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Impact of Covid-19 On Startups & Local Economy

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Abstract - The role of startups in economic prosperity is increasing in today's world as it brings out the hidden entrepreneur in a person and also provide new innovations, new jobs and competitiveness to the business environment. Start-up entrepreneurs work closely with new technological innovation in order to improvepeople's welfare and provide solutions to current issues. Despite the high risk associated with starting a business, they have become a popular type of business in the world. Start-up entrepreneurs are able to attract local and international investment, which helps them regenerate income and contribute to their countries GDP per capita. They also play a role in job creation, helping government to reduce poverty and increase the welfare of their citizens. Start-ups also create efficiency through e-commerce, helping local products to become more competitive in both local and global markets. By collaborating with governments, scalable start-ups can foster technological developments and become strategic partners of larger corporations. Startups can even increase people's well-being by providing solutions toenvironmental problems that are a consequence of significant developments in emerging markets. The sudden appearance of this deadly pandemic has had a significant impact on the world as a whole, with the economy being one of the areas affected. This paper will make an in-depth study on impact and growth of startup, impact due to covid-19 on a startup and its effect on local economies of both India andthe European union.

Keywords: Startup, entrepreneur, pandemic, economy, development, innovation

I. INTRODUCTION

Making it easier for us to improve our technical skills has had a major impact on our lives, and has changedthe face of the technology sector. Startup has the spirit and innovative center of any market that is poisedto play a vital role in the growth of the economy and be a great way to enhance employment. Entrepreneurship involves dealing with new technology, usually at the top end of the value-added chain. It can stop brain drain and provide an environment to improve the availability of local talent for startups and to hire people for startups aiming to be their own bosses and create jobs for others, which requires alot of promotion and sacrifice. Entrepreneurs are expected to help promote innovation and technological development, increase gender equality and prosperity, and stimulate economic growth[1]. This, in turn, can eventually help eliminate unemployment and various social problems. Unfortunately, there are many more start-up businesses that fail to continue operating than those that succeed. This creates investor pessimism in start-up investments, as they are considered to be high risk. A study found that in Southeast Asia, about 70% of startups fail within 20 months of receiving their initial round of financing. Emerging markets do not have enough basic information to formulate effective programs and policies to address this problem. Another important factor to consider when studying start-up entrepreneurship is its effect on local economic development[2]. There is limited data on the true effect of entrepreneurial activity on local and regional economies, which makes it difficult to come to a conclusive verdict on the matter. There is still much unknown about how startup businesses develop local economies, which makes it difficult tomeasure and which in turn creates a gap.

In August 2015, the Prime Minister of India, Shri Narendra Modi, announced the launch of the national flagship initiative – 'Startup India'. This initiative has a mandate to promote and encourage young entrepreneurs in India. He envisioned the goal of the initiative to help India become a startup nation, in which there would be more jobs creators than job seekers. There has been a flood of business activity crossing India. The success of new companies like Meesho, Zerodha, Zoho, Ola and others has led to a talk of high valuations. Regardless of what we observe, there may be a more significant challenge awaiting us. Behind each high valuation of today is an account of hard work, determination, and perseverance[3]. For each business visionary who has a stunning example of overcoming adversity to share, there are countlessother people who have failed. The trend of thinking outside the box is not always popular, it's something that drives effective business visionaries and they love the journey more than the destination.

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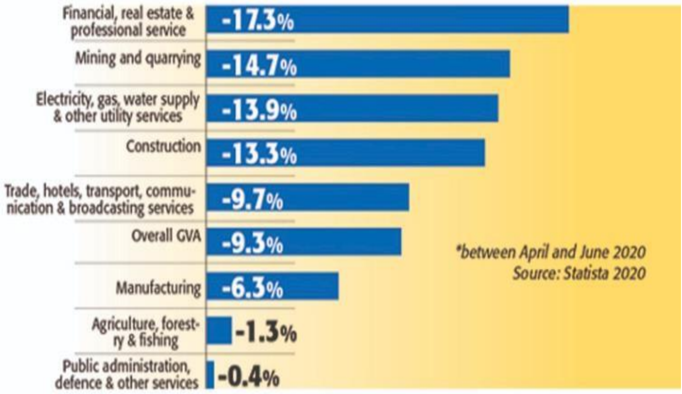


I. Estimated impact from Covid-19 on India

Starting up businesses has been one of the most important factors in driving economic growth in the last decade. Startups have often been seen as innovative and able to disrupt the usual way of business. The Covid-19 pandemic has left an awful economic scene in its wake. The start-up business is not immune to the challenges facing other businesses, either. It is estimated that the value of investments in India has fallen to $0.33 billion in March 2020 from $1.73 billion in March 2019 by around 81%. This suggests a decrease of 50% in the number of companies funded, and it is also thought that some investors have pulled back from closing current funding rounds. One of the major challenges start-ups are facing is finding money. This has caused cash flow problems for many, and has forced many start-ups to prepare for contingencies to limit their workforce and to cut employee salaries. Many startup founders have taken pay cuts in order to limit their losses. About 59% of Indian startups and MSMEs are expected to scale down, shut down or sell themselves this year due to the impact of the second wave of Covid-19 pandemic. A survey has found that only 22% of Indian startups and small businesses have over three months of runway[4,5]. About 41% of respondents are either out of funds or have less than 1 month of funds left. The economic situation in Europe is the same as in other parts of the world. It's bleak. The current recession is the worst since the Second World War. The GDP in the 27 countries in the European Union has fallen by 11.9 percent as suggested by Chinn et al. (2020). On the other hand, the countries that use the Euro as their currency have seen their GDP shrink by 12.1% in the first quarter of 2020.Germany's economy has shrunk by 10 percent since last year. Unemployment is on the rise and is becoming a problem. France's GDP decreased by 13.8 percent in the past year. Italy's GDP decreased by 12.4%, while Spain's GDP decreased by 18.4%. This is a very concerning situation, as it suggests that the start-ups in Europe are not doing well. It is reported that 49% of the start-up companies have sought government aided loans from the banks as mentioned by Brown et al. (2020). Different governments in different countries have announced various stimulus packages to try and revive their country's economy.[6]

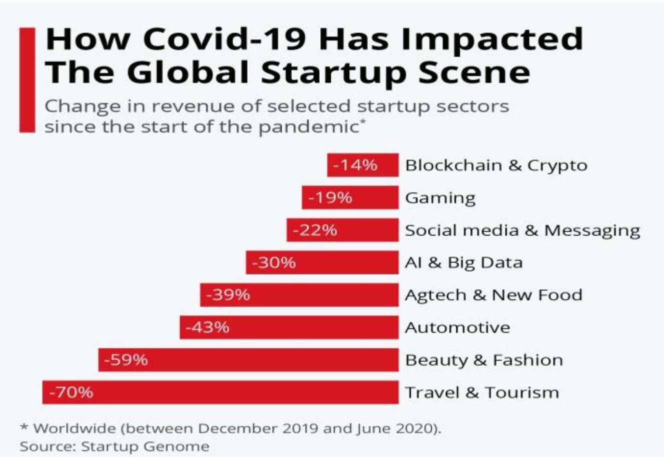
II. LITERATURE REVIEW

2.1 Effects of corona virus on the startup industry

In India more than seventy percent of startups have had to terminate full-time employee contracts since the start of the COVID-19 outbreak. Many entrepreneurial businesses are pivoting to meet new needs brought about by the pandemic. This will have a significant impact on how entrepreneurship is perceived as a job choice in the future. However, while a large number of startups have suffered during the pandemic, the coronavirus has also led to an increase in entrepreneurial activity. Businesses and individuals around the world have come together to respond and, where possible, address this crisis. From overseas music festival organizers to pop-up morgues to auto companies focused on manufacturing much-needed respirators, there has been a surge in creativity. People and companies have come up with new ideas to answer existing or emerging needs and it is also brilliantly handled by existing governments and institutions.

The aftermath of the Corona pandemic has been very harmful. 43% of European start-ups have stopped their employment process. A survey has found that a third of start-up companies expect their revenue to drop by 25% in 2020. This survey was conducted by LocalGlobe and Dealroom. A total of 140 participants participated in the survey. About half of the respondents were either from France or Germany. It was recorded that more than half of the startups surveyed were created in the last five years. The respondents said they could lay off 10 percent of their current workforce[7]. There are over 18,000 startups in Europecompeting for market share. This can be divided into 4 sub categories -

1. Startups that have a constructive effect on their business due to pandemic like medical and health industry, video calling applications etc.
2. Startups that are giving an upright fight like gaming industry.
3. Startups that have been moderately affected like fashion industry.
4. Startups that have been severely affected like tourism and mobility industry.



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II. Impact of Covid on global startup

For start-ups in the logistics and healthcare or video conferencing industries, they have to keep up with the growing demand while still providing high-quality products and services. Managing rapid growth will be the main challenge for these companies. The companies in the middle category are the most numerous. The start-ups that have been severely affected by the operational problems which may see their revenue plummet to zero. There are always more unsuccessful start-ups than successful ones. It's inevitable that some startups will fall in value.

2.2 Creativity as a discerning feature of a startup

Creativity frees the mind and skillset of an investor to explore opportunities and achieve success beyond what they might be capable of without it. However, many people associate creativity with a lack of self- control and believe that it can cause chaos. On the contrary, leadership is all about control and order. Entrepreneurship and creativity work perfectly together. Today, it's not necessary to be a math genius or be practical to run a successful business. In fact, over time, creativity has become an important part of good business acumen. If you don't have lots of creativity, your business may stagnate. This is why creativity is so important to entrepreneurs. Innovation is the introduction of a new or significantly improved product (manufactured item, service) or process, a new organizational method or a new marketing method in business practice, workplace organization, or relationships with the environment. The only prerequisite for an innovation is that the product, the process, the organizational or marketing method is new or significantly improved for the company.

The most important thing is the idea itself - how innovative it is - but also the ability of the entrepreneur to put it into action in the best way possible. The first step to success is having an innovative idea, but it must be accompanied by a business model, strategic planning, setting goals and deadlines, tools, and a commitment to succeed. Startups are unique because they are known for their innovative ideas and products. This is something that is always present from the very beginning of their existence. Their products or services are often unique and tailored to meet customer needs that may go unfulfilled elsewhere[8,9,10]. This allows start-ups to grow faster than others and dynamically explore new markets. Very often, in the process of market expansion, it also uses an innovative business model and makes extensive use of the Internet by treating it as the best way to attract modern buyers who are interested in innovative concepts.

2.3 The remission measures taken by the government to reinvigorate the economies

As per the Estimates of Gross Domestic Product (GDP) for the First Quarter (Q1) of 2020-21 released by the National Statistical Office (NSO), Ministry of Statistics & Program Implementation (MoSPI), the real GDP in India contracted by 23.9 per cent during the first quarter of 2020-21 (as against 5.2 per cent growth in Q1 of 2019-20). India's GDP growth rose to (-) 7.5 percent YoY in Q2 (as against 4.4 per cent growth in Q2 of 2019-20), a sharp rebound from the pandemic induced decline in Q1[11]. Also, according to the First advance estimates of GDP released by the NSO, GDP growth is estimated to decline by 7.7 percent in 2020- 2021. The agriculture and allied sector are estimated to grow by 3.4% in 2020-21. This will help to cushion the shock of the COVID-19 pandemic on the Indian economy in 2020-21[11]. The industry and services sector are estimated to shrink by 9.6 per cent and 8.8 per cent in 2020-21. The Minister discussed some of the initiatives the Government has launched, including a special economic and comprehensive package under AtmaNirbhar Bharat[12]. These measures include actions taken by the Reserve Bank of India (RBI). 27.1 million crore - more than 13% of India's GDP - to combat the effects of the COVID-19 pandemic and revive economic growth. The package included, among others, in-kind and cash assistance to households, Pradhan Mantri Gharib Kalyan Rojgar Abhiyaan employment measures and an increase in MGNREGS allocations, loan guarantees and capital injection measures for MSMEs and NBFCs.Some of the salient achievements include -

1. Under Pradhan Mantri Garib Kalyan Package which is worth Rs. 2.76 crore lakh to provide free food grains for 80 crore people, free cooking gas for 8 crore families, and direct cash transfer provided to more than 40 crore farmers, women, the elderly, the poor and the needy.
2. As of 3rd February, 2021, 323.19 crore person-days have been generated in the current fiscal year under the MGNREGA scheme. Under the Pradhan Mantri Garib Kalyan Rojgar Abhiyan, 50.78 crore person-days of employment were generated, costing Rs.39,293 crore rupees.
3. Rs. 50,000 crore liquidity through TDS/TCS rate reduction has been affected.
4. The Centre has increased the borrowing limit for States from 3% to 5% of GSDP for the fiscal year 2020-21. The government of India has borrowed a sum under the special window provided to cover the shortfall caused by the implementation of the GST[15]. 78,000 crores in 13 installments at an average interest rate of 4.75% and transferred to the states and Union territories on January 25, 2021.

The European Commission has proposed a 750-billion-euro stimulus package as a prevention strategy to help with restructuring businesses. The commission has also come up with a plan to help mitigate the disastrous effects of the Corona pandemic. This plan focuses on encouraging

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investment in a green and responsible, resilient European economy. Out of these 750 billion euros, 390 billion euro will be used as grants. Each country has announced its own stimulus package, in addition to the global stimulus package. Germany has announced a 130-billion-euro package to revamp the economy[13]. France has announced a 100-billion-euro stimulus package. On the other hand, the Italian government has decided to spend 55 billion euro to re-launch their economy[14].

Some EU-based start-ups have already changed the nature of their products to meet the new demand the customer. France has set up a fund of 4 billion euros to support its start-ups. Start-ups typically take more risk than other businesses. They capitalize on innovation and brilliance, which makes them better able to adjust to new situations. Start-ups have to find a way to replace traditional supply chain management systems. Most businesses rely on a single supplier, which is not ideal. Start-ups need to find new sources to get the material. Many European companies have experienced a negative impact on their businesses because of the way the regulations are currently written[47]. By changing the regulations, these companies will be more flexible, less dependent on government regulation, and the local economies will also flourish. Success or failure in the post-corona world will be determined by the success or failure of the supply change management. The earlier the new adopted strategies, the better it will be for startups. In 2018, 97% of the batteries used in cars were produced in Japan, Korea, and China[15,17]. In 2020, the European Commission has set up the Battery Alliance Initiative to encourage more production in Europe.

Year	GDP	New Business Registered[1]
2006	920316529729.747	20000
2007	1201111768410.27	51700
2008	1186952757636.11	84800
2009	1323940295874.06	46000
2010	1656617073124.71	64900
2011	1823049927772.05	70450
2012	1827637859136.23	99587
2013	1856722121394.42	N A[2]
2014	2035393459980.06	98029

II. **Analysis of GDP and new business registered in India.** Source: Strides Volume 2

III. OBJECTIVE OF STUDY

The objective is to study the impact of emerging startups on Indian and European economies and impact on the current economy due to Covid-19 pandemic.

IV. RESEARCH METHODOLOGY

3.1 Problem Statement

The problem statement is "Impact of startups on local economy and impact due to covid 19".

3.2 Data collection tools

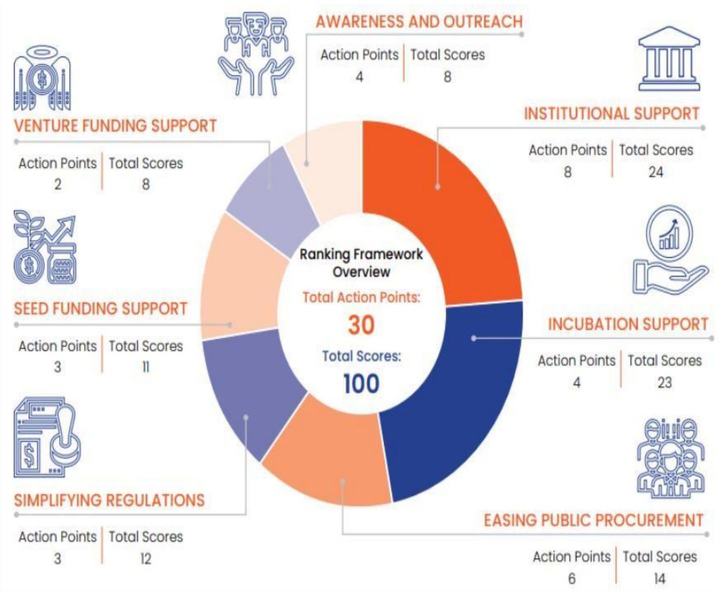
I have used RBI, World bank and IMF reports, research publication, newspaper, reports etc. for the study.

3.3 Population

All year's data of startups registered and economy data of India and Europe.

V. DATA ANALYSIS & INTERPRETATION

3.4 Indian states startup ranking framework



Startup ranking framework. Source: byjus.com

The Startup Ranking Framework has 7 broad reform areas (also known as the seven pillars) with 30 action points including institutional support, relaxation of compliance, relaxation of public procurement norms, incubation support, seed funding support, venture capital Support, and Awareness and Outreach.

Pillar	Leader Names
Institutional Leaders	KarnatakaKerala Odisha
Regulatory Change Champions	KarnatakaKerala Odisha Uttarakhand
Procurement Leaders	KarnatakaKerala Telangana
Incubation Hubs	Gujarat KarnatakaKerala
Seeding Innovation Leaders	Bihar Kerala Maharashtra
Scaling Innovations Leaders	Gujarat Kerala Maharashtra Rajasthan
Awareness and Outreach Champions	Gujarat MaharashtraRajasthan

Source: Times of India

3.5 Impact on Indian startups due to covid 19 outbreak

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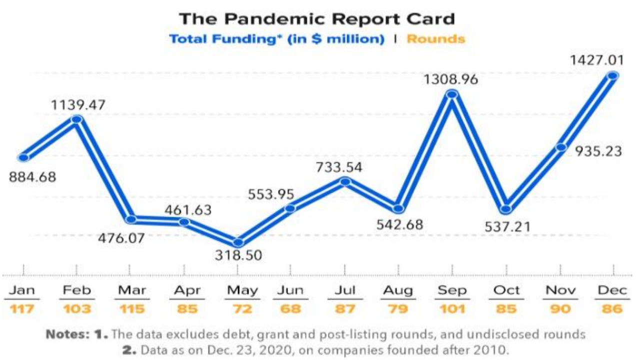
While the Covid-19 pandemic has upended many sectors of the economy, investors have poured around

$9.3 billion into Indian startups so far in 2020. In December alone, more than $1.5 billion was invested that includes glimpses of food delivery app Zomato, logistics company Drifley and InMobi, even at a time when the pace of deal closings would normally slow as things wind down this year[18].These investments have been spread across 1,088 funding rounds. In 2019, domestic startups raised a total of $14.2 billion in total across 1,482 rounds. This number includes both early-stage and growth-stage investments. The number of funding rounds fell in 2020, but the total amount raised was higher than in previous years. This suggests that there is still investor interest in this year's startups. Some of the largest venture capital firms have doubled down on start-up deals and Series A deals[19,20]. This year there were fewer $100-million rounds, but these accounted for the bulk of deal value.

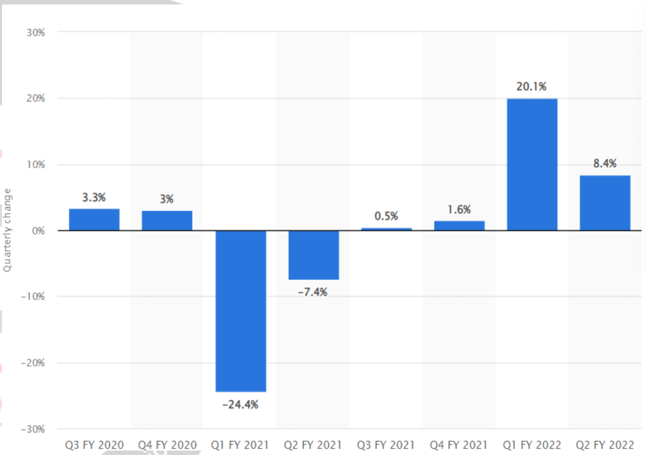
Tech investments in India. Source: Economic Times

There was a lot of merger and acquisition activity, with several companies buying high-growth targets. By far the biggest deal was the acquisition of WhiteHat Jr. by Byju's, which raised 300 million dollars. Duringthe early part of the year, lockdowns had a significant impact on business activity across different sectors.Trading activity was slow in April ($ 461 million in 85 rounds), May ($ 318.5 million in 72 rounds), and June($ 533 million in 68 rounds)[21,22,23]. Investors were back at the table in the second half of the year as the lockdowns eased across states by the end of June. "For VCs it was a year in two halves. The first half was spent doing whatever we could to help our portfolio companies succeed. In the second half, we saw companies adapt to new conditions. As a result, investment activity increased towards the end of the year.

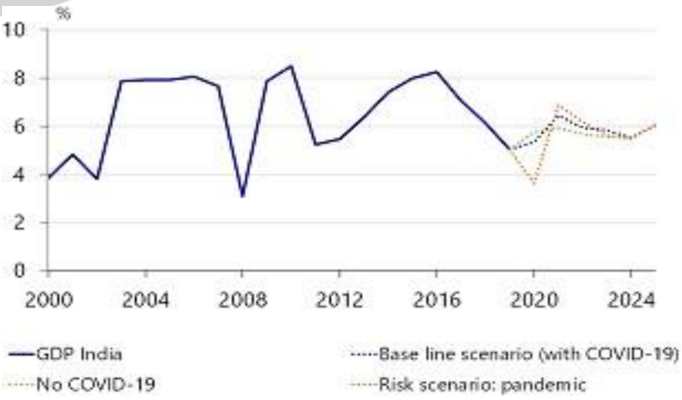


India's pandemic report card. Source : India Times

The ed-tech and SaaS sectors are seeing their company valuations increase, worrying some people about the possibility of frothiness[47]. In contrast, businesses in sectors such as offline retail, restaurant SaaS, consumer credit, consumer mobility and construction/real estate fell sharply. Hospitality was also hit hard. The pandemic caused investors to pump in money into portfolio companies in order to keep them afloat. India's GDP grew by 8.4% in the second quarter of fiscal year 2022, compared to the same quarterin the previous fiscal year[24]. Since the coronavirus pandemic began in 2020, the Indian economy has experienced a significant setback. This has been due to a number of government-imposed lockdowns, which have stopped businesses from growing. The GDP contribution and employment rate have taken a hit in many of the major sectors, especially services and trade. The agricultural sector is an exception andhas experienced positive changes in both of these aspects[25]. Following the outbreak of the second pandemic in March 2021, the government redirected financial support to boost India's vaccination campaign.



Estimated quarterly impact from Covid-19 on India's GDP growth in FY 2020-2022. Source: Statista



Economic impact of Covid in India. Source: Economic research

International businesses have learned that their globally integrated supply chains are vulnerable. This has been apparent for some time due to the trade tensions between the U.S. and China, but the COVID-19 virus outbreak has

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made it clear for everyone. Disruptions in international trade may prompt international companies to diversify production in multiple countries[26]. India may even benefit in the medium term, as companies look to reduce their reliance on China as their sole manufacturing hub and shift (some) production to other countries, such as India. This explains why we expect a relatively severe recovery in economic growth after 2021, but in the end, these potential positive economic benefits will only be realized over time[26].

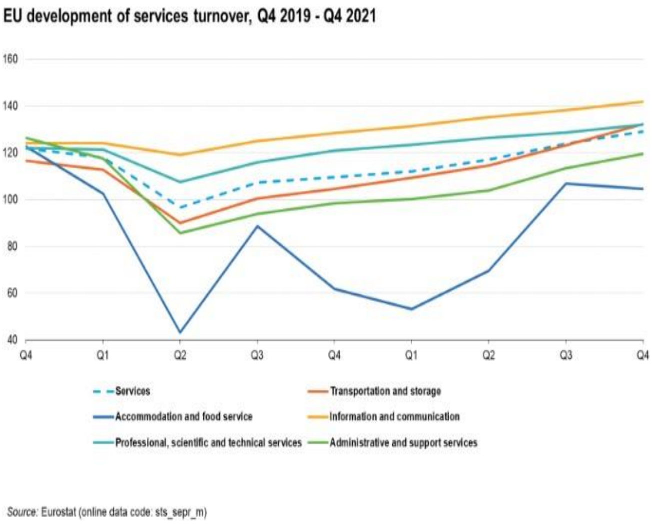
The informal sector in India is very large and employs a large percentage of the population. It contributes a great deal to the country's overall economy. This sector was hit by two consecutive shocks in a short period of time. The period from 2016 to 2019.The first shock was demonetization in November 2016, when government legislation made 86% of the economy unavailable overnight, followed by unplanned introduction of Goods and Services Tax in 2017. Despite the big monetary shock of demonetization, it did not fundamentally disrupt the demand and supply mechanisms for goods and services for too long[27].At the time, there was a temporary problem with payment methods. We now know that people found work-arounds in the forms of electronic payments, informal credit, converting black money into white, and using old notes. The current crisis is causing a lack of demand for products, and a lack of available suppliesof products. This is leading to a decrease in revenue which is more problematic.

Indicator	Per cent to GDP		
	2019-20 (BE)	2019-20 (RE)	2020-21 (BE)
1. Revenue Receipts	9.3	9.1	9.0
a. Tax Revenue (Net)	7.8	7.4	7.3
b. Non-Tax Revenue	1.5	1.7	1.7
2. Non-Debt Capital Receipts	0.6	0.4	1.0
3. Revenue Expenditure	11.6	11.5	11.7
4. Capital Expenditure	1.6	1.7	1.8
5. Total Expenditure	13.2	13.2	13.5
6. Gross Fiscal Deficit	3.3	3.8	3.5
7. Revenue Deficit	2.3	2.4	2.7
8. Primary Deficit	0.2	0.7	0.4

Source: Tribune India

Monetary policy has its limits as well, which became apparent in the run-up to this crisis. The Reserve Bank of India (RBI) decided to expand the money supply in order to combat the slowdown in economic growth. Between October 2018 and December 2019, it freed up a sum of money. The Fed decreased its repo rate by 135 basis points to 5.15%. This is the lowest rate since March 2010[27,28].Despite growing credit demand, growth in credit was slow because of the increased risk aversion in the banking sector andthe low credit demand from the stressed private corporate sector. In other words, the combination of demand and supply shocks are hitting the Indian economy at a time when the tools to deal with the crisis are mostly ineffective, namely fiscal, monetary and financial. Over and above this, the external sector of the economy has been weakening as well. The nominal value of exports of goods and services, another important driver of growth witnessed a decline by 8.49% in Q4, 2019-20[29].

3.6 Impact of pandemic on European economy



IV. Service turnover for European union

In Q4 2021, EU services turnover increased by 4.2% compared to Q3 2021, with the strongest growth in transport and warehousing (7.4%); total turnover in services is now almost 6% higher than in Q4 2019 which is the last quarter unaffected by Covid-19 pandemic[31].

The EU economy recovered in the third quarter after experiencing a slowdown in the first half of the year. This was due to the gradual removal of containment measures, which had been in place to prevent a full-blown recession. The resurgence of coronavirus infections led to a decrease in economic activity in the last quarter of 2020.However, the average GDP is expected to reach pre-crisis levels by mid-2022 in both the EU and the euro area[30,32]. For 2021, real GDP growth projections in the euro area range from 3.6 to 4.2%. Although this can be considered a positive outlook compared to economic forecasts made in 2020, the dominant forecasts point towards a slow economic recovery within the next 2 years. Comparedto the estimates for the GDP of the global economy, the euro area has experienced a larger hit in 2020 and will experience a slower recovery in 2021.

Source	2020	2021	2022
EC (EU27)	-6.3	3.7	3.9
EC (euro area)	-6.8	3.8	3.8
ECB (euro area)	-7.3	3.9	4.2
OECD (euro area)	-7.5	3.6	3.3
IMF (euro area)	-7.2	4.2	3.6
World Bank (euro area)	-7.4	3.6	4.0

V. EU Real GDP estimates (for 2020) and forecasts for 2021-2022. Source: IMF, World Bank

There are some important caveats to the forecasts that have

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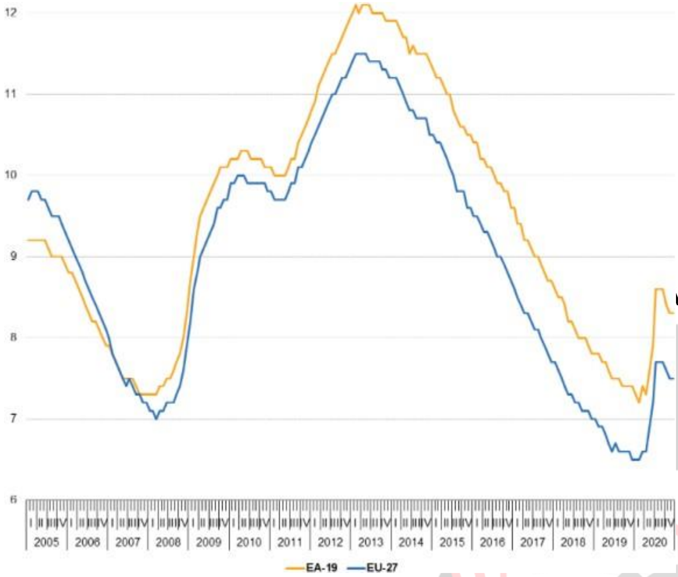
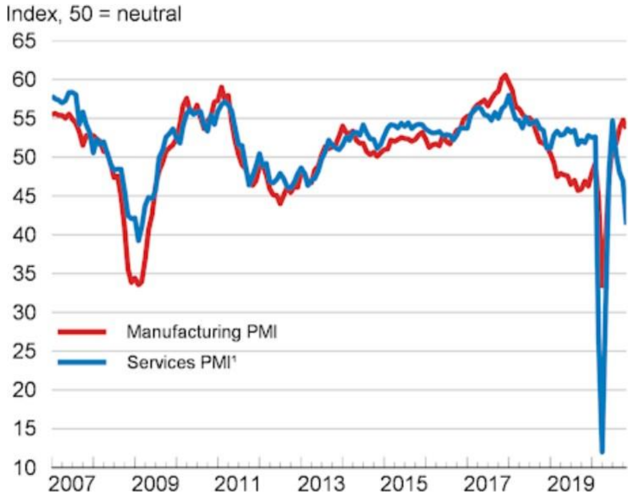
been made. First, the COVID-19 pandemic is in progress, the situation could change rapidly depending on how quickly the vaccination rolls out the process, the efficacy of the vaccine, further mutations of the virus and how the government decides to deal with health risks. These will determine the further occurrence and intensity of COVID-19 wave. The economic forecasts will continue to change (similarly to the adjustments made throughout the whole of 2020). Second, despite a recovering economy in the European Union, growth would still be slow if we return to pre-crisis levels.



VI. Unemployment rates EU27 and euro area. Source : Eurostat

Another concern for the EU economy is the increase in unemployment. Unemployment increased sharplyin 2020 in both the EU27 and the euro area, reaching 7.8% and 8.7% respectively in the period July- September 2020. In the final months of 2020, the number of occurrences of this phenomenon slowly decreased. On the positive side, the EU Unemployment is still far from there rates recorded after the 2008financial report crisis[33]. However, evolution of weak labor market suggests the impact of the epidemic has been more serious than indicated. The production in the industry (manufacturing) in the EU27 decreased by 11.1% in March and 20% in April 2020, coinciding with the spread of the coronavirus. There was a rebound in May and June 2020, followed by a small but increase in values in the period September- November 2020. This coincided with the resurgence of COVID-19 cases. Some aspects of the EU27 manufacturing companies' dynamics suggest that they are adapting to the new realities of the pandemic,which has had a milder impact on the industry so far[34].

The global trade situation has improved compared to the previous financial crisis, but services trade has not bounced back as quickly. In the euro area, there has been a clear deviation in the Purchasing Managers Index (PMI) between manufacturing and services since January 2020, and services have clearly been hit hard. The PMI decreased when the service was smaller than the manufacturing PMI.Despite the increase in industrial production, it is not complete yet because of the weakness in investment.



VII. Source: OECD

The battery value chain is seen as strategically important for the EU because it is expected to be a key driver of the EU's future industrial competitiveness. Batteries are an indispensable part of the decarbonization of Europe's mobility sector and the EU's transition to a circular and sustainable economy. Lithium-ion (Li-ion) batteries are the main type of battery used in electric vehicle battery packs[36]. The value chain of lithium-ion batteries extends from raw material mining to battery recycling, with China being the main supplier along the entire value chain. 86% of the world's supply, while European firms produce less than 20% of the world's amount. China accounts for a large proportion of global cell production, with 66% of the total. Europe relies heavily on imports of battery cells, which exposes the industry to potential supply disruptions and higher costs[35]. The COVID-19 pandemic disrupted the battery value chain early on. China's widespread power outages made it difficult for businesses around the world to do business, and as a result, the global Li-ion value chain was halted. Large mining centers in Africa and Latin America limited the number of people who could move in and out of the area, and international travel restrictions limited the number of workers needed for full operation.

VI. CONCLUSION

There is a large population of people in India, many of whom are young and looking for jobs. The country is moving towards development; however, the pace of development has been moderate. The government has understood the fundamental underpinnings of the fundamental problems and has undertaken appropriate reforms, mainly in the economic, administrative and labor fields, as it seeks to liberate itself from the negative parts of its colonial heritage. The principle activities are providing funds and removing sluggishness from the ecosystem so that

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innovation can take place in a comprehensive way[11]. The policyhas been put in place, but it will only be successful if it is carried out effectively. It will take some time before we can draw definitive conclusions about the policy's effects on the development process. However, the reforms reflect strong development goals and resonate with the enthusiasm and zeal of the youth who are eager to pursue risky entrepreneurship.

Job creation continues to grow, which is good news for workers and the labor market. Governments in emerging economies are focusing on start-ups as a way to reduce poverty and unemployment. Startups are also changing the way job seekers and companies meet by introducing online recruitment and selection trends that are increasing in society, and the presence of startups motivates job incumbents to be more efficient and innovative. The platforms help traditional producers to sell their products to a wider market by making them more competitive[37]. Start-ups are important because they can provide a platform for large corporations and governments to work together more effectively. Start-ups offer the innovative infrastructure and capabilities that can help bridge the gap between countries and their citizens.

Startups can change the world and in the coming years more and more startups will grow with innovation and creativity. Entrepreneurship is the key to enhance the nation's economic growth. Small innovations can often lead to big solutions that can change your future. So, if you have an idea, don't block your dreams out of fear of failure and risk. Turn your idea into a startup and contribute to the growth of our nation. Now we know that startups play an important role in economic growth in a nation. We can conclude that startups are having a positive impact on the Indian economy. Government should promote and create more startups in India in order to increase GDP. GDP is currently low, and the country's foreignreserve is also low. The Indian government is encouraging people to start businesses, and is taking steps to improve the startup industry's future. This is good for the country's economy as a whole. This will have a positive impact on the Indian economy.

The COVID-19 pandemic has had a significant impact on the EU27 economy. Compared to the first wave of economic shocks, the shocks related to the second and subsequent waves have been less severe. Real GDP is expected to reach pre-crisis levels by mid-2022 in both the EU and the euro. This outlook is more positive than originally predicted from the beginning of the crisis, the change in economic activity to pre- crisis levels remains a slow growth for EU industry[38,39,40]. Most manufacturing industries began to recover relatively quickly in the third quarter of 2020, as restrictive measures were increasingly lifted, and as a result of various measures for example, there is a lot of variation in the performance of different sectors, but overall, the digital and healthcare industries have done well. Industries that produce chemicals, construction, and food and drink products are likely to experience a V-shaped recovery. Despite the first shock, the automotive and textile industries appear to be on a recovery path since the first blockade. The EU will need to continue to rely on global value chains in order to remain internationally competitive[40]. However, the resilience of the value chain has been tested: COVID-19 pandemic revealed that many companies initially closed their borders, manufacturing sites closed, but most supply chains recovered quickly. It has not been so seriously affected during the subsequent wave of infection. General view from industry and experts is that value chains can be strengthened through increased diversification. Instead of reshoring/onshoring. The crisis highlighted the strategic importance of value chains such as microelectronics, autonomous driving, batteries and artificial intelligence in light of the accelerating digital transformation and growing demand for electric vehicles. The measures in the national recovery and resilience plans will only be effective if the plans take full account of the economic and sector-specific characteristics. If not, they could prove to be the wrong vaccine[41].

VII. SUGGESTIONS

- Plan the long-term growth potential of a company which is judged by how it will impact human, natural, and physical capital. Some projects focus on improving human capital, such as developing the skills and health of the population. Others may promote the use of more efficient technologies, provide important public goods like modern energy or sanitation, or address market failures.
- Government should help startups by providing more incentives[42]. Organizing events to promote entrepreneurial activity and create more innovation. Increase awareness about startup initiativesso that more people can get involved.
- Cities need to actively participate in the creation of local entrepreneurship. Encourage the development of start-up companies.
- City officials interested in creating start-ups should focus on offering first as they have high quality and sufficient access to intellectual and financial capital.
- Policy makers need to be prepared to increase the response as the events unfold in order to minimize the impact on both the formal and informal sectors and help pave the way for a sustained recovery. The authorities must make sure the responses to economic crises are consistent with a rules-based framework, and that discretion is used sparingly in order to avoid long-term harm to the economy.
- Resilient to future shocks, with interventions to help

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societies and economies better cope with and recover from external shocks, like COVID-19 today, but also other forms of natural disasters and future climate change impacts, we will be better prepared for future challenges[45].

- Decarbonization and a sustainable growth trajectory with actions to support and disseminate green technologies, such as grid investments that facilitate the use of renewable energy and electric vehicles, or low-tech options such as afforestation, restoration, and landscape and watershed management. It will be particularly important to ensure that investments under stimulus packages do not incur large costs of orphan assets to the economy over the coming decades, for example by betting on declining technologies or locating projects in high-risk areas flooding.
- Support strategic value chains where Europe can have a competitive edge, rather than addressingpotential short-term disruptions.
- Centralized governments need to be careful not to overwhelm smaller businesses or communities with too much funding or regulation. These governments can take advantage of public-private- civil sector partnerships to understand how best to help these industries and help developing communities to thrive and grow. In areas of target investment, governments will want to monitor key indicators, such as industry growth and employment, to understand the impact of their investments. Upskilling is critical to ensuring that local industries are staffed with the expertise to help drive growth[46]. For example, the Japanese government has expanded the stimulus package it launched for small businesses at the start of the pandemic to include direct government financing for large and medium-sized entities. The Japanese government is now providing subordinated loans and preferred shares to all companies that are impacted by the pandemic.
- The challenge for these governments is ensuring that businesses of all sizes are able to thrive. Thisis a major problem for many economies. Small businesses underpin most local economies and are the basis for a strong middle class. These large and global governments also need a strong, centralized communications strategy that explains how their global agenda is important to and directly benefits citizens; Otherwise, they risk undermining the public's trust in them. Norway has invested significant resources in a government fund called the Green Platform Initiative, and the initiative is run as a competition, in which state-owned enterprises evaluate project proposals focused on research, development and innovation in green growth, awarding prizes from a pool of 120 million US dollars.
- Make sure that the national recovery and resilience plans have a truly European character and oversight. The lead EU objectives and the twin transition (green and digital) may create a problem with having multiple EU targets. However, too much focus on national priorities would be anotherrisk to the national recovery and sustainability plans. The detailed EC guidelines and complex recruitment process are as follows: It mitigates this risk to some extent, but keep in mind that thefirst is Next Generation EU. There were many large programs at the EU level, but they were reduced in the package adoption process. Nonetheless, national plans should make sure to include critical EU-level cross-border and pan-European actions. The COVID-19 pandemic affected European sectors and value chains that are highly interconnected. However, the draft plans reviewed so far do not address value chains, particularly European and global ones. This vulnerability could lead to an RFF being captured by national economic interests rather than the EU-wide ones.
- Include circular economy investments in the national recovery plans and ensure the necessary regulatory changes to reduce pressures on value chains. The reuse of materials and the implementation of circular economy approaches can help to reduce the dependency of the EU on other countries. The European Raw Materials Alliance has as one of its key actions to implementa circular economy for products like electric vehicles, cleantech, and hydrogen equipment. In addition, under the EU Circular Economy Action Plan 249, the EU presents 35 actions, 12 of which focus on key value chains aimed at strengthening the EU value chain. For example, one action taken so far has been a new modernization of batteries aimed at collecting, reusing and recycling batteries in the EU market to become a true source of valuable raw materials. Here Member States should consider in their national recovery plans to focus on circular economy solutions to strengthen intra-EU value chains by reducing the waste of resources[46].

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