic has negatively impacted the majority of the start-ups, and lockdown leads to disruption in the business operations of the majority of the start-ups. It was also found that the majority of the agripreneurs have cut-off the salary of the employees without doing downsizing of the firm. The research also revealed that COVID-19 pandemic leads to delay in the funding process which also affected the start-ups negatively. As far as type of support or assistance the start-ups or entrepreneurs were seeking is concerned, majority of the start-ups believed that government support or financial assistance would play an important role in boosting the start-up ecosystem.

**Keywords:** Agribusiness, start-ups, COVID-19, Pandemic, Jammu, Downsizing

Start-ups have come to be the most essential driving tool of economic growth in the last decade. Innovating Startups have been capable of interrupting the usual way of business. A start-up venture can be defined as, a new business that is in the early stages of operation, beginning to grow, and is typically financed by an investor or small group of investors. Start-ups are nothing but an idea that can be transformed into a commercial undertaking.

Start-up India initiative is about creating prosperity in India. Many young and innovative people who dream of starting their own business lack the resources to do so. As a consequence, their ideas, and capabilities remain untapped – and the nation loses out on wealth creation, and economic growth.

Start-up India will help enhance entrepreneurship and economic development – by ensuring that entrepreneurs who have the potential to innovate and start their own business are encouraged – with proactive support and incentives at multiple levels.

India has the second-largest agricultural land in the world and about 60% of rural Indian households make their livelihood from agriculture. The agro-based industry saw growth at a CAGR of 16.4% over FY10 to FY18. Export of Agricultural produce from India reached US\$ 38.54 billion in FY19 and FY20 (till

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November 2019) US\$ 22.69 billion. The agrigarian sector in India is suffering from a variety of problems like the use of outdated equipment, improper infrastructure, and farmers unable to access a wider range of markets with ease while making just limited profits on crop sales. Appropriate infrastructure and supply chain management (SCM) are the more serious concerns. With improvements in areas of technology, and start-up culture growing rapidly, many new and innovative minds are entering the Indian start-up ecosystem. The Agri start-ups in are providing information, techniques and efficiencies to Indian farmers. There are close to 9000 agriculture based start-ups in India. With many innovative initiatives for farmers, the government is aiming to double the farmers income by 2022.

Grant Thornton (2016) defined, a start-up as an organization that is an entrepreneurial venture or a partnership or a provisional business organization that engages in the development, production, or distribution of new products and services or processes. Institute for Business Value (IBV) (2018) stated that India is booming with young entrepreneurs and start-ups but more than 90 per cent of start-ups in the country are failed because of, lack of innovation, non-availability of skilled workforce and insufficient funding. According to Nipun Mehrotra (2018), "The Indian start-up community, ranked 3<sup>rd</sup> globally in terms of the number of start-ups, has been creating new job opportunities and also attracting capital investment. We believe that start-ups need to focus on social problems, including healthcare, sanitation, education, transportation, alternate energy management, and others, which would help deal with the issues that India and the world is facing".

COVID-19 pandemic has left a distressing economic scene in its path. The start-up ecosystem has also not been spared. About 59 percent of the startups and micro, small and medium enterprises (MSMEs) in India are expected to scale down, shutdown or sell themselves in 2021 due to the great loss incurred by the second wave of COVID-19 pandemic (Local Circles). The report said only 22 per cent of Indian Startups and MSMEs have over three months of the runway. About 41 per cent are either out of funds or have less than 1 month of funds left in the accounts. Startups have been in the race for survival, especially

since the inception of the COVID-19 outbreak in 2020. India observed the nationwide lockdown from March 24 till September 2020. After that, there was an imposition of lockdown like restrictions from April 2021. India's economy had just started to recover from September 2020 from the first wave of COVID-19. However, the second wave related lockdowns and curfews have an impact on the economy once again.

## MATERIALS AND METHODS

The study adopted both primary data methods for the collection of data from the sample area. For this study Jammu district has been taken purposively and for the collection of the relevant information, the survey was conducted among the Agri start-ups was selected from the Jammu district and 25 Agri startups (respondents) were selected randomly. The data has been collected through the survey using questionnaires as the measurement tool. The study was based on descriptive type.

## RESULTS AND DISCUSSION

For fulfilling the objective of the research 25 start-ups were surveyed. Out of the 25 respondents, 76 per cent of the start-up founders were male and 24 per cent were female. The information related to th education of the start-up founder was also collected and it was found the majority of the respondents were graduates i.e. 56 per cent, followed by post-graduates which were 24 per cent. The rest of the respondents were having an education level of senior secondary or below.

**Table 1:** Demographics of the respondents

Options	Percentage
<b>Gender of the Founder</b>	
Male	76.00
Female	24.00
<b>Education of the Founder</b>	
Middle School (Upto 8 <sup>th</sup> )	4.00
High School (10 <sup>th</sup> )	4.00
Senior Secondary (12 <sup>th</sup> )	12.00
Graduate	56.00
Post-graduate	24.00

Marital Status of the Founder	
Married	36.00
Unmarried	64.00
Focus Area of the Startup	
ICT and IoT in Agriculture	28.00
Agri Input	8.00
Food processing and Value Addition	40.00
Post-harvest Management	4.00
Agricultural Marketing	12.00
Waste to Wealth	8.00

Table 1 also shows the information related to the focus area on which these start-ups are working. 40 per cent of the start-ups were working in the field of food processing and value-addition, 28 per cent of the start-ups were having ICT and IoT in Agriculture as focus area, 12 per cent of the start-ups were working in the area of agricultural marketing, 8 per cent were operating on the theme of waste to wealth and agri input.

The respondents were asked about the effect of the COVID-19 pandemic and lockdown on the start-ups. Table 2 revealed that about 76 per cent of the start-ups said that it negatively affects the business growth, 16 per cent believed that it did not affect them and 8 per cent of the start-up feel that it has positively impacted the start-ups' growth.

**Table 2:** Effect of the Covid-19 Pandemic and lockdown on the startup growth

Options	Percentage
Negatively	76.00
Positively	8.00
Neutral or No Impact	16.00

The impact of lockdown on the business operations of the start-up is presented in Table 3. 40 per cent of the respondents said that decision of the lockdown leads to a complete shutdown of their business operations whereas 48 per cent said that it leads to partial disruption in the operations. Only 12 per cent said that lockdown had no impact on their start-up operations.

COVID-19 pandemic has greatly impacted the employment of the people and many had lost their jobs. In table 4, information related to the impact on the human resource associated with the start-ups

were collected. It was found that around 68 per cent of the start-ups have not done downsizing but they have cut down the salary of their employees to some extent, whereas 24 per cent of the start-ups have terminated few of their employees and the workforce under 8 per cent of the start-ups haven't affected in a way.

**Table 3:** Impact of lockdown on the business operations of the start-up

Options	Percentage
Complete Shutdown of operations	40.00
Partial disruption in operations	48.00
No Impact	12.00

**Table 4:** Impact on the human resource associated with the start-up

Options	Percentage
No Downsizing but salary cut-off	68.00
Downsizing with the termination of few employees	24.00
No Impact	8.00

Start-ups need funding in their initial stage to survive and grow. COVID-19 pandemic and lockdown have greatly affected the market and raising funding for the start-ups is a big task in the current scenario. Table 5 revealed that 64 per cent start-up said that they are facing problem-related to funding as the process has been delayed, 12 per cent said that the investors had canceled the deal whereas 16 per cent said that they have completed the process and received the fund.

**Table 5:** Impact on the funding process

Options	Percentage
No response from the funding agency	8.00
Delay in the funding process	64.00
Cancellation of funding by the investors	12.00
Process completed and funding received	16.00

Survival of so many startups and budding entrepreneurs is becoming difficult in this pandemic situation. Table 6 shows type of support or assistance the start-ups or entrepreneurs are seeking to survive in the market. 44 per cent of the start-ups

need government support or financial assistance to survive whereas 36 per cent were seeking tax relief. 12 per cent respondents believed that approval in pending funding would help them in remaining functional and about 8 per cent were of the opinion that relaxation to the investors is very pivotal to boost the start-up ecosystem in current scenario.

**Table 6:** Type of support needed to survive

Options	Percentage
Tax Relief	36.00
Approval on pending funding	12.00
Relaxation to the investors to boost start-up ecosystem	8.00
Government support or financial assistance	44.00

## CONCLUSION

It can be concluded that the COVID-19 pandemic has negatively impacted the majority of the start-ups, and lockdown leads to disruption in the business operations of the majority of the start-ups. It was also found that the majority of the agripreneurs i.e. 68 per cent have cut-off the salary of the employees without doing downsizing of the firm. The research also revealed that COVID-19 pandemic leads to delay in the funding process which also affected the start-ups negatively. As far as type of support or assistance the start-ups or entrepreneurs were seeking is concerned, majority of the start-ups believed that government support or financial assistance would play an important role in boosting the start-up ecosystem.

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