



**COVID ECONOMIC IMPACT**  
ON KERALA BUSINESSES

**A A S C S T U D Y 2 0 2 0**



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## Introduction

Covid19 is first and foremost a human tragedy. Like a world at war, it consumed the lives of thousands and affected severely millions of families across the globe. World's most powerful and technologically advanced countries are struggling to combat the virus, for which there seems to be no cure yet.

In varying degrees, it will affect the economies of all countries. It is just a matter of how much impact it will have.

At AASC, we expect this long lasting impact it can have on the different generations that live today, who will face this crisis. The upcoming Generation Z and the Gen Y, is going to be deeply affected, as their careers, jobs and startups will face an economy where "customer spending capacity" and "customer spending mentality" is facing a question of change.

Will the Gen Z and Gen Y, that does not believe in accumulation of assets, have a rethink? Which industries will get disrupted? Which all giants will fall? Which all startups will become global players? Will there be shift in the global economic nations? Many questions that will only be revealed with time.

This report is focused only on the Kerala business scenario, and tries to evaluate how Kerala entrepreneurs sees the situations ahead, their sentiments and changes in the Kerala economy.

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AASC is a leading business strategy and management consulting firm serving clients, businesses and projects across Kerala and Gulf.



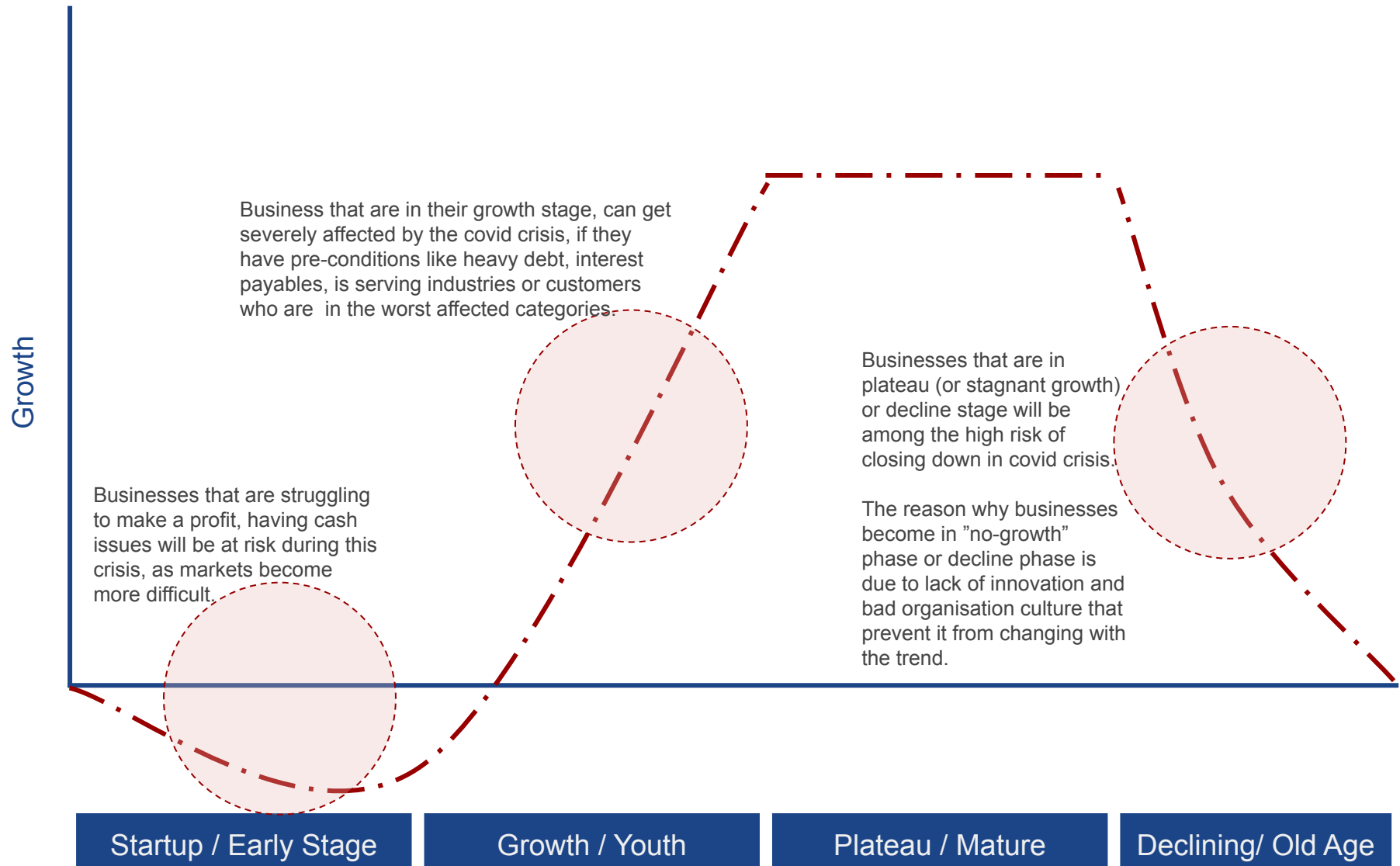
# Similarities Between Covid Patients & Covid Impacted Businesses!

	Infants	The Youth	The Mature & Old
<b>Humans</b>	There are less cases on infants getting infected.	There are less cases of youth getting affected, unless they have any pre-conditions like respiratory or other illness.	If infected with Covid virus, this category of people are at high risk. Probability of death rate is high, as they usually have some pre-conditions or lower immunity.
<b>Businesses</b>	Similarly, new business ideas, startups and new ventures have a better edge over established players, as they come with no “historical baggage”, and can transform easily to change needs of the market.	Similarly, businesses that are in their youth (or growth stage), can get severely affected by the covid crisis, if they have pre-conditions like heavy debt and interest payables or are serving industries/ customers who are in the worst affected categories.	Similarly, businesses that are in plateau (or stagnant growth) or decline stage will be among the high risk of closing down in covid crisis.  The reason why businesses become in “no-growth” phase or decline phase is due to lack of innovation and bad organisation culture that prevent it from changing with the trend.
<b>Take Away</b>	Good time to start a new venture, when existing players are shaken, and when customers expectations have changed.	Ensure financial health, replace interest based debt with equity, have reserves for contingencies.  Re-visit the 5 year plans, and customize to the changed market scenario.  Change Business Models.	Drastic times, require drastic measures. Restructure the organisation structure.  Bring younger management, separate ownership from management.  Focus on acquisitions and mergers.

# Covid Economic Crisis can affect businesses which are in various stages, if they meet the symptoms

Covid Economic Crisis

Impact on Businesses In Various Stages





# Future Is Uncertain, Expect & Prepare For The Worst

Covid Economic Crisis

Impact on Economies

## Global Economy

According to UN Department of Economic & Social Affairs (DESA)

- The global economy could shrink by up to 1 per cent in 2020, a reversal from the previous forecast of 2.5 per cent growth
- Contraction could be even higher if governments fail to provide income support and help boost consumer spending
- In the best-case scenario - with moderate declines in private consumption, investment and exports and offsetting increases in government spending in the G-7 countries and China - global growth would fall to 1.2 per cent in 2020
- In the worst-case scenario, the global output would contract by 0.9 per cent - instead of growing by 2.5 per cent - in 2020

## Indian Economy

- The Indian economy was facing significant slowdown over the past few quarters, and present Covid crisis has made recovery in mid term difficult
- Tourism, Aviation, Hospitality, Entertainment, Retail are among the most affected
- Due to lockdowns and restricted movement of people and goods, the whole economy has come to a standstill
- Manufacturing sector will be faced with shortage of raw materials and consumables as the factories manufacturing them are down and logistics not happening. This in turn will affect the stakeholders involved in selling their products
- According to UNCTAD, India's trade impact due to coronavirus outbreak could be about US\$ 348 million. India is among the top 15 countries that have been affected most as a result of manufacturing slowdown in China that is disrupting world trade

## Kerala Economy

- Kerala has been very successful at containing and managing the Covid situation. Unlike other states or countries, Kerala Govt took proactive steps toward fighting Covid from early stage itself
- According to Kerala's Finance Minister Thomas Isaac, the covid crisis will have an adverse impact on the Kerala economy if not contained fast
- The State will face fall in tax collections, which will affect Govt spending
- The covid's adverse effect on Gulf Countries is going to affect remittances in the short and mid term (job losses and returning NRIs)
- The global outbreak if not contained in 3 months, can have visible impact on the Kerala market as well

<sup>1</sup> <https://economictimes.indiatimes.com/>

<sup>2</sup> FICCI, *impact of Covid-19 on Indian Economy March 20, 2020*

<sup>3</sup> <https://english.manoramaonline.com/business/news/2020/03/11/covid-19-will-impact-kerala-economy-says-thomas-isaac.html>

Key highlight

*Real estate developments will have to be based on viable business plans, and hence industry players should provide viable solutions to investors and buyers*

Covid Economic Crisis | AASC Industry Analysis | **Construction Related**

Players	Risk Possibilities	Growth Possibilities	AASC Survey Insights
<b>Developers</b>	Projects (usually residential & "plain vanilla" commercial properties) on hold (due to unavailability of labour and materials & due to delayed payment from buyers), and resulting escalation in cost of project due to delay.	Developers focusing on building commercial eco-systems, have a better chance of getting tenants, and hence higher chance of getting investors (not squarefeet buyers) for the project.	<p><i>"Survey Participants Believe That..."</i></p> <ul style="list-style-type: none"> <li><b>44%</b> Lock down will end by May 15th</li> <li><b>72%</b> Can start operation immediately after lockdown is over</li> <li><b>60%</b> Sales will be down by more than 30% in Q1 post covid lockdown</li> <li><b>48%</b> Business models will need a change to survive</li> <li><b>60%</b> Only this year plans need a change, based on their 3-5 years plan</li> <li><b>52%</b> Some of their competitors will have to close down operations</li> <li><b>36%</b> Sales is the major operation issue they face post the Lockdown, next HR Issues at 23%</li> <li><b>60%</b> Salary needs to be reduced to survive</li> <li><b>41%</b> Staff will have to be reduced, if the lock down and slow down continues</li> <li><b>76%</b> Will not have funds to operate if the lock down extends beyond 3 months</li> </ul>
	Financial liabilities due to loss from non-operational weeks.	Developers who take-in investors to finance the project completion without waiting for buyers.	
<b>Contractors</b>	Residential community projects can get delayed.	Developers who can arrange interest free loans to property buyers.	
	Certain individual residential & commercial projects can also get delayed.	Focus more on Budget projects (commercial or residential).	
	Financial liabilities due to loss from non-operational weeks.	Focus on commercial and industrial projects that has a sound business plan.	
		Get investors to cover financial shortages, and eliminate bank loans.	
		Bring best practices to management to increase output, efficiency and reduce cost.	
		Introduce maximum mechanisation and reduce manual processes.	

AASC's overall analysis of the market for specific industries

The responses of the industry players to AASC survey about their expectation of the future. These are not AASC views, but views of those who participated in the survey

It is shown, to illustrate how the industry thinks

The survey findings is to be read as " X% of Survey Participants believe that ....." (completed by each point)



# Real estate developments will have to be based on viable business plans, and hence industry players should provide viable solutions to investors and buyers

Covid Economic Crisis

AASC Industry Analysis

Construction Related

## Players

## Risk Possibilities

## Growth Possibilities

## AASC Survey Insights

### Developers

Projects (usually residential & “plain vanilla” commercial properties) on hold (due to unavailability of labour and materials & due to delayed payment from buyers), and resulting escalation in cost of project due to delay.

Financial liabilities due to loss from non-operational weeks.

Developers focusing on building commercial eco-systems, have a better chance of getting tenants, and hence higher chance of getting investors (not squarefeet buyers) for the project.

Developers who take-in investors to finance the project completion without waiting for buyers.

Developers who can arrange interest free loans to property buyers.

Focus more on Budget projects (commercial or residential).

### Contractors

Residential community projects can get delayed.

Certain individual residential & commercial projects can also get delayed.

Financial liabilities due to loss from non-operational weeks.

Focus on commercial and industrial projects that has a sound business plan.

Get investors to cover financial shortages, and eliminate bank loans.

Bring best practices to management to increase output, efficiency and reduce cost.

Introduce maximum mechanisation and reduce manual processes.

### “Survey Participants Believe That...”

44%

Lock down will end by May 15th

72%

Can start operation Immediately after lockdown is over

60%

Sales will be down by more than 30% in Q1 post covid lockdown

48%

Business models will need a change to survive

60%

Only this year plans need a change, based on their 3-5 years plan

52%

Some of their competitors will have to close down operations

36%

Sales is the major operation issue they face post the Lockdown, next HR Issues at 23%

60%

Salary needs to be reduced to survive

41%

Staff will have to be reduced, if the lock down and slow down continues

76%

Will not have funds to operate if the lock down extends beyond 3 months

# The retail players are not serious about changing business models and making short term and long term plans. This is not a good sign

Covid Economic Crisis

AASC Industry Analysis

Retail Related

Players	Risk Possibilities	Growth Possibilities	AASC Survey Insights
<b>Grocers &amp; Supermarkets</b>	Supermarkets that operate in a crowded market face high risk of unhealthy competition.	Small supermarkets should form strategic alliance for bulk buying.	<i>“Survey Participants Believe That...”</i>
	Inefficiency in management, lack of bulk buying capacity, inability to provide good customer experience can affect sales.	Provide online purchase options for customers. Professionalize operation. Consolidation, Mergers and Acquisition to increase the overall sales, reach and reduce operating expenses.	
<b>Apparels &amp; Other Speciality Retails</b>	Textiles industry will be heavily hit as they will be losing important seasons. Financial and stock issues will be severe. Businesses that depend on textile business will also be affected. Price will be a major factor, and price cutting without profits will be suicidal.	Consolidation, Mergers and Acquisition to increase the overall sales, reach and reduce operating expenses. Businesses that can differentiate itself from competing stores, will find it to consolidate the customers from getting scattered.	52% Lock down will end by May 15th
			76% Can start operation immediately
<b>Building Materials</b>	Change in customers needs and preferences.	Consolidation, Mergers and Acquisition to increase the overall sales, reach and reduce operating expenses.	52% Sales will be down by more than 30%.
	Dead stocks and new stocks not arriving on time.	Smaller formats (lower overheads) catering to specific customer segments and needs.	52% Business models does not need a change
<b>Mobiles &amp; Electronics</b>	Relatively less risky. There could be a shift from expensive gadgets to economy gadgets and second hand sales.	Price and collection that match the customer segments in the area of business will result in higher sales and profitability. Strategic tie-up with competitors or other industry players to increase stock and bulk buying can bring growth.	42% Either planning was not needed or no need of any plans for this year
			48% Some of their competitors will have to close down operations
			47% Sales will be the major operation issue they will face post the Lockdown
			39% Salary needs to be reduced to survive
			79% No staff need to be terminated
			76% Will not have funds to operate if the lock down extends beyond 3 months

# Despite the challenges that the manufacturing sector can face due to negative supply shock, 79% of the respondents claim the ability to start within 1 week

Covid Economic Crisis

AASC Industry Analysis

Manufacturing Related

## Risk Possibilities

Manufacturing companies also face the challenges of not having its employees (especially guest labourers from other states) available when the companies are ready for operation.

Manufacturing companies that depend on raw materials or consumables that needs lead time or that needs to be imported from countries in covid crisis, will not be able to be operational. That is, these companies will be facing "Negative Supply Shock".

Manufacturing companies that focus on local markets, might face "Negative Demand Shock", as there is sudden dip in its sales or demand for its products, as the customers have shifted their priorities temporarily or permanently.

Manufacturing companies that have interest bearing debts or EMIs can also have financial issues, which might not be resolved easily.

Manufacturing companies that depend on exports will be hit in a big way, if the covid crisis prolongs and it is not possible to operate or to export.

## Growth Possibilities

Pharma, Medical Supplies and Medical Equipment manufacturing companies are set to have a boom, especially for the companies that produce products that are in demand now.

Companies that manufacture health and hygiene products can also expect to witness spike in demands, as it over the period of lockdown people are accustomed to more hygiene practices.

If the government allows export oriented companies to start operations at the earliest (before the Covid crisis ends in other parts of the world), this can mean these companies can meet the unmet supplies of those countries.

## AASC Survey Insights

*"Survey Participants Believe That..."*

- 43%** Lock down will end by May 15th
- 79%** Can start operation immediately or within a week
- 43%** Sales can go down by 40% to 80% compared to precovid period
- 71%** No changes to the way they do business is required
- 57%** Existing plans and forecasts will need change
- 43%** Some of their competitors might close down
- 30%** Sales is the major operation issue they face post the Lockdown, followed by Procurement (22%)
- 57%** Salary needs to be revised or reduced to survive
- 36%** Staff will have to be reduced, if the lock down and slow down continues
- 71%** Will not have funds to operate if the lock down extends beyond 3 months

# Service providers can have good performance, if their customers or clients are among those who can adjust and benefit in this crisis, else the opposite

Covid Economic Crisis

AASC Industry Analysis

Service Related

## Players

## Risk Possibilities

## Growth Possibilities

## AASC Survey Insights

### Service Providers to End Customers

As the customer preferences can change to spend less and to spend more on functional value, service providers who do not meet this demand, will witness a dip in sales, losses, closures and staff terminations.

Service providers who are able to identify the shift in customer segments or disruptions in the priorities of the target customer segments, and change accordingly, can witness increase in sales, profits and growth.

### “Survey Participants Believe That...”

59%

Lock down will end by May 15th

76%

Can start operation immediately

59%

Sales can go down by 20-80% compared to precovid period

53%

Business models will need a change to survive

65%

Existing plans and forecasts will need change

71%

Some of their competitors will close due to the Covid impact

32%

Sales is the major operation issue they face post the Lockdown, followed by HR and procurement (16%) each

42%

Salary needs to be revised or reduced to survive

76%

No Staffs will be terminated

58%

Will not have funds to operate if the lock down extends beyond 3 months.

### Service Providers to Retailers & Wholesalers

Retailers and wholesalers are going to witness changes to their business models, as their customer expectations change. Service providers who cannot grow up to this change, will be in trouble.

Retailers and wholesalers are going to witness in changes to their business models, as their customer expectations change. Service providers who foresee, support and cooperate with these changes, will have potential to grow.

### Service Providers to Manufacturers

Service providers that are catering to manufacturing units that are suffering from negative demand shock or negative supply shock, will be adversely affected.

Service providers that are catering to the manufacturing firms that have a local and international demand for their products during the covid crisis and beyond, will have a positive impact on their sales performance.

# Healthcare expertise of Kerala is yet to be marketed and utilized effectively. It has great potential post-covid. Govt has a lot to do to enable it

Covid Economic Crisis

AASC Industry Analysis

Healthcare Related

## Players

## Risk Possibilities

## Growth Possibilities

## AASC Survey Insights

### Allopathic Hospitals

With the covid scare, there could be an increase in the people's minimum standards of a hospital. Many of the local hospitals that we have in small cities and rural areas, could see a sharp decline in OP and IP, as a more health conscious public opt for hospitals with cleaner and better facilities.

These hospitals can also probably face challenge from Govt hospitals that get upgraded to better standards and possible mushrooming of cooperative hospitals that build on better standards. Assuming that a public interest will raise that will help fund this transformation in Govt hospitals and give birth to such coop hospitals.

Demand for hospitals that run and maintained professionally, can increase.

As Kerala has become globally famous for its combat against covid, the brand value of Kerala's medical infrastructure, its doctors, nurses and para medical staff has also risen. This can help quality hospitals to get more patients from abroad.

More specialised healthcare centers targeting international patients, have scope in the coming years.

### "Survey Participants Believe That..."

**33%** Lock down will end by May 15th

**41%** Can start operation immediately or within a week.

**50%** Sales can go down by 40-80% in Q1 compared to precovid period

**67%** Business models will need a change to survive

**67%** Long terms plans will need a change

**66%** Their Competitors will grow due to the Covid impact

**47%** Sales Is the major operation issue they face post the Lockdown, followed by production and manufacturing (18%)

**41%** Salary needs to be revised or reduced to survive

**67%** Staffs will not be terminated

**83%** Will not have funds to operate if the lock down extends beyond 3 months.

### Ayurveda/ Unani

If the lock down prolongs and the international travel bans continue, then this can create financial issues, and staff management issues for existing units.

Apart for an initial dip in international patients and medical tourists, caused by travel bans; we forecast the industry to bounce back in full form.

More new ventures has scope, as global medical tourism opens up.

### Medical Education

If the Govt supports private medical institutions to enrol and train foreign students in large numbers (like philippines), then this can be a source of major income for the Government and mass employment for medical professionals.

# Education & training is an industry that has the potential to grow exponentially via the new age digital technology

Covid Economic Crisis

AASC Industry Analysis

Education & Training Related

## Risk Possibilities

Premium schools that charge a substantial fees, can possible face an admission drop, as the economic crisis in Gulf and Kerala, affects the income of the entrepreneurs and senior employees of high salary paying companies.

If the crisis impact continues, and as a result, sufficient jobs for the graduates are not generated, this can reduce the interest of students in pursuing masters and other further education.

## Growth Possibilities

There can be a shift from theory learning (degrees and PGs) to skills learning, as student desire to quickly enter a job and start earning. And as companies (to reduce cost of operation and training) prefer less “qualified” but more “skilled” or “skill-trained” job applicants.

Online learning and distance education can be in taste, as students seek to upgrade themselves while working.

Working people opting for online education via pre-recorded sessions, or webinars can also see an increase, now that many of them are exposed to such learning and networking via zoom and other platforms during the lockdown.

Opportunities are positive for digital education content creators, designers and editors, platform providers and marketers.

## AASC Survey Insights

*“Survey Participants Believe That...”*

- 85%** Lock down will end by May 15th
- 84%** Can start operation immediately or by 1 week
- 43%** Sales will be not be affected in a negative way
- 71%** No changes to the way they do business is required
- 70%** Long term plans and forecasts will need change
- 15%** Some of their competitors might close down
- 43%** Salary needs to be reduced by 25-50% to survive
- 85%** Staffs will not be terminated
- 56%** Will not have funds to operate if the lock down extends beyond 3 months



# Restaurants, Cafe and Fast Food success depends on the economic situation of their catchment areas. If its an affected area, then they will be affected too

Covid Economic Crisis

AASC Industry Analysis

Restaurants & Food Related

## Players

## Risk Possibilities

## Growth Possibilities

## AASC Survey Insights

### Restaurants

Premium restaurants can experience a slower growth in the coming months, and possible financial crunch due to accumulated losses of the covid lockdown period. This is applicable to restaurants, that were not able to profitably capitalize on the "home delivery services".

The crisis can bring about a correction in the market, closing down "unfit" businesses that compete in the premium sector. This will reduce the number of competing players.

As premium lunches and dinning becomes more exclusive, there is a possibility of demand flowing into restaurants that provide exquisite atmosphere, excellent food and best customer service. So the best among the premium restaurants has the possibility to make good sales and profits.

### Cafes & Fast Food Joints

Cafes and Fast Food Joints risk will depend on the location. If it's located in a catchment area that is heavy impacted by the covid economic crisis, then they can experience lower sales and losses.

### "Survey Participants Believe That..."

- 20%** Lock down will end by May15th
- 60%** Can start operation immediately
- 60%** Sales will be affected negatively by 30-40%
- 60%** No changes to the way they do business is required
- 40%** Long terms plans will need a change
- 60%** Some of their competitors might close down
- 43%** Sales is the major operation issue they face post the Lockdown, followed by HR (29%)
- 80%** Salary needs to be reduced by 50% to survive
- 40%** Staff will have to be reduced, if the lock down and slow down continues
- 60%** Will not have funds to operate if the lock down extends beyond 3 months

# The Indian IT industry is set on strong foundations, and any major setbacks like covid, can have an impact, but it will be temporary

Covid Economic Crisis

AASC Industry Analysis

IT & ITES Related

## Risk Possibilities

The covid economic crisis is expected to have a strong negative impact on the Indian IT industry. There are assumptions, that it can be worse than 2008 Global Financial Crisis, as United States and Europe (which accounts for more than two-thirds of Indian IT exports) is severely affected.

The negative impact on IT exports can lead to massive unemployment of well paid IT workers, who spending capacity and lifestyles will change that will impact all businesses that depend on them. The entire ecosystem can be hurt.

## Growth Possibilities

The good news is, the companies cannot withhold investing into IT for long, as sooner or later they will have to invest into automation, networking, remote working and collaborations. As otherwise, it will affect their competitiveness and profitability in long run.

IT companies that cater to clients in core banking, e-commerce and call centers will possibly continue to do good business.

Companies globally are forced to “work at home” in whichever industry it is possible. This can open up new thinking in organizations to adapt it as a regular practice, which can have a significant reduction to operational costs. For technology providers (remote working, security, cloud computing, digitalisation etc), this can be new opportunity.

Consolidation of vendors and possible for new partnerships in the industry.

## AASC Survey Insights

“Survey Participants Believe That...”

- 40% Lock down will end by May 15th
- 60% Can start operation immediately or by 1 week
- 40% Sales can go down by 30 -50% compared to precovid period
- 80% No changes to the way they do business is required
- 60% Long terms plans will need a change
- 20% Some of their competitors might close down
- 40% Sales is the major operation issue they face post the Lockdown, followed by HR(20%)
- 60% Salary needs to be reduced by 25% to survive
- 40% Staff will have to be reduced, if the lock down and slow down continues
- 80% Will not have funds to operate if the lock down extends beyond 3 months

Source: <https://www.deccanherald.com/business/business-news/how-the-indian-it-industry-can-survive-the-covid-19-crisis-821877.html>

# Hospitality globally will be hit badly, but Kerala hospitality players have a better chance at recovery, provided they change their business models

Covid Economic Crisis

AASC Industry Analysis

Hospitality & Tourism Related

## Risk Possibilities

Hotels, Resorts and Tourism industry will see a drastic fall in the number of foreign tourists, especially from US and Europe, as these countries might take more time to contain the virus, and for its people to be in a position, financially and emotionally, to travel abroad.

Hospitality players with interest bearing heavy debts, high fixed overheads with poor financial reserves, will have serious financial issues, compelling to close down or downsize.

Hospitality players that downsize its staff, as the lock down extends and beyond as the market takes time to recover, will have staffing issues and management issues, when the market ultimately picks up.

## Growth Possibilities

If India recovers faster than the developed countries, then there is a better chance of Kerala, promoting itself to domestic travellers and capitalising on it. After many days, inside the house, affluent families (not seriously affected by the lockdown) might prefer to unwind at Kerala. As Kerala has a global reputation in combating Covid and is a globally accepted tourism destination.

This means, the Kerala hospitality sector, must change its business model to attract and accommodate more domestic tourists from across the country.

Once the world recovers, Kerala can position itself as one of the safest tourism destinations, that offers affordable yet memorable experience. Infact, if it can bring about special packages to help people come out of covid trauma, using its traditional arts, spas and ayurveda- then this can be a recipe to attract tourists from across the developed world.

Hospitality sector must start exploring tourists markets that are beyond the convention. East Europe, Africa, South East Asia, South America should be targeted.

Hospitality players who take hygiene, safety and strict sanitary measures to next level and creates awareness about it, will have a better chance of getting higher room rates than others.

## AASC Survey Insights

*“Survey Participants Believe That...”*

- 40%** Lock down will end by May 15th
- 40%** Can start operation only after a month
- 80%** Sales can go down by 40-100% compared to precovid period
- 60%** Business models will need a change to survive
- 60%** Long terms plans will need a change
- 60%** 25-50% of their Competitors will close due to the Covid impact
- 70%** Sales is the major operation issue they face post the Lockdown
- 20%** Salary needs to be revised or reduced to survive
- 40%** Staff will have to be reduced, if the lock down and slow down continues
- 66%** Will not have funds to operate if the lock down extends beyond 3 months

# Survey respondents believe they can operate normally immediately, but this will not be the case for most of the industry players who will be affected

Covid Economic Crisis

AASC Industry Analysis

Trading & Wholesale Related

## Risk Possibilities

The Kerala export industry will be severely hit as the global logistics is on a halt, and countries are selective about what it imports. The export based business will have to re-invent and restructure themselves to survive these periods.

Players with interest bearing heavy debts, high fixed overheads with poor financial reserves, will have serious financial issues, compelling to close down or downsize.

Import based businesses will also face inability to do business, as logistics are on hold. Import businesses can face problems with selling the stock at hand due to the lockdown in the state. This can, depending on the nature of products, create stock wastage.

Players with interest bearing heavy debts, high fixed overheads with poor financial reserves, will have serious financial issues, compelling to close down or downsize.

Dealers, Distributors and Wholesalers, will also face inability to do business, due to lock down.

Players with interest bearing heavy debts, high fixed overheads with poor financial reserves, stocks nearing expiry will have serious financial issues, compelling to close down or downsize.

Payment collection will be a major challenge.

## Growth Possibilities

Despite the global lockdown due to the virus, there are health related products that are short in many countries. Shifting exports to supply these can offer a silver lining opportunity to exporters.

Post covid, many countries that are deeply affected, will have several emotional and psychological issues coping up with the trauma. If the export players can identify products that can meet this demand, it can be good business.

Exporters and Importers might consider exploring new unexplored markets and start communications with them, during the lockdown. This can diversify the geographical risk of the export-import players.

Exporters, Importers, Dealers, Distributors and Wholesalers can use this time to reinvent their business models, consider automation, increase efficiency using softwares and bring in best practices to ensure more effective and profitable operation, which can go a long way, post covid crisis.

## AASC Survey Insights

*“Survey Participants Believe That...”*

- 66%** Lock down will end by May 15th
- 100%** Operations can be started immediately or within a week
- 70%** Sales can go down by 11-30% compared to precovid period
- 68%** Business models will need a change to survive
- 34%** Long terms plans will need a change
- 70%** Some of their competitors might close down
- 50%** Sales is the major issue they face post Lockdown, followed by procurement (17%)
- 65%** Salary needs to be reduced to survive
- 90%** Staff will not be terminated
- 65%** Do not have funds to operate if the lock down extends



# Returning NRIs Starting Businesses Without Market Study

With the gulf economy in crisis, there is high possibility of many NRIs returning back to homeland, with the desire to settle down. Since they are unable to get jobs that gives them enough income to maintain the living standards they enjoyed during their NRI years, they will opt to start a new business. This also helps them in self esteem.

But many a times, these businesses are initiated without a proper study. This often causes unhealthy over supply in the market leading to cut-throat competition, where everyone loses.

NRIs without an entrepreneurial background, also run the risk of failing in their management decisions and practice. Ultimately losing all their life savings and falling into debt.



## Returning NRIs, Be Part Of Franchise Business

Taking a good franchise is a best way forward for NRIs without management experience and limited investment capacity. This helps in learning the art of management, and the ease of selling products or services that has a proven business model, that they will be getting from the Franchisor.

But the keywords are “good franchise opportunity” and “proven business models”. This is because, not all the “franchise opportunities” are by professional companies. They do not have a professional system to offer, nor is their business model is right.

Choose franchise opportunities, based on proper and adequate research.





## Investment Companies- Right Time

With several good firms needing financial support (either to clear bank loans, clear liabilities, OPEX reserves or to invest into infrastructure or marketing to capitalize on any opportunity) is a good opportunity for professionally run investment companies to buy shares in them.

As investment companies, its promoters should ensure a good portfolio of investment in various types of companies.

These companies should be managed by professionals, and incorporated as per the companies law and other regulations.



# Entrepreneurs - Time To Explore Collaborations, Mergers & Acquisitions

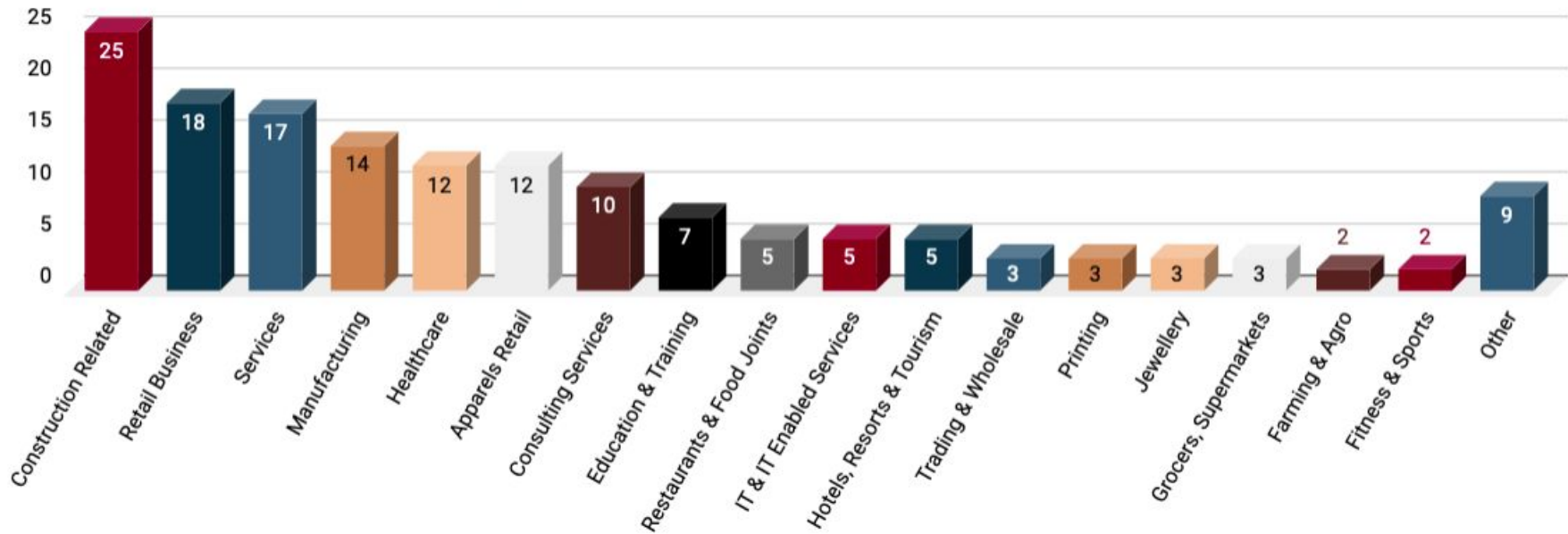
As the customers begin to spend less or as their numbers get reduced, the biggest hindrance for businesses are unhealthy competitions in the market. It's time for businesses to sit together and explore how competitors can work together for the benefit of their customers, their investors and its promoters.

The collaborations can be with other players who can add value to the ecosystem.

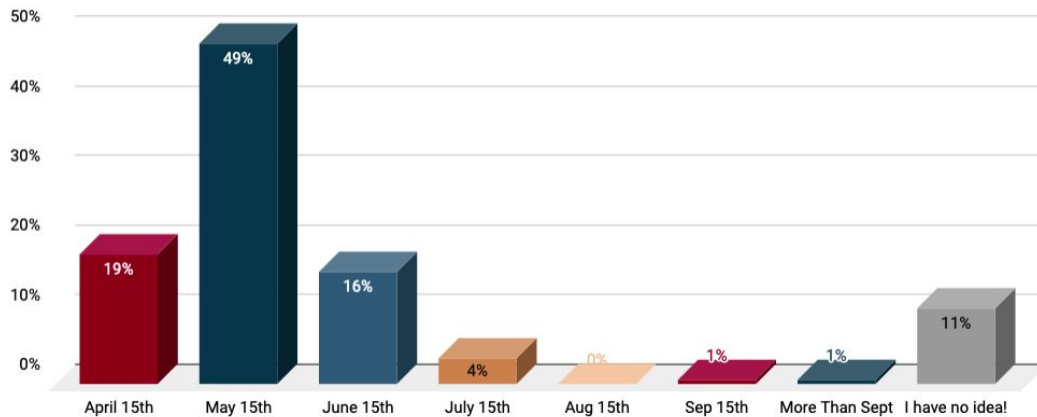
# AASC conducted a survey on 155 Kerala based entrepreneurs, from 18 industries, from across Kerala

Survey	Samples
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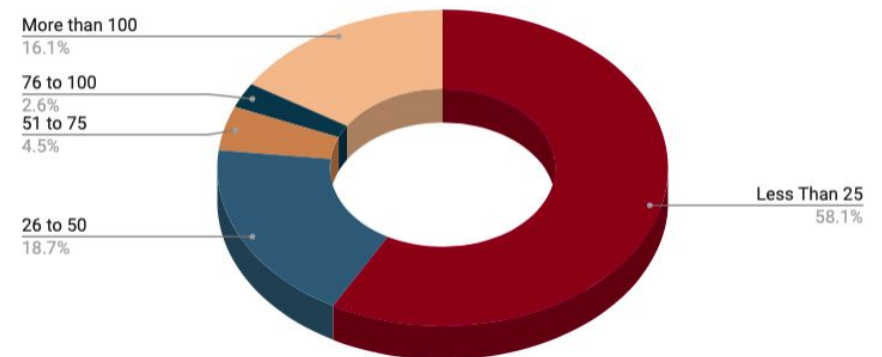
## Industries Covered In The Survey



## How Entrepreneurs Forecast The Lock Down To End?



## Employee Size of the Survey Samples (%)





## About AASC

AASC is a business strategy & management consulting firm, based in Kerala and serving clients across South India and Gulf countries.

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## Services for New Ventures

- Feasibility Studies
- Strategy Planning (Vision + Business Models)
- Management Plans
- Turnkey Implementation Support
- Post Launch Monitoring

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## Services for Existing Businesses

- Brand Positioning Assessment
- Professionalising Operations
- Growth & Franchise Planning
- Diversification Planning

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