



Impact of Pandemic on Small and Medium Scale Industries in Coimbatore

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ABSTRACT

The COVID-19 pandemic has had a profound impact on economies around the world, and small and medium- sized enterprises (SMEs) have been particularly hard hit. SMEs are crucial drivers of economic growth and job creation, and their ability to weather the pandemic will be critical to global economic recovery. This abstract examines the impact of the pandemic on SMEs, focusing on the challenges they face in terms of access to finance, supply chain disruptions, and shifts in consumer demand. It also discusses the measures taken by governments and international organizations to support SMEs during this challenging period, including loan guarantees, tax breaks, and regulatory relief. Finally, it highlights the need for continued support for SMEs in the post-pandemic period to ensure their continued contribution to economic growth and job creation.

INTRODUCTION:

In India, the small and medium scale industries sector has played a vital role in the country's economic and social development as these are essentially dependent on traditional inherited skills and mostly use local resources (Indrakumar, 2020). As on fact, small and medium scale industries particularly widen their sphere in rural and industrially underdeveloped areas by fostering entrepreneurship in resource-poor communities and manufacturing over more than 6,000 quality products in national and global markets. In recent years, the small and medium scale industries have been mounting significance for their rolling contribution to employment and income growth with export earnings and their ability to be reactive to alteration in the market and innovative practices in local or global spheres (World Bank Group, 2018).

According to the National Sample Survey (NSS) 73rd round conducted during 2015–2016, beyond the agricultural sector, small and medium scale industries were the only sector to generate huge employment opportunities of 11.10 crore jobs through 6.34 crore MSME units. It generates backward and forward linkages in the economy by promoting non-agricultural livelihood and appealing more investments to the sector (Ministry of small and medium scale industries, 2018–2019). The small and medium scale industries sector has been widely accepted as the backbone of the Indian economy for its far-reaching impacts on the economy. But the hard blow of COVID-19 has made this sector to struggle for its sustainability.

STATEMENT OF THE PROBLEM:

This study looked at the impact of the Coronavirus Disease 2019 (COVID-19) pandemic on the revenues of small and medium businesses operating in industrial sectors and at the extent to which these businesses changed or adjusted their business activity, or changed the extent to which they utilized open innovation tools and implement innovation promotion processes.

OBJECTIVES OF THE STUDY:

- To study the impact of corona virus on SME 's in India
- To study the impact of corona virus pandemic on empvloyment in small and medium scale industries.

REVIEW OF LITERATURE:

1. **Mishra (2020)** calculated the impact of COVID-19 on the MSME sector by using the contribution of the sector to gross value addition of the total manufacturing during the past years. The author found that the sector registered a growth of more than 7% per annum during 2015–16 and 2016–17.

2. **Census Bureau, (2021)** surveyed 224 high-revenue Latin-owned businesses and found that 86% of respondents reported immediate negative effects, such as delayed projects and closure from the pandemic.

RESEARCH METHODOLOGY:

DATA COLLECTION:

The information required for the preparation of report is collected through two sources.

- Primary Data
- Secondary Data

PRIMARY DATA

The data is collected through questionnaires, which form the major part.

SECONDARY DATA

The secondary data is readily available from the dealer's news and magazines. Data like company profile and product profile are collected from the Internet.

TOOLS USED FOR ANALYSIS

The collected data was analysed using tools like

- Simple Percentage analysis

The various factors are analysed on the basis of the Percentage (%) of statistical among the sample size 100 from these samples the Percentage (%) of satisfied level is found to give a conclusion

$$\text{Simple Percentage} = \frac{\text{Number of the respondents}}{\text{Total number of respondents}} \times 100$$

ANALYSIS AND INTERPRETATION

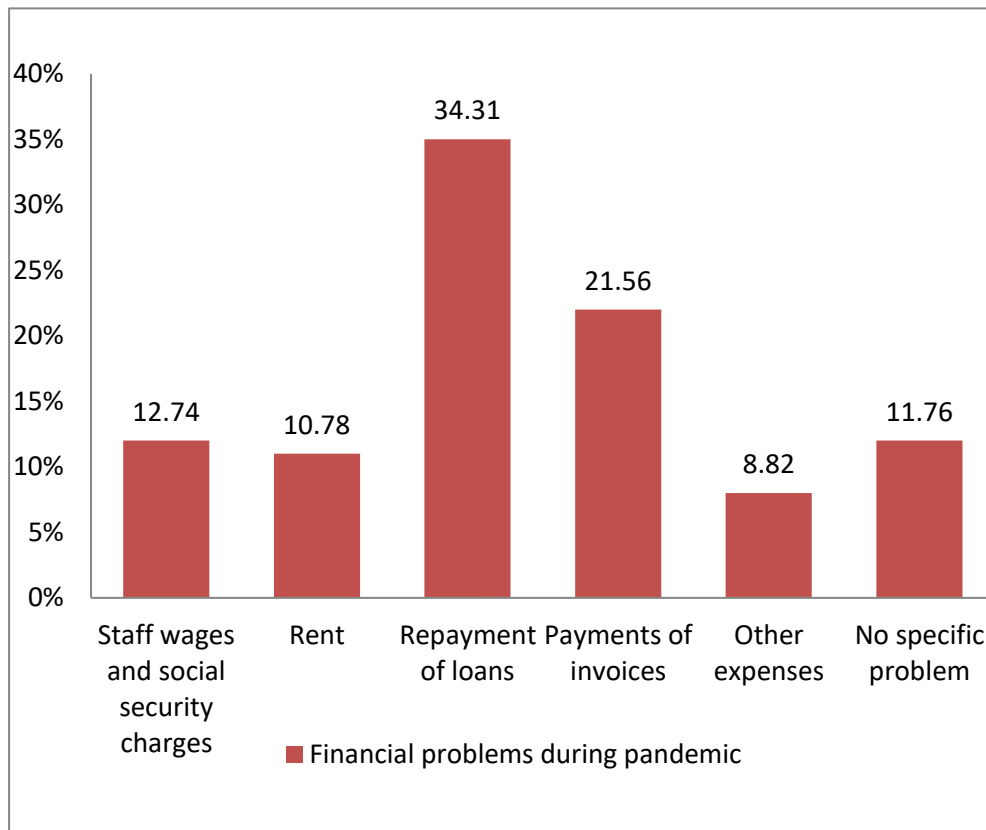
FINANCIAL PROBLEMS DURING PANDEMIC

S. No	Financial problems during pandemic	Number of Respondents	Percentage (%)
1	Staff wages and social security charges	13	12.74%
2	Rent	11	10.78%
3	Repayment of loans	35	34.31%
4	Payments of invoices	22	21.56%
5	Other expenses	9	8.82%
6	No specific problem	12	11.76%
	Total	102	100%

Interpretation

From the above table we found that 12.74% of the respondents think financial problems during pandemic is staff wages and social security charges, 10.78% of the respondents think financial problems during pandemic is rent, 34.31% of the respondents think financial problems during pandemic is repayment of loans, 21.56% of the respondents think financial problems during pandemic is payments of invoices, 8.82% of the respondents think financial problems during pandemic is other expenses and 11.76% of the respondents think financial problems during pandemic is no specific problem.

Mostly 34.31% of the respondents think financial problems during pandemic are repayment of loans.



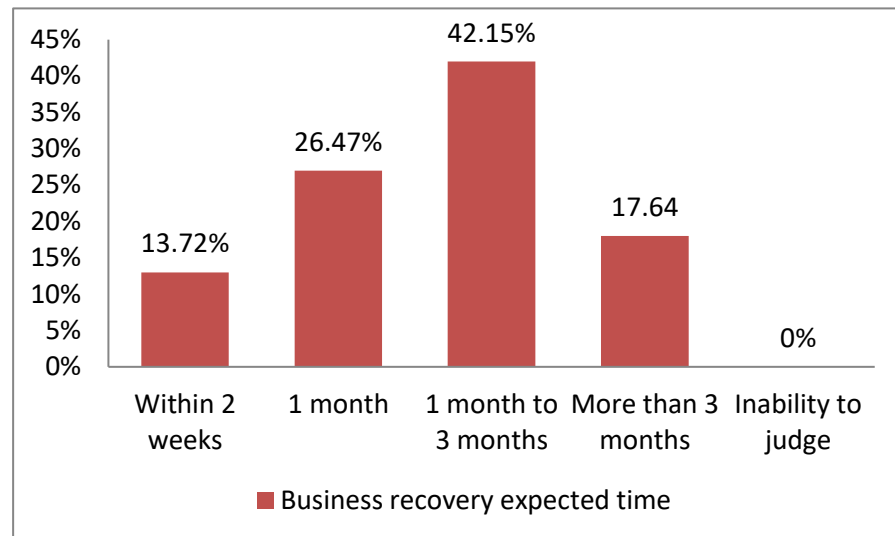
BUSINESS RECOVERY EXPECTED TIME

S. No	Business recovery expected time	Number of Respondents	Percentage (%)
1	Within 2 weeks	14	13.72%
2	1 month	27	26.47%
3	1 month to 3 months	43	42.15%
4	More than 3 months	18	17.64%
5	Inability to judge	0	0%
	Total	102	100%

Interpretation

From the above table we found that 13.72% of the respondent's business recovery expected time is within 2 weeks, 26.47% of the respondent's business recovery expected time is 1 month, 2.153% of the respondent's business recovery expected time is 1 month to 3 months and 17.64% of the respondent's business recovery expected time is more than 3 months.

Mostly 42.15% of the respondent's business recovery expected time is 1 month to 3 months.



FINDINGS

- Mostly 34.31% of the respondents think financial problems during pandemic are repayment of loans.
- Mostly 43.13% of the respondent's business recovery expected time is 1 month to 3 months
- Mostly 23.52% of the respondent's company considering dealing with the cash flow shortage loans by internet finance.
- Mostly 24.50% of the respondent's company considering with the shortage of workers use of advanced equipment or software to reduce the amount of work.
- Mostly 24.50% of the respondent's company considering the shortage of raw materials seeking new procurement channels.

SUGGESTIONS

- It is important to provide SMEs with concrete guidance in a clear and unambiguous manner. Several authorities have issued guidance for small firms during the COVID-19 period.
- MSME agencies should also organise training on the key emerging issues in digital markets that affect MSME economic recovery in the wake of COVID19 to facilitate their access.
- Mainstreaming digital, financial, and marketing skills into business development services is a critical policy objective that should be prioritized with a view to increase adoption and use of ICT through mobile applications from accounting to inventory management, from marketing to accessing finance.

CONCLUSION

India's main focus is being 'from local to global' for MSMEs. A larger chunk of Indian MSMEs is in rural areas, which are going to play a significant role in making Self-reliant India. The effect of the modification in the definition of MSMEs on their economic performance has not been examined yet and remains a subject for future research. The revised definition will definitely add to the volume of MSME units so also an affirmative rise in the output, employment, product diversification, investment and export. Empirically analysing the decisive elements of the MSMEs sector, it is evident that there is a high degree of significant positive correlation among the variables (MSME units, production, employment and investment).