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Impact of Covid 19 on MSMEs situated in Pimpri Chinchwad MIDC, Maharashtra

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Abstract:

Flareup of covid-19 in China and spread all over the globe has change the human life drastically. Covid is a global medical emergency without prescribe medicine. Lookdown is considered as only possible solution to stop the spread of airborne disease.

Due to lockdown the life of people was on real extended pause. It has impacted on the economic activity at large. Economically marginalized section of the society has affected the most. MSME in India has been facing serous issues from the last 4 years in relation with the shortage of credit supply and international trade. Covid has impacted the most to the MSME due to its labor-intensive nature and dependence on the third-party transportation. Credit issue has become more intensive.

Government of India realized that due to the credit cycle. Transportation and migration of labor has bleed the MSME hence government introduced the package specially for the MSME. Maharashtra is one of the financially develop state in India and Pimpri-Chinchwad is the fastest growing MIDC and in term of MSME registrations.

Keywords: Covid, Lockdown MSME, labor migration,

1.1 Introduction:

Covid Crisis has been the subject of grave concern to all the countries around the world. Pandemic has been the cause of uncertainty to all the sectors and MSMEs are not the exception. MSMEs in India has been facing different crucial issues and covid has given the last push. Over the last 18 months (about 1 and a half years) lockdowns have been the only solution to this

Problem. Introduction of Vaccination in Jan 2021 has given the relief up to Cretan extend but it will take another year in the Indian case. Lockdowns have directly impacted the demand in the market.

Because of regional imbalance, the migration of labor is highest in India. Maximum migration is from the state of Uttar Pradesh, Bihar, Bengal, Uttarakhand, and Madya Pradesh. After the imposition of lockdown labor reverse migration had added to the problem of MSME owners.

Lack of demand, the shortage of labor and raw material had led to the financial crisis of the MSME. The Atmanirbhar package was introduced by the central government to help the MSME in the fiscal crisis. Change in the definition was another attempt from the central government.

In the survey of Indian express, it is found that production fell from an average of 75% of capacity to mere 13%. firms s has been able to retain only 44% of their workforce, and 69% of firm's opinion their inability to survive longer than three months.

Pimpri Chinchwad is the fastest-growing MIDC in India. the latest number shows that the registration of MSME is highest in Maharashtra and Pimpri Chinchwad top the list in Maharashtra.

1.2 Objective of the Study:

1. To study the impact of Covid 19 on the MSME situated in Pimpri-Chinchwad MIDC
2. To assess the effect of covid 19 on the availability of credit, raw materials, and labor.
3. To study the awareness towards the Atmanirbhar package introduced by central government.

1.3 Research Methodology:

- **Sample Size:** The total 42 MSMEs are selected for the present study.
- **Sampling Procedure:** The samples for the present study are selected based on Stratified Random Sampling method. Among the total MSMEs in Pimpri Chinchwad MIDC.

Data collection:

Primary Data: Researcher has collected primary data Through the Questionnaire to MSME Owner. (Due to pandemic data was collected through the Google Form)

Secondary Data: Secondary data have collected through various publish sources such as Journals, Books, web source etc.

• Data Collection Method:

Questionnaire was used as main tool for the collection of data. Due to pandemic questionnaire was prepared with the help of **Google forms**.

The questionnaire was based on a five-item Likert scale. Responses was given to every statement by using a five-point Likert-type scale, for which 1 = Minimum to 5 = Maximum

Quantitative data was received from primary and secondary data. The data analysis was done as per type of data by using Excel, SPSS 20.0, Office

- **Tools and technique use for the analysis:**

For the analysis of the data, the t average score and ranking technique are used. Table and charts are also used for analysis of data.

1.4 Significance of the Study:

This study will help to understand the gravity of the problems face by MSME. Study can be used to design specific solution to the MSME problems. This study will provide specific suggestions to the government agencies on the basis of response from the entrepreneurs.

1.5 Limitation of the Study:

Geographical: Study was collected from the confined geographical area hence the findings cannot be applied as it is to the other areas.

MSME: Selection of industries was confined to the MSMEs.

Online Data Collection: The accuracy of data is dependent upon the information given in the google form.

1.6 Role of MSMEs:

MSMEs are to be considered as growth engine in the development of Indian economy. The contribution in the production, employment and regional balancing plays an important role in the overall development of Indian economy.

1.6.1 Share of MSME in all India GDP:

Figures in Rs. Crores adjusted for FISIM at current prices						
Year	Total MSME GVA	Growth (%)	Total GVA	Share of MSME in All India GVA (%)	All India GDP	Share of MSME in All India GDP (in %)
2014-15	3658196	-	11504279	31.80	12467959	29.34
2015-16	4059660	10.97	12574499	32.28	13771874	29.48
2016-17	4502129	10.90	13965200	32.24	15391669	29.25
2017-18	5086493	12.98	15513122	32.79	17098304	29.75
2018-19	5741765	12.88	17139962	33.50	18971237	30.27

"Source: Central Statistics Office (CSO), Ministry of Statistics and Programme Implementation" ("Services Sector CHAPTER - indiabudget.gov.in")

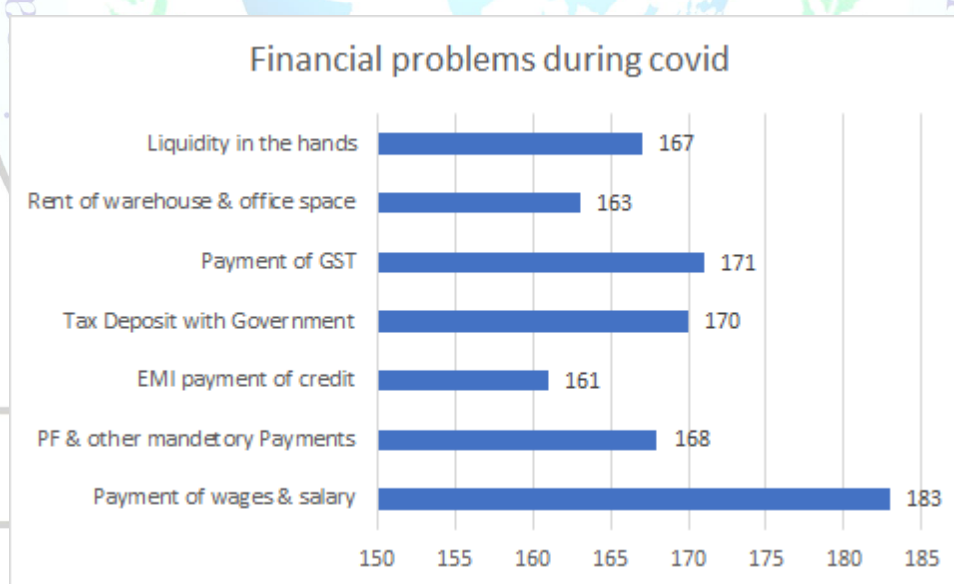
The above table clearly indicates the importance of the MSME in the growth of the economy. MSME contributes highest in the employment after the agriculture sector. MSMEs are labor intensive and can accommodate unskilled labor as well.

The growth story of India starts with efficient regional balance and economic development. MSMEs are facing issues related to infrastructure development, availability of credit, technological upgrading, marketing and research, skill labor. MSMEs are competing with large industries from India and abroad.

1.7 Data Analysis and Interpretation:

1.7.1: Financial issues faced during the covid 19

Sr. No	Particular	1	2	3	4	5	N	Score	Mean	SD
1	Payment of wages & salary	0	1	6	12	23	42	183	4.36	0.70
2	PF & other mandatory Payments	0	1	7	25	9	42	168	4.00	1.27
3	EMI payment of credit	3	4	7	11	17	42	161	3.83	1.32
4	Tax Deposit with Government	2	6	5	4	25	42	170	4.05	1.13
5	Payment of GST	1	5	4	12	20	42	171	4.07	1.33
6	Rent of warehouse & office space	2	8	3	9	20	42	163	3.88	1.18
7	Liquidity in the hands	2	4	5	13	18	42	167	3.98	1.36



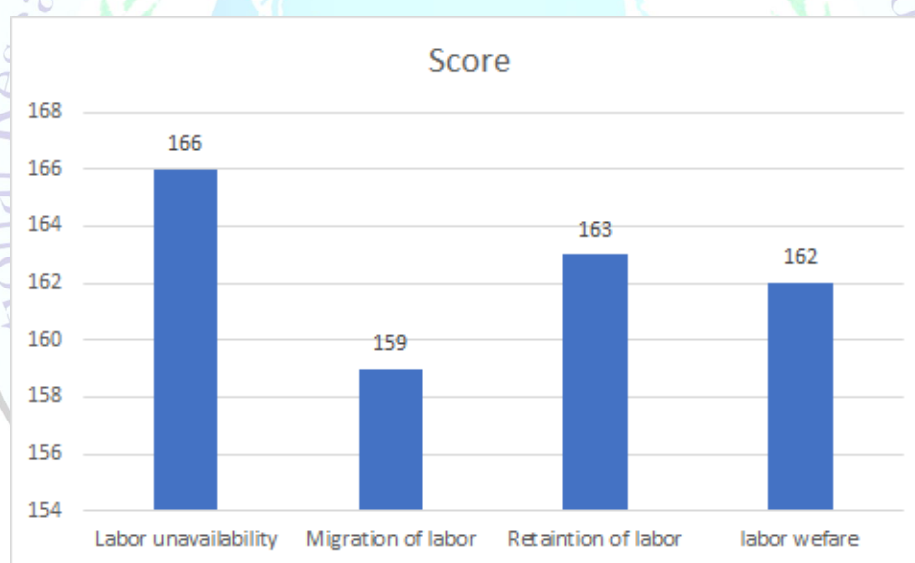
Above table indicates the following points:

- Payment of wages and salaries mean 4.46 the amount of disagreement to pay shows that it is difficult for the owner as production and sales are at low and unable to recover the credits with suppliers and it has led to the cash crunch.
- Payment of GST is getting difficult due to the recovery and claim of the credit.

- Tax deposits with government and non-recovery ids also a major issue for MSME.
- PF and other mandatory payments are posing difficulties as owner lacs the liquid cash.
- Rent of office, where house and the payment of EMI has poised a new challenge to the owner.

1.7.2: Problems related to labor

Sr. No	Particular	1	2	3	4	5	N	Score	Mean	SD
1	Labor unavailability	1	5	4	17	15	42	166	3.95	1.27
2	Migration of labour	2	8	3	13	16	42	159	3.78	1.13
3	Retention of labour	2	4	5	17	14	42	163	3.88	1.31
4	Labour welfare	4	3	6	11	18	42	162	3.85	1.31

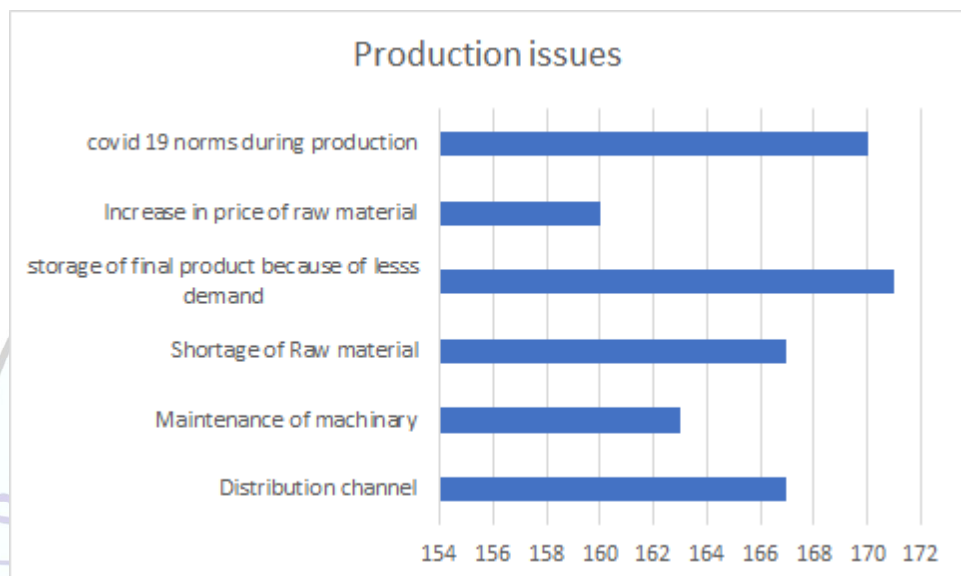


- MSME owner were strongly agreed with the fact that labor was unavailable due to the migration with 3.95 as mean score.
- Retention of labor due to the shortage and migration was another problem to manage the human resources.
- Labor welfare and the migration were the other issues which has created difficulties for owner to manage the work force.

1.7.3 Problems related to the production:

Sr. No	Particular	1	2	3	4	5	N	Score	Mean	SD
1	Distribution channel	2	2	9	11	18	42	167	3.98	1.14

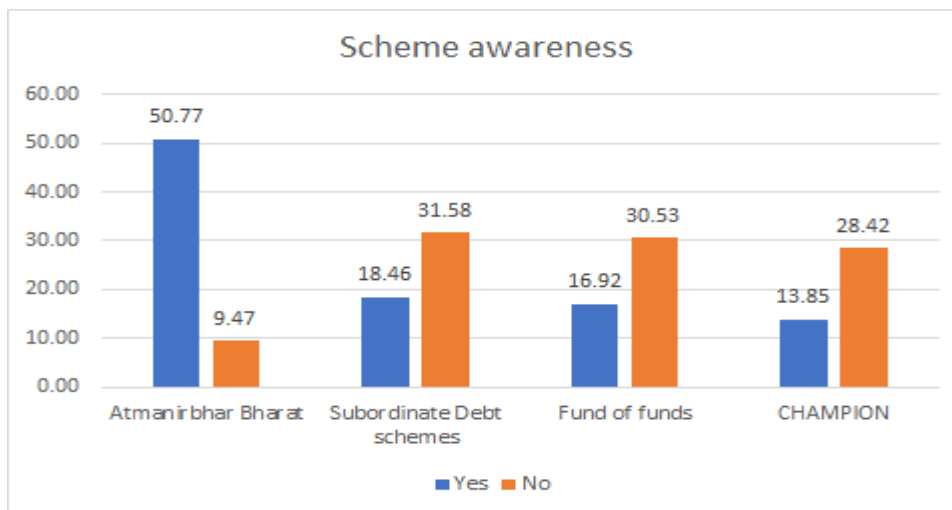
2	Maintenance of machinery	2	2	12	9	17	42	163	3.88	1.11
3	Shortage of Raw material	2	2	6	17	15	42	167	3.98	1.05
4	storage of final product because of less demand	1	3	6	14	18	42	171	4.07	1.06
5	Increase in price of raw material	2	2	10	16	12	42	160	3.81	1.11
6	covid 19 norms during production	2	2	8	10	20	42	170	4.05	1.11



- This is an unpresidential situation to every one of us and MSME were no exception to the same. The maximum problems by industry were related to following new norms while production.
- Storing the finished product for longer time was another problem faced by the MSMEs.
- 3.98 mean suggest that maximum MSME owner were agreed to it that the distribution was another critical issue faced by them.
- 3.98 to the non availability of raw material shoes the problem related to supply chain.
- 3.88 score of mean MSME owner were unable to maintain machinery on regular basis

1.7.4: Awareness about the Schemes introduced during covid 19 by central government.

Sr.no	Scheme awareness	Yes	No
1	Atmanirbhar Bharat	33 (50.77%)	9 (9.47%)
2	Subordinate Debt schemes	12(18.46%)	30 (31.58%)
3	Fund of funds	11(16.92%)	29(30.53%)
4	CHAMPION	9 (13.85%)	27(28.42%)



- Most popular scheme is the Atmanirbhar Bharat maximum respondent have at least know about this scheme.
- Subordinate debt scheme has reached up to 18 % of the respondent.
- Fund of Funds and champions are not known to many respondents.
- The Awareness of schemes is not as per the expectation of the government agencies working for MSME.

1.8 Findings and Suggestions:

Covid 19 has been a new challenge to everyhumankind across the globe. It has affected vulnerable sectors more than the established onesMSMEs were in peril due to the shortage of credit lability, Labour intensive nature, competition from the large sector has pose issues for MSME growth.

Following are the findings drawn from the research.

- 1) **Credit Problems:** first thing that has hit is the availability of credit with the MSME due to the lockdown and the shortage of credits.MSME finds difficult to pay the regular payments such as salaries, PF, Rent of the factory, on monthly basis. Paying monthly EMI and GST is difficult due to the slowing of demand. If MSME fails to pay on time it would add to the credit difficulties.
- 2) **Labour Problems:** The reverse migration during the lockdown is considered the largest movement of people in the century. After the relaxation of rules and reponing of the factories, MSME finds it strenuousto get skilled labor on board.
- 3) **Distribution Channel:** Due to a halt in the movement of the finished product the distribution of goods was challenging. Manufacturers find it difficult to transport the finished product at desired locations.
- 4) **Raw Materials:** Maximum Manufacturers strongly agreed with fact that procurement of raw materials was the arduous task due to the shortage of raw materials prices have increased and it

has increase in production cost.

5) **Maintenance of machinery** and import of material was another issue faced by the MSME.

6) **Scheme Awareness:** The government of India introduced scheme during the covid as a major relief package for the MSME. Unfortunately, except atmanirbhar name maximum owner are not aware about the schemes.

Suggestions:

The researcher would like to suggest the following points after analyzing the data.

1. Effortless Provision of loan guarantee schemes: MSME should gate loan guarantee to improve the credit liquidity situation of MSME. It will help MSME to produce and procure as per requirement.
2. Labour Welfare: Schemes related to labor welfare needs to have a relook to stop the migration and reverse migration in future as well.
3. Relaxation in mandatory payments: Relaxation in payments such as GST and EMI would help the MSME.
4. Grants and subsidiaries for the Raw material procurement would help to reduce the closing price of the products to compete with large industries.
5. Nodal Agencies should work aggressively to disseminate information related to the different schemes. A workshop with the help of DIC (District Industries Centre) would help to reach the MSME.
6. Role of government agencies need to be strategies to implement the different schemes.

1.9 Conclusion:

Corona19 has given rise to problems with no reference to Medicine, Industry, the government etc., GDP rate all the globe has come down to the single digits, and even in some cases like India GDP is negative. All the business activities have affected.

In India, MSME has face the problem of regular functioning to the finances. The government of India has done major changes in the policies during the pandemic. Policies cannot act as reaction to the problem, but they should be framed to a achieve the sustainable solutions for long term.

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