

Covid 19-Implication for the Economy (MSME'S)

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Overview

The issue of covid -19 with economic predicting this year is that this has been a very rapid recession, paired with an equally rapid clatter in asset prices, as governments around the world basically closed down their economies. It has unprecedented forecasts of lower GDP numbers, and the drop in GDP is so big than the 2008 crisis. But this is not end for the project decline, because the government motivation is a very big counter-factor. This is positive for investors, according to the data, there are many signs that investors are gaining comfort with the progress. I am personally a bit more skeptical.

I. Introduction

The economic impact of the 2020 coronavirus pandemic in India has been largely disorderly. The world bank and rating agencies had initially downgraded India's growth for fiscal year 2021 with the lowest figures. However after the announcement of the economic package in mid-May, India's GDP estimates were downgraded even more to negative figures, signalling a deep recession. On 26 May, CRISIL announced that this will *perhaps* be India's worst recession since independence because majority of the enterprises depend upon MSME'S. (Micro small medium enterprises and manufacture enterprises investment in plant and machinery , service sector investment in equipments)(according 2018-19 annual report)

CHART-1

CLASSIFICATION	MANUFACTURE ENTERPRISES	SERVICE ENTERPRISES
MICRO	UPTO 25 LAKHS	Upto 10 lakhs
Small	Above 25 lakhs to 5 crore	Above 10 lakhs to Rs 2 crore
Medium	Above Rs 5 crore	Above Rs 2 crore

COVID-19, IMPACT ON THE SECTORS

The pandemic and consequent lockdown have hit various sectors, including like MSME, hospital, Automotive industry, civil aviation, education ,agriculture,hotels, real Estateand allied sector. The covid 19 the hurt as much as the Medium, Small and Micro Enterprises (MSMEs) of India. All subjective evidence available, such as the hundreds of thousands of stranded migrant workers across the country, suggests that MSMEs have been the worst casualty of Covid-19 induced lockdown. For example The southern star hotel in Mysore have been shout down because of covid -19 ,and there is a predication that if covid -19 is extended than still more hotels will closed because Mysore is a tourist place.

Micro ,small and medium enterprises in the sector which was already reeling under huge distress firstly because of demonitisation then because of poorly implemented GST followed by the prolonged economic slowdown and finally the biggest of all covid-19 which is going to aggravate the crises in the specific sector. According to the confederation of all India trade to million traders in India 70% majority of them are MSME'S.

CHART 2- Estimated number of MSME'S

classification	Rural	urban	Total	Share
Manufacture	114.14	82.50	196.65	31%
Trade	108.71	121.64	230.35	36%
Other service	102.00	104.85	206.85	33%
electricity	0.03	0.01	0.03	-
	324.88	309.00	633.88	100%

COVID-19 Impact onSelf-propelled Industry andTextile,footwear and leather.

The self-propelled industry has been hit by a triple : factory closures, supply chain disruption, and a collapse in demand. Just-in-time manufacturing processes have propagated the impact across the globe. Small and medium enterprises are among those hardest hit and millions of jobs are at risk. Automakers are key to kick-starting the global economy.

The viability of the textiles, clothing, leather and footwear industries is unravelling, as workers are told to stay at home, factories close, and global supply chains grind to a halt. The cancellation of orders has hit thousands of firms and millions of workers particularly hard. We urgently need solidarity and joint action across the industries' supply chains. Due to this laborThe ILO is committed to supporting governments in protecting the health and economic well-being of workers and businesses in the textiles, clothing,leather and footwear.

CHART 3 Estimated employment in MSME's

BROAD CATEGORY	RURAL	URBAN	TOTAL	SHARE
MANUFACTURING	186.56	173.86	360.41	32%
TRADE	160.64	226.54	387.18	35%
OTHER SERVICE	150.53	211.69	0.07	-
TOTAL	497.78	612.10	1109.89	100%

CHART 4 Distribution of Enterprises

SECTOR	MICRO	SMALL	MEDIUM	TOTAL	SHARE
RURAL	324.09	0.78	0.01	324.88	51%
URBAN	396.43	2.53	0.04	309.00	49%
ALL	630.52	3.31	0.05	633.88	100%

According to 2018-19 annual report there are 6.34 crore MSME (chart 2) 51% of these are situated in rural India. 55% of the employment happens in urban MSMEs (chart3) .As chart 4 shows 99.5% of all MSME's fall in micro category. Micro enterprises refer to single man or women working on there own . The medium and small enterprise that is the remaning 0,5%of all MSME'S employ the remaining 5crore odd employ. MSME form the backbone of the Indian economy and is one of the most crucial segment that let the economy grow by leap and bound .The sector which provide employment to lakhs of people and contribute more than 30% of the GDP going through one of tough phase there action is required immediately.

Objective of present study are set into view as fallow.

- 1) The study aims at highlighting the weightage given to the Economic package in the country forMSME'S.
- 2) To analyze social and economic change due to covid 19.
- 3) To understand country will sustain with covid 19.
- 4) To suggest the remedies to covid 19.

II. Methodlogy

The study is based on secondary data.

Measures taken by government

- 1) The chief defense staff has announced that India should minimize costly defense imports and give a chance to domestic production.
- 2) The Prime Minister announced an economic package worth 20 lakhscrore, to make India as a self-reliant nation.
- 3) The RBI announced more measures to counter the economic impact of the pandemic including 50,000 crore .
- 4) The government of India has announced a variety of measures to tackle the situation, from food security and extra funds for healthcare, to sector related incentives and tax deadline extensions.
- 5) The reserve bank of India also announced a number of measures which would make available to the country's financial system.
- 6) Make in India program Launched by the government .
- 7) The first relief package, called the PM GaribKalyanYojana, which was announced by the government on March 26, the second package, too, would primarily focus on the MSME sector.
- 8) Sustainable industrial policies and targeted support and are key to a lasting recovery , to building back better , with decent work for more women and men.
- 9) The social measures are keeping social distance, using sanitizers, wearing mask , avoiding crowd,using own vehicles if it is possible ,avoiding public vehicle , and making on line service to avoid the crowd .

III. Conclusion

It is concluded that It is not only the Government who can make it a success, people' participation is of utmost importance. If it is followed by the people of India in effective manner it will be supporting lamp for globalisation and healthy country , healthy society , healthy citizens in India.

Will covid-19, economic package MSME'S be able to maintain the traction and eventually prove to be a dark horse in the race? Or will it turn out to be a water bubble, with this being a temporary phenomenon? Only time will tell.

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