

Effect of Covid-19 on Small Scale Industries with Reference to Ernakulam District

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Abstract: In India the current scenario is such that service sector contributes to the major portion of the GDP 54.77%1, which includes small and midcap companies. The Small Scale Industrial sector is the second biggest contributor with 27.47%. Thus in this paper an attempt is made to study what are the difficulties the small scale industrial sector in Ernakulam district had to face during this COVID-19 pandemic and whether The Atma Nirbhar Bharat Abhiyan was able to provide ample support to this sector. The major source of information was collected from secondary data. The limited primary data received from the manufacturers in Ernakulam district validate that the pandemic has effected them adversely and also that most of the industrialist had little idea about Atma Nirbhar Bharat Abhiyan.

Key words: Small Scale Industries, COVID-19, Atma Nirbhar Bharath.

Introduction

The term small scale means 'of limited size or extent'. True to its meaning small scale industries are those that are formed with small amount of capital and they work with limited machinery and small group as workforce. Under the Micro Small Medium Enterprise Development Act 2006, SSI was then renamed as MSME's they also included micro units. The units are categorized based on the capital invested and their turnover per year. A micro enterprise will have max capital of 1 Crore and Annual Turnover not more than 5 Crore, Small Enterprises will not exceed a capital money not more than 10 Crore and an Annual Turnover not more than 50 crore, whereas a Medium Enterprise will have capital structure not more than 50 Crore and Annual Turnover not exceeding the limit of 250 Crore . It has been found that MSME's contribute 29% of GDP in India. As per the MSME Annual Report of 2018-19 Kerala has the 12th largest MSME's in India.

The MSME's are the largest employers in India. Kerala is the first state that started micro financed projects such as Kudumbasree.

The study conducted today is focused on understanding how during this pandemic the small scale units are performing, what kind of techniques have they used to overcome this scenario. From this study it can be analysed the knowledge most of the SSI units have very little or no information in regards to Atma Nirbhar Bharat Abhiyan under which different schemes are provided to SSI's.

The Atma Nirbhar Bharat means 'self-reliant India'. It was first announced on 12th May 2020 as part of COVID-19 pandemic relief program. An economic package of ₹20 lakh crore overall was announced. The first of Rs.594550 tranche was intended to provide liquidity to MSME's as well as Non Financing Companies.

In the second tranche an amount of Rs.310000 Crore was provided for migrant workers to receive free food. And new announcement was made for One Nation One Ration Card under which migrant work can access Public Distribution System from any Fair Shop in the country.

Third tranche is of Rs.150000 Crore, which is set aside for Agri Infrastructure, Animal Husbandry Infrastructure Development Fund etc.

Fourth and Fifth tranche are tied together with a total amount of Rs.48100 Crore. It includes coal mining, coal gasification, aircraft maintenance hub, other, measures including Pradhan Mantri Garib Kalyan Package (PMGKP) – Rs 1,92,800, RBI measures (actual) – Rs 8,01,603.

Statement of the Problem

This study was conducted to analyse how SSI units are dealing with the pandemic situation. To analyse if the given government policies are sufficient of the revival of the SSI units from the financial burden they are dealing with. Whether the Atma Nirbhar Bharat Abhiyan has actually reached at the bottom level i.e, the manufacturer himself.

Review of Literature

A Literature Review is narration of once view after conducting a scholarly study about a specific topic.

Narula claimed that the threats and opportunities would be different in the long term based on the SME form. Instead of a one-size-fits-all solution, policy initiatives can also be sensitive to various forms of SMEs. The policy mix would have to transition from its original emphasis on short-term sustainability to a longer-term,

strategic solution that will encourage transformation and development through creativity, internationalization and networking. The policy mix will be a significant subject of concern (Narula, 2020).

The effect of MCOs on SMEs was categorized as organizational challenges (i.e. instability of businesses; disturbance in the supply chain; planning of potential course in the business) and financial difficulties (i.e. disparity of cash flow; access to funding packages; danger of bankruptcy). In the meantime, strategic and communication techniques address key elements in modern survival methods. The paper proposes few guidelines for potential studies, companies and agencies (Ahmad, 2020).

Objectives

1. Study the pre and post covid-19 scenario of small scale industries in ernakulam district.
2. To analyse the extent of revival of the sector due to the policies of the government.
3. Impact of Atma Nirbhar Bharat Abhiyan on the revival of the industry.

Hypothesis

1. H0: There is no change in income level of the company due to the pandemic.
H1: Income level of the company has been effected due to covid-19 pandemic.
2. H0: The moratorium facilities provided by the government was sufficient for the revival of the unit.
H1: The moratorium facilities provided are not sufficient for the revival.
3. H0: The owners of the SSI units have sufficient information regarding Atma Nirbhar Bharath Abhiyan.
H1: Owners of the SSI units have limited or no information regarding Atma Nirbhar Bharat Abhiyan.

Scope of the Study

This study is conducted with the aim to collect information on the conditions in which the SSI are at the time of the pandemic. The different financial policies issued by the government was sufficient for the revival of the unit. Also it needs to be studied whether the Atma Nirbhar Bharat Abhiyan has successfully reached all the SSI units or not.

Research Methodology

The research is conducted to collect information about the current scenario of SSI units in Ernakulam Dist. The study is conducted mainly on the basis of secondary data and with the help of a limited amount of primary data. The little primary data which was collected was done with the help of questionnaire. Major share of the information was collected by secondary data from different online sites and journals.

Result Analysis

Primary Data was collected from 10 manufacturers in Ernakulam city, although it was expected to collect information from 50 such units, reluctance in answering the questionnaire was found. From the limited information accumulated from primary data and data collected from secondary sources the analysis of the hypothesis show that

1. The null hypothesis is not valid as majority of the units have been drastically affected by the pandemic and hence the alternate hypothesis has been accepted where the income level of the SSI units have been drastically affected.
2. During the pandemic moratorium facility was provided for loans to the companies. The second test of hypothesis is to check whether such facility was ample, enough to survive the financial burden incurred during the pandemic. It is found from the study that the null hypothesis is rejected and the alternate hypothesis is accepted as it is felt by all the respondents and the moratorium is not enough to survive the pandemic as it will be reclaimed immediately after the end of such period.
3. The government had declared Atma Nirbhar Bharat Abhiyan to promote SSI units. But in this test we check whether the information regarding such a project has been provided to the SSI units or not. The analysis of the data shows that the null hypothesis could not be validated and the alternate hypothesis had to accepted as very little or no information has reached the owners of SSI units

Conclusions

From the study thus conducted it can be valuated that SSI units had to face very crucial time during this pandemic as they were adversely affected by lack of funds and due to which they had to either terminate there employees or pay them a very less wage. It is also found that the moratorium facility provided to the units were not enough to survive the pandemic. It was also found that the Atma Nirbhar Bharat Abhiyan project launched by the government has not reached to all affected. Thus it could be suggested that campaigns should be conducted for awareness in regards to such programs.

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