THE IMPACT OF COVID -19 ON MICRO, SMALL, MEDIUM ENTERPRISES

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ABSTRACT

The COVID-19 eruption has harmed not only the Indian economy's economic and social activities, but also the global economy. Micro, small, and medium-sized enterprises (MSMEs) were heavily impacted by various economic activities. This study was done with the aim to analyze the challenges faced by different types of MSMEs, and to evaluate the perception of business men and measures to be considered to live with Covid 19. To carry forward the study, business men from Kottayam and Ernakulam district of Kerala state was taken as samples. The collected data was analyzed through T-test and correlation analysis. The result confirmed that the different types of MSMEs doesn't face different challenges and different measures like sustainability, innovativeness, technology and other measures will be helpful for the businessmen to overcome the crisis due to Covid 19.

Keywords: MSMEs, Covid-19, perception

1. INTRODUCTION

MSMEs have played a critical role in India's economic and social growth since they are mostly reliant on traditional hereditary skills and make extensive use of local resources. On March 24, 2020, the Indian government ordered a countrywide lockdown to try to halt the spread of COVID-19. MSMEs are the most affected businesses, and they are suffering the most severe problems as a result of the situation. They are concerned about their expectations and preparations for resuming business once the lockdown is lifted. Manufacturing in India has ceased, with the exception of the rice milling industry, where output has allegedly fallen by half. MSMEs in various industries, including automotive components, were already seeing a drop in business prior to the lockout, owing to a stagnant economy and market demand, as well as supply chain disruption due to the lockdown. Some communications, sales, administrative, and other support functions are performed from home, although on a small scale.

For its far-reaching effects on the economy, the MSMEs sector has been largely regarded as the backbone of the Indian economy. However, the devastating impact of COVID-19 has forced this industry to rethink its long-term viability. Migrant workers, particularly semi-skilled and unskilled labourers, have mostly returned to their hometowns. The flow of materials, as well as energy and people, has mostly come to a halt. Some MSMSs feel that a cash boost would suffice, but others see Covid-19 as a wake-up call to adapt and improve in various elements of MSME operations, as well as their eco system and the value chains in which they engage.

2. REVIEW OF LITERATURE

Chauhan, WTO, (2020) The government has primarily introduced urgent stimulus and precautionary measures to safeguard the MSMEs, such as liquidity support to address cash flow issues, preserving jobs through varied schemes and ensuring business continuity, as well as measures to expand trade opportunities by building their capacities.

(Reddy et al.,2020) It is also identified that most of the policy instruments announced by the government are not directly targeting the MSME units; rather there lies the need for a more comprehensive policy measure to restructure the backbone.

Singh, (2020) COVID-19 has enormous depressing impacts on the MSMEs sector through disruption in demand chain problems of the production process and raw material and labour availability, which resulted in shrinking revenue generation.

Sipahi, (2020) This sector has immense potential in investment with generating infrastructure base, making more employment, developing innovative skills and proficiency, ensuring a fair regional development, developing backward areas, making the economy self-contained through import substitution and making possible the nation's development process. At the same time, the MSMEs sector is the most vulnerable one in the era of the COVID-19 pandemic because of its size, the scale of business, limited financial executive resources and notably they do not have the capacity to compact with something so unexpected.

3. STATEMENT OF PROBLEM

The recent Coronavirus outbreak wreaked havoc on the country's health as well as its economic structure. On this site, small business owners are looking for strategies to cope with the virus's operational burden. We have made an attempt to investigate the many aspects of the issues encountered by the MSME sector and to take steps to restart their businesses based on the lessons acquired in the present and future.

4. OBJECTIVES OF STUDY

> ➢ To analyze the challenges faced by Small and Medium Enterprises on business disruptions due to Covid-19.

> ➢ To evaluate the perception of business men and the measures to be considered to live with Covid 19.

5. METHODOLOGY OF THE STUDY

Research design

The study is empirical research based on the impact of Covid 19 on MSMEs with special reference to Kottayam and Ernakulam district of Kerala state.

Sample design

The sample was drawn from business men of MSMEs from Kottayam and Ernakulam district of Kerala state. The convenience sampling method was adopted for Data collection. Sample size is 100 respondents.

Types of Data resources

Primary data were collected for the study. The data were collected from business men in Kottayam and Ernakulam district of Kerala state. The data were collected using a questionnaire specifically designed for this study.

Tools for collecting data

Questionnaires were administered to collect data from the respondents.

Tools for analysis and interpretation

After data collection, the data were analyzed and the results were interpreted with the objectives of the study. With the help of SPSS (Statistical Package for Social Sciences) software sufficient statistical tools have been used to analyse data collected. The data were analysed using T-test and correlation analysis.

6. DATA ANALYSIS AND INTERPRETATION

Table-1 Types of MSMEs

	Frequency	Percentage
Manufacturing	71	71%
Services	29	29%
Total	**100**	**100**

Table 1 shows the types of MSMEs, out of 100 respondents, 71 are from manufacturing sector and 29 from service sector.

Challenges faced by the MSMEs

In order to test whether there is any significant difference between types of MSMEs and challenges faced by MSMEs, following hypotheses are formulated.

H_o: There is no significant difference between types of MSMEs and challenges faced by MSMEs.

H_1: There is significant difference between types of MSMEs and challenges faced by MSMEs.

Table - 2 Relationship between types of MSMEs and challenges faced by MSMEs

	1.298	0.257	0.926	98	0.357
			0.982	52.401	0.331
	1.686	0.197	0.768	98	0.444
			0.701	39.642	0.487
	0.271	0.604	2.980	98	0.004
			2.998	47.051	0.004
	2.743	0.101	1.062	98	0.291
			0.956	38.780	0.345
	0.011	0.915	0.723	98	0.472
			0.722	46.375	0.474
	1.688	0.197	-0.094	98	0.926
			-0.103	56.995	0.918
	1.047	0.309	0.031	98	0.975
			0.029	40.062	0.977
	0.533	0.467	-0.470	98	0.639
			-0.443	41.737	0.660

Table 2 shows that the result of the t-test administered on the data at 5% significant level. As the P value is more than 0.05, there is no significant difference between types of MSMEs and challenges faced by MSMEs except obsolescence of stock. Thus, the null hypothesis is retained.

Perception of business men and measures to be considered to live with Covid 19

In order to test whether there is any significant difference between perception of business men and measures to be considered to live with Covid-19, following hypotheses are formulated.

H_o: There is no correlation between perception of business men and measures to be considered to live with Covid 19.

H_1: There is correlation between perception of business men and measures to be considered to live with Covid 19.

Table -3 Correlation between perception and measures to be considered to live with Covid 19

		perception	measures
	Pearson Correlation	1	0.191
	Sig. (2-tailed)		0.057
	N	100	100
	Pearson Correlation	0.191	1
	Sig. (2-tailed)	0.057	
	N	100	100

Table 3 shows that the result of correlation test. Here, significant value is greater than 0.05, which means there is a positive relationship between perception and measures to be considered to live with Covid 19. Therefore, null hypothesis is accepted against alternative hypothesis.

7. CONCLUSION

The virus poses a significant danger to the world economy, which is already in risk. The Indian economy is already faltering, increasing at one of the slowest rates in the previous six years, and now the virus has unleashed a new set of economic issues that are wreaking havoc on several sectors, particularly the MSME sector. Small businesses looking for strategies to cope with the operational stress caused by the Coronavirus can find answers on this site. The aim of the study was to identify the challenges faced by different types of MSMEs and to evaluate the perception of business men and measures to be considered to live with Covid 19. The data has been collected from 100 respondents using a well-structured questionnaire. For the analysis, the data were analyzed with the help of one-way anova test and correlation analysis. From the analysis, it was found out that different types of MSMEs doesn't face different challenges and different measures like sustainability, innovativeness, technology and other measures will be helpful for the businessmen to overcome the crisis due to Covid 19.

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