

Impact of COVID-19 Pandemic on Agri- Start-Ups

Rohit Kumar Sharma

PhD Scholar, International Agribusiness Management institute, Anand Agricultural University, Anand

ARTICLE ID: 26

Introduction

Due to COVID-19 and subsequent national lockdowns, the global economy has entered a deep recession, with most countries securing their borders and restricting trade and people movement. All sectors of the Indian economy were affected by the lockdown from 24 March to 31 May. There is still an uncertain economic environment in both formal and informal sectors, even after the lockdown.

Although agriculture still employs about 44 percent of the population, it has been the least affected, even though it has faced multiple challenges such as harvesting, procuring and storing crops, ensuring farmers receive the right price at the right time, and preparing for the next sowing season. As a result of the new protocols of social distancing, restricted mobility of resources, labour shortages, liquidity crunch in the market, and other inherited challenges at the farmer's level, they are struggling to ensure undisrupted food supply with last-mile delivery. In order to make India a self-reliant nation, it is imperative to develop new and innovative technologies, processes and procedures, services, business models, and customer acquisition models. All stakeholders of the ecosystem must participate equally and meaningfully in order for the ecosystem to move forward.

In the coming years, agri-startups will be indispensable in combating the economic effects of COVID-19. In order to adapt and adjust to a new normal, cash flow management and revenue streams need to be improved. Agri-startups have yet to understand the challenges and opportunities posed by COVID-19. Seed-stage startups are the most vulnerable because they typically obtain funds from friends, family and banks because institutional funding agencies are not prepared to invest in them.

The start-ups are likely to suffer adverse consequences, so they deserve special attention, since they are in a vulnerable and sensitive phase of their business lifecycle. It is important that start-ups adopt resilient crisis management strategies, but better coping



mechanisms and government-initiated policy frameworks are needed to redesign, rework or reinvent technologies and protocols in the post-COVID-19 era, thereby creating the paradigm for a new normal within a minimum response time. However, the empirical understanding on the functioning and challenges of agri-start-ups is virtually absent in India.

The current COVID-19 situation is characterized by fragmented supply chains and a lack of local-level infrastructure to sustain farm-gate production and procurement. A tremendous amount of pressure had been placed on local administrations due to the grading, sorting, packaging and delivery of essential commodities such as vegetables, fruits, milk, eggs, and other groceries. Maintaining new protocols of social distancing and contactless deliveries has been challenging after maintaining new protocols of social distancing. Some agri-start-ups are using innovative supply chain management to minimize exploitation, provide a better price for the produce to farmers, reduce consumer – end prices and accelerate the process of delivery by putting in place a new system.

In With advanced, sophisticated precision farming technologies such as IoT, soil testing, fertilizer recommendations, robots, drones, aerial images, block chains, global positioning systems (GPS) and global positioning systems (GPS), farm and agricultural operations will need to operate very differently in the post-COVID-19 world.

Due to acute labour shortage in the near future, resources need to be pumped into farm mechanization through disruptive technologies to support major agricultural operations like procurement, packaging and storage of harvested Rabi crops, field preparation for kharif sowing, paddy transplantation in the coming kharif season, etc.

Across agriculture domains, start-ups are innovating and providing pre- and post-harvesting solutions that help the farming community directly or indirectly. During the lockdown, agri-startups were given exemption to operate under the category of essential goods and services.

Survival and sustainability strategies adopted by agri – start-ups:

Different steps were taken by agri-start-ups to achieve sustainability – they reduced operational costs, delayed entry into new markets, and continued funding from various sources even during times of pandemics played an important role in sustaining these start-ups.



Multiple waves of the pandemic are likely to persist for a year, causing the majority of start-ups to fail. Most of the start-ups surveyed shifted their technologies towards current requirements in order to remain sustainable. An agri-startup based in Punjab, Master brain Agro Industry, modified and supplied a tractor-mounted, pesticide sprayer machine to the Government of Punjab to sanitize roads.

A lot of businesses, including start-ups, suspended normal working hours as per the government's instructions during the lockdown to contain the spread of COVID-19.

It is common knowledge that investments can help start-ups grow faster and achieve scale. However, the investment needs to be raised at the proper time and from the right source. Initially, the majority of start-ups are bootstrapped. After the initial start, if they get incubated with any incubator for gaining support in technology validation, business mentoring and industry connect as well as grants –in –aid.

COVID -19's impact on start-ups in the agri-culture sector that provide innovative solutions to increase productivity, efficiency, maximize resource management, and minimize pre- and postharvest losses. Because of a sudden erosion of value, COVID-19 has devastating effects on agri-startups. If this current crisis continues for six months to a year, only a few start-ups will survive. Despite this, there are many start-ups that are reducing their staff strength, minimising operational costs, delaying new market entries, altering technologies as per current needs, and reducing working hours to navigate through this crisis.

This current crisis offers a great opportunity for agricultural transformation with enablers like agri-start-ups, academia, corporate and government collaboration through smart incentives and easy regulations. The government needs to be at the forefront of this effort, ensuring food security while reducing dependency on imports. There is a need to develop targeted policies, procedures and investments with a “moonshot “approach establishing end – to –end programmes for piloting , emphasizing collaboration and communication , developing business consortia, providing holistic research and development solutions leveraging networks and innovations support scheme with a shift towards knowledge and innovation – based economy. The government can provide capital access support –creation of separate fast- tracked agri-start-up fund, easy term loan / debt funding/ collateral –free loans to replenish their working capital and assets- to unlock the potential of start-ups at this crucial juncture.

Conclusion -

In order to encourage local –level staff to work near their hometowns or villages, the government should invest in local innovation systems. As a result of customizing and embracing existing cross-industry technological solutions, technology-led agriculture could also function as a vital employment sector for engineers, scientists, and entrepreneurs. Agricultural operations along the value chain will also become more efficient as a result.

