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IMPACT OF COVID -19 AMONG MICRO, MEDIUM AND SMALL ENTERPRISES – A CASE STUDY IN COIMBATORE DISTRICT

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ABSTRACT

The COVID 19 Pandemic and more restrictions took a heavy toll on MSMEs. Suffer by problems of logistics, Disruption of Production, Reduction in Sales etc., This article aims to assess the short-term and mid-term impact of COVID-19 restrictions on MSMEs. The study participants were the owners of MSMEs in Coimbatore district doing different businesses like textiles, Coir Industry, poultry form etc. For this purpose, primary data was collected from 120 respondents. Data was tabulated and analyzed with the help of statistical tools to achieve the objectives of the study.

Keywords: MSME, COVID-19, Problems and challenges, Impact.

INTRODUCTION

MSMEs are the backbone of economic development of India that provides income and employment opportunities to a large number of public. The unusual disruptions caused globally due to the COVID-19 outbreak, not only affected the social environment but also our political and economic environment. COVID- 19 disease has significantly altered people’s lives and business activities at the global level. The COVID-19 crisis and movement restrictions resulted in a drastic reduction in employment opportunities, revenues, and production. Central and state governments began extending financial and other forms of support to micro, small, and medium enterprises to overcome the financial losses.

CHALLENGES AND PROBLEMS FACED BY MSME DURING COVID 19

1. Transportation
2. Financial problem
3. Employee Absenteeism
4. Supply chain disruption
5. Disruption of Production
6. Reduction in Sales
7. Cancellation of contract
8. Delayed delivery of products and services

STATEMENT OF PROBLEM

MSMEs are helpful for economic development of every country. The COVID-19 crisis has negatively impacted MSMEs in many ways, leading to widespread business closures, loss of sales, reductions in employment, and constrained access to finance. This study tries to identify challenges and problems faced by MSMEs during COVID-19 pandemic and to assess the impact of COVID-19 among MSMEs.

OBJECTIVES OF THE STUDY

1. To know the socio- demographic profile of the respondents
2. To examine the challenges and problems faced by MSME during COVID-19
3. To assess the impact of COVID-19 among MSMEs
4. To give suggestions for improvement

REVIEW OF LITERATURE

Shigehiro Shinozaki (2021) pointed out that MSMEs in developing Asia experienced considerably reduced employment and sales revenues in the first few months after the outbreak of the COVID-19 pandemic. They facing a money shortage, and those having used online sales, plan to increase the share of online sales in the midst of the pandemic. He also points out that MSMEs tend to prefer tax payment deferral, tax rate reduction, and loan repayment deferral to many other possible forms of government support.

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Suhail Ahmad Bhat (2021) said that the Micro, Small and Medium Enterprises have become a cornerstone of Indian economy. This sector is playing an essential role in providing employment generation, entrepreneurship development, and poverty alleviation. He also pointed out that MSME sector in India was already facing problems by demonization and with the implementation of GST in the country. But with this current pandemic of Covid-19, production of goods and services in this sector has been curtailed and this sector has started suffering from the shortage of necessary inputs, which led to supply shock.

RESEARCH METHODOLOGY

Primary Data

Primary data conducted from MSME owners through interview schedules.

Secondary Data:

The various secondary information sources used for the present research include the journals and magazines and websites.

Tools used for Data Analysis

The data collected was analyzed through percentages, frequencies and Chi-Square tests are applied for the analysis of data.

Period of the study:

The study was conducted during September 2021 –December 2021

Area of the study

The study is undertaken in Coimbatore district. It is the second largest city in Tamil Nadu.

Sampling Design

The study covers selected MSMEs. In this study convenient random sampling technique has been used and 120 respondents were selected on random basis.

LIMITATIONS OF THE STUDY

1. Respondents may be hesitant to provide the necessary information
2. Only 120 respondents were selected for sampling
3. Data is collected only from Coimbatore District

HYPOTHESIS TESTING

1. There is no significant relationship between Gender and problems faced by MSMEs during COVID-19
2. There is no significant relationship between Age and problems faced by MSME during COVID-19

Analysis and Findings

Table 1: Demographic profile of the respondents

Demographics		No. of respondents	Percentage (%)
Gender	Male	92	76.67
	Female	28	23.33
Age(in Years)	18-25	23	19.17
	26-40	41	34.17
	41-50	35	29.17
	Above 50	21	17.50
Area of Living	Rural	78	65
	Urban	42	35
Educational Qualification	No formal	16	13.33



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	Education		
	SSLC	31	25.83
	HSC	35	29.17
	Degree Level	29	24.17
	Others	9	7.50
No. of members in family	2	8	6.67
	3	29	24.16
	4	37	30.33
	Above 4	46	38.33
Size of Business	Micro	35	29.17
	Small	38	31.66
	Medium	47	37.17

Source: Primary Data

Table 1 clearly states that demographic profile of the sample respondents. It reveals that Male respondents are higher than female respondents. Majority of respondents falls in the age group of 26 - 40 and Higher secondary educational qualification are high as compared to other education groups. Majority of the respondent's family have more than 4 members.

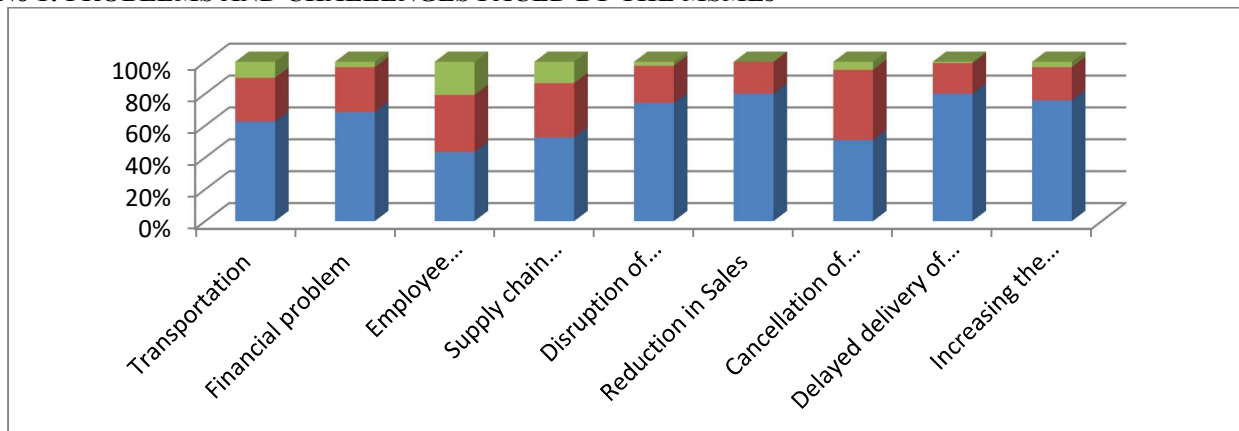
TABLE 2: PROBLEMS AND CHALLENGES FACED BY THE MSMEs

S.No.	Problems	Frequently	Rarely	Never
1	Transportation	75	33	12
2	Financial problem	82	34	4
3	Employee Absenteeism	52	43	25
4	Supply chain disruption	63	41	16
5	Disruption of Production	89	28	3
6	Reduction in Sales	96	24	0
7	Cancellation of contract	61	53	6
8	Delayed delivery of products and services	96	23	1
9	Increasing the procurement prices	91	25	4

Source: Primary Data

The table clearly shows that various problems and challenges faced by the MSMEs. Most of the respondents are facing financial problem, Sales reduction and Delayed delivery of products and services.

Exhibit No 1: PROBLEMS AND CHALLENGES FACED BY THE MSMEs





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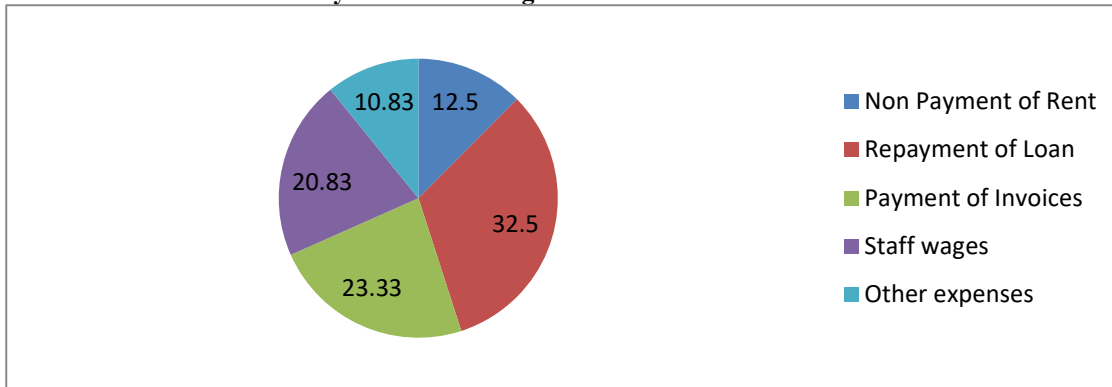
Table 3: FINANCIAL PROBLEMS FACED BY MSMES DURING COVID-19 PANDAMIC

S.No	Financial Problems	No. of Respondents	Percentage (%)
1	Non-Payment of Rent	15	12.50
2	Repayment of Loan	39	32.50
3	Payment of Invoices	28	23.33
4	Staff wages	25	20.83
5	Other expenses	13	10.83

Source: Primary Data

Table 3 shows that various financial problems faced by MSMes during COVID-19. Majority of the respondents are not able to pay their loan on time.

Exhibit No: 2: Financial Problems Faced By MSMEs During Covid-19 Pandamic



CHI-SQUARE TEST

Null Hypothesis 1

There is no significant relationship between Gender and problems faced by MSMEs during COVID-19

Chi-square value =25.35

Table value =32.41

Significant level =5%

Result: Thus, the χ^2 value is less than table value we accept the hypothesis. Therefore, there is no relationship between Gender and problems faced by MSMEs during COVID-19.

Null Hypothesis 2

There is no significant relationship between age and problems faced by MSME during COVID19

Chi-square value = 32.39

Table value = 39.23

Significant level = 5%

Result: Thus, the χ^2 value is less than table value we accept the hypothesis. Therefore, there is significant relationship Age and problems faced by MSME during COVID-19

Table 4: MANAGEMENT OF CASH FLOW SHORTAGE BY MSMEs

S.No	Management of Cash flow Shortage	No.of Respondents	Percentage (%)
1	Loans from Commercial Banks	25	20.83
2	Pledge of land and Jewellery	43	35.83
3	Loans by microfinance companies	29	24.17
4	From friends and relatives	23	19.17

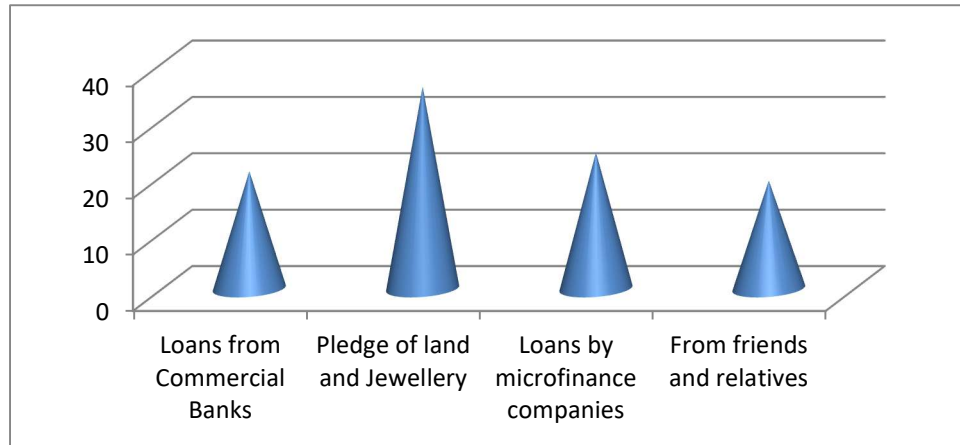
Source: Primary Data



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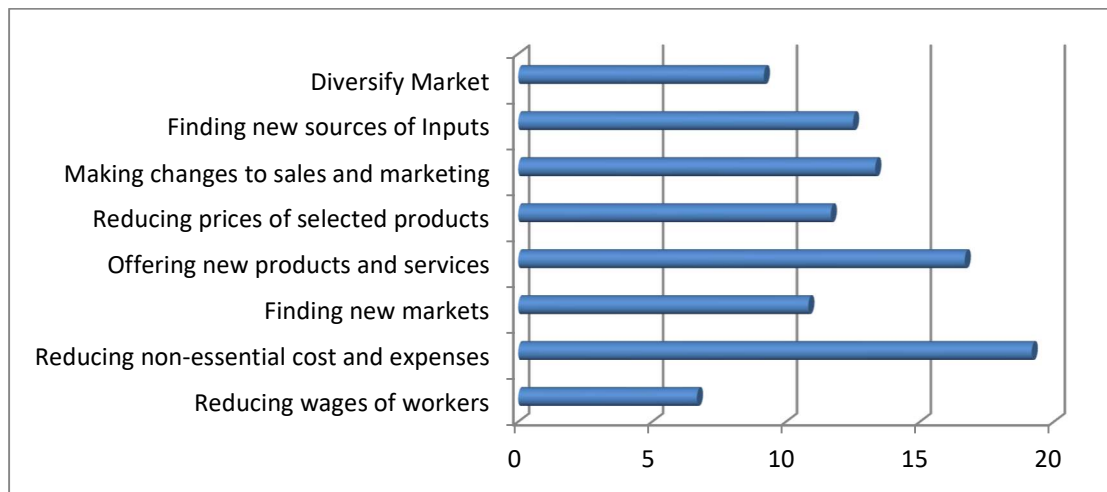


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Measures and Strategies Implemented by MSMEs to Cope with the Impact of Covid-19

The below chart shows that the various measures and strategies implemented by MSMEs to Cope with the impact of COVID-19



SUGGESTIONS

1. MSMEs are expecting to reduce tax exemption, better policies by the government.
2. Expecting Interest free loan for their growth and development.
3. MSMEs need digital literacy to sell their products at global level
4. Technology will be the most important factor in the coming days for MSME to reign in the market. So MSMEs adopt new technologies to increase their sales

CONCLUSION

The MSME sector is next to agriculture in terms of providing employment in India. COVID-19 Pandemic affected MSMEs sector. During that time, they are facing many problems and challenges like cancellation of contract, reduction of sales, lack of logistics supply etc. For MSMEs upliftment central and government have to give more financial support and give digital literacy to sell their products and services at global level.

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