

An Analysis on Impact of COVID-19 on Small Businesses in Udaipur Region

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ABSTRACT

In respect to consider the current study, impact of Corona virus (COVID-19) on small businesses in India is evaluated with a key concentration on Udaipur region. Various kinds of journals were examined from different fields and then a study of the content has been performed. Recognizing the consequences of global pandemic is a main concern for individuals conducting small businesses as this can create significant impact on growth and success of the firm. Owners of the enterprises may utilize this research paper in promoting the current status of their business. The literature review reflected that not much academic material is currently available on this research topic. In order to prepare this paper, 12 respondents has been chosen to whom 7 questions has been asked.

KEY WORDS: Small business, COVID-19, global pandemic

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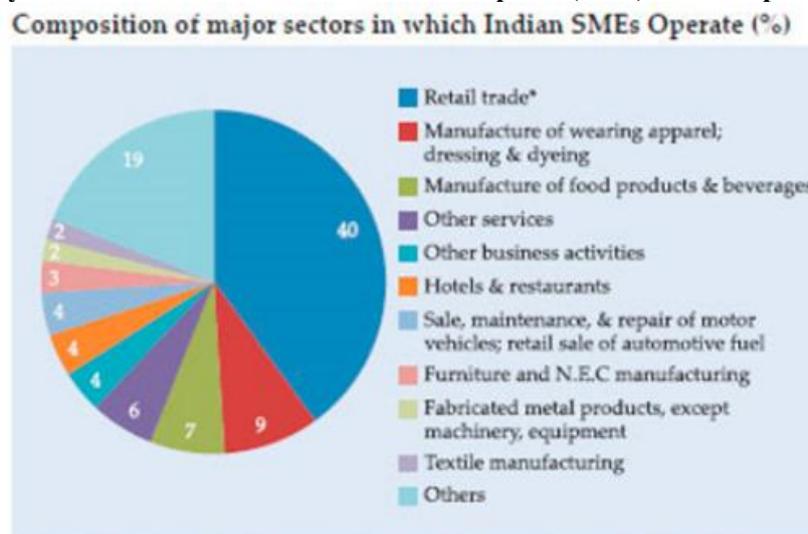
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I. INTRODUCTION

The present pandemic of COVID-29 demonstrates a key challenge not only to the health and economic safety of individuals but also to the primary framework of social stability in the society and also to the democracy. The crisis also created a significant influence on small businesses in India. This research paper examines the current influence of corona virus on small firms operating in India. Nearly 95 % of the industrial entities in the nation involve small business and 40 % of the overall production is contributed by these firms. Moreover, these types of units bag nearly 45 % of the entire exports from India. More than approximately 110 million individuals are hired by micro, small and medium enterprises (MSME' s) in India however; large number of these businesses was adversely affected by the lockdown.

The present paper will support individuals to identify the affect of COVID-19 on their business and the measures that can be adopted in order to improve the sales and profitability after the pandemic.

Composition of key sectors in which small and medium enterprises (SME) in India operates (%)



* Except of motor vehicles & motorcycles; repair of personal & household goods
Source: Ministry of Micro, Small, and Medium Enterprises

Figure 1: Composition of major sectors in which Indian SME' s Operate

Source: (Mahindroo, 2020)

The above diagram shows that, SME sector is considered as the second chief employer in India after agriculture with shops more than nearly 12 million. While there is surely much capacity to do more, strong and timely assistance from the government during COVID-19 also supported the small and medium businesses (Priya, 2020).

Aim and objectives of the research

Aim:

To analyze the impact of COVID-19 on small businesses operating in Udaipur region

Objectives:

- To know the concept of small business in India
- To identify the impact of COVID-19 on small businesses in India
- To recognize the influence of global pandemic on firms operating in Udaipur region
- To analyze the measures of government for supporting the small businesses
- To recommend the ways through which small entities can enhance their performance post COVID-19

II. LITERATURE REVIEW

Concept of small business

In the view of Dev and Sengupta (2020) small businesses are vitally and critically important for sufficient development of industries in the service and manufacturing sectors, enormous employment potential, lavish economic development and massive exports. In India, small businesses are recognized depending upon the overall amount of outlay in machinery and plant and are broadly divided into the two major divisions of the service and manufacturing enterprises. According to Micro, Small and Medium Enterprises (MSME) Act, 2006, small businesses are those firms that spend more than Rs. 25 Lakh and maximum Rs. 5 Crores in their overall commercial and manufacturing processes and activities (Company Law India, 2021). In case of service firms, this limit is from more than Rs. 10 Lakh and maximum up to Rs. 2 Crores. These kinds of businesses can employ minimum 10 and maximum 49 employees.

Impact of COVID-19 on small businesses in India

According to Ghosh (2020) enterprises are facing difficulties due to increasing rate of raw materials during the second wave as limitations in various parts of the nation that have interrupted supply chains and also affected the pace of recovery of the economy. Global pandemic has hit the Indian economy hard, micro and small entrepreneurs are most influenced. However, there is another major facet to it; COVID-19 has brought about variety of modifications in the way firms are being done now. Other major issues encountered by small businesses involve retention of the employees, accessibility to working capital, repayment of loans and salaries/wages. The whole economic activity is rigorously affected with the closing of shops and offices.

Influence of global pandemic on firms operating in Udaipur region

The global pandemic has influenced the small businesses of the people living in Udaipur in variety of ways. Nearly all the businesses have been affected by COVID-19. In addition to this, majority of the owners of the firms has not closed their business. There are diverse kinds of issues that individuals have faced during the crisis and it involves reduction in orders, enhancement in problems related with financing and not capable of accomplishing the pending orders.

Measures adopted by the government for supporting the small businesses

In the opinion of Islam and Islam (2020) to avoid firms from forced insolvency, the Government of the nation has increased the default limit for bankruptcy and insolvency for small, micro and medium businesses by 100 % i.e., from Rs. 1 lakh to Rs 1crore. In order to offer further assistance to small firms harmfully influenced during second wave of COVID-19, the Government has planned to perform three year long-term operations of repo (SLTRO) of 10,000 crore at repo rate for the Small Finance Banks, to be organized for new lending of maximum 10 lakh each borrower. This facility will be accessible till 31st October, 2021 (Economic times, 2021).

III. RESEARCH METHODOLOGY

It is defined as particular methods that are utilized for evaluating, choosing and processing the details related with a specific topic (Verma, 2021). It allows readers to analyze the validity and consistency of the whole research.

Research philosophy-

It means a faith in respect of the way through which information in respect of a circumstance should be gathered, evaluated and utilized (Mazzarol and Reboud, 2020). Interpretivism philosophy of research has been utilized to infer the elements of the present research and to obtain qualitative information and extensive knowledge.

Research design-

It means improved preparation of the approaches to be utilized in order to obtain suitable information and methods will be used in conducting an evaluation (Raximova, et al. 2020). The current study utilizes descriptive design as it supports the investigator in identifying the influence of COVID-19 on small businesses in Udaipur region.

Research approach-

It refers to the plan and process that covers the stages of extensive assumptions to way of gathering, analyzing and interpreting data (Pandey, 2019). It is of two types that are inductive and deductive. Inductive method has been adopted in the present study as it helps the researcher in generating a novel theory with the support of data.

Data collection methods-

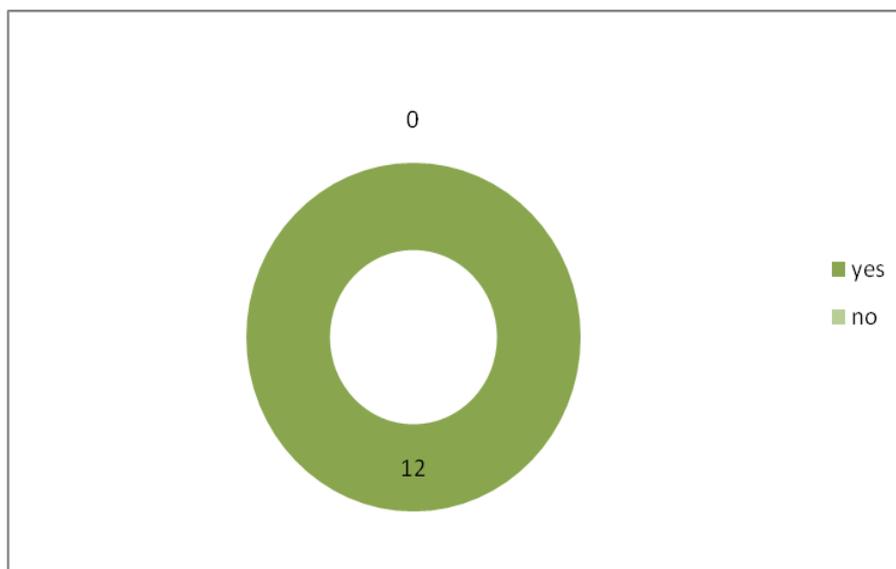
Secondary data means the details collected by some other persons earlier. On the other hand, primary data refers to the information that is gathered by the investigator himself/herself (Raximova, et al., 2020). Questionnaire has been created which has been filled by the participants. There are 12 respondents who have been chosen in order to collect useful information.

IV. DATA ANALYSIS AND INTERPRETATION

In order to collect appropriate data, the technique of thematic analysis has been utilized in order to conduct this research. Proper data has been collected from the participants by asking them to fill the questionnaire.

Theme 1: COVID has influenced the small businesses

Whether the COVID-19 has affected you small business?	Respondents
Yes	12
No	0

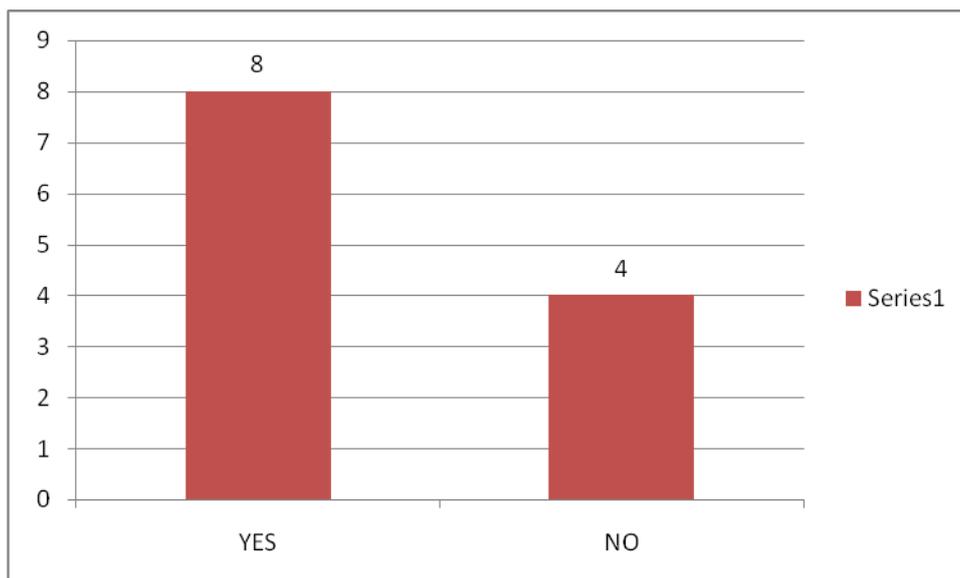


Interpretation-

From the above diagram it can be observed that, all the participants think that COVID-19 has affected their business in variety of ways. The pandemic has affected the sales, profitability and overall business of the owners.

Theme 2: Majority of the people has not closed their business due to global pandemic

Whether you have closed your business due to global pandemic?	Respondents
Yes	8
No	4

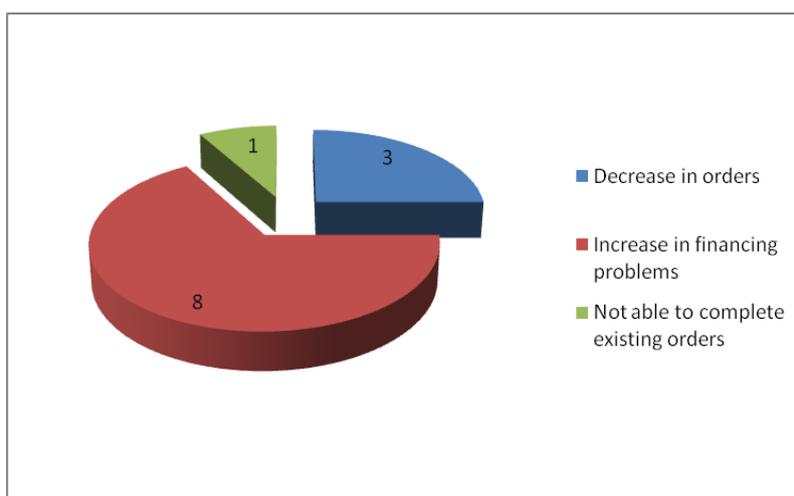


Interpretation-

From the above graph, 8 respondents are there who have stated that they have shut down their small business during the period of lockdown in the pandemic. However, remaining 4 participants have said that they have not closed their business due to the crisis.

Theme 3: Financing is a major problem business has faced during COVID-19

Are there any other problems your business is facing due to corona virus?	Respondents
Decrease in orders	3
Increase in financing problems	8
Not able to complete existing orders	1

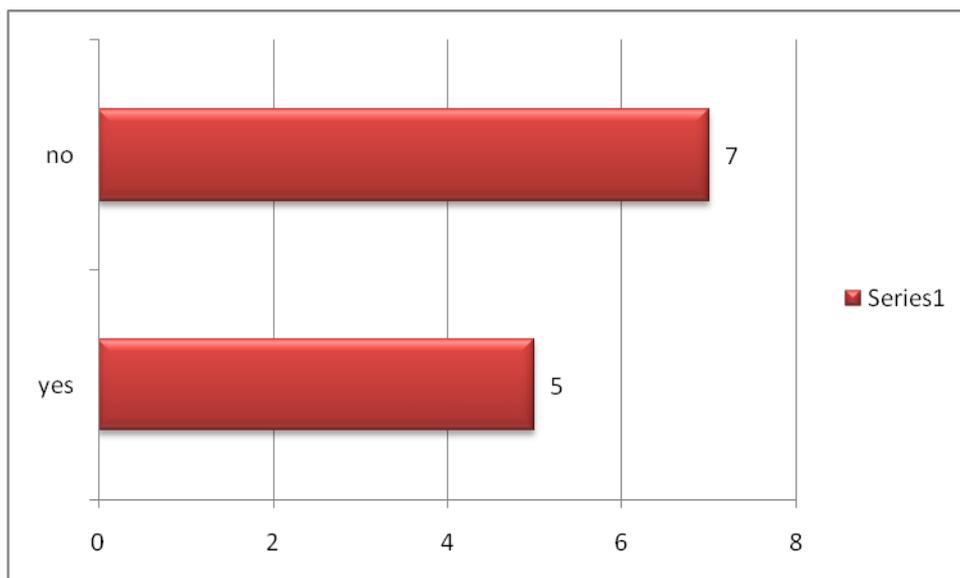


Interpretation-

From the above chart it can be analyzed that, there are 8 participants who have encountered increase in problem of financing whereas, 3 respondents have said that there has been reduction in the orders for products or services of their business due to COVID-19. Furthermore, one respondent have stated that, global pandemic has created inability for the business to complete existing orders of the clients.

Theme 4: Owners of the business has not terminated their employees during lockdown

Whether you have terminated your employees during the period of lock-down?	Respondents
Yes	5
No	7

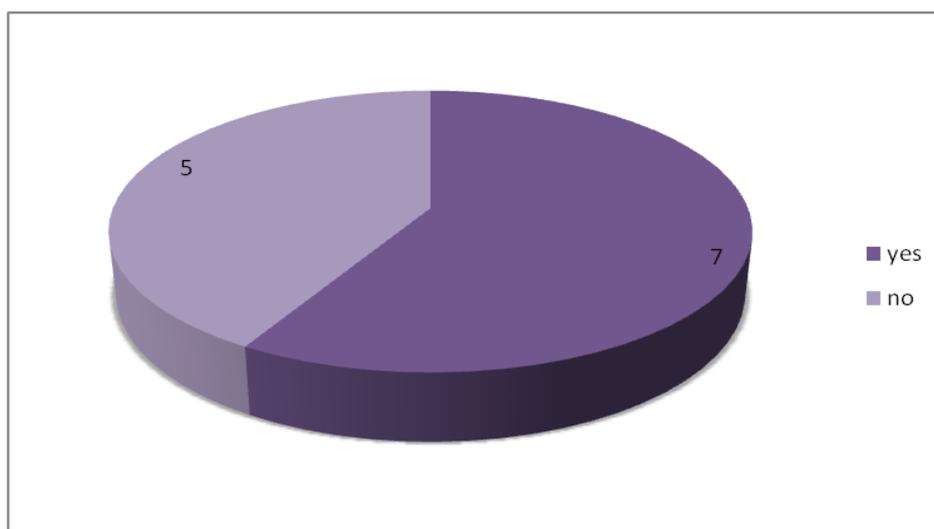


Interpretation-

From the above diagram it can be concluded that, there are 5 respondents who have stated that they have fired their personnel during the period of global pandemic. On the other hand, remaining 7 participants have said that, they have not terminated their employees during the period of lockdown.

Theme 5: Majority of the businessmen has observed an improvement in the sale of goods/services

Whether you have observed an improvement in the sale of products/ services of your business in year 2021?	Respondents
Yes	7
No	5

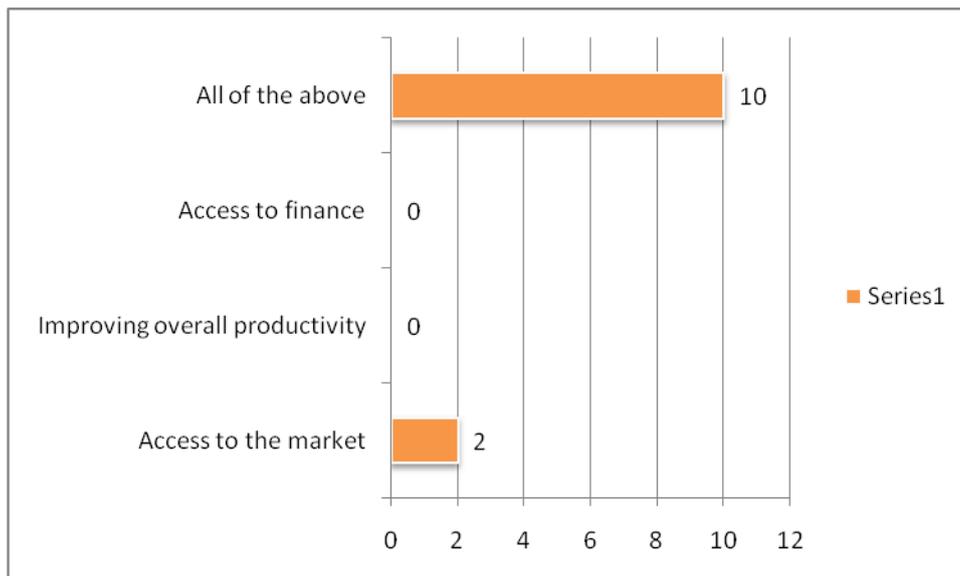


Interpretation-

From the above chart it can be observed that, 7 respondents have stated that they there is enhancement in the sales of products/services of their business in year 2021. However, remaining 5 participants have said that they have not observed any improvement in the sale of goods/services of their enterprises in the current year.

Theme 6: Issues that will act as obstacles in the recovery of the business

According to you which are the major challenge that will act as a barrier in the recovery of your occupation?	Respondents
Access to the market	2
Improving overall productivity	0
Access to finance	0
All of the above	10

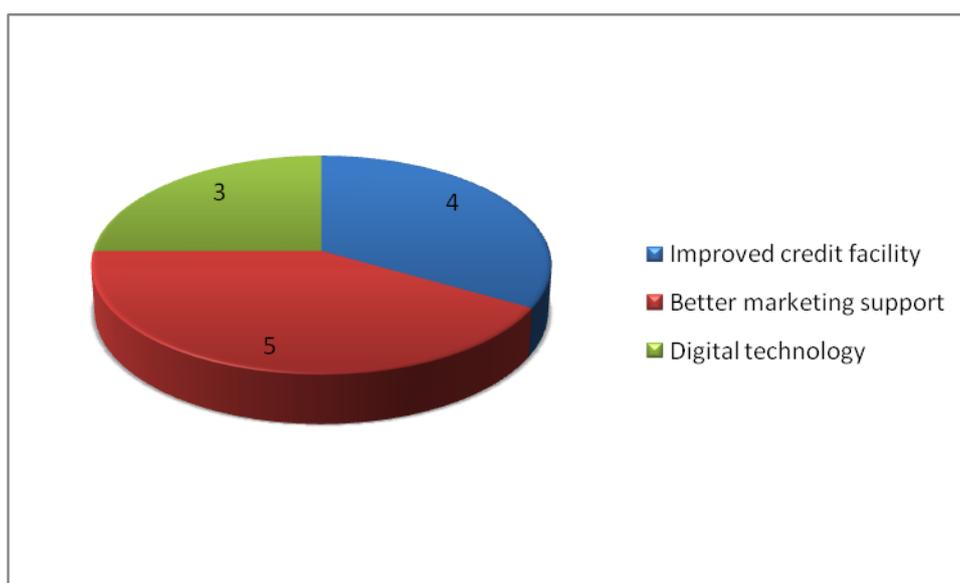


Interpretation-

From the above diagram it can be evaluated that, there are 10 respondents who have said that access to the market and finance, enhancement in total productivity of the business are key issues that will work as obstacle in the recovery of small businesses post COVID-19. Moreover, remaining 2 participants have stated that access to the market for offering the product or services will be a major barrier in recovery of the business.

Theme 7: Better marketing assistance is a key measure for improving the business after COVID-19

What are the most important assistance measures you will need to improve your business post COVID-19?	Respondents
Improved credit facility	4
Better marketing support	5
Digital technology	3



Interpretation-

From the above chart it can be analyzed that, there are 4 respondents who have said that improvement in credit facility is a chief assistance measure which is important for recovery of small businesses after the pandemic. Furthermore, there are 5 participants who have stated that better marketing support is required in order to recover the business post COVID-19. However, remaining 3 participants have declared that implementation of digital technology is an essential factor for bringing an improvement in the operations of the business after the end of the crisis.

V. CONCLUSION AND FURTHER RECOMMENDATION

It has been concluded that, COVID-19 has affected small businesses in a significant manner. It has influenced the sales, market access and overall profitability of the firms. It is recommended that, the owner of small businesses should adopt different ways in order to improve overall operations and demand of the product/services offered by such businesses (Priya, 2020). Owner should focus on implementing digital technology in order to enhance overall operations of the business. The firms should also revamp their marketing strategies as this will help to attract large number of customers towards the goods/services offered by the business.

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