

Impact of Covid-19 on micro small and medium enterprises (MSMEs): An overview

B Suresh Lal¹, Phalguni Sachdeva², Simran³, Tanu Mittal⁴

¹ Professor of Economics, Department of Economics, Kakatiya University, Warangal-TS, India

² Department of Economics, Jamia Millia Islamia University, Delhi, India

³ Department of Economics, Dr B.R. Ambedkar University, Delhi, India

⁴ Department of Economics, Delhi School of Economics, Delhi, India

Abstract

The Micro, Small and Medium Enterprises (MSMEs) sector is a significant pillar of the Indian Economy that accounts for 30% of gross domestic product (GDP) and 45% of merchandise exports. India has a total of 63.3 million MSMEs, creating employment of about 70 million, manufacturing more than 6000 products. It requires lower investment, machines and equipment, raw materials, consumption of energy and other resources which help to run MSMEs. COVID-19 has influenced the Indian Economy in all the possible ways of which Lack of financing and liquidity crunch are one of them. It also examines issues which are near related to MSMEs are Double whammy of supply-demand disruptions, Lack of labour force, Credit and liquidity conundrum, Logistical woes and other challenges. However, government consolation measures if effectively enforced and administered, can rejuvenate the MSME sector by building economic resilience that can further accelerate the sectoral growth and the process of technological and infrastructural improvement.

Keywords: Pandemic, MSMEs, GDP growth and Manufacturing.

Introduction

The COVID-19 pandemic has probably given the most significant blow to the world economy after the great depression of the 1930s. The onset of the Coronavirus pandemic and the following restrictions placed on mobility (whether for non-essential commodities or the human population) has heightened the vulnerabilities of this crucial sector. The unheralded inroads that the pandemic has managed to make well past the defences of major economies on a multi-pronged level (be it socio-economic, health, or environmental) have left indubitable dents economy-wide across the spectrum of countries. Taking cues from historical studies done concerning the issue at hand, it is pertinent that we recognise the tremendous importance that Micro, Small and Medium Enterprises (MSMEs) command instead of their indispensable contribution in advancing the fruits of growth and development to every nook and corner of Economy. Having done so, undeniably, a crisis of this stature can surely end up stirring troublesome times to come for these enterprises.

Small is beautiful by Schumacher (1974) ^[21], is valid for MSMEs. It requires lower investment, machines and equipment, raw materials, consumption of energy and other resources which help to run MSMEs. It contributes significantly to the production of goods and services, employment, exports and generates income to the more extensive section of the population. According to WTO (2020) ^[32], MSMEs creating 60% of the total World's employment, and they form a GDP of around 50% in developed countries, while 35 per cent in the developing countries. The distribution of enterprises; 31% of Manufacturing, 69% of other enterprises, among this 36% of trade, 33% of other services and electricity enterprises. Distribution of employees 32% of manufacturing 68% in

others. The different density of MSME Indonesia has 117 million, followed by India 111 million, 12 million Thailand, four million Philippines per 1000 people IFC (2019) ^[8].

Objectives and Methods

The following objectives have been framed for the study;

1. To assess the contribution of MSMEs to GDP growth of Indian Economy and the impact of Covid-19 on MSMEs in term of production.
2. To examine the problems and issues faced by MSMEs amid Covid-19.

The study made use of secondary data, which was collected from various secondary sources, including annual reports on MSMEs.

Review of Literature

MSMEs have so far made pivotally significant contributions to the Indian Economy. They hold immense potential to advance the country's socio-economic development trajectory upwards. MSMEs not only generate employment opportunities but also work hand in hand for the development of the nation's backward and rural areas. Existential literature abounds with various studies conducted highlighting the contributions of MSMEs and their vibrant and dynamic role in facilitating a country's overall development. Sarabu (2019) focused the development of MSMEs as a prerequisite for transforming the rural landscape of our Economy by tapping into the still largely unexploited and abundant natural and human resource base existing in the rural countryside. The author also tags these enterprises as "the cornerstones of national self-reliance" for they can help in reducing the dependence of the country on imported products. Mohanty (2018) contribution to literature has explored the relationship/

linkage between the total number of MSME units, employment, and the market value of fixed assets. Boateng (2019) highlighted how MSMEs have helped reduce growth disparities at both inter-regional as well as inter-urban levels as a majority of these enterprises are concentrated in the rural areas, which in turn, has not only restricted rural-urban migration but also improved the living standards of the rural dwellers. According to Sathish (2019), MSMEs functioning as minuscule industrial units complementary to large scale industries helps in creating employment opportunities at much lower relative cost than these large scale industries. Singh (2017) recommended constructing a uniform credit rating system to make the process of credit provisioning for MSMEs transparent and expeditious and reiterated. WTO (2020) [32] assessment on the primary issues that have hindered the progress of MSMEs towards more inclusive trade is mainly the demand shocks and supply chain disruptions augmented by the pandemic as well as the small size of MSMEs that restricts its growth prospects. Micro Save Consulting (2020) via quantitative analysis of 152 respondents alongside a qualitative panel of 15 MSMEs - 73% of businesses reported reduced customer footfall while 74% of fall in income levels; nearly half of the enterprises reported decreased supply volume and most firms reported disruptions in the food supply. Rathore (2020) [17] to examine the health of the MSME sector comprising of 361 enterprises, the pandemic caused 55% loss in employment and a record decline in average production from 75% to just 11%. ASSOCHAM (2020) [1] promulgated mobility restrictions on people and goods to be one of the main reasons that have adversely affected workforce capacity and disrupted the supply chain. The UNO (2020) highlights the inadequacy of MSMEs to address and mitigate the pressures and downsides of such a sudden calamity and the need for policymakers to include plans to keep businesses afloat and ensure their survival not only in case of natural disasters but also in case of socio-economic disruptions that result from epidemics and pandemics like Covid19 in today's time. Sipahi (2020) [24] suggested transforming the crisis caused by the pandemic into an opportunity to enhance the production levels in some specific sectors (primarily, the medical sector products such as ventilators, PPE kits, medicines, etc.) The Institute of Cost Accountants of India (ICAI, 2020) suggesting a flexible policy framework is targeting an optimal resource allocation along with the provisioning of export incentives and capacity creation. FICCI(2020) [3] measures which constitute deferring debt and interest payments, higher provision of working capital credit by banks, interest rate subvention and norms relaxation that can assist MSMEs to get rid of short-term compensations, and can thereby enable them to continue their business operations. IFC (2020) credits mobility restrictions imposed courtesy the pandemic for the reduced competitiveness of the logistics sector. Ghosh (2020) [7] remarked that the Government adopted measures are majorly supply-side regulations enforced to inject liquidity while demand-side steps are required to rectify the economic recession.

The paper is attempted to highlight how the onslaught of the pandemic outbreak has seemingly aggravated the issues and challenges encountered by MSMEs complementing the discussion with some recommendations that can potentially facilitate MSMEs in their fight for survival in these challenging times.

MSMEs Contribution to the Economy

Micro, Small and Medium Enterprises (MSMEs) are considered to be the top engine of growth for the Indian Economy that accounts for 30% of gross domestic product (GDP) and 45% of merchandise exports PIB (2019). This sector constitutes crucial segments of the Indian Economy in respect to its augmentation to the country's employment, industrial production, exports, and fabrication of an extensive entrepreneur base. MSME sector has been a censorious source of livelihoods and the second largest provider of employment opportunities after the agricultural sector in India. Presently, close to 63.3 million, such enterprises are existing in various industries in the Economy and employing nearly 124 million people. Of these enterprises mentioned above, 14% are led by women, and almost 60% are situated in rural areas. The Hindu, 2020 [29]. Contrary to expectations, the year 2020 has been synonymous with the unanticipated invasion of the COVID19 pandemic that has still been picking up momentum globally although it has already wreaked unprecedented socio-economic damage to major countries across the World, including India. In order to arrest the spread of the virus deep into the hinterland of the country, India laid out strict social distancing policies including travel bans for both domestic as well as international residents and introduced a nationwide lockdown in the last week of March 2020. Although the intentions behind such measures have been nothing but good, they have induced detrimental side-effects for the Economy sparking up troubles in almost all domains. MSMEs are no exceptions here; they, unfortunately, do not showcase any invariance to the destructive ramifications advanced by the outbreak of the disease, rather they are highly exposed to the vulnerability of closure stemming from restrictive public health measures adopted to constrain this increasing trajectory of a pandemic.

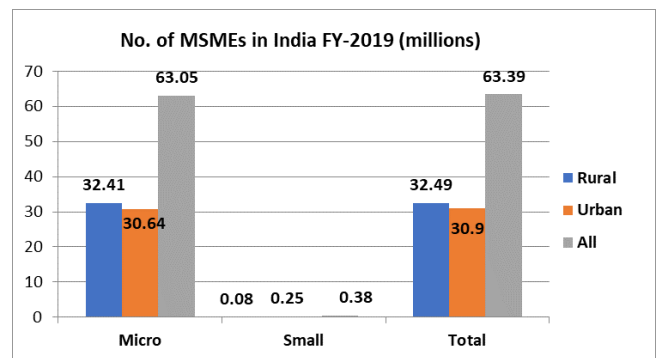
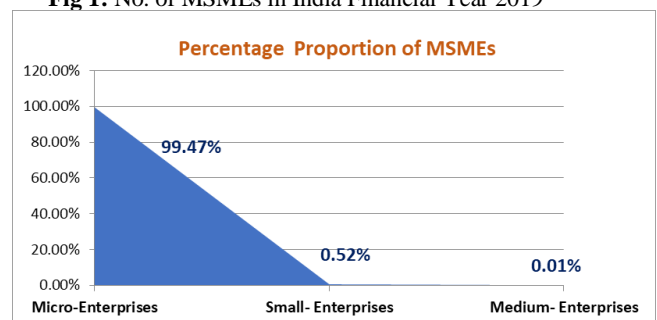


Fig 1: No. of MSMEs in India Financial Year 2019



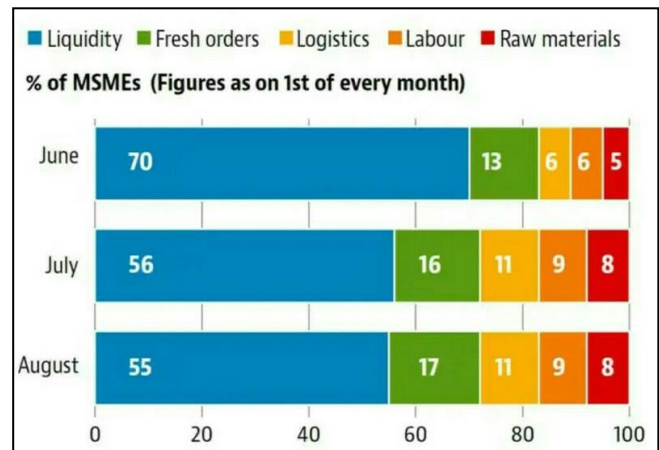
Source: annual report 2018-19, ministry of micro, small and medium enterprises (msmes)

Fig 2: The Percentage Proportion of MSMEs in India At present, India has a total of 63.3 million MSMEs (as

shown in the figures above). Out of these, approximately 99.47% constitute micro-enterprises while the rest are medium (0.01%) and small (0.52%) enterprises. Despite their dominance, it is this very characteristic of micro sector enterprises, i.e., their small size, which has been a challenge for them as they encounter problems in registration due to their miniature size and hence, remain elusive from availing any benefits that they are entitled too. Further distribution of enterprises; 31% of Manufacturing, 69% of other enterprises, among this 36% of trade, 33% of other services and electricity enterprises.

Problems of MSMEs

The MSME sector plays a considerable role in stimulating the growth of the Indian Economy. However, it is necessary to note that this sector is experiencing sluggish growth since the end of 2016. Historically, this sector was in the destitution of avenues of affordable institutional credit of which most enterprises were being self-funded, and only a minuscule percentage of the enterprises have been able to secure access to institutional credit Dev (2020); Economic Census (2013). Further, demonetisation (2016), Goods & Services Tax (2017), as well as the prolonged economic slowdown, had unpropitious upshots on the performance of the MSMEs in the Economy. At a time when not only these enterprises but also the Indian Economy, in general, is struggling with a multitude of challenges, such a crisis stands to aggravate their troubles potentially and put them in further distress. MSMEs are expected to be the worst hit segment of the Indian Economy rendering scores of people jobless and obliterating the closure of numerous such industrial outlets. In the light of the unprecedented crisis unleashed owing to the outbreak of the COVID Contagion, the Government of India and RBI have resorted to prompt both short term and long term policy decisions to reinvigorate the Economy and provide relief to the vulnerable economic agents. On 12th May 2020, a relief stimulus package under the head "Atmanirbhar Bharat Abhiyan Package" to the tune of 20 lakh crores amounting to approximately 10% of our GDP, to speed up the economic revival of the country, complementing the past liquidity and fiscal stimulus measures the Government had already taken. The said package promoting self-reliance in literal terms signifies an inward-looking policy shift that aims to strengthen the domestic manufacturing industry and at the same time, also help encourage diversification of the supply chains. The figure below is a representation of the five critical problems that significant enterprises have been encountering over the last three months since the unlock process of the Economy has been underway. These figures have been reported in an online survey of MSMEs conducted by the National Small Industries Corporation (NSIC) incorporating around 6000 respondents.



Source: National Small Industries Corporation (NSIC) survey

Fig 3: Five Most Critical Problems Faced by MSMEs

The share of enterprises that reported liquidity to be the most critical issue has reduced from 70% in June to around 55% in August. However, at the same time, as we can see clearly in the figure, the share of all other issues, be it fresh orders, logistics, labour or raw materials have all somewhat increased in the same time frame.

COVID19 has disrupted the normal functioning of MSMEs accentuating their stress levels mainly because of their size, the scale of operation, Lack of financing, COVID induced liquidity crunch and logistical issues, and their inability to cope with the after-effects of such an unexpected catastrophe.

Further, the pandemic has aggravated the problems for these enterprises since they are the ones facing the onslaught of hardships to a great extent. Micro Enterprises are prone to the closure of their business operations due to a lack of adequacy to tide over a crisis of such stature which is likely to lead to a loss of livelihoods for people employed here and extending to a loss for the Economy in terms of increasing unemployment.

Double Whammy of Supply-Demand Disruptions

The invasion of the COVID outbreak has led to the disruptive emergence of the twin supply-demand shock resulting in a Domino effect on the entire country's potential growth prospects. As a result of the lockdown, Manufacturing and services activities came to a sudden standstill resulting in supply-side disruptions which later transgressed into a demand shock as well. The pandemic driven stoppage of all non-essential economic activities all around the world laid the foundation for a supply-side crisis affecting both the domestic as well as the international spheres. The interconnected and highly globalised world that we inhabit today has fostered the development of global value chains connecting countries in ways more than one. The global production chains and supply lines have all had to bear the brunt of the social distancing policies and the closure of national borders and transportation networks announced by most countries. At the same time, the pandemic has hindered smooth trade flow between countries for both raw materials as well as finished goods since manufacturing activities have been hit hard everywhere.

In the context-specific to India, MSMEs source a large proportion of their raw materials through imports from China and other countries, which has now assumed a backseat thereby adding on to the problems of MSMEs over

the availability of raw materials. The pandemic has also influenced India's capability to export to other markets, at the same time. There has been evidence that the virus negatively impacted the supply side of the industrial sector in the immediate aftermath of the imposition of the lockdown, with supplier's delivery times lengthening for the first time in months.

A consequence of supply constraints has also sparked potentially upward inflationary pressures for most countries, thereby pushing Central Banks to embark on inflation management. Having paid the price for living in a highly globalised, interconnected, and interdependent world, countries are now making efforts to shift at least essential commodities' production domestically in order to avoid such level of disruptions to the supply chain in the coming times. India is also looking to shift inward to promote domestic Manufacturing and reduce exposure to global supply networks with the premise of self-reliance, which is critical for the country. Supply chains can be circumscribed through fresh investments, and India can tap into this opportunity for future endeavours and hence, can become a leader in global value chains. India could use this situation as an opportunity to attract multinational companies to set up manufacturing bases here (since it offers both labour as well as cost advantages) and project itself as one of the relocation destinations which will further benefit the Indian Economy. As is common knowledge, the prevailing conditions in the pre COVID times for the Indian Economy were already dismal with a prolonged economic slowdown that had already contracted demand for a sizeable segment of the population. To add to the complications, the forced home confinement of a vast majority of humanity as a by-product of the strict dictates of social distancing and the imposition of national lockdowns affected consumer demand across the World which recorded a significant slump (except for essential commodities). Another interesting trend that was observed was a change in the composition of market gravitating towards hoarding or panic buying of essentials mainly owing to the increasing uncertainty regarding the situation thereby pushing up the price level in the Economy. This resulted in a demand shock further compounding the problems for businesses and MSMEs. This changing dynamics of consumer demand placed a further strain on the already affected supply networks and led to a jump in unsold inventories for those businesses catering to the non-essential sector and consequently also pushed up the cost to these businesses for storage and maintenance.

Lack of Labour force

Globally as well as in India, employment levels have witnessed a drastic downward spiral on account of COVID19 induced containment measures to curtail its transmission. Close to 81% of the global workforce is reeling under the threat of partial or full workplace closure International Labour Organisation, (2020) [10].

The prevalence of informality in the Indian Labour markets (close to 92% of India's workforce is dependent on the informal non-agricultural sector in urban areas which includes mainly migrant and daily wage labourers) became the bedrock for immense economic hardship for approximately 300 million people struggling under a severe livelihood crisis. Official estimates pegged the unemployment rate until May (that is, till the complete lockdown was in effect) at 23.81% - a significant share of

this jump was attributed to the loss of employment in urban areas. It was the migrant and daily wage workers who found themselves at the bitter end of the rope staring at exacerbating financial distress and instability right in the eyes, left to fend for themselves engulfed by the uncertainty of the future. Devoid of an income source, this segment of our society, left with no other option trudged back to their hometowns, sometimes even on foot for days covering kilometres at a stretch. This infamous exodus of migrant workers and labourers has hampered the routine functioning of major industrial and business outlets including MSMEs. It continues to be a structural bottleneck of sorts preventing enterprises from operating at full capacity.

The second trench of the Atamnirbhar Bharat Abhiyaan Package was catering to provide relief measures for the migrant and daily wage workers exposed to the vulnerability of job losses Economic Times, (2020).

- The Government paid 24% of income for those workers who were earning below Rs. 15,000 per month employed with businesses having less than 100 workers in their PF accounts to avoid any job losses there for three months from March-June.
- The Government increased the budgetary allocation for Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) to Rs. 1,00,000 crores by adding in Rs. Forty thousand crores to Rs. Sixty thousand allotted earlier to provide employment opportunities in rural and backward areas of the country.
- To enable the street vendors to keep going in times of crisis and to finance their working capital needs, a particular credit facility amounting to Rs. Five thousand crores were announced.
- Kerala announced the "Chief Minister's Helping Hand Loan Scheme" to the tune of Rs. Two thousand crores to boost employment.
- Uttar Pradesh announced "Atamnirbhar Uttar Pradesh Rozgar Abhiyaan" to capitalise on employing approximately 20 lakh migrant workers travelling back to Uttar Pradesh by enabling labour reforms in villages and towns with a minimum salary of Rs. 15,000 per month, assuring security and reasonable working hours. The State Government also announced the "One District One Product Scheme" to enhance opportunities for self-employment by extending loans to entrepreneurs and also exempted all businesses from the ambit of labour laws for three years.

Credit and Liquidity Conundrum

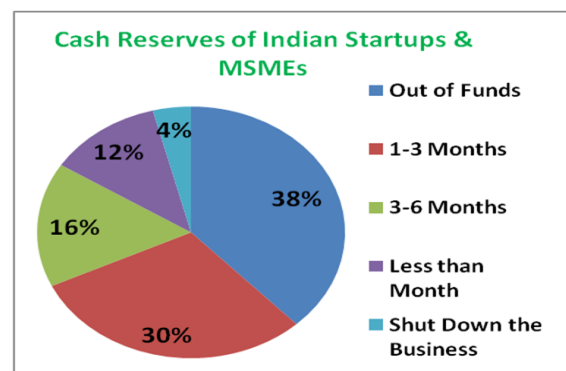
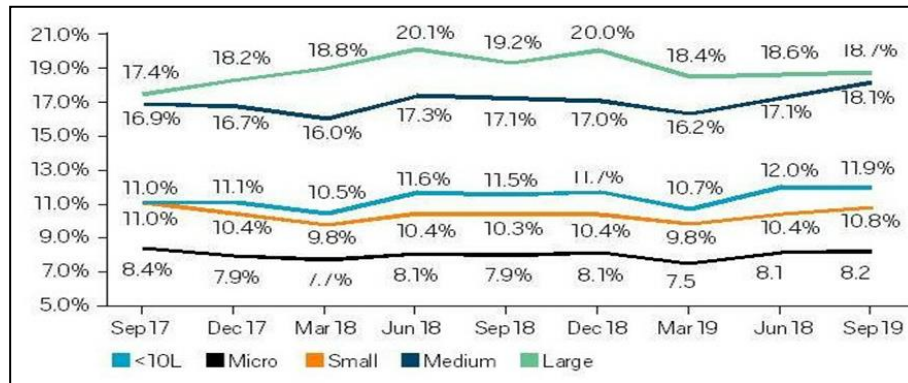


Figure 4: Half of the Indian Startups in Serious Danger Due to COvid-19

COVID-19 has influenced the Indian Economy in all the possible ways of which Lack of financing and liquidity crunch are one of them. The report of International Finance Corporation, (2018), unveils that the credit assistance by formal banking to MSMEs are less than one-third (or about Rs. 11 lakh crore) of the credit requirement it can potentially fund The Indian Express, (2020). Alternatively stated, MSMEs have been deprived of affordable institutional credit avenues, and thus, most of their funding emerges from informal sources.

The graph below outlines the NPA percentage across the spectrum of firms categorised under various heads which include <10L, Micro, Small, Medium and Large for the time duration ranging from September 2017 to September 2019. As we can see clearly, despite the dominance of Microenterprises (we have enumerated the same above in Figure 2), their NPA percentage as against common belief is the lowest for the whole period falling in the range of 7.5-8.5%.



Source: Indian Express, 2020.

Fig 5: Segment-Wise Non-Performing Asset (NPA).

The principal cause that banks dither from advancing loans to MSMEs can probably be due to their high ratio of bad loans that can be seen from the graph above which also shows that larger enterprises are the ones who possess the largest NPA percentage lying in the range of 17-20% while the NPA percentage for Medium Enterprises tagging close behind in the field of 16-18%.

The Central Government and RBI excogitated some policy measures for infusing liquidity in the Economy through the banking system to defeat this financial crisis. The policy measures taken by the Government under the “Atmanirbhar Bharat Abhiyan package” for the MSMEs sector are as follows The Financial Express, (2020):

1. The collateral-free loan worth 3 lakh crores will be offered by Banks and NBFCs up to 20% of the full outstanding credit, to MSMEs. The eligibility criteria for taking up this loan is that units who possess up to 25 crores due recognition and 100 crore turnover can apply for these loans which will have a four-year loan with 12 months (1 year) moratorium on the principal amount. Units can avail this scheme till 31st October 2020. Lenders will be provided with a complete credit guarantee cover by Government on the principal and

- interest amount.
2. The Central Government will expedite the provision of 20,000 crores as subordinate debt to MSMEs declared as NPAs or those who are stressed can also avail this benefit.
3. The equity infusion of 50,000 crores will be advanced by Government through a Fund of Funds to extend help in times of severe shortage of equity and low revenues.
4. The definition of MSMEs is revised so that more and more MSMEs will come under this category that will address the fear of MSMEs of outgrowing in size to receive benefits advanced by the Government.
5. The Global tenders are disallowed in such schemes up to 2000 crore which will address the issue of unfair foreign competition faced by this sector.
6. The Government of India announced a particular scheme named as "Emergency Credit Line Guarantee Scheme (ECLGS)" given the COVID19 pandemic. The project was operationalised to provide 100% guarantee coverage to Banks and NBFCs to enable them to extend emergency credit facilities to business enterprises and MSMEs to fulfil their heightened capital requirements Press Information Bureau, (2020).

Table 1: Credit Sanctioned and Disbursed by Public and Private Sector Banks Consolidated

Bank	No. of Accounts (Actual Figures)		Amount (Rs. in crores)	
	Cumulative Sanctioned	Cumulative Disbursement	Cumulative Sanctioned	Cumulative disbursement
Public Sector Banks (PSBs)	33,59,943	20,32,047	76,044.44	56,483.41
Private Sector Banks (Pvts)	7,70,545	3,05,593	74,715.02	45,762.36
Grand Total	41,27,488	23,37,640	1,50,759.45	1,02,245.77

Source: Press Information Bureau, 2020.

With these measures mentioned above, all pending funds will be released by the Government and central public sector enterprises within 45 days. The Central Government has

also introduced measures permitting delayed GST payments until October 2020, without charging interest rate and imposing late fees or penalties The Economics Times,

(2020).

The Reserve Bank of India has infused liquidity in the Economy through accommodative monetary policy and other instruments (Indian Express and Economic Times, 2020): The RBI has invested liquidity of 3.74 lakh crore corresponding to 3.2% of the country's GDP through its diverse instruments to dispense succour to borrowers.

Logistical Woes

The pandemic is continuing to have cascading effects on the Economy, and MSMEs are no exception. After the implementation of the lockdown in major countries, the smooth functioning of the global supply chain has been hindered. Even before the mandatory imposition of complete lockdown in India to curb the unprecedented repercussions of Covid-19, supply lines had already encountered disturbances, the effects of which could be felt in various parts of the country. This has created havoc in the logistics sector.

The estimated losses to the logistic sector as per the Indian Chamber of Commerce (ICC) amount to 50,000 crores The Financial Express, (2020).

Despite logistical challenges, 84 lakh metric tonnes of food grains have been lifted by States, and more than 3.4 lakh metric tonnes of pulses have been dispatched to various States. Press Information Bureau, (2020).

As the Indian Government prepared to kick-start the unlock process of the Economy in a staggered fashion with strict social distancing norms in place, business, and manufacturing activities have still not picked up pace up to their full capacity utilisation levels (As per government estimates, only 1 in 4 MSME outlets are producing at least 50% of their maximum capacity).

Challenges and Recommendations

MSMEs have been jeopardised in the wake of noxious consequences of the COVID pandemic. They are forfeiting the economic resilience that has turned them into sick units attributable to numerous elements involving paucity of funds, disruptions in the supply chain, low demand, suspension of business operations, raw material scarcity, and many more that have been mentioned in the paper hitherto. However, the consolation measures such as collateral-free loans, credit guarantee schemes, provision of subordinated debt along with due clearance embarked by the Government are highly appreciated. However, the agonies faced by MSMEs can be resolved only when these measures are promptly and proficiently administered. Apart from these measures, the following are some of the recommendations that can be adopted in order to rejuvenate the MSME sector from the enduring deceleration.

Augment financial accessibility

Insufficient availability of funds prevails to be one of the most important factors that impede the expansion and advancement of the MSME sector not only owing to the current pandemic crisis but also due to the persistent slowdown that MSMEs have been encountering from the past few years. The enterprises have begun to tap their savings to meet their expenses as their business operations were completely shut down which has reduced their cash flows to nil during the lockdown that has resulted in even less availability of resources which is hindering their operations further.

Sustain the MSME sector by unravelling the supply chain disruptions

The curtailed demand, along with a hike in transportation costs and distribution costs, has inflated the business expenses and has exploited the income of the establishments to a considerable extent. Only one out of four small businesses are producing at least half of their capacity Hindustan Times, (2020) and these disruptions have occurred on account of regulations imposed with the lockdown including logistical barriers and scarce availability of motorists and labourers along with low demand and financial restrictions.

Encourage infrastructure development

India's MSME sector incredibly small enterprises are deprived of stable infrastructure facilities such as electricity, roads, communication services, transportation structures, market access which hinder the efficiency of business operations and also demoralise advancement. Marketing access and linkages (mainly, e-market linkages in the prevailing pandemic scenario) should also be eased by the adoption of feasible policies such as stable prices, and infrastructure should be developed to encourage technical improvement and diversification.

Execution of the monitoring systems supplemented with awareness programs.

There is an urgent need for a monitoring system or a tracking mechanism to keep a check on the effectiveness and enforcement of the stimulus and backstop measures launched by the Government to ensure rapid implementation that maximises the scope of policies to every microenterprise. However, most MSMEs are unaware of the initiatives taken by the Government, which is one of the significant obstacles that limit firms to reap the privileges provided by the Government aimed at reviving the sector. Moreover, the pandemic has given a diverse perspective to business operations handling be it ordering, lending, borrowing, expending, or marketing everything has been modified to digital platforms.

Opportunistic Perspective

It is undoubtedly accepted that the COVID pandemic crisis has deteriorated the industrial performance, but this crisis can be transformed into an opportunity to revive the MSME sector that was already facing chronic deceleration from the past few years. Disruptions caused by the pandemic also reflect the weak industrial resilience where Indian producers are highly dependent on Chinese raw materials and are operating in an uncompetitive market with poor management and obsolete technology. These deformities can be rectified by making the MSME sector self-sufficient, which is feasible only if the Government can provide incentives, better market access supplemented with financial and infrastructure developments. A large number of traders have already begun to start supplying medical equipment such as PPE kits, ventilators, masks, gloves, medicines, etc., which has given a boost to the medical sector. The Government can exploit this opportunity to register and formalise the unorganised enterprises so that they can avail the same benefits provided to registered establishments by creating a more straightforward registering procedure with fewer entry barriers. This will foster the formalisation of MSMEs, which is one of the crucial targets that the Indian

Government wants to achieve from the very beginning. Moreover, COVID-19 can also accelerate the process of adoption of better, modified, and innovative technologies by the firm due to the presence of a dynamic global environment which can further help MSMEs to withstand international competitions and empowers the country to be self-sufficient in manufacturing goods and services.

Conclusion

There is absolutely no doubt that the advent of the coronavirus pandemic has inflicted deep wounds to major economic players all over the increasingly interdependent World that we inhabit today. The crisis has stealthily yet brazenly dealt fatal setbacks to human life, impacted lifestyles, businesses, economies, and shattered conventional behavioural patterns (namely our beliefs of common well being or welfare, freedom, mobility, needs, etc.) that all of us mainly took for granted. MSMEs are without a doubt lauded for their contribution to the domestic manufacturing sector of a country and consequently to the Gross Domestic Product (GDP) and in the process become powerhouses of job creation for the masses. In the light of the above, an abrupt obstacle to the likes of the Coronavirus pandemic not only possesses the wherewithal to derail the growth of MSMEs but also generate cascading multiplier effects in almost all domains of the Economy and therefore threatens a country's potential growth prospects. However, government consolation measures if effectively enforced and administered, can rejuvenate the MSME sector by building economic resilience that can further accelerate the sectoral growth and the process of technological and infrastructural improvement. The way forward now, in open cognisance of the COVID induced adverse economic shock having transgressed into a slew of other domains, would surely call for carving out a new pathway aiming for the strengthening of the foundation of our fragile economies and enhancing its resilience to avoid exposure to such vulnerabilities in the upcoming times.

References

1. Associated Chambers of Commerce and Industry of India (ASSOCHAM) (2020) Covid 19 Impact on Indian Industry Voice of the Indian Industry. Retrieved from <https://www.assochem.org/upload/page/1587569361.pdf>
2. Boateng K, Sodem N, Nagaraju Y. The Contribution of MSMEs to the Growth of the Indian as well as Global Economy, *Research Review International Journal Of Multidisciplinary*, 2019, 4(3).
3. FICCI. Impact of Covid-19 on Indian Economy. (, 2020), 2003. Retrieved from <http://ficci.in/spdocument/23195/Impact-of-COVID-19-on-Indian-Economy-FICCI-2003.pdf>
4. Financial Express. Covid Relief Measures announced by FM Nirmala Sitharaman to make MSMEs 'atmanirbhar', 2020. Retrieved from <https://www.financialexpress.com/industry/sme/msme-fin-finance-minister-nirmala-sitharaman-6-relief-measures-for-msmes-small-businesses-to-survive-covid-19/1958150/>
5. Garg R. Low-cost Innovation by MSMEs are Key to Minimizing Supply Chain Disruptions amid Covid-19', 2020. Retrieved from <https://www.financialexpress.com/industry/sme/cafesme/msme-tech-low-cost-innovation-by-msmes-are-key-to-minimising-supply-chain-disruptions-amid-covid-19/1926588/>
6. Government of India (GoI) Aatma Nirbhar Bharat Abhiyaan, 2020. Retrieved from <https://pib.gov.in/PressReleasePage.aspx?PRID=1624661>
7. Ghosh S. Delhi University, 2020. Retrieved from <https://duelibrary.informaticsglobal.com:2087/journal/2020/22/commentary/examining-covid-19-relief-package-msmes.html>
8. International Finance Corporation (IFC), (2019). Micro, Small and Medium Enterprise Finance in India. https://www.ifc.org/wps/wcm/connect/region_ext_content/ifc_external_corporate_site/south+asia/resources/m_sme+report
9. Kishore R. Drop-in demand, supply disruptions hit MSMEs, 2020. Retrieved from <https://www.hindustantimes.com/business-news/drop-in-demand-supply-disruptions-hit-msmes/story-2KQGbTOSlgoy8cOdFxo0IK.html>
10. International Labour Organisation. The COVID -19 Pandemic and its Impact on Small Business, 2020. Retrieved from https://www.ilo.org/empent/whatsnew/WCMS_749275/lang--en/index.htm
11. Mehrotra A, Anand A, Nayak M, Srivastava M, Sood S, Narain N, Mishra S. Impact of COVID-19 pandemic on micro, small, and medium enterprises (MSMEs), 2020. Retrieved from <https://www.microsave.net/wp-content/uploads/2020/06/Impact-of-COVID-19-pandemic-on-micro-small-and-medium-enterprises-MSMEs-India-report-1.pdf>
12. Misra U. Explained: Why are Medium, Small, Micro Enterprises worst hit by Covid-19 lockdown. 2020. Retrieved from <https://indianexpress.com/article/explained/coronavirus-india-lockdown-msme-sector-crisis-government-relief-package-6395731/>
13. Mohanty JJ. A Study on Micro, Small and Medium Enterprises (MSMEs) in India: Status and Its Performance, *International Journal of Research and Scientific Innovation*. 2010; 5(5):105-114
14. National Institute of Disaster Management. Business Resilience in the face of Covid19, 2020. Retrieved from <https://nidm.gov.in>
15. Press Information Bureau (PIB), 2020. Retrieved from <https://www.pib.gov.in/PressReleaseDetail.aspx?PRID=1647210>
16. Rastogi N. Logistics to be game-changer for delivery businesses amid Covid if they make this cost-effective move, 2020. Retrieved from <https://www.financialexpress.com/industry/sme/cafesme/msme-logi-logistics-to-be-game-changer-for-delivery-businesses-amid-covid-if-they-make-this-cost-effective-move/1970837/>
17. Rathore, Udayan, Khanna, Shantanu. From Slowdown to Lockdown: Effects of the COVID-19 Crisis on Small Firms in India (31st May,), 2020. Available at <http://dx.doi.org/10.2139/ssrn.3615339>
18. Saluja N. MSMEs Still wary of Fresh Loans, 2020. Retrieved from <https://economictimes.indiatimes.com/small-biz/sme-sector/msmes-still-wary-of-fresh>

- loans/articleshow/75813403.cms?from=mdr
19. Sarabu Vijay. Role of Micro, Small & Medium Enterprises (MSMEs) in the Rural Development of India- A Way Forward, 2019. https://www.researchgate.net/publication/336891538_Role_of_Micro_Small_Medium_Enterprises_MSMEs_in_the_Rural_Development_of_India_A_Way_Forward
 20. Sathish A, Rajamohan S. MSME in India for the Sustainable Societal Development, 2019. https://www.academia.edu/43744710/Msme_In_India_For_The_Sustainable_SocietalDevelopment
 21. Schumacher EF. Small is Beautiful, Abacus, Gray's Inn Road, London, UK, 1974.
 22. Sharma V. Why India's MSME Sector Needs More Than a Leg-Up, 2020. Retrieved from <https://thewire.in/business/why-indias-msme-sector-needs-more-than-a-leg-up>
 23. Singh S, Paliwal M. Unleashing the growth potential of the Indian MSME sector, 2017. Retrieved from https://www.researchgate.net/publication/318183791_Unleashing_The_Growth_Potential_Of_Indian_MSME_Sector
 24. Sipahi D. COVID-19 and MSMEs: A Revival Framework, 2020. Retrieved from https://www.researchgate.net/publication/341992329_COVID-19_and_MSMEs_A_Revival_Framework
 25. Srinivasan R. Monetary policy can't combat the COVID-19 impact, 2020. Retrieved from www.thehindu.com/opinion/op-ed/monetary-policy-cant-combat-the-covid-19
 26. Swain S. Measures that can boost MSMEs during Covid-19 lockdown - The Economic Times, 2020. Retrieved from <https://m.economictimes.com/small-biz/sme-sector/measures-that-can-boost-msmes-during-covid-19>
 27. The Economic Times. MSME: Rs 10,000 crore Fund of Funds for MSMEs to be operational soon, 2020. Retrieved from https://m.economictimes.com/small-biz/sme-sector/rs-10000-crore-fund-of-funds-for-msmes-to-be-operational-soon-sbi-chairman/amp_articleshow/77461208.cms
 28. The Financial Express. MSMEs in Logistics hit hardest by lockdown; here is what govt can do to revive ailing small businesses, 2020. Retrieved <https://www.financialexpress.com/cdn.ampproject.org/v/s/www.financialexpress.com/>
 29. The Hindu. Opinion on Monetary Policy and the Covid19 Impact, 2020. Retrieve from <https://www.thehindu.com/opinion/op-ed/monetary-policy-cant-combat-the-covid-19-impact/article31003772.ece>
 30. The Institute of Cost Accountants of India. Suggestions to assist rehabilitation of MSME sector seriously impacted due to onslaught of COVID-19, 2020. <https://icmai.in/upload/Institute/Updates/Suggestions-Assist-Rehabilitation-MSME-Post-COVID-19.pdf>
 31. Twinn I, Qureshi N, Conde M, Guinea C, Rojas D, Luo, J, Gupta H, The Impact of COVID-19 on Logistics, 2020. Retrieved from https://www.ifc.org/wps/wcm/connect/industry_ext_content/ifc_external_corporate_site/infrastructure/resources/the+impact+of+covid19+on+logistics#:~:text=Logistics%20firms%20which%20are%20involved,by%20the%20COVID%20pandemic.&text=Supply%20chai
 32. World Trade Organisation (WTO) (2020) Helping MSMEs Navigate the Covid19 Crisis Retrieved from https://www.wto.org/english/tratop_e/covid19_e/msmes_report_e.pdf&ved=2ahUKEwicn_bI0NLrAhXRZCsKHZ3ZDaYQFjABegQICBAH&usg=AOvVaw3-Bj78cHWcTtQQKSUh4_i