

IMPACT OF COVID-19 ON MSME

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ABSTRACT: The world is battling with modern horrors with COVID-19 which has left the entire world befuddled and in the lurch as to how one virus has brought the entire world to a stand still. This SAR-COVID-19 virus, which is declared by the WHO, as the Pandemic has taken over almost 195 countries in its grip. This virus is mounting a very serious threat to the Global Economy as well, which is already in grave peril. There is no doubt, that the Indian economy which is already sputting, is growing at one of the lowest rates in the last six years. Now, a new set of economic challenges unleashed by these virus, is leaving many sectors specifically MSME in problems.

Key Words: SAR, COVID -19, Pandemic, MSME, CAIT.

1. INTRODUCTION:

India's MSME is one of the employment provider to semiskilled, skilled as well as to unskilled workers. It is well known that, in the global supply chain, China plays a very pivotal role for India and its MSME sector as well, this is largely dependent on China for its raw material. As for example Indian drug makers source almost 70 percent of their ingredients from Chinese factories and Chinese goods worth \$ 30 billion. Thus, complete lockdown of India has led to various issues ranging from shrinkage to exports cessation of production, non availability of manpower, uncertainty of consumption and liquidity squeeze in the market as well.

2. OBJECTIVES:

- i. To evaluate the impact of COVID-19 on MSME (Micro, Small, and Medium Enterprises).
- ii. To examine various problems faced by MSME workers.
- iii. To review various measures adopted by government for improvement of the status of MSME workers.

3. HYPOTHESIS:

- i. Ho- COVID-19 has created negative impact on MSME workers.
- ii. H1- Measures adopted by the government for MSME workers is inadequate.
- iii. H2-Due to inefficient strategic planning, MSME workers are unable to avail of the developmental skills implemented by the government.

4. RESEARCH METHODOLOGY:

The study is empirical and analytical. It is empirical and analytical regarding analysis and interpretation of secondary data. Secondary data has been collected from various newspapers, reference books etc.

5. DATA INTERPRETATION:

This paper has been written purely on the basis of secondary data which has been collected in a standardized way. Suitable analytical study has been implemented to analyze data which are collected from standard protocols. Communications statistics specially in hectic times during pandemic is very challenging. Statistician are encouraged to support with clear and transparent statement. In Pandemic situation, the researcher has gone through rapid and valid information flow and on the basis of that study has been conducted.

6. DETAILED EXPLANATION OF THE TOPIC :

As the COVID-19 Pandemic in India has already entered in to peak stage, MSME will be taking maximum heat and the distressed sector will render many people jobless and will lead to closure of thousands of industrial outlets for ever. According to a study commission by All India Manufacturers Organization(AIMO), India is currently home to over 75 million MSMEs and close to 25% of these forms will face closure, if the lockdown imposed due to COVID-19, extended. MSME form, the backbone of the Indian economy and is one of the most crucial segments that led the economy grow by leaps and bounds. The sector which provides employment to over 114 million people and contribute to more than 30 % of the GDP is going through one of the tough phases, thus actions are required immediately. Given the clampdown on economic activity, in the past few weeks, it is unquestionable that a vast number of these units will be choked possibly to the point

of perpetual closure. Therefore this is the backbone of the Indian economy and deserves urgent financial stimulus and a safety net.

7. PROBLEMS FACED BY MSME WORKERS:

- i. Defective labour laws: With 99% of MSME factor enterprises categorised as micro, it is clear that, a large percentage of the 11 crore persons employed in this sectors work in these vastly informal enterprises and therefore labour laws has to be improved.
- ii. Unequal wages support: In India, the government has not yet announced a wage support or subsidy package to incentivise employers, to retain employees during these crisis although it has directed employers in all the commercial establishments to continue paying wages as per due date, without any deduction.
- iii. The proper wage support or subsidy package would enable employers to pay salaries and other statutory due to daily wage workers specially in such units.
- iv. The structural issue of means of identification of these enterprises develop a policy framework that can provide wage support during these challenging times will help to address the woes of MSMEs.
- v. General measures for self employed or owners are incorrect: It will be critical that the self employed MSME units, may be given some salary to navigate crisis. There may be return to compensate self employed business who can prove a quick turnover. The government can approve such compensation subject to demonstration of reduced income as for example by way of documented, declining predicted revenue due to cancelled order restricted movements of goods and labours.
- vi. No easy cash flow: The productive frame work of the providing easy cash flow is not there to reduce tension among MSME workers. Therefore it is imperative business to draw up cash flow forecast for how they will operate if the compensation can be provided for a fixed time period.
- vii. No proper policy framework: The policy frame work must account for self employment and this self employed people include hawkers, small shopkeepers, those offering private services such plumbers, electrician, drivers, who do not fall into regular casual salaried workers in other enterprises.

8. RATIONALE OF THE STUDY:

Business that have been taking a heat due to COVID-19 lockdown is MSME sector. The MSME segment has perhaps been the hardest heat. According to various survey report, about 26 % of the business surveyed said that, their sales and purchase have been impacted due to the virus outbreak. MSMEs are grappling with problems like low liquidity on cash flow. Lack of workforce as the daily wagers have gone to their villages, business that are into manufacturing will also take a heat on export business as the situation remains uncertain. The service sector is also slowing down with more people opting for social isolation.

9. SUGGESTIONS:

- i. Drawing up of a flexible policy.
- ii. Mitigating the worries of livelihood of labourers.
- iii. Resumptions of logistical support.
- iv. Providing for Entrepreneurs
 - a. Supply of utilities
 - b. Supply of inputs
 - c. Mitigating fund constraints
 - d. Extension of Moratorium periods of term loans
 - e. Sanctioning short terms loans
 - f. Interest subventions
 - g. Gearing up and reinforcement of financial institution.
 - h. re classification of NPS
 - i. Enhancing guarantee coverage
 - j. Stalling encashment of guarantee
 - k. Proactive role of SIDBI.
- V. Preferential purchases from government and PSU and expansion of marketing facilities.
- vi. Concept Of Single window scheme.
- Vii . Spread of digital awareness
- Viii. Social security for MSME employees.
- Xi. Technology up gradation.
- X. Unified labour

10.CONCLUSIONS:

Taking into consideration the wide spread havoc wreaked by the COVID-19, the government needs to come up constant tracking mechanism and should announce immediate relief measures to shore up the confidence in these very sectors which has

taken due to a flurry of disruptions introduced by the government. A stimulus financial package is required to reenergise the market economy. It is high time that the government should do it's bit otherwise, it would be too late to undo the mistake. Many economist are of the opinion that, significance of technology inputs and environmental aspects that a small scale industry would need to build up going forward and how this could imply better possibility of success in the future. The future world will rely mainly on environmental issues. The new businesses can focus on these areas. Also whatever work other businesses are doing, environmental issues should be mainstreamed, in the business as well.

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