

**POLICY MEASURES TO REVIVE THE MSME SECTOR FROM THE COVID-  
19 CRISES**

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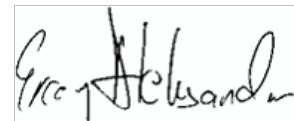
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## **Dedication**

This Dissertation is dedicated to

My beloved parents

## ACKNOWLEDGEMENTS

I would like to express my heartfelt gratitude to everyone who supported me during the journey of completing my study titled “Policy Measures to revive the MSME Sector from the Covid-19 Crises.”

First and foremost, I thank God for providing me with the strength, resilience, and guidance to undertake and complete this research. His constant protection and blessings, especially during the unprecedented challenges of the COVID-19 pandemic, have been a source of inspiration and hope throughout this journey.

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Lastly, I dedicate this study to my family, whose unwavering support and patience allowed me to focus on this endeavor. Their love and understanding were my pillars of strength throughout this journey. Thank you all for being a part of this milestone, and may God bless you abundantly.

**SUBRAMANIAN S.**

## **ABSTRACT**

### **POLICY MEASURES TO REVIVE THE MSME SECTOR FROM THE COVID-19 CRISES**

By

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**March 2025**

Dissertation Chair: Aleksandar Erceg, PhD

This research explores the effect of COVID-19 pandemic on Micro, Small, and Medium Enterprises (MSMEs) in India, focusing on their resilience, adaptation to COVID-19, government relief measures, and workforce management. Adopting an exploratory and descriptive research design, data collection has been made using both quantitative and qualitative approaches. Surveys and structured interviews are used to collect data from MSME owners to provide a comprehensive perspective of impact and related policy measures for COVID-19 on MSMEs in India. 143 distributed questionnaires and Likert-scale surveys were collected. After validation, 100 responses were chosen for analysis. The sample comprises 100 MSMEs from the Peenya Industrial Zone, divided into three categories: 6 medium enterprises, 17 small enterprises, and 77 micro enterprises. Surveys were conducted with MSME owners from various sectors and the data collected underwent statistical analysis. Descriptive statistics, which included percentage analysis, summarized the data, while inferential statistics, such as the t-test and F-test (One-Way ANOVA), were used to identify differences in perceptions among various groups. Scheffe's test was conducted for post hoc analysis of paired mean differences.

The results indicate that MSMEs were significantly impacted by financial strain because of decreased demand, supply chain disruptions, and operational challenges during the pandemic. Some government relief measures were helpful, but many respondents felt that the policies were inadequate or difficult to access. MSMEs with prior digital infrastructure were more successful in adapting to the crisis, but many faced challenges in pivoting their business strategies or adopting technological innovations. Workforce management, including layoffs and remote working difficulties, was a major concern for MSMEs during the lockdown.

In conclusion, the study points out some of the major barriers to MSME recovery, including limited government support, workforce management issues, and slow technological adaptation. The results suggest the need for more targeted policies, better access to resources, and greater investment in digital infrastructure to enhance the long-term resilience of MSMEs in India.

**Keywords:** COVID-19, Impact, Policy, MSME, Resilience, Government Relief Measures

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## **CHAPTER-1**

### **INTRODUCTION**

#### **1.1 BACKGROUND**

Micro, Small, and Medium Enterprises (MSMEs) play a pivotal role in the economic growth of a nation by enhancing employment opportunities, driving technological advancements, promoting social stability, encouraging entrepreneurship, and supporting industrialization. These enterprises cater to both domestic and global markets, providing a wide range of products and services (Singh et al., 2019). By employing millions of people, MSMEs significantly contribute to income generation, poverty reduction, and boosting domestic demand. They are also critical to the smooth operation of supply chains in any economy, especially during crises like the COVID-19 pandemic (Burton et al., 2011; McCall, 2020).

MSMEs, in contrast to large industries, generate more employment at a lower capital cost and promote industrialization even in remote areas, helping to reduce regional disparities and ensure equitable distribution of national income and wealth. However, during global crises, such as COVID-19, small businesses are often the hardest hit, yet they are not adequately represented in entrepreneurial literature.

A crisis can be defined as “a low-probability, high-impact event that threatens the viability of an organization, characterized by ambiguity in its cause, effect, and resolution, and requiring swift decision-making” (Pearson and Clair, 1998: 60). Crises can occur in various forms, such as economic downturns, natural disasters, or technological failures, and often result in significant disruptions to entrepreneurial activities, sometimes causing irreparable damage to businesses. It is essential to study how businesses, particularly MSMEs, cope with crises to deepen our understanding of the processes that take place during these challenging times.

Traditionally, crises were perceived as rare events; however, this view has evolved. Crises are now seen as inevitable, everyday occurrences that can develop either rapidly or over time. This shift in perspective highlights the potential for crises to offer valuable lessons alongside the challenges they bring (Cope and Watts, 2000). The

COVID-19 pandemic, with its prolonged duration, can be viewed both as an event and as a process (Roux-Dufort, 2016).

While research on crisis management has primarily focused on medium and large corporations, there has been limited attention to micro and small enterprises (MSEs) (Mayer et al., 2017). The COVID-19 pandemic has further highlighted the vulnerability of these businesses, with many facing severe revenue losses, the risk of closure, and disruptions in supply chains.

The Organization for Economic Co-operation and Development (OECD) projected a significant decline in global GDP due to the pandemic, with more than half of SMEs experiencing severe financial losses and up to 50% fearing closure within three months without additional support (OECD, 2020). Governments worldwide have implemented various measures to mitigate the impact of the pandemic on MSMEs, but the road to recovery remains challenging.

### **1.1.1 Research Process**

The research process is a structured approach to gathering information to initiate, modify, or terminate an investment or group of investments. The key steps include:

- Defining the research problem: Identifying the relationship between variables.
- Reviewing the literature: Summarizing existing research.
- Formulating a hypothesis: Making specific assumptions to test.
- Preparing the research design: Exploring relevant evidence through descriptive, diagnostic, or experimental methods.
- Collecting data: Utilizing primary and secondary sources such as observations, interviews, and questionnaires.
- Analyzing the data.
- Interpreting and reporting the findings.

## **1.2 RESEARCH PROBLEM**

The COVID-19 pandemic, a highly transmissible viral infection caused by SARS-CoV-2, originated in Wuhan, China, and spread across the globe, severely impacting economies and disrupting livelihoods. Lockdowns and social distancing measures caused a drastic slowdown in economic activities, particularly in the MSME sector, which faced acute challenges such as disruptions in supply and demand chains, cash flow problems, and widespread business closures.

This study seeks to explore the impact of the COVID-19 crisis on MSMEs and evaluate policy measures necessary to revive this critical sector. While governments, including India, have introduced stimulus packages and other initiatives to support the MSMEs, as per annexure E, many businesses continue to struggle. The research aims to analyze the effectiveness of these measures and propose solutions to mitigate the impact of future crises on the MSME sector.

## **1.3 PURPOSE OF THE RESEARCH**

In light of the challenges posed by the COVID-19 pandemic, this paper seeks to analyze the impact of the lockdown on the economic activities of the MSME sector. Although it may be premature to assess the full extent of COVID-19's impact on MSMEs, this study aims to use available data and public domain research to explore the factors that influenced the sector during the pandemic. The objectives of the research are:

- To identify the implications of inadequate relief measures on the Indian MSME sector during the COVID-19 pandemic.
- To understand how the nationwide lockdown affected the MSME sector in India.
- To propose optimal remedial measures for the welfare of the MSME sector during times of crisis.

The concept of resilience, introduced by Holing in 1973 as a framework for understanding ecosystem stability and responses to disturbances (Ives and Carpenter, 2007), is applicable to organizational management as well. Resilience has been a widely studied concept in organizational crises, especially in entrepreneurship, for two

key reasons: it highlights a business's preparedness to absorb shocks (Walker et al., 2004) and helps analyze cognitive and behavioral adjustments to new circumstances (Biggs et al., 2010). Resilience can be defined as the ability to function effectively after a disruption and recover from it successfully (Doern, 2017; Luthans, 2002). This concept provides a useful framework for understanding entrepreneurial crises as a process. Korber and McNaughton (2018) suggest examining resilience through both ex-ante and ex-post perspectives. The ex-ante approach focuses on the resources that help businesses survive shocks and adapt to changes over time (Williams and Vorley, 2014; Folke, 2006), while the ex-post narrative emphasizes the capacity for action during recovery (Linnenluecke et al., 2013). These approaches are particularly relevant for analyzing entrepreneurial resilience during the prolonged impact of COVID-19.

During the pandemic, the MSME sector experienced the following challenges:

- One of the worst slowdowns in 20 years.
- A 70% drop in business activities.
- The dismissal of over 50,000 temporary and contractual workers, with projections of 200,000-240,000 dismissals in subsequent quarters.
- Permanent workers receiving only 50% of their salaries.

#### **1.4 SIGNIFICANCE OF THE STUDY**

- The operational challenges faced by MSMEs with limited resources during the COVID-19 pandemic require urgent revival measures.
- This study aims to identify the key factors that influenced the MSME sector during the pandemic.

Since the enactment of the MSMED Act in 2006, MSME-DO (Micro, Small, and Medium Enterprises Development Organization) has taken on a broader mandate for promoting and developing MSMEs. This study will examine the implications of the COVID-19 crisis on three key players in the economy:

- The Government
- The people of the nation

➤ The industries (large-scale and MSMEs)

The study will also compare the responses of large-scale industries, which had access to reserves and external borrowings, with MSMEs, which suffered due to limited resources. It will explore the factors that influenced MSMEs during the pandemic and propose measures for their revival.

## **1.5 RESEARCH PURPOSE AND QUESTIONS**

### **1.5.1 Hypothesis of the Study:**

The crisis caused by the COVID-19 pandemic had a unique impact on small businesses. Contingency theory, as proposed by Fiedler (1951), provides a framework for understanding how businesses adapt to changing internal and external environments. Internal factors (e.g., resources and experience) are within the firm's control, while external factors (e.g., disasters and uncertainties) are beyond its control. This theory suggests that organizations must align their strategies with these factors to achieve competitiveness, performance, and sustainability (Donaldson, 2001). Small businesses, in particular, need to adapt flexibly to survive crises like COVID-19. The alignment of environmental, size, and strategy factors will enhance MSMEs' resilience during future crises.

Research on entrepreneurial crises has traditionally focused on medium and large businesses, leaving a gap in understanding how micro and small businesses (MSEs) respond to crises. This study will address that gap by examining the specific challenges MSMEs faced during the COVID-19 pandemic and the government measures introduced to support them.

### **1.5.2 Research Gap:**

There is insufficient information on the impact of COVID-19 on MSMEs and the effectiveness of government policies. This research aims to fill that gap by:

- 1 Investigating the impact of COVID-19 on MSMEs.
- 2 Identifying the factors that influenced MSMEs during the pandemic.
- 3 Assessing the gap between available data and government policies.

### **1.5.3 Research Questions**

This study addresses the following key research questions:

- 1 What was the impact of COVID-19 on MSMEs, and is further research needed to understand it?
- 2 What measures did the Indian government adopt, and how effective were they in comparison to other developed and developing countries?
- 3 What factors influenced MSMEs during the COVID-19 pandemic?

### **1.5.4 Aim of the Study**

The aim of this study is to understand the factors influencing MSMEs during the COVID-19 crisis, analyze the effectiveness of government measures, and recommend future actions to support the sector in case of another wave of the pandemic.

### **1.5.5 Objectives**

The specific objectives of this study are: a) to review the literature on the effects of COVID-19 on MSMEs. b) To collect data on MSME entrepreneurs' experiences during the pandemic. c) To analyze how the nationwide lockdown affected MSMEs. d) To propose remedial measures for the recovery of MSMEs during crises. e) To draw conclusions and make recommendations based on the study's findings for the implementation of future schemes.

#### **1.5.6 Motivation for the Study:**

- 1 A desire to obtain a research degree and its associated benefits.
- 2 A desire to solve unsolved problems and face challenges.
- 3 The intellectual satisfaction of conducting creative research.
- 4 A desire to serve society.
- 5 A desire for professional respect and recognition.

## CHAPTER-2

### THEORETICAL FRAMEWORK AND REVIEW OF RELATED LITERATURE

#### PART-A: THEORETICAL FRAMEWORK:

The theoretical framework serves as the structural basis for any research study, outlining the theories that will guide the research methodology and analysis. It incorporates existing theories from the literature review and presents a logical structure to explore the research problem.

A theoretical framework should:

- Be logical and coherent.
- Clearly define terms and variables, with specific boundary conditions.
- Provide a domain of application.
- Establish relationships among variables.
- Explain and predict phenomena.
- Include concepts, themes, principles, and constructs derived from empirical data.
- Make testable claims that have been verified.
- Be concise and subject to revision based on new findings.

In this study, the **Theory of Reasoned Action (TRA)** and **Drucker's (1994) Theory of Business** will be applied to understand the impact of COVID-19 on MSMEs, particularly focusing on how the assumptions related to organizational climate, mission accomplishment, and competencies affect business performance in crisis situations.

**Drucker's Theory of Business:** Peter Drucker introduced the theory that organizations are shaped by fundamental assumptions about the market, customers, competitors, technology, and internal resources. These assumptions dictate the organization's decisions and define what is meaningful for the company. Drucker's SMART goals framework (Specific, Measurable, Achievable, Realistic, and Time-

related) is another key contribution, helping businesses align objectives with measurable outcomes.

Drucker also emphasized the importance of:

- Assumptions about organizational climate.
- Mission accomplishment.
- Competencies and resources required for mission fulfillment.

**COVID-19 Impact on MSMEs:** The pandemic disrupted business operations, particularly for MSMEs. This study explores how policy measures, such as digital engagement, supply chain adjustments, and safety protocols, can help revive MSMEs post-COVID-19. The hypotheses include:

1. COVID-19 had a significant impact on MSMEs.
2. Safety protocols positively affected MSMEs.
3. Increased digital engagement reduced the impact on businesses.

## **2.1 THEORY OF REASONED ACTION (TRA):**

The TRA, proposed by Ajzen and Fishbein (1980), focuses on predicting behavior based on attitudes and subjective norms. It posits that behavior is determined by intentions, which are influenced by individual beliefs about the consequences of actions and social pressures.

This theory is adaptable to various fields, including business, health, and information behavior. In this study, TRA is applied to predict how MSME owners might adopt digital strategies and other survival measures during the COVID-19 crisis. The framework helps explain how beliefs, attitudes, and social norms shape decision-making in uncertain environments.

Key elements of TRA include:

- Behavior beliefs (advantages and disadvantages of actions).
- Normative beliefs (influence of social norms).
- Perceived control (over resources and opportunities).

## 2.2 HUMAN SOCIETY THEORY:

Theories in social sciences provide a foundation for understanding and predicting human behavior within society. **Auguste Comte's** three-stage theory—Theological, Metaphysical, and Positive—helps frame the evolution of societal understanding. Similarly, **F.H. Giddings** described social phenomena as a reaction to stimuli, emphasizing the importance of cooperation and labor division.

This theory underscores the adaptive nature of organizations and how they must adjust to environmental changes. MSMEs, as part of human society, must innovate and adapt to survive challenges such as the COVID-19 pandemic.

### 2.2.1 Deductive and Inductive Theories:

1. Deductive Theory: Moves from the general to the specific. It begins with a hypothesis and often involves quantitative research.
  - Example: "All planets revolve around the sun" leads to specific observations about planetary behavior.
2. Inductive Theory: Moves from specific observations to general conclusions, often using qualitative research.
  - Example: Observing that plantain leaves are green and generalizing that most plant leaves are green.

Both theories offer frameworks for deriving conclusions and predictions from research findings. This theoretical structure serves as the backbone for analyzing the challenges faced by MSMEs during the COVID-19 crisis and proposing policy measures to help them recover and thrive in the future.

## 2.3 JUSTIFICATION FOR THE PRESENT RESEARCH

For the topic "*Policy Measures to Revive the MSME Sector from the COVID-19 Crisis*," the chosen theories — Peter Drucker's **Theory of Business**, **Theory of Reasoned Action (TRA)**, and **Human Society Theory** — are justified as follows:

### 2.3.1 Peter Drucker's Theory of Business

Peter Drucker's *Theory of Business* provides a solid foundation for understanding how MSMEs can navigate external challenges such as the COVID-19 pandemic. Drucker emphasized that a company's underlying assumptions about its environment, mission, and core competencies need to be periodically re-evaluated, particularly when external conditions change dramatically, as they did during the pandemic. This theory is appropriate for the current research due to the following reasons:

- **Assumptions on Organizational Climate:** The pandemic drastically altered the business environment. Drucker's approach allows MSMEs to rethink their assumptions about market conditions, customer behaviors, and competitive dynamics.
- **Mission Accomplishment:** Drucker's theory emphasizes that companies should focus on their core mission. For MSMEs, staying aligned with their mission in the face of the pandemic can help them recover and thrive. Policy measures, like financial support or technological assistance, can be tailored to help MSMEs continue to meet their mission.
- **Competencies and Resources:** This theory supports the notion that MSMEs need to leverage their core competencies to survive the crisis. Policy measures can address competency gaps by providing skills training or access to new technologies.

Thus, Drucker's framework fits well with the goal of understanding the dynamics of MSMEs during the COVID-19 crisis, especially concerning how policy measures can help businesses reassess and rebuild their strategies.

### 2.3.2 Theory of Reasoned Action (TRA)

The *Theory of Reasoned Action (TRA)*, developed by Ajzen and Fishbein, is valuable for understanding the behaviors of MSME owners in adopting new strategies during the pandemic. This theory assumes that behavioral intentions are influenced by attitudes and subjective norms. Its justification for this study lies in:

- **Predicting Business Behavior:** MSME owners' actions, such as adopting digital business models or complying with COVID-19 safety protocols, can be understood using TRA. Policy interventions aimed at changing behavior should focus on improving attitudes toward new business practices and influencing social norms.
- **Social Influence:** TRA considers how subjective norms (i.e., the influence of others, including the government, customers, or industry leaders) affect decision-making. Government policies promoting digital engagement and financial safety nets can shape these norms, encouraging MSMEs to take action.
- **Adoption of Digital Models:** MSMEs' engagement in digital platforms or e-commerce is crucial for their survival in the post-pandemic era. TRA helps in understanding how businesses decide to shift to online models based on their perceived behavioral control, influenced by external factors such as access to technology and training provided through government policies.

The TRA's ability to link attitudes and intentions makes it a strong fit for exploring MSMEs' responses to policy measures and understanding how to promote the adoption of those policies.

### 2.3.3 Human Society Theory

The *Human Society Theory* by Auguste Comte provides a sociological lens through which to analyze the broader impacts of the pandemic on MSMEs. This theory helps explore how societal structures, norms, and collective behavior influence the business ecosystem.

- **Adaptive Systems:** MSMEs are part of a larger societal system, and their ability to adapt to environmental changes is crucial. The theory highlights the importance of collective efforts, government policy, and social support in enabling MSMEs to overcome the challenges posed by COVID-19.
- **Societal Impact:** The pandemic affected not only businesses but also the communities in which they operate. Understanding MSMEs' role within society helps justify the need for policies that go beyond financial measures —

including health protocols, social welfare, and community-based support systems.

By applying the *Human Society Theory*, this study examines how societal shifts during the pandemic influence MSME operations and how policy measures can help these businesses adjust to new social and economic realities.

## 2.4 CONCLUSION

Each of these theories provides a unique perspective on the research problem:

- **Peter Drucker's Theory of Business** focuses on internal business assumptions, helping MSMEs realign their strategies post-COVID-19.
- **The Theory of Reasoned Action** provides a behavioral framework to understand how MSMEs react to and adopt policy interventions.
- **Human Society Theory** offers a broader societal perspective, highlighting the need for adaptive and socially relevant policy measures.

Together, these theories allow for a comprehensive analysis of how MSMEs can recover from the COVID-19 crisis through policy measures that address both internal business factors and external societal influences.

## PART-B: REVIEW OF RELATED LITERATURE

### 2.5 INTRODUCTION

The review of literature is a crucial aspect of any research as it allows the researcher to build upon existing knowledge, understand previous work, and identify gaps in the current body of research. A well-structured literature review provides insights into the key variables, concepts, and theories relevant to the research, helping to shape and justify the proposed solution or innovation. This chapter focuses on examining prior studies on the topic, particularly in the context of Micro, Small, and Medium Enterprises (MSMEs), their role in economic development, and the effects of the COVID-19 pandemic on their operations. It highlights existing research while identifying the need for further exploration, especially concerning policy measures for enhancing the resilience of MSMEs during periods of crisis.

## **2.6 OVERVIEW OF THE MSME SECTOR**

Micro, Small, and Medium Enterprises (MSMEs) are known for their ability to absorb labor and require relatively low capital investments, making them a vital component of economic growth. According to the Development Commissioner of MSMEs (2001), the sector is the second-largest employment generator after agriculture. Pandey (2007) states that MSMEs play a critical role in job creation and entrepreneurship. As of 2006, Sridharan noted that over 12.34 million MSMEs contributed about 6% to India's GDP, underlining the sector's economic significance.

The performance of MSMEs has been analyzed in various contexts, such as the pre- and post-liberalization periods. Kumar and Gugloth (2012) assessed the impact of globalization on MSMEs, conducting a comparative analysis of key parameters before and after 1991, with a focus on how global trade policies affected growth from 1999 to 2010.

Many MSMEs are family-owned businesses, and their structure often reflects the leadership styles of the household heads. Sanchez and Mann (2005) and Camison (1997) observed that more innovative firms tend to have better-developed organizational structures compared to traditional ones, with the division of tasks and coordination mechanisms contributing to their overall effectiveness.

## **2.7 CHALLENGES FACED BY MSMEs**

Sudan (2005) highlighted the various challenges MSMEs face, including limited access to finance, inadequate infrastructure, and policy constraints. Other studies, such as those by Meijaard et al. (2005), have discussed the complex organizational structures of MSMEs, which often impact their ability to scale operations. MSMEs also encourage entrepreneurship, create employment, and alleviate poverty, as noted by Kayanula and Quartey (2000) and Mead and Liedholm (1998). They are crucial for sustaining innovation and promoting rural and urban economic growth.

Curran (2007) and Leutkenhorst (2004) emphasized the labor-intensive nature of MSMEs, which contrasts with the capital-intensive production methods of larger firms. Despite these advantages, the sector is vulnerable to economic shocks and

external disruptions, a vulnerability that has been exacerbated by the COVID-19 pandemic.

## **2.8 IMPACT OF COVID-19 ON MSMEs**

The COVID-19 pandemic has had a devastating effect on the MSME sector worldwide. The lockdowns and restrictions imposed in March 2020 severely disrupted global supply chains, halting business operations and causing widespread job losses. Pravakar and Sahoo (2020) observed that sectors like gems and jewelry, garments, and food production faced significant losses in output, further weakening the MSME sector's financial stability.

Lonergan & Chalmers (2020) discussed how containment measures such as lockdowns, social distancing, and quarantines led to the closure of workplaces, a decline in labor supply, and disruptions in raw material sourcing. These supply chain disruptions and reduced consumer demand created both supply and demand shocks globally, as noted by Bekaert et al. (2020) and Guerrieri et al. (2020). Small businesses, in particular, faced higher risks due to their limited financial and human resources (Bartik et al., 2020; Prasad et al., 2015).

MSMEs faced several challenges during the pandemic, such as liquidity shortages, supply chain disruptions, and declining sales, revenue, and profits (Shafi et al., 2020; Tairas, 2020). These issues were compounded by reduced access to finance, which led to increased operational costs. The pandemic caused an accumulation of unsold inventory, which raised the carrying costs of firms (Lemi et al., 2020).

Studies by Lu et al. (2020) and Cepel et al. (2020) identified logistical challenges, decreased sales, and reduced capacity utilization as major problems for small businesses. These issues highlighted the vulnerability of MSMEs, which were more affected by the pandemic compared to larger firms due to a lack of financial planning and resources to navigate the crisis.

## **2.9 NEED FOR POLICY MEASURES**

The review of existing literature underscores the critical need for better financial planning and policy support for MSMEs. While many studies focused on operational and financial assistance, there was limited discussion on long-term

strategies to improve MSMEs' resilience to external shocks such as pandemics. The current study aims to address this gap by exploring policy recommendations that can enhance the resilience of MSMEs, enabling them to withstand future crises.

Practical policy suggestions, such as improving access to finance, building robust supply chains, and fostering innovation, can help MSMEs recover and sustain growth. As highlighted by Aftab et al. (2021) and Juergensen et al. (2020), shifting from traditional business models to more technology-driven approaches is essential for MSMEs to thrive in a post-pandemic world.

## **2.10 RESEARCH GAPS**

Several gaps in the literature have been identified. Most existing studies focus on financial and operational aspects but lack emphasis on proactive financial planning for MSMEs to cope with future uncertainties. Moreover, there is a need for a comprehensive approach that integrates long-term strategies for MSMEs' resilience, particularly in the context of external shocks such as pandemics, policy changes, and natural disasters.

This study attempts to fill these gaps by exploring policy measures and financial planning frameworks that can strengthen the MSME sector. It also aims to provide recommendations that ensure MSMEs are better prepared to absorb economic shocks and continue contributing to employment, innovation, and sustainable growth.

## **2.11 CONCLUSION**

The review of literature illustrates the significant role MSMEs play in the global economy, especially in emerging markets like India. However, the COVID-19 pandemic has exposed the sector's vulnerabilities, emphasizing the need for robust financial planning and policy support. This study builds on the existing body of research to propose solutions that can help MSMEs recover and strengthen their resilience in the face of future uncertainties.

## **CHAPTER-3**

### **METHODOLOGY**

#### **3.1 OVERVIEW OF THE RESEARCH PROBLEM**

The COVID-19 pandemic, caused by Severe Acute Respiratory Syndrome Coronavirus 2 (SARS-CoV-2), began in Wuhan, China and swiftly spread worldwide. By 2020, more than 60% of the global population experienced partial or full lockdowns, leading to severe disruptions in economic activities. Global economic growth contracted by over 3% during this period, paralleling the downturn witnessed during the global financial crisis of 2008–2009.

The Micro, Small and Medium Enterprises (MSME) sector was particularly affected, facing significant challenges in both supply and demand chains. These disruptions resulted in loss of production, widespread unemployment and the closure of numerous MSMEs.

#### **Planning for Enhancing Resilience of the MSME Sector for Future Economic Shocks**

The pandemic exposed the vulnerabilities of MSMEs, underlining the limitations of existing policy frameworks in managing economic shocks. Consequently, there is a critical need to devise strategies to enhance resilience and ensure that MSMEs can withstand future crises. Key studies highlight factors such as entrepreneurial intention (Jena, 2022), strategic agility (Reed, 2021) and leadership practices (Hutchinson et al., 2021). Moreover, the pandemic emphasized the importance of government support and financial preparedness for navigating disruptions.

#### **3.2 OPERATIONAL DEFINITIONS AND THEORITICAL CONSTRUCTS**

##### **3.2.1 Gender**

Gender refers to whether an entrepreneur identifies as male or female. In this study, we will categorize entrepreneurs into two groups: Male and Female Entrepreneurs. This helps the researcher understand if there are any differences in how male and female entrepreneurs perceive the impact of the COVID-19 pandemic on

MSMEs, such as how they dealt with challenges or responded to government relief measures.

### **3.2.2 Age**

Age is a measure of how old an entrepreneur is. For this study, we will divide entrepreneurs into four age groups:

- 30-40 Years: Entrepreneurs aged between 30 and 40.
- 40-50 Years: Entrepreneurs aged between 40 and 50.
- 50-60 Years: Entrepreneurs aged between 50 and 60.
- 60-70 Years: Entrepreneurs aged between 60 and 70.

This age categorization helps researcher to explore if perceptions of the pandemic's impact on MSMEs differ based on age.

### **3.2.3 Educational Qualification**

Educational qualification refers to the highest level of formal education an entrepreneur has completed. In this study, entrepreneurs will be grouped based on their education:

- SSLC Below: Entrepreneurs who have completed education up to 10th grade or have no formal education.
- SSLC & Above: Entrepreneurs who have completed at least the 10th grade but not a diploma or degree.
- Diploma Holders: Entrepreneurs who have completed a diploma course (such as engineering, management, or vocational courses).
- Graduates & Above: Entrepreneurs who have a bachelor's degree or higher qualification (like a master's degree).

By analyzing these groups, the researcher examines if the level of education influences how entrepreneurs perceive the effects of COVID-19 on their businesses.

### **3.2.4 Perception about Impact of COVID-19 Pandemic on MSMEs**

This variable explores how entrepreneurs feel about the effect of the COVID-19 pandemic on their MSMEs. It looks at different aspects of the pandemic's impact and measure it through survey that reflects the entrepreneur's opinions.

#### **1. Impact of the Pandemic on MSMEs**

This aspect focuses on how the pandemic affected the operations, finances and survival of MSMEs. Entrepreneurs asked whether they think the pandemic had a severe, moderate, or minimal impact on their business. This helps to understand the overall effect of the pandemic on MSMEs from the entrepreneurs' perspectives.

#### **2. Government Relief Measures**

Here, entrepreneurs' views regarding the government's efforts to support MSMEs during the pandemic. The questions addresses whether entrepreneurs felt the relief measures were effective, if they were satisfied with the support and how aware they were of these government initiatives. This helps to gauge how well the government's support systems worked in helping MSMEs survive during the crisis.

#### **Adaptation and Resilience**

Adaptation and resilience refer to how MSMEs adjusted to the challenges posed by the pandemic and their ability to keep going despite difficulties. Entrepreneurs asked about whether they had to innovate, change their business models, or adopt new technologies to stay afloat. It also measures their overall optimism about the future, based on their ability to adapt and survive through the pandemic.

#### **Workforce Management**

This aspect looks at how MSMEs managed their employees during the pandemic. It covers issues such as whether businesses were able to retain employees, whether they shifted to remote work where possible and how they managed employee well-being. Entrepreneurs share their perceptions of how workforce management practices were impacted by the pandemic, helping us understand if businesses faced challenges in handling their workforce during this time.

### **3.3 RESEARCH PURPOSE**

The primary aim of this study is to evaluate the impact of the COVID-19 pandemic on the MSME sector in India and to assess the effectiveness of policy measures taken to mitigate its effects. Specific objectives include:

- Assessing the overall impact of COVID-19 on MSMEs.
- Analyzing the effectiveness of government relief measures.
- Identifying gaps between policy frameworks and real-world outcomes.
- Proposing resilience-building strategies for MSMEs.

### **3.4 RESEARCH QUESTIONS**

1. How has COVID-19 affected the MSME sector in India?
2. What measures were adopted by the Indian government and how do they compare with other nations?
3. What factors influenced MSMEs' ability to survive during the pandemic?
4. How can gaps between policy measures and real-world outcomes be addressed?

### **3.5 RESEARCH HYPOTHESES:**

1. Government policy measures are inadequate to protect the MSME sector from future crises.
2. There is no significant difference in the Impact of the COVID-19 pandemic on MSMEs based on Gender.
3. There is no significant difference in the Impact of the COVID-19 pandemic on MSMEs based on Age.
4. There is no significant difference in the Impact of the COVID-19 pandemic on MSMEs based on Educational Qualifications.

Hypotheses will be tested using statistical methods, including the *t-test* and *F-test* (ANOVA), to determine significant differences in perceptions.

### **3.6 RESEARCH METHODOLOGY**

This study employs a mixed-method approach, integrating both qualitative and quantitative methods to evaluate the impact of COVID-19 on MSMEs and assess the effectiveness of government interventions.

### **3.7 RESEARCH DESIGN LIMITATIONS**

The study adopts an exploratory and descriptive research design. Surveys and structured interviews are used to collect quantitative and qualitative data, respectively. The design ensures a comprehensive understanding of the pandemic's impact on MSMEs and related policy measures.

### **3.8 SAMPLE SIZE**

A total of 143 responses were received from distributed questionnaires and Likert-scale surveys. After validation, 100 responses were selected for analysis.

### **3.9 SAMPLING DESIGN/ PARTICIPANT SELECTION**

The study focuses on 100 MSMEs in the Peenya Industrial Zone, categorized as follows:

- 6 medium enterprises
- 17 small enterprises
- 77 micro enterprises

### **3.10 DATA COLLECTION:**

- Surveys administered to MSME owners across sectors.

### **3.11 DESCRIPTION OF RESEARCH TOOLS**

Description of the Questionnaire and Likert Scale on the Impact of the Covid-19 Pandemic on MSMEs.

The provided questionnaire is designed to gather detailed insights into the impact of the COVID-19 pandemic on the Micro, Small and Medium Enterprises (MSME) sector. It explores various dimensions such as the challenges faced, coping strategies adopted, awareness and utilization of government schemes and perceived

effectiveness of these measures. The structured format ensures comprehensive data collection, making it suitable for quantitative analysis.

**A) Structure of the Questionnaire**

- **Demographic Profile (Items 1–3):** These items aim to capture the respondent's age, gender and educational qualification, providing a demographic context to the responses.
- **Impact Assessment (Items 4–7):** Focuses on understanding the specific effects of COVID-19 on company revenue, orders, employee absence and business operations. Respondents assess the severity of the pandemic's impact on their enterprises.
- **Risk and Strategic Responses (Items 8–10):** Captures the perceived risk of permanent business closure and the strategies adopted by MSMEs to cope with the pandemic. It also examines the current measures being taken by businesses.
- **Awareness and Effectiveness of Government Schemes (Items 11–15):** Measures the respondent's awareness, utilization and perception of the effectiveness of government relief measures for MSMEs, along with preferences for future policy interventions.

**B) Scale on Impact of the COVID-19 Pandemic on MSMEs**

Evaluates the respondent's agreement with specific statements across four key dimensions related to the impact of COVID-19 on MSMEs:

1. **Impact of the Pandemic on MSMEs (Items 1–5):** Focuses on the financial and operational challenges brought about by the pandemic.
2. **Government Relief Measures (Items 6–10):** Assesses the effectiveness and accessibility of government interventions and support schemes.
3. **Adaptation and Resilience (Items 11–15):** Explores the adaptability and innovation demonstrated by MSMEs in response to the pandemic.
4. **Workforce Management (Items 16–20):** Investigates the workforce-related challenges faced by MSMEs, including layoffs, retention and up skilling.

## **Psychometric Properties**

### **Reliability**

Reliability refers to the consistency of the questionnaire in measuring the intended constructs. To ensure this, a pilot study was conducted involving a sample of 50 MSME entrepreneurs. The Cronbach's alpha coefficient was computed to measure internal consistency.

The overall reliability of the tool was found to be 0.86, which indicates a high level of reliability. Dimension-specific reliability scores were as follows:

- Impact of the Pandemic on MSMEs: Cronbach's alpha = 0.82
- Government Relief Measures: Cronbach's alpha = 0.84
- Adaptation and Resilience: Cronbach's alpha = 0.85
- Workforce Management: Cronbach's alpha = 0.81

All these values exceed the acceptable threshold of 0.70, demonstrating that the items within each dimension are consistent in measuring their respective constructs.

### **Validity**

Content validity ensures that the questionnaire comprehensively covers all relevant aspects of the constructs being studied. To establish this a panel of 5 subject matter experts, including MSME practitioners, academicians and policymakers, reviewed the questionnaire and the experts evaluated the relevance, clarity and coverage of the items across all dimensions. Minor revisions were made based on their feedback, including rephrasing ambiguous statements and adding a few options for comprehensiveness in multiple-choice questions. The Content Validity Index (CVI) was calculated to be 0.92, indicating strong agreement among the experts that the items adequately represent the intended constructs.

### **Scoring Procedure**

The questionnaire uses a 5-point Likert scale for 20 statements related to the dimensions of MSME challenges and recovery strategies. The response options range from:

1 = Strongly Disagree

2 = Disagree

3 = Neutral

4 = Agree

5 = Strongly Agree

The overall score is obtained by summing the scores of all four dimensions, providing a comprehensive measure of the respondent's perspective on the impact of COVID-19 on MSMEs. Higher scores reflect more significant perceived challenges or stronger adoption of recovery measures.

### **3.12 STATISTICAL TECHNIQUES UTILIZED:**

- **Descriptive Statistics:** Percentage analysis to summarize data.
- **Inferential Statistics:** *t-test* and *F-test* (One-Way ANOVA) to identify differences in perceptions.
- **Post Hoc Analysis:** Scheffe's test to compare paired mean differences.

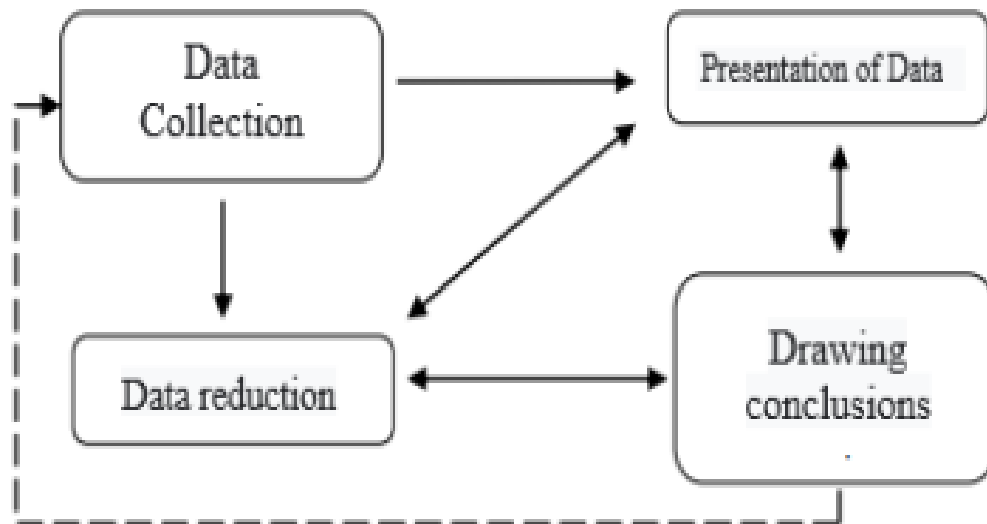
## **CHAPTER-4**

### **DATA ANALYSIS AND INTERPRETATION**

The analysis and interpretation of data are pivotal stages in any research process, serving to transform raw data into meaningful insights. In this study, the collected data is systematically analyzed to address the research objectives and answer the research questions concerning the challenges faced by MSMEs during the COVID-19 pandemic and the effectiveness of recovery measures. Quantitative methods are employed to explore patterns, relationships and trends within the dataset, providing an empirical foundation for the findings.

The interpretation of data involves making sense of the analyzed results in the context of the research problem. This phase integrates statistical outputs with theoretical frameworks and existing literature to draw meaningful conclusions. By examining the implications of the results, the study sheds light on the resilience strategies of MSMEs, the role of government interventions and the emerging challenges in workforce management. The insights derived from this analysis will inform stakeholders and policymakers about the nuanced realities faced by MSMEs, enabling evidence-based decisions to support the sector's recovery and growth.

The thematic analysis of the data highlighted the critical impact of the lockdown, relief measures and the overall pandemic situation on the financial health of the Indian MSME sector. This research was designed in line with the qualitative data analysis approach proposed by Miles and Huberman (Sugiyono, 2015).



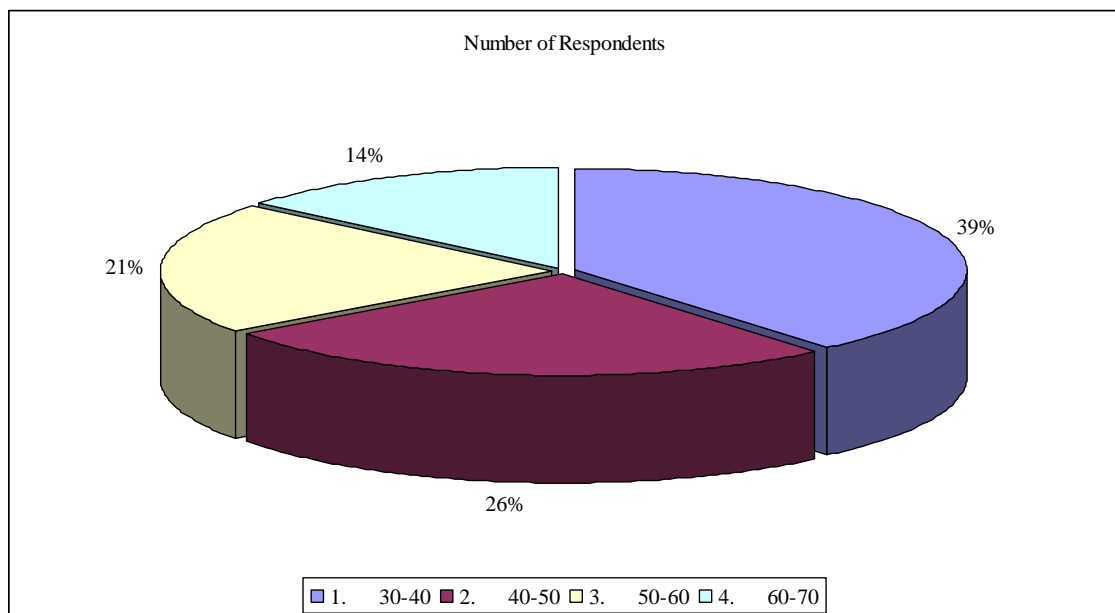
### Key Insights from the Survey:

- The majority of MSME participants reported that the COVID-19 pandemic had significantly impacted their businesses.
- A small percentage (around 6%) indicated that their businesses were not adversely affected by the pandemic.

The study highlights the need for policy measures to support the revival of the MSME sector post-COVID-19. It recommends targeted interventions to mitigate the adverse effects of the pandemic and promote economic recovery within this critical sector.

**Table 1:** Age Distribution of Respondents

Age Group	Number of Respondents	Percentage
1. 30-40	39	39%
2. 40-50	26	26%
3. 50-60	21	21%
4. 60-70	14	14%
<b>Total</b>	<b>100</b>	<b>100%</b>



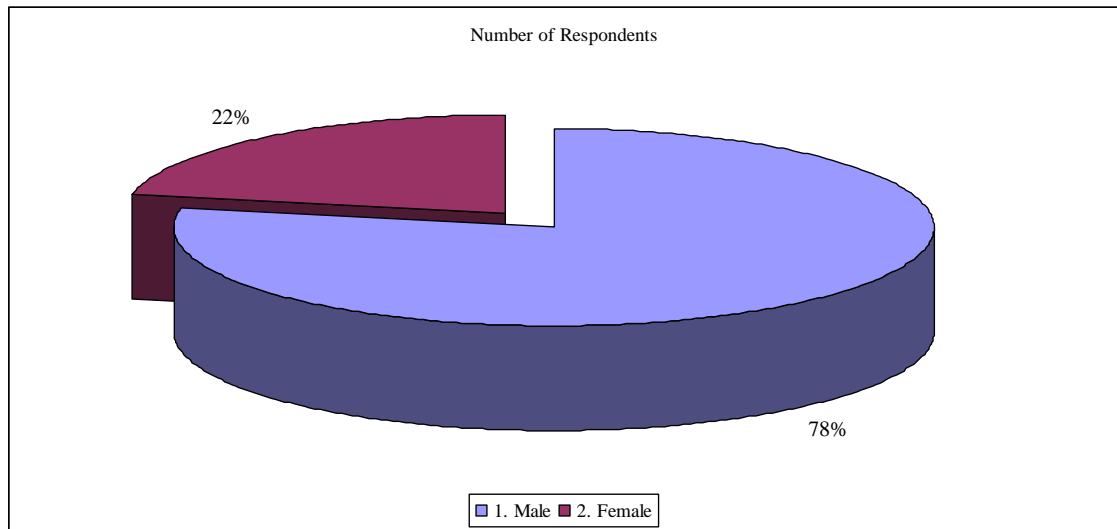
**Figure 1:** Age Distribution of Respondents

**Interpretation:**

The table shows the age distribution of a sample of 100 respondents, divided into four distinct age groups. The 30-40 age group consists of 39 respondents, making up 39% of the total sample. The 40-50 age group includes 26 respondents, accounting for 26% of the sample. The largest group is the 50-60 age range, with 21 respondents, representing 21% of the total. Finally, the 60-70 age group comprises 14 respondents, which is 14% of the sample. This distribution suggests a fairly balanced representation across all age groups, with a slightly higher proportion of respondents in the 40-50 age bracket, indicating that the sample has a slight skew towards an older demographic.

**Table 2:** Gender Distribution of Respondents

Gender	Number of Respondents	Percentage
1. Male	78	78%
2. Female	22	22%
Total	100	100%



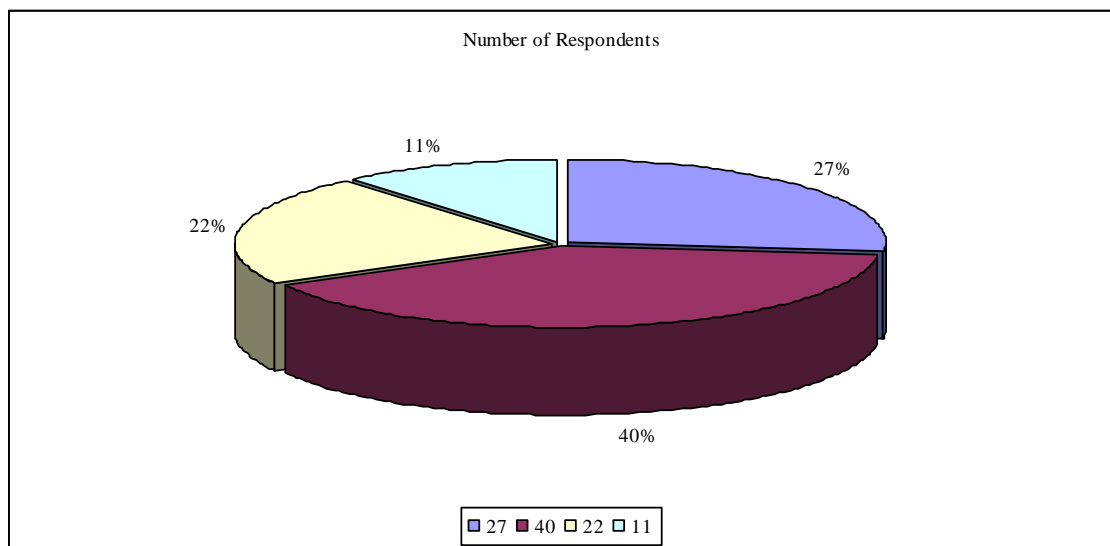
**Figure 2:** Gender Distribution of Respondents

**Interpretation:**

The table displays the gender distribution of a sample of 100 respondents. Out of the total, 78 respondents are male, representing 78% of the sample. In contrast, 22 respondents are female, accounting for 22% of the sample. This indicates a substantial gender imbalance, with a significantly higher representation of males compared to females. This skewed distribution suggests that males are more prevalent in this survey or study's context, which may impact the analysis and conclusions drawn. Understanding the reasons behind this gender disparity is crucial for accurately interpreting the results and ensuring they reflect the broader population.

**Table 3:** Qualification Distribution of Respondents

Qualification	Number of Respondents	Percentage
1. Graduates and above	27	27%
2. Diploma holders	40	40%
3. SSLC and above	22	22%
4. SSLC below	11	11%
<b>Total</b>	<b>100</b>	<b>100%</b>



**Figure 3:** Qualification Distribution of Respondents

**Interpretation:**

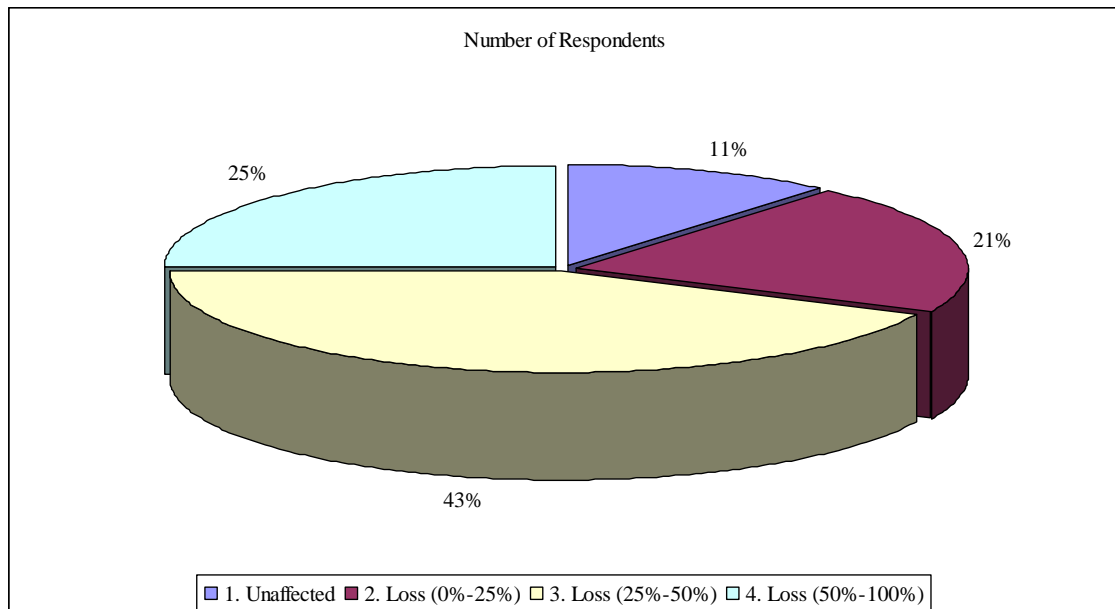
The table presents the educational qualifications of a sample of 100 respondents. Among them, 27 respondents (27%) are graduates or have higher qualifications. Respondents with an SSLC (Secondary School Leaving Certificate) and above constitute 22% of the sample, with 22 respondents. Diploma holders make up 40% of the sample, with 40 respondents. Lastly, 11 respondents, representing 11% of the total sample, have qualifications below SSLC.

This distribution indicates a relatively balanced representation across different qualification levels, with a slight predominance of respondents who are graduates and above. This suggests that the sample has a higher proportion of individuals with more

advanced qualifications, which could influence the findings and conclusions of the study. Understanding the qualifications of the respondents is essential for interpreting the data accurately and ensuring it reflects the educational diversity of the broader population.

**Table 4:** Impact on Company Revenue During the COVID-19 Period

Impact on Revenue	Number of Respondents	Percentage
1. Unaffected	11	11%
2. Loss (0%-25%)	21	21%
3. Loss (25%-50%)	43	43%
4. Loss (50%-100%)	25	25%
<b>Total</b>	<b>100</b>	<b>100%</b>



**Figure 4:** Impact on Company Revenue During the COVID-19 Period

#### Interpretation:

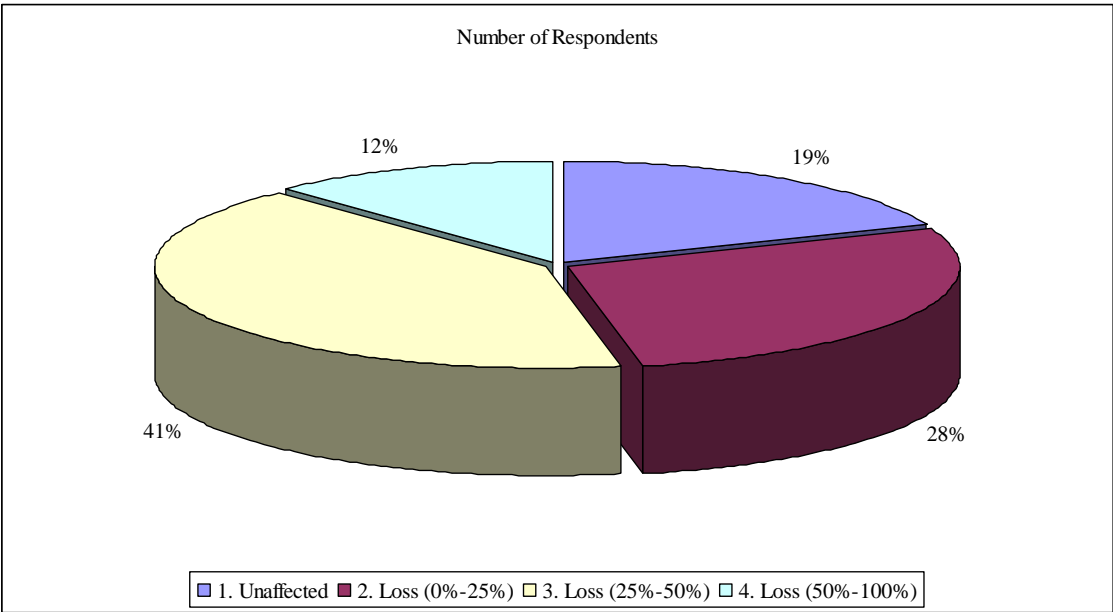
The table summarizes the impact of COVID-19 on the revenue of 100 respondents' companies, categorized by the extent of their reported losses. Out of the total respondents, 11 (11%) reported that their revenue remained unaffected during the COVID-19 period. Meanwhile, 21 respondents (21%) experienced a slight revenue loss ranging from 0% to 25%. A larger group, consisting of 43 respondents (43%), reported

a moderate revenue loss of between 25% and 50%. Finally, 25 respondents (25%) suffered the most severe impact, with revenue losses ranging from 50% to 100%.

This distribution indicates a diverse range of experiences among the respondents, with a significant portion (89%) experiencing some level of revenue loss. The data highlights the varied economic impact of the COVID-19 pandemic on companies, with a notable number experiencing substantial financial setbacks. Understanding this distribution is crucial for assessing the overall economic impact and developing targeted support measures for affected companies.

**Table 5:** Impact on Orders During the COVID-19 Period

Impact on Orders	Number of Respondents	Percentage
1. Unaffected	19	19%
2. Loss (0%-25%)	28	28%
3. Loss (25%-50%)	41	41%
4. Loss (50%-100%)	12	12%
<b>Total</b>	<b>100</b>	<b>100%</b>



**Figure 5:** Impact on Orders During the COVID-19 Period

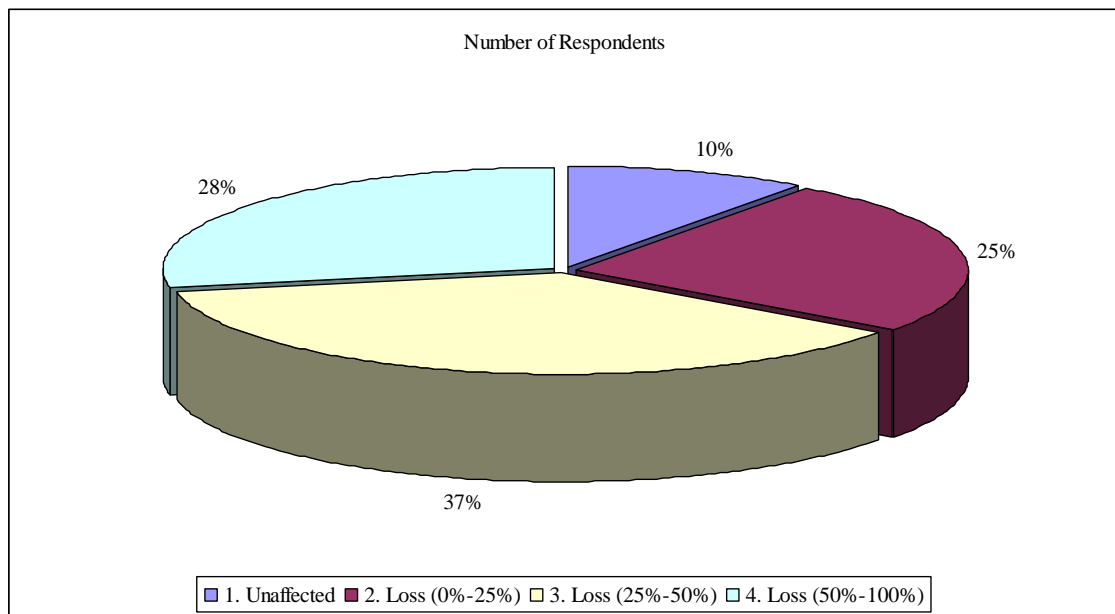
### **Interpretation:**

The table presents the impact of the COVID-19 pandemic on orders for a sample of 100 respondents, categorized by the extent of their reported losses. Among these respondents, 19 (19%) reported no impact on their orders, indicating that their order volumes were unaffected during the pandemic period. Meanwhile, 28 respondents (28%) experienced a slight decline in orders, with losses ranging from 0% to 25%. A smaller group, comprising 41 respondents (41%), faced a moderate reduction in orders, with losses between 25% and 50%. Lastly, 12 respondents (12%) reported the most severe impact, with a substantial loss in orders ranging from 50% to 100%.

This distribution reveals a varied impact of the COVID-19 pandemic on orders, with a significant proportion (81%) experiencing some level of decline. The data highlights the uneven effects of the pandemic across different businesses, with some remaining unaffected while others suffered substantial losses in order volumes. Understanding these variations is essential for formulating strategies to support affected businesses and mitigate the adverse effects on their operations.

**Table 6:** Impact on Employee Absence during the COVID-19 Period

<b>Impact on Employee Absence</b>	<b>Number of Respondents</b>	<b>Percentage</b>
1. Unaffected	10	10%
2. Loss (0%-25%)	25	25%
3. Loss (25%-50%)	37	37%
4. Loss (50%-100%)	28	28%
<b>Total</b>	<b>100</b>	<b>100%</b>



**Figure 6:** Impact on Employee Absence During the COVID-19 Period

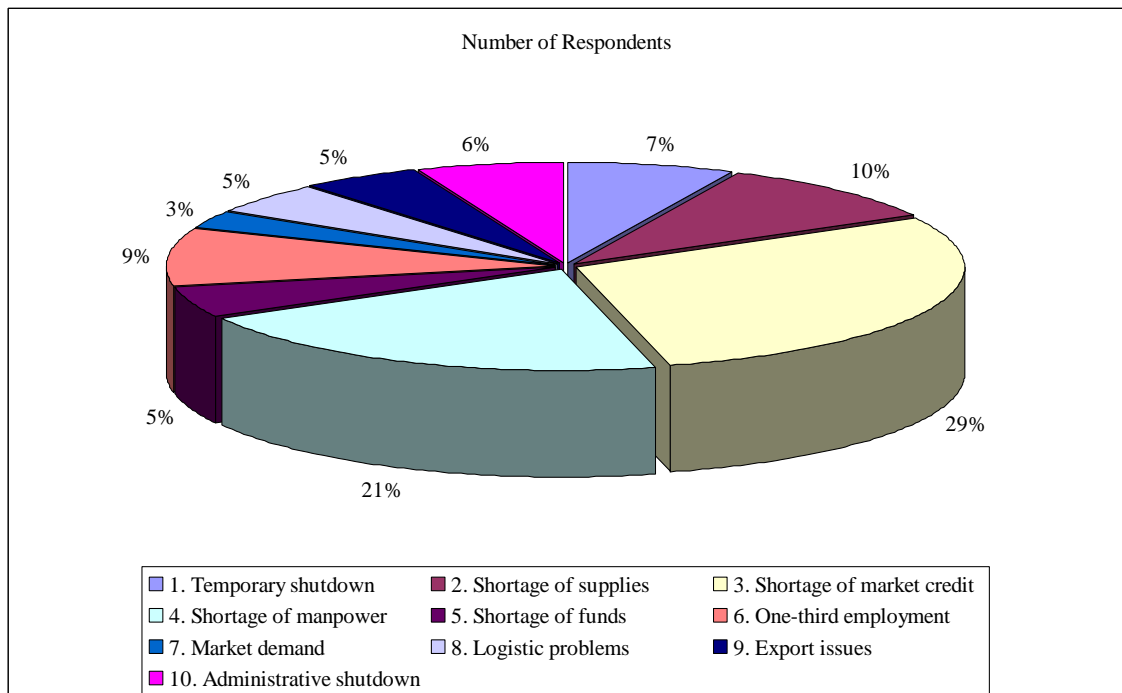
**Interpretation:**

The table shows the impact of the COVID-19 pandemic on employee absence for a sample of 100 respondents, categorized by the extent of their reported losses. Of the total respondents, 10 (10%) reported no impact, indicating that employee absence was unaffected during this period. Meanwhile, 25 respondents (25%) experienced a slight increase in employee absence, with losses ranging from 0% to 25%. A larger group of 37 respondents (37%) reported a more significant impact, with employee absences causing losses between 25% and 50%. Finally, 20 respondents (20%) experienced the most severe impact, with employee absences resulting in losses between 50% and 100%.

This distribution illustrates a varied impact of the pandemic on employee attendance, with a significant portion (90%) experiencing some degree of loss due to increased employee absence. The data highlights the diverse effects of the COVID-19 pandemic on workforce availability, with some businesses remaining unaffected while others faced considerable challenges due to high employee absence rates. Understanding these variations is crucial for developing strategies to mitigate the adverse effects on business operations and workforce management.

**Table 7:** Factors Affecting MSMEs Due to COVID-19

Factor	Number of Respondents	Percentage
1. Temporary shutdown	7	7%
2. Shortage of supplies	10	10%
3. Shortage of market credit	29	29%
4. Shortage of manpower	21	21%
5. Shortage of funds	5	5%
6. One-third employment	9	9%
7. Market demand	3	3%
8. Logistic problems	5	5%
9. Export issues	5	5%
10. Administrative shutdown	6	6%
<b>Total</b>	<b>100</b>	<b>100%</b>

**Figure 7:** Factors Affecting MSMEs Due to COVID-19

### **Interpretation:**

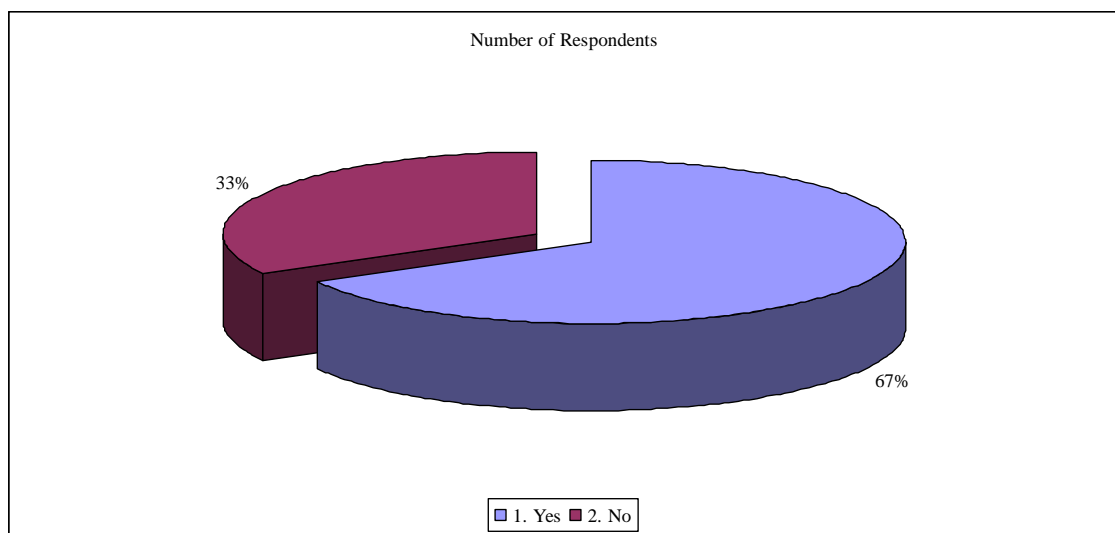
The table outlines the various factors impacting MSMEs during the COVID-19 pandemic, as reported by 100 respondents. Here is a breakdown of the factors:

- **Temporary Shutdown:** A small percentage (7%) of respondents faced temporary business shutdowns during the pandemic.
- **Shortage of Supplies:** Similar to shutdowns, 10% of businesses experienced difficulties due to shortages of supplies, exacerbated by lockdown-related transportation issues.
- **Shortage of Market Credit:** A notable proportion of businesses (29%) reported difficulties in obtaining market credit during the pandemic.
- **Shortage of Manpower:** Some businesses (21%) faced a shortage of manpower, which could be attributed to the loss of workers due to various reasons, including illness and lockdowns.
- **Shortage of Funds:** A smaller percentage (5%) encountered problems related to insufficient funds.
- **One-Third Employment:** Nine percent of respondents reported issues related to reduced employment, where only about one-third of their workforce was available.
- **Market Demand:** Three percent of businesses saw a decline in market demand, affecting their operations.
- **Logistic Problems:** The most significant issue reported was logistical problems, affecting 5% of respondents. This issue was likely related to transportation and supply chain disruptions.
- **Export Issues:** Five percent of businesses faced challenges with exporting goods, partly due to restrictions and fears of virus transmission.
- **Administrative Shutdown:** Six percent of respondents experienced administrative shutdowns, affecting their operations and decision-making processes.

Overall, the data reveals that MSMEs were affected by a range of factors during the COVID-19 pandemic, with logistical problems and shortages of market credit being among the most significant issues. Understanding these challenges is crucial for developing targeted support measures to help MSMEs recover and thrive in the post-pandemic period.

**Table 8:** Risk of Permanent Closure of Business

Risk of Permanent Closure	Number of Respondents	Percentage
1. Yes	67	67%
2. No	33	33%
<b>Total</b>	<b>100</b>	<b>100%</b>



**Figure 8:** Risk of Permanent Closure of Business

#### **Interpretation:**

The table shows the perception of 100 respondents regarding the risk of permanent business closure due to the COVID-19 pandemic.

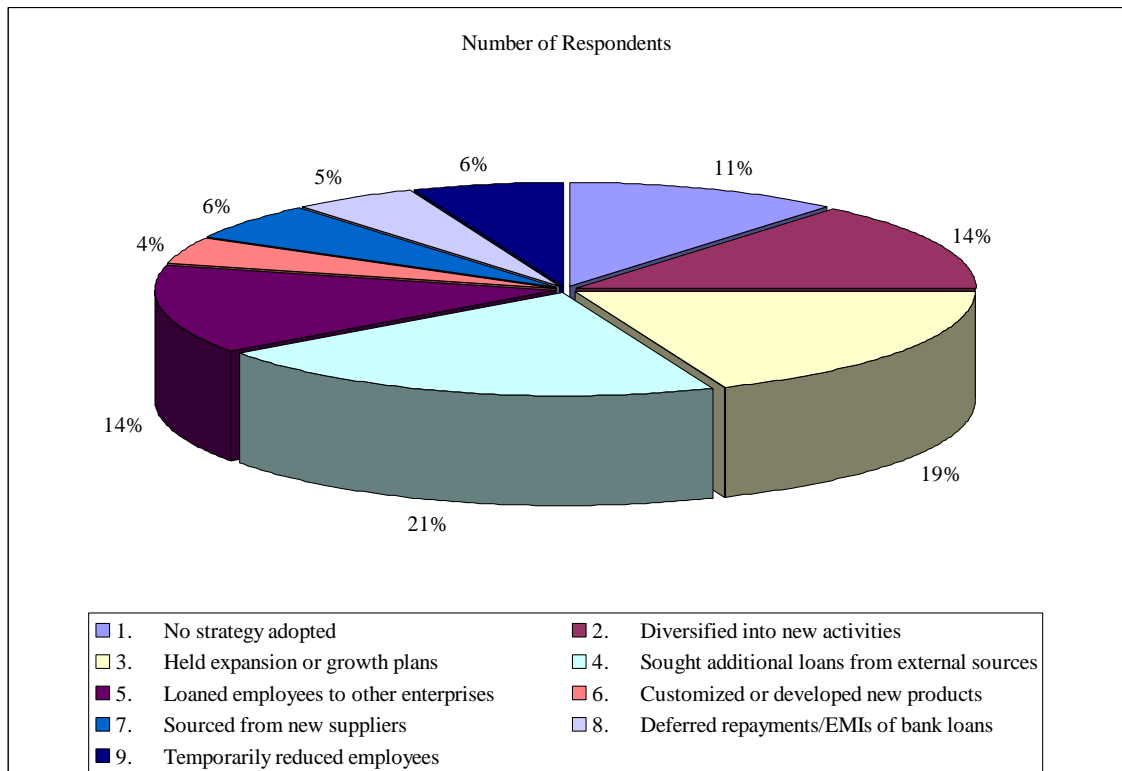
- **Yes:** Nearly half of the respondents (67%) reported that they were at risk of permanently closing their business as a result of the pandemic. This indicates that a significant portion of businesses faced severe challenges that jeopardized their long-term survival.

- **No:** On the other hand, 33% of respondents stated that they did not face such a risk and were able to continue operating despite the difficulties posed by COVID-19.

This distribution reflects a mixed response from the business community. While almost half of the businesses were at risk of permanent closure, a slight majority managed to withstand the crisis and avoided shutting down. This highlights both the resilience and vulnerability of businesses during the pandemic and highlights the need for ongoing support to address the challenges faced by those at risk of closure.

**Table-9:** Strategies Adopted by MSMEs to Cope with the COVID-19 Crisis

Strategy	Number of Respondents	Percentage
1. No strategy adopted	11	11%
2. Diversified into new activities	14	14%
3. Held expansion or growth plans	19	19%
4. Sought additional loans from external sources	21	21%
5. Loaned employees to other enterprises	14	14%
6. Customized or developed new products	4	4%
7. Sourced from new suppliers	6	6%
8. Deferred repayments/EMIs of bank loans	5	5%
9. Temporarily reduced employees	6	6%
<b>Total</b>	<b>100</b>	<b>100%</b>



**Figure 9:** Strategies Adopted by MSMEs to Cope with the COVID-19 Crisis

#### Interpretation:

The table outlines the strategies adopted by 100 MSME respondents to cope with the challenges posed by the COVID-19 crisis:

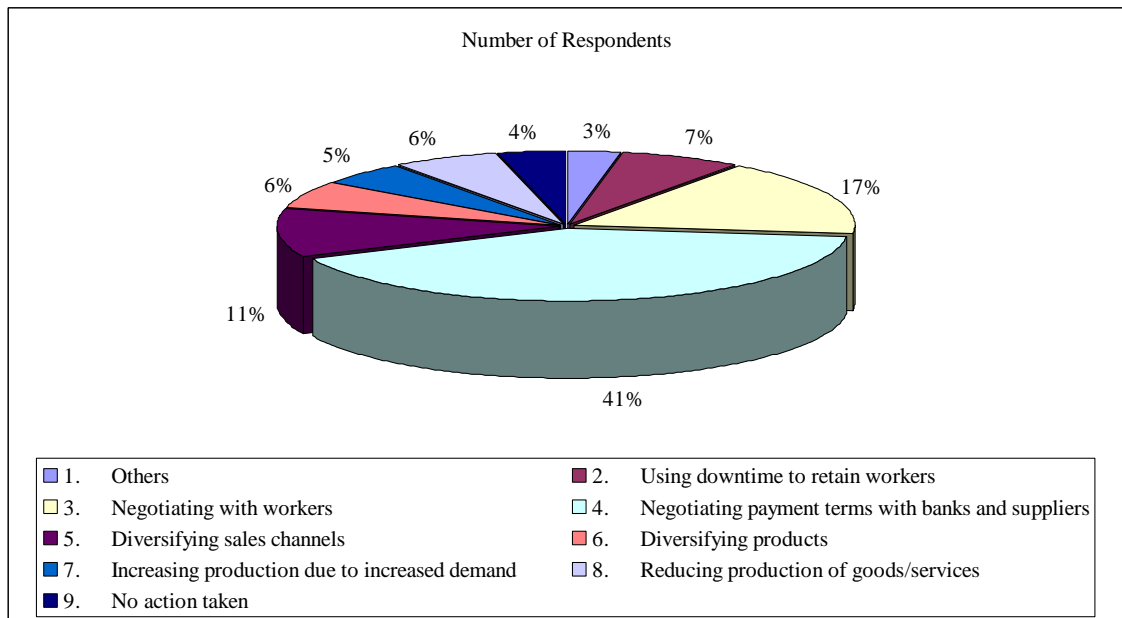
- **No Strategy Adopted:** A portion of respondents (11%) reported that they did not adopt any specific strategies to address the crisis.
- **Diversified into New Activities:** A small percentage (14%) chose to diversify into new activities as a means of adapting to the pandemic.
- **Held Expansion or Growth Plans:** Nineteen percent of respondents decided to halt their expansion or growth plans to avoid additional risks during the uncertain period.
- **Sought Additional Loans from External Sources:** 21% of businesses secured additional loans from external sources to manage their expenses.
- **Loaned Employees to Other Enterprises:** Fourteen percent of respondents loaned some of their employees to other businesses to address temporary labor shortages.

- **Customized or Developed New Products:** Four percent of respondents adapted by customizing or developing new products to meet the changing market demands.
- **Sourced from New Suppliers:** The largest proportion (6%) turned to new suppliers to overcome supply chain disruptions.
- **Deferred Repayments/EMIs of Bank Loans:** Five percent of respondents opted to defer repayments or EMIs of bank loans to alleviate financial pressure.
- **Temporarily Reduced Employees:** Six percent of businesses temporarily reduced their workforce as a cost-saving measure.

This distribution illustrates the diverse approaches MSMEs took to navigate the COVID-19 crisis, with some businesses focusing on financial management, others on operational adjustments and a few remaining without specific strategies. Understanding these responses can provide insights into how MSMEs adapted to the pandemic and identify areas where additional support may be needed.

**Table 10:** Present Actions Taken by Respondents

Present Action Taken	Number of Respondents	Percentage
1. Others	3	3%
2. Using downtime to retain workers	7	7%
3. Negotiating with workers	17	17%
4. Negotiating payment terms with banks and suppliers	41	41%
5. Diversifying sales channels	11	11%
6. Diversifying products	6	6%
7. Increasing production due to increased demand	5	5%
8. Reducing production of goods/services	6	6%
9. No action taken	4	4%
<b>Total</b>	<b>100</b>	<b>100%</b>



**Figure 10: Present Actions Taken by Respondents**

### Interpretation:

The table highlights the current actions taken by 100 respondents in response to the challenges they face:

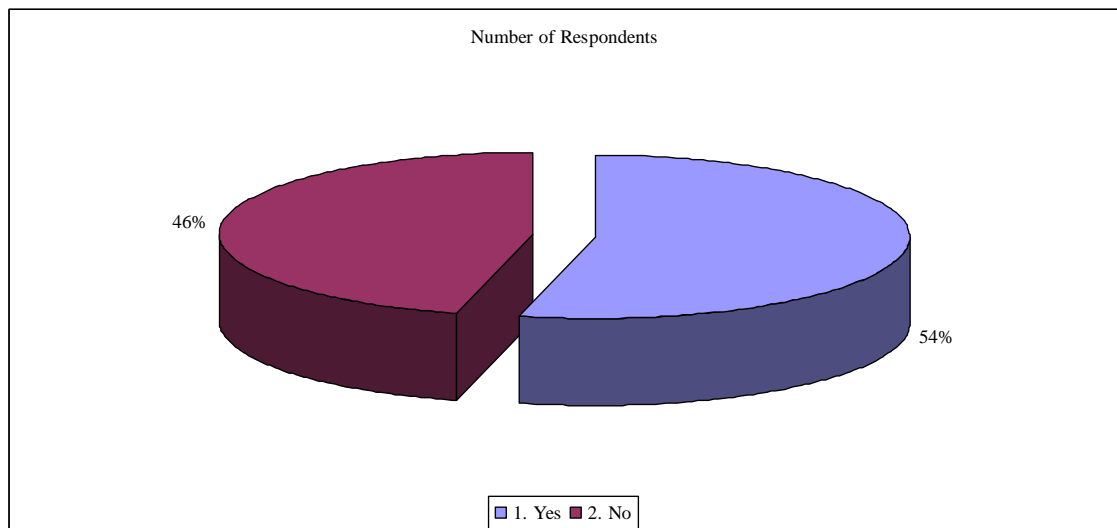
- **No Action Taken:** Four percent of respondents did not take any specific actions.
- **Reducing Production of Goods/Services:** Six percent of respondents reduced their production levels to align with decreased market demand.
- **Increasing Production Due to Increased Demand:** Five percent of respondents increased their production in response to a rise in demand for their products.
- **Diversifying Products:** Six percent of respondents diversified their product offerings to adapt to changing market needs.
- **Diversifying Sales Channels:** Eleven percent of respondents adopted new sales channels to reach a broader audience.
- **Negotiating Payment Terms with Banks and Suppliers:** The largest group (41%) engaged in negotiations with banks and suppliers to adjust payment terms.
- **Negotiating with Workers:** Seventeen percent of respondents negotiated with their workers regarding salary adjustments or employment terms.

- **Using Downtime to Retain Workers:** Seven percent utilized downtime as an opportunity to retain their workers.
- **Others:** Only three percent of respondents implemented other unspecified actions.

This distribution reveals a range of strategies employed by businesses to adapt to current challenges. The most common actions involve financial negotiations and adjustments to production levels, reflecting the varied ways businesses are responding to the evolving economic environment.

**Table 11:** Awareness of Government Schemes for MSMEs

Awareness of Government Schemes	Number of Respondents	Percentage
1. Yes	54	54%
2. No	46	46%
<b>Total</b>	<b>100</b>	<b>100%</b>



**Figure-11:** Awareness of Government Schemes for MSMEs

### Interpretation:

The table assesses the awareness of government schemes provided to support MSMEs:

- **Yes:** Fifty-four percent of respondents are aware of the government schemes available to MSMEs. This indicates that just over half of the respondents are

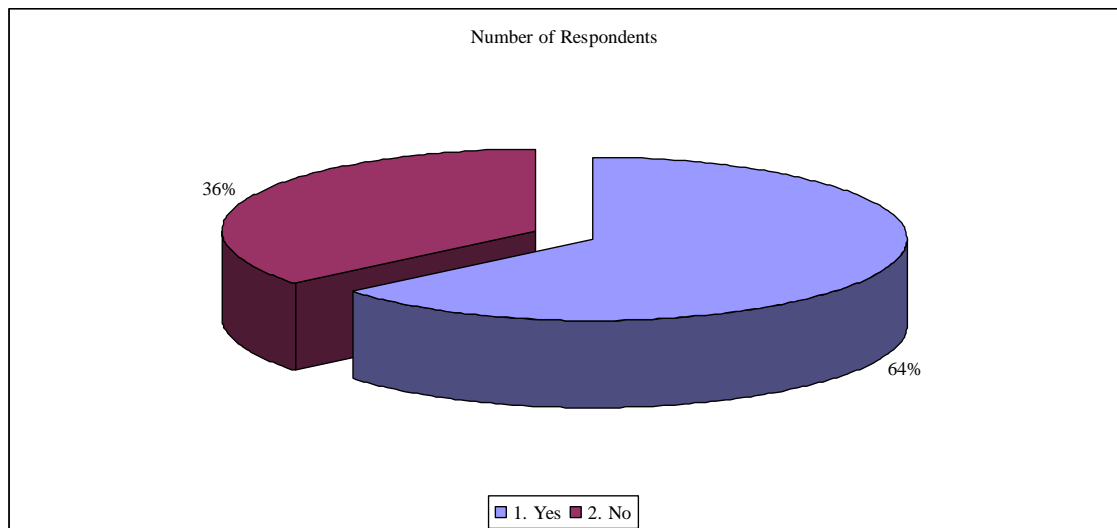
informed about the support measures intended to aid their businesses during challenging times.

- **No:** Forty-six percent of respondents are not aware of these schemes. This suggests that a substantial portion of MSMEs has not received or accessed information about the government initiatives designed to alleviate their difficulties.

The data reveals that while there is a near-equal split in awareness, nearly half of the respondents are not informed about the government schemes. This indicates a potential gap in communication or outreach that could be addressed to ensure that all MSMEs can benefit from the available support.

**Table 12:** Utilization of Government Schemes by MSMEs

Utilization of Government Schemes	Number of Respondents	Percentage
1. Yes	64	64%
2. No	36	36%
<b>Total</b>	<b>100</b>	<b>100%</b>



**Figure-12:** Utilization of Government Schemes by MSMEs

### **Interpretation:**

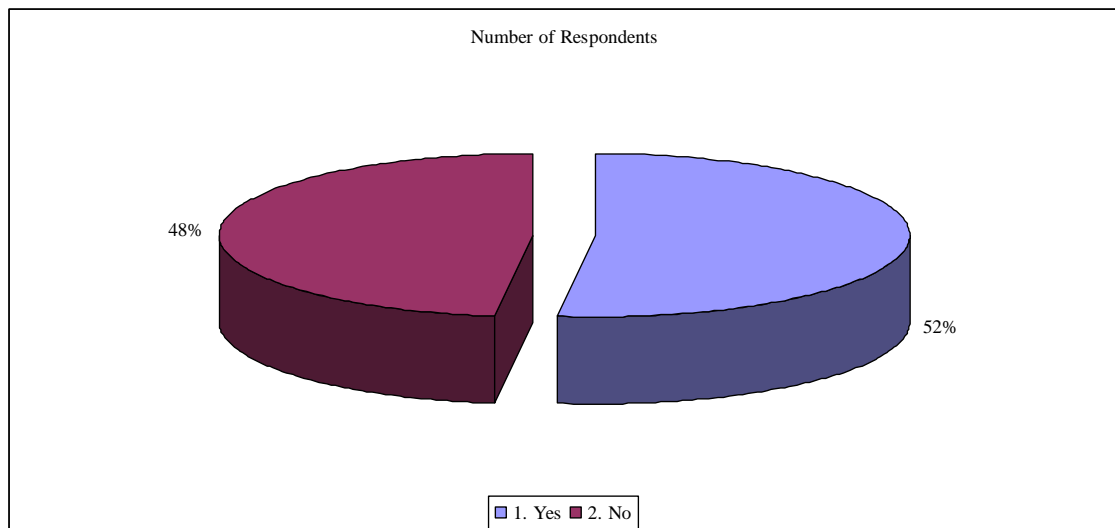
The table shows the extent to which MSMEs have availed themselves of government schemes:

- **Yes:** Sixty four percent of respondents have utilized the government schemes. This indicates that a majority of the MSMEs who are aware of the schemes have taken advantage of them.
- **No:** Thirty six percent of respondents have not utilized the government schemes. This suggests that a significant portion of MSMEs either did not access or did not benefit from the available support.

The data indicates that while a majority of MSMEs have made use of the government schemes, a notable minority have not. This might reflect issues with accessibility, awareness, or satisfaction with the schemes provided. Further investigation into the reasons behind non-utilization could provide insights into improving the effectiveness and reach of these support measures.

**Table 13:** Perceived Benefit of Government Schemes for MSMEs

<b>Perceived Benefit of Government Schemes</b>	<b>Number of Respondents</b>	<b>Percentage</b>
1. Yes	52	52%
2. No	48	48%
<b>Total</b>	<b>100</b>	<b>100%</b>



**Figure-13:** Perceived Benefit of Government Schemes for MSMEs

**Interpretation:**

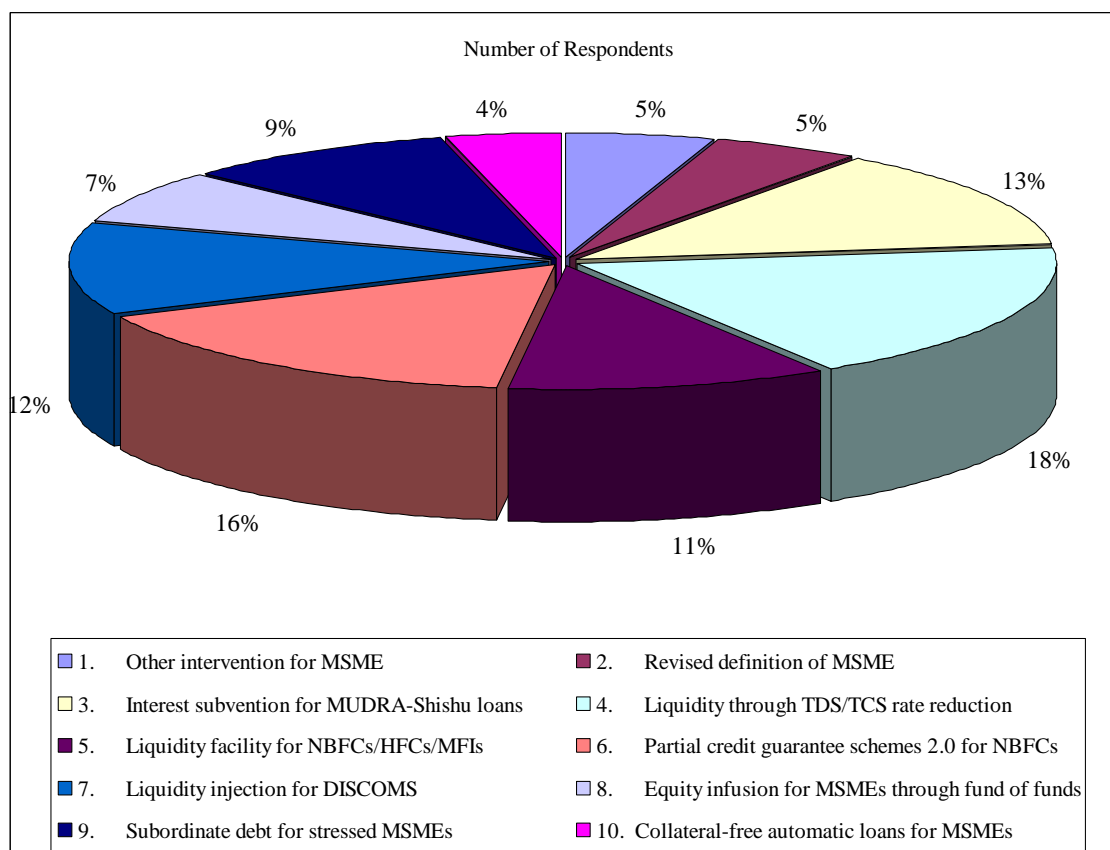
The table presents the respondents' views on the effectiveness of government schemes for MSMEs:

- **Yes:** Fifty-two percent of respondents believe that the government schemes have been beneficial for their enterprises. This indicates that nearly half of the MSMEs feel that the support measures provided have positively impacted their businesses.
- **No:** Forty-eight percent of respondents feel that the government schemes have not been beneficial. This suggests that a majority of MSMEs are dissatisfied with the effectiveness or impact of the schemes.

The data highlights a slight majority of respondents who do not view the government schemes as beneficial. This discrepancy between the perceived benefit and the utilization of schemes suggests potential issues in their design, implementation, or communication. Further investigation could help identify specific areas for improvement to enhance the effectiveness and satisfaction with these support measures.

**Table 14:** Respondents' Perspectives on Government Schemes

Government Scheme	Number of Respondents	Percentage
1. Other intervention for MSME	5	5%
2. Revised definition of MSME	5	5%
3. Interest subvention for MUDRA-Shishu loans	13	13%
4. Liquidity through TDS/TCS rate reduction	18	18%
5. Liquidity facility for NBFCs/HFCs/MFIs	11	11%
6. Partial credit guarantee schemes 2.0 for NBFCs	16	16%
7. Liquidity injection for DISCOMS	12	12%
8. Equity infusion for MSMEs through fund of funds	7	7%
9. Subordinate debt for stressed MSMEs	9	9%
10. Collateral-free automatic loans for MSMEs	4	4%
<b>Total</b>	<b>100</b>	<b>100%</b>



**Figure-14:** Respondents' Perspectives on Government Schemes

### **Interpretation:**

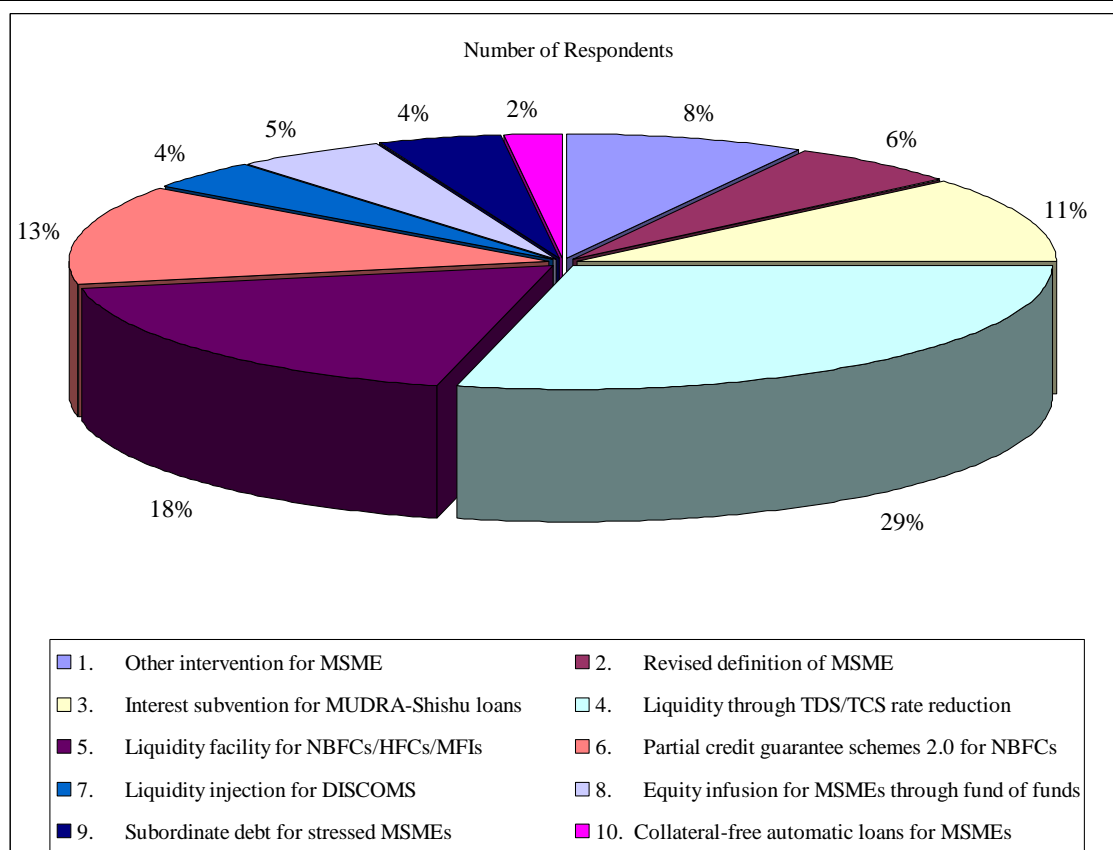
The table illustrates the perspectives of respondents on various government schemes for MSMEs:

- **Liquidity through TDS/TCS rate reduction:** This scheme is viewed positively by the largest proportion of respondents (18%), reflecting its perceived significance in improving liquidity for MSMEs.
- **Liquidity injection for DISCOMS:** Twelve percent of respondents find this scheme beneficial, indicating a moderate level of support.
- **Interest subvention for MUDRA-Shishu loans:** This scheme is appreciated by 13% of respondents, highlighting its importance in providing financial relief.
- **Liquidity facility for NBFCs/HFCs/MFIs:** Also supported by 11% of respondents, suggesting its role in enhancing financial support for MSMEs.
- **Other interventions for MSMEs:** This category encompasses various additional measures valued by 5% of respondents.
- **Equity infusion for MSMEs through fund of funds:** Recognized by 7% of respondents as beneficial for financial support.
- **Collateral-free automatic loans for MSMEs:** Valued by 4% of respondents, highlighting its impact on reducing borrowing barriers.
- **Revised definition of MSME:** Supported by 5% of respondents, suggesting a positive view on this adjustment.
- **Partial credit guarantee schemes 2.0 for NBFCs :** Least appreciated among the listed schemes, with only 16% of respondents finding it beneficial.
- **Subordinate debt for stressed MSMEs:** The least favored scheme, with 9% of respondents acknowledging its usefulness.

The data indicates a range of responses to various government schemes, with some being widely recognized and valued, while others receive limited endorsement. This diversity in perspective highlights areas where the schemes are meeting MSME needs and areas where further improvements may be necessary.

**Table 15:** Preferred Government Schemes by MSME

Government Scheme	Number of Respondents	Percentage
1. Other intervention for MSME	8	8%
2. Revised definition of MSME	6	6%
3. Interest subvention for MUDRA-Shishu loans	11	11%
4. Liquidity through TDS/TCS rate reduction	29	29%
5. Liquidity facility for NBFCs/HFCs/MFIs	18	18%
6. Partial credit guarantee schemes 2.0 for NBFCs	13	13%
7. Liquidity injection for DISCOMS	4	4%
8. Equity infusion for MSMEs through fund of funds	5	5%
9. Subordinate debt for stressed MSMEs	4	4%
10. Collateral-free automatic loans for MSMEs	2	2%
<b>Total</b>	<b>100</b>	<b>100%</b>

**Figure-15:** Preferred Government Schemes by MSME

### Interpretation:

The table shows the preferences of MSME respondents for various government schemes:

- **Interest Subvention for MUDRA-Shishu Loans:** This scheme is the most preferred among the respondents (11%), indicating strong approval for its financial relief benefits.
- **Partial Credit Guarantee Schemes 2.0 for NBFCs:** This scheme is also highly favored (13%), reflecting its perceived importance in supporting MSMEs through credit guarantees.
- **Liquidity through TDS/TCS Rate Reduction (29%) and Liquidity Facility for NBFCs/HFCs/MFIs (18%):** Both schemes are recognized by 47% of respondents, highlighting their role in improving liquidity and financial support.
- **Collateral-Free Automatic Loans for MSMEs:** Valued by only 2% of respondents, this scheme is appreciated for reducing borrowing barriers.
- **Revised Definition of MSME (6%) and Subordinate Debt for Stressed MSMEs (4%):** Both schemes have moderate support, reflecting their relevance to specific needs within the MSME community.
- **Equity Infusion for MSMEs through Fund of Funds (6%) and Other Interventions for MSME (6%):** These schemes receive lower preference but are still recognized as beneficial by some respondents.
- **Liquidity Injection for DISCOMS (5%):** This scheme is the least favored, with only 5% of respondents acknowledging its usefulness.

Overall, the table illustrates a range of preferences among MSME respondents, with some schemes being more widely appreciated than others. This feedback can help tailor future government initiatives to better address the needs and priorities of the MSME sector.

## PERCEPTION ABOUT THE RESPONDENTS ABOUT IMPACT OF THE COVID-19 PANDEMIC ON MSMES IN INDIA

### 1. Impact of the Pandemic on MSMEs

**Table-16:**

The government's current policy measures are sufficient to revive the MSME sector from the COVID-19 crisis.

Response	Number of Respondents	Percentage
Strongly Disagree	10	10%
Disagree	29	29%
Neutral	25	25%
Agree	24	24%
Strongly Agree	12	12%

- Only 12% strongly agreed and 24% agreed, indicating that 36% of respondents believed the government's policies were sufficient.
- A notable 39% (29% disagreed and 10% strongly disagreed) expressed dissatisfaction with the measures, highlighting significant concerns.
- The 25% neutrality suggests that some respondents lacked sufficient information to evaluate the effectiveness of these policies.

The results indicate a divided opinion on the sufficiency of government policies. While a third of the respondents felt optimistic, a larger group expressed doubt or dissatisfaction. This highlights the need for more targeted and transparent policy communication and implementation to build trust in the government's measures.

**Table-17:**

The nationwide lockdown and restrictions had a lasting financial impact on MSMEs.

Response	Number of Respondents	Percentage
Strongly Disagree	11	11%
Disagree	22	22%
Neutral	36	36%
Agree	21	21%
Strongly Agree	10	10%

- 31% (10% strongly agreed and 21% agreed) believed the lockdown had a long-term financial impact.
- The 36% neutral responses suggest uncertainty, possibly because the financial effects varied significantly across industries.
- A combined 33% (22% disagreed and 11% strongly disagreed) indicated that some businesses may have recovered more quickly or adapted better to the restrictions.

The findings reveal mixed perceptions about the financial impact of lockdowns, with almost equal proportions agreeing, disagreeing, or remaining neutral. This underscores the diverse experiences of MSMEs during the pandemic and the need for sector-specific analysis and support.

**Table-18:**

The reduced consumer demand during the pandemic survey disrupted MSME revenue streams.

Response	Number of Respondents	Percentage
Strongly Disagree	12	12%
Disagree	32	32%
Neutral	18	18%
Agree	27	27%
Strongly Agree	11	11%

- 38% agreed (11% strongly and 27% agreed) that reduced consumer demand disrupted revenue.
- 44% disagreed (32% disagreed and 12% strongly disagreed), showing that many MSMEs either maintained demand or adapted effectively.
- The remaining 18% neutral responses indicate that for some, the pandemic may have had limited or variable effects on demand.

While reduced demand was a challenge for many MSMEs, a significant number managed to mitigate disruptions. This highlights the resilience of certain sectors and the importance of demand-driven policies for long-term stability.

**Table-19:**

Supply chain disruptions during COVID-19 significantly hampered the operations of MSMEs.

Response	Number of Respondents	Percentage
Strongly Disagree	9	9%
Disagree	20	20%
Neutral	34	34%
Agree	30	30%
Strongly Agree	7	7%

- 37% agreed (7% strongly agreed and 30% agreed) that supply chain disruptions affected operations, showing significant challenges for some.
- 34% remained neutral, suggesting a lack of uniformity in the impact of supply chain issues.
- The 29% disagreed (20% disagreed and 9% strongly disagreed) indicates that not all MSMEs experienced severe disruptions.

Supply chain issues were a prominent obstacle for a notable portion of MSMEs, although others adapted successfully. Addressing supply chain vulnerabilities is crucial for future resilience.

**Table-20:**

MSMEs in urban areas experienced greater challenges than their rural counterparts due to the pandemic.

Response	Number of Respondents	Percentage
Strongly Disagree	9	9%
Disagree	21	21%
Neutral	36	36%
Agree	26	26%
Strongly Agree	8	8%

- 34% agreed (8% strongly agreed and 26% agreed), highlighting that urban MSMEs faced distinct challenges such as higher costs and stricter lockdowns.
- The 36% neutrality suggests mixed experiences, possibly due to varied regional restrictions.
- The 30% disagreed reflects that some rural MSMEs may have been equally or more affected.

While urban MSMEs faced significant challenges, the data suggests that rural MSMEs were not immune. Tailored policies addressing both contexts are needed.

## 2. Government Relief Measures

**Table-21:**

Financial Support from the government has been crucial in helping MSMEs survive the COVID-19 crisis.

Response	Number of Respondents	Percentage
Strongly Disagree	13	13%
Disagree	20	20%
Neutral	33	33%
Agree	22	22%
Strongly Agree	12	12%

- 34% agreed (12% strongly agreed and 22% agreed), acknowledging the importance of financial aid.
- A significant 33% were neutral, perhaps indicating limited awareness or direct benefit from the support.
- The 33% disagreed (20% disagreed and 13% strongly disagreed) reflects gaps in the reach or adequacy of financial assistance.

Government financial support was vital for many MSMEs, but the mixed responses highlight gaps in accessibility and impact. Strengthening these mechanisms is essential for broader effectiveness.

**Table-22:**

Government-led loan restructuring policies have been effective for MSME's recovery.

Response	Number of Respondents	Percentage
Strongly Disagree	11	11%
Disagree	25	25%
Neutral	31	31%
Agree	21	21%
Strongly Agree	12	12%

- 33% agreed (12% strongly agreed and 21% agreed), indicating a positive perception among some.
- The 31% neutrality and 36% disagreed suggest that many MSMEs did not benefit significantly from these policies or were unaware of them.

Loan restructuring policies showed limited effectiveness. Greater outreach and simplified procedures could enhance their impact on MSMEs.

**Table-23:**

Tax benefits provided by the government eased the financial burden on MSMEs during the pandemic.

Response	Number of Respondents	Percentage
Strongly Disagree	14	14%
Disagree	23	23%
Neutral	28	28%
Agree	24	24%
Strongly Agree	11	11%

- 35% agreed (11% strongly agreed and 24% agreed) on the effectiveness of tax benefits.
- 28% neutrality indicates limited awareness or mixed effectiveness across industries.
- The 37% disagreed (23% disagreed and 14% strongly disagreed) suggests that the benefits were either inadequate or inaccessible to many.

Tax benefits provided some relief but were not universally impactful. Simplifying tax incentives and improving accessibility could enhance their effectiveness.

**Table-24:**

Public-private partnerships are critical to the success of MSME revival initiatives.

Response	Number of Respondents	Percentage
Strongly Disagree	12	12%
Disagree	22	22%
Neutral	35	35%
Agree	20	20%
Strongly Agree	11	11%

- 31% agreed (11% strongly agreed and 20% agreed) on the importance of public-private partnerships.
- 35% neutrality suggests limited awareness or experience with such collaborations.
- The 34% disagreed (22% disagreed and 12% strongly disagreed) reflects skepticism or lack of exposure to these initiatives.

Public-private partnerships hold potential but require better awareness and engagement to achieve meaningful outcomes for MSME revival.

**Table-25:**

Awareness and accessibility of government relief measures directly influenced their effectiveness for MSMEs.

<b>Response</b>	<b>Number of Respondents</b>	<b>Percentage</b>
Strongly Disagree	5	5%
Disagree	28	28%
Neutral	32	32%
Agree	24	24%
Strongly Agree	11	11%

- 35% agreed (11% strongly agreed and 24% agreed) on the importance of awareness and accessibility.
- The 32% neutrality and 33% disagreed indicate that gaps in outreach and implementation hindered the effectiveness of relief measures.

Awareness and accessibility are critical for relief measures to succeed. Enhanced communication and simplified processes are necessary to maximize their impact.

### 3. Adoption and Resilience

**Table-26:**

MSMEs with prior digital infrastructure adapted better to pandemic-related challenges.

Response	Number of Respondents	Percentage
Strongly Disagree	13	13%
Disagree	26	26%
Neutral	35	35%
Agree	19	19%
Strongly Agree	7	7%

- 26% of respondents (19% agreed and 7% strongly agreed) indicated that MSMEs with prior digital infrastructure managed pandemic challenges more effectively.
- 35% remained neutral, suggesting mixed perceptions or lack of clarity on the role of digital infrastructure.
- 39% disagreed (26% disagreed and 13% strongly disagreed), implying that digital infrastructure was not a decisive factor for all MSMEs.

Digital infrastructure provided an edge for some MSMEs, but a significant number either lacked such infrastructure or did not find it crucial for adaptation.

**Table-27:**

Entrepreneurs in the MSME sector demonstrated resilience by pivoting their business strategies during the pandemic.

<b>Response</b>	<b>Number of Respondents</b>	<b>Percentage</b>
Strongly Disagree	8	8%
Disagree	31	31%
Neutral	27	27%
Agree	24	24%
Strongly Agree	10	10%

- 34% of respondents (24% agreed and 10% strongly agreed) highlighted resilience among entrepreneurs by shifting strategies.
- 27% remained neutral, showing that some may not have observed significant strategic changes.
- 39% disagreed (31% disagreed and 8% strongly disagreed), suggesting that strategy pivots were not universal.

While many entrepreneurs showcased resilience, a considerable proportion either maintained existing strategies or struggled to adapt.

**Table-28:**

Investments in technology and innovation have improved MSME adaptability to crises like COVID-19.

Response	Number of Respondents	Percentage
Strongly Disagree	21	21%
Disagree	24	24%
Neutral	20	20%
Agree	23	23%
Strongly Agree	12	12%

- 35% of respondents (23% agreed and 12% strongly agreed) acknowledged the positive impact of technology and innovation investments.
- 20% remained neutral, indicating varied relevance of such investments.
- 45% disagreed (24% disagreed and 21% strongly disagreed), reflecting barriers like financial constraints or lack of awareness.

Investments in technology proved beneficial for some MSMEs, but widespread adoption remains a challenge due to resource limitations.

**Table-29:**

Experience and skills of MSME entrepreneurs played a crucial role in mitigating pandemic-induced losses.

Response	Number of Respondents	Percentage
Strongly Disagree	13	13%
Disagree	23	23%
Neutral	29	29%
Agree	26	26%
Strongly Agree	9	9%

- 35% of respondents (26% agreed and 9% strongly agreed) emphasized the importance of entrepreneurial skills and experience.
- 29% remained neutral, possibly due to limited visibility of these factors.
- 36% disagreed (23% disagreed and 13% strongly disagreed), indicating that other factors overshadowed entrepreneurial capabilities for some.

Entrepreneurial experience was pivotal for many MSMEs, but diverse challenges required complementary strategies beyond individual expertise.

**Table-30:**

MSMEs that diversified their products or services showed better recovery rates during the pandemic.

Response	Number of Respondents	Percentage
Strongly Disagree	12	12%
Disagree	17	17%
Neutral	41	41%
Agree	19	19%
Strongly Agree	11	11%

- 30% of respondents (19% agreed and 11% strongly agreed) linked diversification to improved recovery rates.
- 41% remained neutral, possibly indicating uncertainty about diversification benefits.
- 29% disagreed (17% disagreed and 12% strongly disagreed), suggesting that diversification was not universally feasible or effective.

Diversification aided recovery for many MSMEs, but limited resources and demand constraints restricted its widespread adoption.

#### 4. Workforce Management

**Table-31:**

Layoffs during the COVID-19 pandemic severely affected workforce morale in the MSME Sector.

Response	Number of Respondents	Percentage
Strongly Disagree	13	13%
Disagree	27	27%
Neutral	29	29%
Agree	18	18%
Strongly Agree	13	13%

- 31% of respondents (18% agreed and 13% strongly agreed) believed layoffs significantly impacted workforce morale.
- 29% remained neutral, possibly indicating mixed observations or varied impact across industries.
- 40% disagreed (27% disagreed and 13% strongly disagreed), suggesting that morale issues were not universal or were mitigated by alternative strategies.

Layoffs affected workforce morale in several MSMEs, but their impact varied, influenced by management practices and employee engagement efforts.

**Table-32:**

MSMEs faced challenges in retaining skilled workers during and after the lockdown period.

Response	Number of Respondents	Percentage
Strongly Disagree	25	25%
Disagree	22	22%
Neutral	17	17%
Agree	25	25%
Strongly Agree	11	11%

- 36% of respondents (25% agreed and 11% strongly agreed) acknowledged the difficulty in retaining skilled workers.
- 17% remained neutral, indicating a lack of consensus on this challenge.
- 47% disagreed (25% strongly disagreed and 22% disagreed), suggesting that retention was less of an issue for some MSMEs, likely due to effective workforce policies or industry-specific factors.

While retaining skilled workers was a challenge for several MSMEs, some managed to address this issue through proactive measures or sectoral advantages.

**Table-33:**

Remote working policies were difficult for MSMEs to implement effectively during the pandemic.

Response	Number of Respondents	Percentage
Strongly Disagree	16	16%
Disagree	33	33%
Neutral	22	22%
Agree	21	21%
Strongly Agree	8	8%

- 29% of respondents (21% agreed and 8% strongly agreed) felt that implementing remote work policies was challenging.
- 22% remained neutral, reflecting either limited adoption of remote work or variability in its effectiveness.
- 49% disagreed (33% disagreed and 16% strongly disagreed), indicating that remote working was either unnecessary or effectively managed for many MSMEs.

Remote work policies posed challenges for some MSMEs, but the majority did not experience significant issues, likely due to the nature of their operations or effective adaptations.

**Table-34:**

Workforce training and up skilling helped MSMEs recover more effectively from the pandemic's disruptions.

Response	Number of Respondents	Percentage
Strongly Disagree	16	16%
Disagree	18	18%
Neutral	35	35%
Agree	22	22%
Strongly Agree	9	9%

- 31% of respondents (22% agreed and 9% strongly agreed) highlighted the positive role of workforce training and up skilling in recovery.
- 35% remained neutral, likely due to limited exposure to such programs or mixed results.
- 34% disagreed (18% disagreed and 16% strongly disagreed), indicating that up skilling was not prioritized or deemed effective by some MSMEs.

Up skilling and training were valuable recovery strategies for several MSMEs, but their impact was not uniformly experienced across the sector.

**Table-35:**

Labor shortages post-lockdown hindered the recovery process for many MSMEs.

Response	Number of Respondents	Percentage
Strongly Disagree	20	20%
Disagree	21	21%
Neutral	20	20%
Agree	26	26%
Strongly Agree	13	13%

- 39% of respondents (26% agreed and 13% strongly agreed) acknowledged that labor shortages post-lockdown impeded recovery.
- 20% remained neutral, reflecting sector-specific differences or localized impacts.
- 41% disagreed (21% disagreed and 20% strongly disagreed), suggesting that labor availability was less of an issue for some MSMEs.

Labor shortages significantly hindered recovery for a notable proportion of MSMEs, though others managed to recover with existing resources or alternative solutions.

## Inferential Analysis

**Table-36:**

Table shows 't' test results on Perception on Impact of the Covid-19 Pandemic on MSMEs based on gender of the respondents

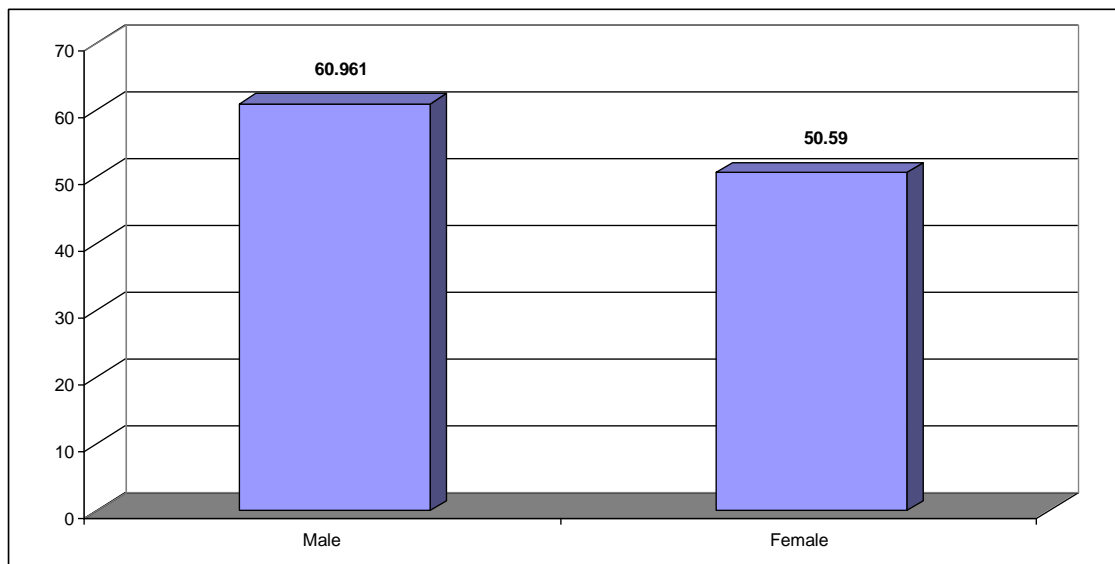
Gender	Respondents	Mean	S.D.	't' Value	Sig. level
Male	78	60.961	13.242	4.31	**
Female	22	50.590	8.835		

Table-1 presents the results of a 't' test to assess the difference in the perception of the impact of the COVID-19 pandemic on MSMEs based on gender. The table compares the responses of male and female participants, with the following statistical details:

- Male Respondents: There were 78 male respondents with a mean score of 60.961 and a standard deviation of 13.242.
- Female Respondents: There were 22 female respondents with a mean score of 50.590 and a standard deviation of 8.835.
- 't' Value: The calculated 't' value is 4.31, which is significant at a level marked with \*\* ( $p < 0.01$ ).

The significant 't' value indicates that there is a statistically significant difference between the perceptions of male and female respondents regarding the impact of the pandemic on MSMEs. Males tend to have a higher mean score (60.961) than females (50.590), suggesting that male respondents perceive the impact of COVID-19 on MSMEs to be more significant than their female counterparts. This difference is statistically significant, indicating that gender plays a role in how the pandemic's effects on MSMEs are perceived.

**Conclusion:** The data suggests that gender influences perceptions of the pandemic's impact on MSMEs, with male respondents perceiving the impact more significantly than females.



**Figure 16:** Comparison of perception on impact of the COVID-19 Pandemic on MSMEs based on their gender.

**Table-37:**

Table shows 't' test results on Perception on Impact of the Covid-19 Pandemic on MSMEs based on age of the respondents

Source of Variance	Sum of squares	Degree of Freedom	Mean Square	'F' Value	Sig. level
Between Groups	8187.460	3	2729.153	29.77	**
Within Groups	8800.300	96	91.670		
Total	16987.760	99			

Table-37 shows the results of an analysis of variance (ANOVA) examining the differences in perceptions of the impact of the COVID-19 pandemic on MSMEs based on the age of the respondents. The table breaks down the sources of variance and shows the following:

- Sum of Squares Between Groups: 8187.460
- Degrees of Freedom Between Groups: 3
- Mean Square Between Groups: 2729.153

- 'F' Value: 29.77
- Within Groups: 8800.300 (Degrees of Freedom = 96, Mean Square = 91.670)
- Total: 16987.760 (Degrees of Freedom = 99)

The 'F' value of 29.77 is significant ( $p < 0.01$ ), indicating that there are significant differences in the perceptions of the impact of COVID-19 on MSMEs across different age groups.

The significant 'F' value indicates that age is a factor influencing how respondents perceive the impact of the pandemic on MSMEs. The ANOVA test confirms that at least one age group perceives the impact differently compared to others.

**Conclusion:** Age is a significant factor in determining the perception of the COVID-19 pandemic's impact on MSMEs, with the analysis indicating that age groups have significantly different perceptions.

**Table-37(a):**

Table shows Scheffe's Post hoc test results on Perception on Impact of the Covid-19 Pandemic on MSMEs based on age of the respondents

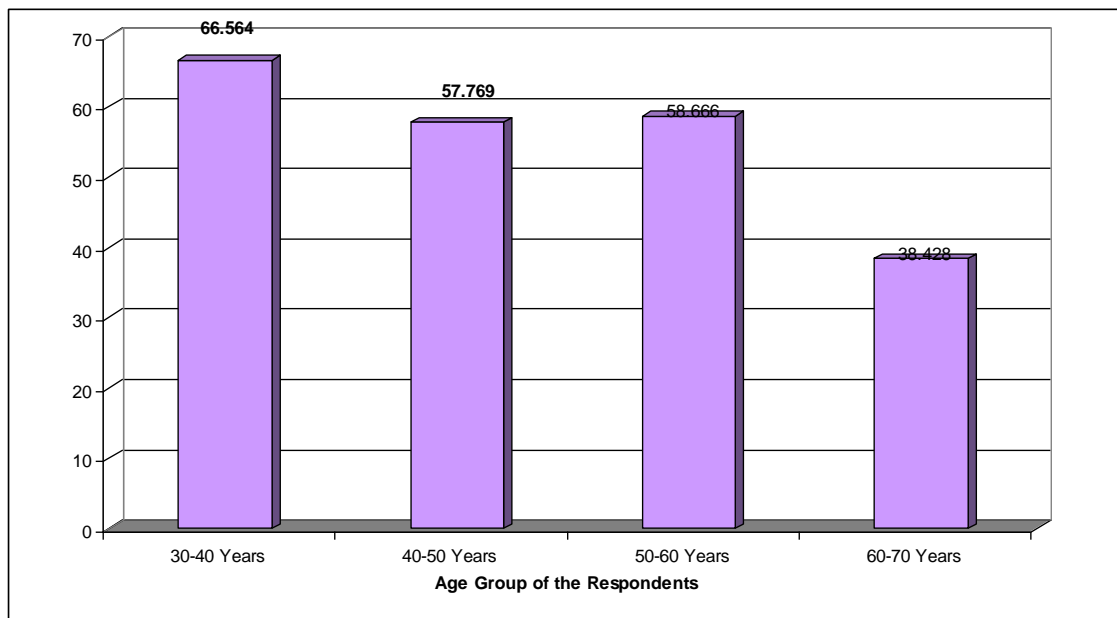
Age Group of the Respondents				Mean Difference
30-40 Years	40-50 Years	50-60 Years	60-70 Years	
66.564	57.769	-		8.795*
66.564	-	58.666		7.898*
66.564	-		38.428	28.136*
	57.769	58.666		0.897
	57.769	-	38.428	19.341*
		58.666	38.428	20.238*

Table-37(a) presents the results of Scheffe's post-hoc test, which is used to determine which specific pairs of age groups differ significantly in their perceptions of the COVID-19 pandemic's impact on MSMEs. The table shows the mean differences between the following age groups:

- 30-40 vs. 40-50: The mean difference is 8.795, indicating a significant difference in the perception at 0.05 level.
- 30-40 vs. 50-60: The mean difference is 7.898, showing a significant difference in the perception at 0.05 level
- 30-40 vs. 60-70: The mean difference is 28.136, showing a significant difference in the perception at 0.05 level.
- 40-50 vs. 50-60: The mean difference is 0.897, indicating no significant difference in the perception at 0.05 level.
- 40-50 vs. 60-70: The mean difference is 19.341, showing a significant difference.
- 50-60 vs. 60-70: The mean difference is 20.238, indicating a significant difference in the perception at 0.05 level.

The results from the post-hoc test show that significant differences exist between several pairs of age groups, particularly between the younger age group (30-40) and the older age groups (40-50, 50-60, 60-70). The differences are consistent, with older age groups generally perceiving the impact of the pandemic on MSMEs differently from younger groups.

**Conclusion:** The post-hoc test reveals that significant differences in perceptions exist between specific age groups, with younger respondents (30-40 years) perceiving the impact more significantly than older respondents (40-50 years, 50-60 years and 60-70 years).



**Figure 17:** Comparison of perception on impact of the COVID-19 Pandemic on MSMEs based on their age.

**Table-38:**

Table shows 't' test results on Perception on Impact of the Covid-19 Pandemic on MSMEs based on educational qualification of the respondents

Source of Variance	Sum of squares	Degree of Freedom	Mean Square	'F' Value	Sig. level
Between Groups	7275.193	3	2425.064	23.97	**
Within Groups	9712.567	96	101.173		
Total	16987.760	99			

Table-38 presents the results of an ANOVA test examining the differences in perceptions of the COVID-19 pandemic's impact on MSMEs based on respondents' educational qualifications. The statistical results are as follows:

- Sum of Squares Between Groups: 7275.193
- Degrees of Freedom Between Groups: 3
- Mean Square Between Groups: 2425.064

- 'F' Value: 23.97
- Within Groups: 9712.567 (Degrees of Freedom = 96, Mean Square = 101.173)
- Total: 16987.760 (Degrees of Freedom = 99)

The 'F' value of 23.97 is significant ( $p < 0.01$ ), indicating that there are significant differences in the perceptions of the impact of the pandemic on MSMEs based on educational qualification.

The significant 'F' value suggests that educational qualification affects how respondents perceive the impact of the COVID-19 pandemic on MSMEs. This indicates that individuals with different educational qualifications have different perceptions of the pandemic's effects.

**Conclusion:** Educational qualification is a significant factor in shaping perceptions of the COVID-19 pandemic's impact on MSMEs, with respondents from different educational backgrounds perceiving the effects differently.

**Table-38(a):**

Table shows Scheffe's Post hoc test results on Perception on Impact of the Covid-19 Pandemic on MSMEs based on educational qualification of the respondents

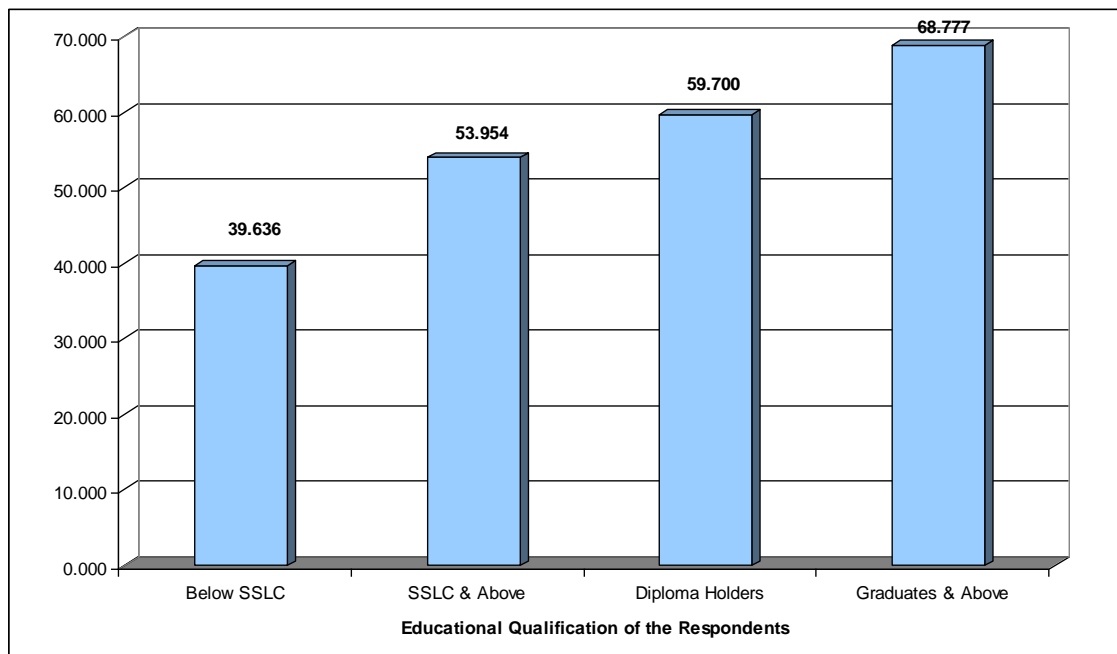
Educational Qualification of the Respondents				Mean Difference
Below SSLC	SSLC & Above	Diploma Holders	Graduates & Above	
39.636	53.954	-		14.318*
39.636	-	59.700		20.064*
39.636	-		68.777	29.141*
	53.954	59.700		5.746
	53.954	-	68.777	14.823*
		59.700	68.777	9.077*

Table 38(a) presents the results of Scheffe's post-hoc test, which examines the pairwise differences in perceptions based on educational qualification. The following are the significant mean differences:

- Below SSLC vs. SSLC & Above: Mean difference = 14.318; Significant at 0.05 level.
- Below SSLC vs. Diploma Holders: Mean difference = 20.064 Significant at 0.05 level.
- Below SSLC vs. Graduates & Above: Mean difference = 29.141 Significant at 0.05 level.
- SSLC & Above vs. Diploma Holders: Mean difference = 5.746 (Not significant)
- SSLC & Above vs. Graduates & Above: Mean difference = 14.823. Significant at 0.05 level.
- Diploma Holders vs. Graduates & Above: Mean difference = 9.077. Significant at 0.05 level.

The post-hoc test reveals that respondents with lower educational qualifications (Below SSLC) perceive the impact of the pandemic more significantly than those with higher educational qualifications. However, differences between individuals with SSLC & Above and diploma holders or graduates & above were less significant.

**Conclusion:** Educational qualification significantly influences perceptions of the COVID-19 pandemic's impact on MSMEs, with those with lower educational qualifications perceiving the impact more acutely than those with higher qualifications.



**Figure 18:** Comparison of perception on impact of the COVID-19 Pandemic on MSMEs based on their educational qualification.

### Major Findings

1. The majority of respondents (39%) are in the 30-40 age group, followed by the 40-50 group (26%). The sample has a slight skew towards older demographics, particularly those aged 40-50.
2. There is a significant gender imbalance, with 78% male respondents and only 22% female respondents.
3. Most respondents (40%) have a diploma, while 27% are graduates or have higher qualifications. There's a higher representation of individuals with diplomas and higher qualifications.
4. 89% of respondents reported revenue losses, with 25% facing severe losses (50-100%). Only 11% reported no impact.
5. 81% of businesses experienced a decline in orders, with 41% facing moderate reductions (25-50%). Only 19% reported no impact.
6. 90% of businesses experienced increased employee absence, with 37% reporting significant losses (25-50%). Only 10% were unaffected.

7. Key challenges included shortages of market credit (29%) and manpower (21%), as well as logistical problems (5%). A variety of factors affected MSMEs' operations.
8. 67% of respondents reported being at risk of permanent closure, while 33% felt their business could continue operating despite challenges.
9. Most common strategies were seeking loans (21%), halting growth plans (19%) and diversifying suppliers (6%). Some did not adopt any strategy (11%).
10. The most common actions included negotiating payment terms (41%), negotiating with workers (17%) and reducing production (6%). Some businesses also diversified products and sales channels.
11. 54% of respondents are aware of government schemes for MSMEs, while 46% are not, indicating a need for improved communication of available support.
12. 64% of respondents who are aware of government schemes have utilized them, while 36% have not, possibly due to accessibility or satisfaction issues.
13. 52% of respondents felt government schemes were beneficial, while 48% did not, suggesting mixed perceptions about their effectiveness.
14. The most appreciated schemes include liquidity through TDS/TCS rate reduction (18%) and liquidity injection for DISCOMS (12%). Some schemes like subordinate debt (9%) received less favorable responses.
15. The most preferred schemes were interest subvention for MUDRA loans (11%) and partial credit guarantee (13%). Liquidity support schemes (47%) were also highly favored, while schemes like collateral-free loans were less popular (2%).
16. Most respondents felt the government's policies were insufficient to revive the MSME sector, with 29% disagreeing and 25% being neutral. Only 12% strongly agreed that the policies were sufficient.
17. A significant portion of respondents (31%) agreed or strongly agreed that the nationwide lockdown and restrictions had a lasting financial impact on MSMEs. However, 33% disagreed and 36% were neutral, reflecting varied experiences.

18. While 32% of respondents disagreed that reduced consumer demand disrupted revenue, 27% agreed or strongly agreed. A further 18% were neutral, suggesting mixed impacts across MSMEs.
19. 30% of respondents agreed or strongly agreed that supply chain disruptions affected MSME operations, while 9% strongly disagreed. A significant 34% were neutral, indicating diverse experiences with supply chain issues.
20. Urban MSMEs faced more challenges, as 26% agreed, but 21% disagreed. A large 34% were neutral, indicating that experiences were varied based on location.
21. A significant 34% of respondents disagreed that government financial support was crucial. Meanwhile, 34% agreed or strongly agreed and 33% were neutral, reflecting a lack of consensus on the effectiveness of government aid.
22. 33% of respondents were neutral, while 33% disagreed or strongly disagreed, indicating limited effectiveness of loan restructuring. Only 33% agreed or strongly agreed that these policies helped MSMEs recover.
23. 37% disagreed or strongly disagreed with the statement, reflecting dissatisfaction with the impact of tax benefits. Only 24% agreed or strongly agreed and 28% were neutral.
24. While 31% disagreed, 31% agreed or strongly agreed that public-private partnerships are crucial for MSME revival. A significant 33% were neutral, showing mixed opinions on the importance of such partnerships.
25. 35% of respondents agreed or strongly agreed that awareness and accessibility were critical in making government relief measures effective. However, 28% disagreed and 35% remained neutral.
26. Around 39% disagreed or strongly disagreed that digital infrastructure helped MSMEs adapt, while 35% were neutral. Only 26% agreed or strongly agreed, indicating mixed opinions on the effectiveness of digital infrastructure.

27. 31% of respondents disagreed or strongly disagreed with the statement, suggesting not all MSMEs successfully pivoted. 24% agreed or strongly agreed, while 27% were neutral.
28. 45% of respondents disagreed or strongly disagreed that technology and innovation helped MSMEs adapt, while 35% were neutral. Only 35% agreed or strongly agreed, indicating that technology investments were not widespread.
29. 52% disagreed or strongly disagreed that experience and skills significantly mitigated losses, while 35% agreed or strongly agreed. 29% remained neutral, showing varied experiences across entrepreneurs.
30. 41% were neutral about the effect of diversification, while 30% disagreed or strongly disagreed that it helped. 30% agreed or strongly agreed that product or service diversification contributed to better recovery.
31. 40% disagreed or strongly disagreed that layoffs severely affected morale, while 31% agreed or strongly agreed, indicating that layoffs had mixed impacts on workforce morale. 29% were neutral.
32. While 47% disagreed or strongly disagreed, 36% agreed or strongly agreed that retaining skilled workers was a challenge during and after the lockdown. 17% were neutral.
33. 49% disagreed or strongly disagreed that remote work policies were difficult to implement, while 29% agreed or strongly agreed. 22% were neutral, showing mixed results in the implementation of remote working.
34. 35% disagreed or strongly disagreed that workforce training helped recovery, while 31% agreed or strongly agreed. 35% were neutral, indicating that upskilling was helpful for some but not all.
35. 41% disagreed or strongly disagreed that labor shortages hindered recovery, while 39% agreed or strongly agreed that it was a challenge. 20% were neutral, reflecting mixed opinions on the impact of labor shortages.

36. Male respondents perceive the impact of the COVID-19 pandemic on MSMEs more significantly than female respondents, with a statistically significant difference ( $t = 4.31, p < 0.01$ ), Inferential Analysis
37. Younger respondents (30-40 years) have a stronger perception of the pandemic's impact compared to older age groups (40-50, 50-60, 60-70), with significant differences across the age groups ( $F = 29.77, p < 0.01$ ).
38. Respondents with lower educational qualifications (Below SSLC) perceive the impact more acutely than those with higher qualifications (SSLC & Above, Diploma Holders and Graduates & Above), with significant differences found ( $F = 23.97, p < 0.01$ ).

Gender, age and educational qualification all significantly influence perceptions of the COVID-19 pandemic's impact on MSME's.

#### **4.1 Conclusion**

The survey on the impact of the COVID-19 pandemic on MSMEs in India highlights several key challenges and responses across different sectors of the economy. In terms of government support, while some relief measures, such as financial aid and loan restructuring, were deemed helpful by certain MSMEs, a significant portion of respondents felt that these policies were insufficient to address the scale of the crisis. Lack of awareness and accessibility of these measures were identified as major obstacles for many businesses, especially those in rural areas or those lacking digital infrastructure.

Financially, MSMEs were heavily impacted by reduced consumer demand and widespread supply chain disruptions. A large number of businesses reported lasting financial consequences from the nationwide lockdowns, with urban MSMEs facing greater difficulties than their rural counterparts. This indicates that businesses in more densely populated areas experienced compounded challenges due to higher operational costs, stricter regulations and limited access to resources.

In terms of resilience and adaptation, MSMEs that had prior digital infrastructure were better equipped to handle the crisis. However, a majority of MSMEs struggled to pivot their business strategies or invest in technology and innovation.

While some businesses managed to diversify their products or services, the overall recovery rate remained slow for many, highlighting that more widespread digital adoption and innovation were crucial for adapting to such unprecedented challenges.

Regarding workforce management, many MSMEs struggled with layoffs, maintaining workforce morale and retaining skilled workers during and after the lockdown. The shift to remote work was particularly challenging for MSMEs, as they lacked the resources or infrastructure to implement such policies effectively.

Overall, the pandemic exposed several vulnerabilities in the MSME sector, particularly in terms of policy gaps, financial strain and workforce challenges. While some MSMEs managed to adapt and recover, many faced prolonged struggles. There is a clear need for more targeted government interventions, better workforce management strategies and greater investment in digital infrastructure to ensure the long-term resilience and sustainability of MSMEs in India.

#### **4.2 Suggestions and Implications**

- **Policy and Support Design:** The findings suggest that government schemes need to be tailored to address the diverse needs of MSMEs more effectively. Improved communication and outreach are necessary to ensure that all businesses are aware of and can access available support.
- **Further Research:** The varied responses to government schemes and the differing impacts experienced by MSMEs point to the need for further research. Understanding the specific reasons behind the perceived ineffectiveness of certain schemes can help refine future interventions.
- **Business Strategies:** MSMEs should consider adopting a range of strategies to mitigate risks and manage crises effectively. The data highlights the importance of flexibility and adaptability in response to external challenges.
- **Support and Training:** There is a need for ongoing support and training for MSMEs to help them navigate crises and leverage available resources effectively. Ensuring that businesses are equipped with the knowledge and tools to manage disruptions can enhance their resilience.

## **CHAPTER-5**

### **DISCUSSION**

#### **5.1 DISCUSSION OF RESULTS**

##### **5.1.1 Research Question-1: Impact of COVID-19 on MSMEs and the Need for Further Study?**

The COVID-19 pandemic has significantly impacted micro, small and medium enterprises (MSMEs) due to their inherent vulnerabilities, such as limited financial resources and limited capacity to handle unforeseen events. This study utilizes the contingency theory to understand how MSMEs have been affected by the pandemic and explores ways to enhance their resilience and ensure sustained growth. By employing descriptive statistics and profit regression analysis, the study evaluates factors like turnover, employment, investment and firm age to gauge resilience and growth.

Survey data reveals that approximately 90% of the firms experienced a decrease in turnover, with a 25% reduction in employment, primarily affecting informal workers. Conversely, about 50% of firms saw an increase in formal employment, attributed to business commitments, a shortage of informal workers and the availability of lower-wage employees. The study found that smaller and younger firms, in terms of employment and investment, are more susceptible to external shocks, indicating that larger and older firms tend to be more resilient.

The study also highlighted that government support during the pandemic was deemed insufficient and of limited relevance to MSMEs' revival. To bolster resilience and sustainability, the study recommends that small firms engage in financial planning to mitigate business uncertainties. It proposes measures such as an Uncertainty Corpus Fund for Small Businesses and Small Business Insurance to provide financial security.

The pandemic highlighted the need for resilience at individual, organizational and societal levels (Liu et al., 2020). Entrepreneurial resilience, characterized by seizing opportunities, taking initiative and adapting positively to changes, is crucial (Ayala & Manzano, 2014; Bullough & Renko, 2013). For organizations, resilience involves adaptation and survival in turbulent times (Duarte Alonso & Bressan, 2015).

Entrepreneurial resilience, a combination of individual and organizational resilience, is influenced by a broader social and economic context (Huggins & Thompson, 2015).

Small businesses are generally less resilient compared to larger ones due to fewer resources and weaker bargaining power (Smallbone et al., 2012). They are more exposed to external shocks but may benefit from flexibility and broader resource access through extensive social networks (Lengnick-Hall et al., 2011). Despite these potential advantages, more research is needed to explore how MSMEs handle crises.

A survey conducted by the United Nations Industrial Development Organization (UNIDO) during the lockdown revealed severe impacts on various MSME sectors, including automobile components, textiles, ceramics and more. The results showed that many MSMEs, particularly in manufacturing, were in crisis even before the pandemic, with a significant decline in business activities across most sectors except rice milling (Berkel, 2020).

In summary, the research question addresses the substantial effects of COVID-19 on MSMEs and highlights the necessity for further studies to explore effective revival measures.

### **5.1.2 Research Question 2: Measures Adopted by the Indian Government and Their Implications Compared to Other Developed and Developing Countries?**

The COVID-19 pandemic has significantly disrupted economies worldwide, with severe impacts on both demand and supply chains and considerable effects on employment. In India, the lockdown led to the loss of approximately 120 million jobs in April 2020 alone (Vyas, 2020). The lockdown left a substantial portion of the non-agricultural workforce without livelihood for at least two months, forcing many to rely on existing savings or loans for survival. Migrant workers were particularly hard-hit, with estimates suggesting around 100–150 million individuals affected. Although there was a slight recovery in employment as restrictions were eased in May, this improvement did not translate into equivalent wage increases, as wages and self-employed incomes remained lower than before.

The combination of ineffective pandemic control and severe economic distress can be attributed to several shortcomings in the Indian government's policy response. Key issues identified include:

1. **Inappropriate Containment Strategies:** The containment measures were not well-suited to the Indian context, lacking flexibility and adaptability.
2. **Excessive Centralization:** There was a lack of coordination between central and state governments, leading to ineffective responses.
3. **Inadequate Health System Preparation:** Insufficient investment in healthcare infrastructure and personnel hampered the response.
4. **Delayed Responses:** Critical areas saw delayed interventions, exacerbating the crisis.
5. **Limited Relief Measures:** Despite official announcements, the relief packages were seen as inadequate and not sufficiently addressing the needs of MSMEs.
6. **Insufficient Demand Stimulation:** Government spending failed to adequately boost demand, worsening the economic downturn.
7. **Focus on Liquidity:** Measures primarily aimed at increasing liquidity rather than directly supporting businesses.
8. **Privatization and Regulatory Relaxation:** Increased privatization and relaxed regulations did not address the immediate needs of MSMEs.
9. **Biases in Policy Responses:** Policies exhibited class, caste and gender biases and there were concerns about suppression of democratic rights and dissent.

In response to the crisis, the Confederation of Indian Industries (CII) undertook measures to support MSMEs, including infusing 25% of working capital into MSMEs to improve cash flow and assisting members with bank loans and GST filings (CII, 2020). The Indian government announced a significant economic stimulus package on May 13, 2020, including:

- **Collateral-Free Automatic Loans:** INR 3 lakh crore allocated for providing collateral-free loans to 45 lakh MSMEs to help resume operations and protect jobs.

- **Subordinate Debt:** INR 20,000 crore allocated to provide subordinate debt to 2 lakh stressed MSMEs.
- **Equity Infusion:** INR 50,000 crore allocated for equity infusion through an MSME fund with a corpus of INR 10,000 crore.
- **Investment Criteria Changes:** Revised investment limits for micro, small and medium enterprises to enhance sector viability and competitiveness.

Additionally, the RBI guidelines for restructuring policy is annexed in Appendix F and the RBI introduced a 3-month loan moratorium in March 2020, extended to September 2020 and offered temporary relief on term loan repayments and interest payments. Emergency credit lines and a 5% rate concession on loans were introduced to support MSMEs and GST payment deadlines were extended.

Despite these measures, MSMEs continue to face challenges due to halted production, decreased demand and difficulties in paying rent, salaries and taxes. The RBI's introduction of Long-Term Repo Operations (LTRO) worth INR 1 lakh crore aims to provide cheaper lending rates and the State Bank of India set a target to distribute INR 700 crore to MSMEs in Mumbai. There are ongoing discussions about increasing the insolvency limit for SMEs and MSMEs from INR 1 lakh to INR 1 crore.

Globally, responses to the pandemic varied. In Poland, restrictions were imposed on various sectors and borders were closed, affecting economic activities. In Europe, the pandemic disrupted supply chains, particularly in industries with complex international value chains. Despite unprecedented policy responses, the pandemic also created opportunities for certain sectors as consumer and business behaviors shifted.

The European Union faced significant economic challenges but showed some positive adjustments. For instance, industries like chemicals, food and construction experienced a V-shaped recovery, while sectors dependent on human contact, like cultural industries and aerospace, continued to suffer. European countries like Spain and Italy have focused on digitalization and green transition, with substantial funding allocated for these areas.

In summary, the Indian government's measures were substantial but faced implementation challenges. Comparatively, responses in other developed and

developing countries varied in effectiveness and focus, highlighting the need for continued adaptation and further research to understand the long-term impacts and recovery strategies for different economic contexts.

### **5.1.3 Research Question 3: Influencing Factors during COVID-19?**

The COVID-19 pandemic has profoundly affected entrepreneurship globally, shaking the economy and leaving business owners and stakeholders in a state of disbelief and uncertainty. The OECD's June 2020 Economic Outlook projected a 6% decrease in global GDP, with a potential 7.6% decrease if a second wave of the pandemic occurred by the end of 2020. Some of the hardest-hit countries faced double-digit declines (OECD, 2020). According to the OECD, over half of SMEs experienced severe revenue losses and one-third feared going out of business within a month, with up to 50% at risk within three months. A survey across 132 countries indicated that two-thirds of micro and small enterprises were strongly impacted by the crisis and one-fifth faced a risk of permanent closure within three months (ITC, 2020).

In response to the pandemic, governments worldwide implemented lockdowns and other measures. In India, a stringent lockdown was enforced starting March 25, 2020, with some allowances for essential activities. This lockdown, which lasted until May 31, 2020 and was gradually eased from June 1, 2020, disrupted economic activities nationwide. Among MSMEs, around 29% reported business collapse due to the lockdown. The primary challenges reported were decreased demand (53%), supply chain disruptions (36%) and business closures (29%). Notably, 4% of firms indicated an increase in demand.

The pandemic's economic impact on India was severe. According to Business Line, a 5% drop in GDP for the fiscal year 2020–21 was expected to drastically reduce revenue in the corporate sector, with the MSME sector facing a revenue decline exceeding 21%. The sector, which typically operates with a narrow profit margin of 4%–5%, faced an existential crisis. This revenue shortfall affected MSME operations and creditworthiness (Merwin, 2019).

Mishra (2020) analyzed the impact of COVID-19 on the MSME sector by examining its contribution to the gross value addition in manufacturing. The sector had

previously experienced over 7% annual growth from 2015–16 to 2016–17. However, a decline in domestic demand and supply chain disruptions contributed to a reduced growth rate. The sector's output was further affected by decreased exports of labor-intensive products such as gems, jewelry, garments and seafood (Ashwani & Sahoo, 2020).

Due to cash flow issues, many MSMEs experienced severe business slowdowns, with forecasts suggesting that 19% to 43% of existing enterprises might shut down due to liquidity problems. The hospitality industry alone was projected to lose at least 12 million jobs, while the retail sector, employing over 46 million people, could lose at least 11 million jobs due to the lockdown (Pramanik, 2020). In Tamil Nadu, a study reported a potential revenue shortfall of more than 60% in the MSME sector (The Economics Times, 2020). The KredX Editorial Team (2020) indicated that COVID-19 had pushed the MSME sector to the brink of extinction, exacerbating existing challenges from previous disruptions like demonetization. Pandey and Pillai (2020) found that 71% of MSMEs could not pay salaries or wages for March 2020. Given that MSMEs provide over 114 million jobs and are crucial to the economy, it is essential to protect and support this sector during and after the crisis.

#### **5.1.4 Research Question 4: The Gap between Data Obtained and Government Policies and Filling the Gap?**

This research question addresses three sub-questions: identifying the gap, reviewing the obtained data and evaluating the policy measures proposed by the government.

## **5.2 The Gap**

Despite recommendations from experts and initiatives aimed at supporting small and micro industries during crises, there remains a significant gap in addressing the challenges faced by these businesses. This gap refers to the areas that have not been thoroughly researched or addressed by current measures. For instance, while various relief measures have been proposed, further research is needed to prepare for potential future crises or a possible resurgence of COVID-19. This unexplored area represents the “gap” that this research seeks to address.

### 5.3 The Obtained Data

The obtained data consists of research findings on the effectiveness of government revival measures for small and micro industries. This data has been collected from various studies and reports that evaluate the impact of the government's policies on the MSME sector during and after the COVID-19 pandemic. This information is crucial for understanding the efficacy of the measures implemented and for informing future policy decisions to mitigate damage and facilitate recovery.

### 5.4 The Policy Measures

Several policy measures have been implemented or proposed by the government to support the MSME sector affected by the pandemic. Key measures include:

1. **Change in Investment Criteria:** The government revised the investment limits for MSMEs to enhance their viability and competitiveness. For micro enterprises, the limit increased from INR 25 lakh to INR 1 crore; for small enterprises, from INR 5 crores to INR 10 crores; and for medium enterprises, from INR 10 crores to INR 50 crores.
2. **Fiscal Stimulation:** The central government announced an economic stimulus package on May 13, 2020, which included:
  - INR 3 lakh crore in collateral-free automatic loans to support 45 lakh units with working capital.
  - INR 20,000 crore in subordinate debt for 2 lakh stressed MSMEs.
  - INR 50,000 crore equity infusion through an MSME fund with a corpus of INR 10,000 crores.
3. **Loan Moratorium:** The Reserve Bank of India announced a 3-month moratorium on term loan installments in March 2020, which was extended for an additional 3 months up to September 2020.
4. **Direct Transfers and Short-term Liquidity:** Measures included direct transfers to MSMEs to boost working capital, increasing short-term liquidity, expanding government procurement and providing subsidies for utilities such as power and water.

Despite these measures, gaps remain. For instance, the MSME sector experienced a normal growth rate of around 6% before the pandemic, but it faced a significant decline of up to 8.3% post-COVID-19, with the manufacturing segment being particularly affected (Ashwani & Sahoo, 2020). The pandemic led to severe cash flow issues, potentially causing 19% to 43% of MSMEs to shut down, with significant job losses projected in sectors like hospitality and retail (Pramanik, 2020). In Tamil Nadu, the MSME sector faced a revenue shortfall of over 60% (The Economics Times, 2020). The prolonged impact of COVID-19, combined with prior issues like demonetization, exacerbated the sector's difficulties. Pandey and Pillai (2020) found that 71% of MSMEs could not pay salaries for March 2020, highlighting the urgent need for continued support and effective policy measures to safeguard the sector, which provides over 114 million jobs.

This research aims to identify these gaps and propose additional strategies to bridge them, ensuring more effective support for MSMEs in future crises.

## CHAPTER-6

### SUMMARY, IMPLICATIONS, AND RECOMMENDATIONS

#### 6.1 SUMMARY

The COVID-19 pandemic severely impacted the Micro, Small, and Medium Enterprise (MSME) sector, exposing its vulnerabilities due to lower liquidity reserves and limited support options. This study highlights that, despite the challenges, MSMEs in the Peenya area demonstrated notable resilience. Many firms adapted by diversifying their business activities and finding innovative solutions to navigate the crisis. However, a significant portion of respondents was unaware of government schemes aimed at supporting MSMEs. The schemes under the "ATMANIRBHAR BHARAT" initiative were generally appreciated, particularly the collateral-free automatic loans and revised definitions of MSMEs, even though many did not avail themselves of these schemes.

The study underscores that while government interventions were beneficial, they were not always aligned with the immediate needs of MSMEs. There is a need for improved financial planning and risk management strategies for small businesses. The study proposes the introduction of an Uncertainty Corpus Fund for Small Businesses and Small Business Insurance to enhance financial security and resilience against future uncertainties.

#### 6.2 IMPLICATIONS

1. **Policy Relevance:** The government's support measures, though significant, did not fully address the specific needs of MSMEs. Financial planning and risk management for small businesses should be prioritized to prepare for future economic shocks.
2. **Awareness and Accessibility:** The lack of awareness about government schemes among MSMEs indicates a gap in communication and outreach. Increasing awareness and ensuring that schemes reach their intended beneficiaries are crucial.

3. **Financial Instruments:** The introduction of new financial instruments, such as the Uncertainty Corpus Fund and Small Business Insurance, could provide a safety net for small businesses during crises.
4. **Adaptability and Innovation:** MSMEs that quickly adapted to new business models, such as e-commerce, and diversified their activities were better able to manage the impact of the pandemic. Encouraging innovation and flexibility is essential for sustaining growth during uncertain times.

### 6.3 RECOMMENDATIONS

1. **Enhanced Financial Planning:** Encourage MSMEs to develop comprehensive financial plans to manage business uncertainties. The creation of an Uncertainty Corpus Fund and Small Business Insurance could support this effort.
2. **Improved Awareness and Communication:** Revamp the approach to disseminating information about government schemes. Digital platforms and direct communication with entrepreneurs could improve awareness and utilization of available support.
3. **Revamping DICs:** District Industries Centre's (DICs) should be modernized to play a proactive role in supporting MSMEs. Implementing digital platforms for Udyog Aadhaar and Entrepreneurs Memorandum registration could streamline processes and enhance support.
4. **Policy Adjustments:** Consider revising the definition of MSMEs to better align with current economic realities. This could include adjusting investment and turnover thresholds to reflect the needs of evolving businesses.
5. **Support for Market Access:** Promote e-market platforms as alternatives to traditional trade fairs and exhibitions. Utilize Fintech solutions to enhance transaction efficiency and provide timely support for MSME receivables.
6. **Addressing Demand Issues:** Focus on creating demand for MSME products and services to ensure sustained growth. Policy measures should address demand constraints and support market expansion.

#### **6.4 LIMITATIONS AND FUTURE RESEARCH**

The study has several limitations:

1. **Sample Scope:** The research focused on registered MSMEs and was limited to a specific geographic region. Future studies should include a broader range of MSMEs, including unregistered ones, and cover diverse regions across India.
2. **Micro Enterprises:** The study had limited representation from micro enterprises, which are the most prevalent in the MSME sector. Future research should ensure proportional representation of all MSME categories.
3. **Entrepreneurial Traits:** Future research could explore the personality traits of entrepreneurs and their impact on business resilience and growth.

#### **6.5 EXISTING ONGOING RESEARCH**

Recent research on avoiding similar crises highlights the need for ongoing adaptation and policy refinement. Continuous innovation, technology upgrades, and market linkages are essential for MSME growth and resilience. Effective government support, combined with sector-specific strategies, will be crucial for strengthening the MSME sector and ensuring its long-term viability.

#### **6.6 CONCLUSION**

The COVID-19 pandemic exposed significant challenges for the MSME sector, but also demonstrated its resilience and adaptability. To unlock the full potential of MSMEs and support their recovery and growth, it is essential to address existing issues, enhance financial planning, and improve government support mechanisms. By focusing on these areas, India can harness the growth potential of its MSME sector and contribute to a stronger economy.

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## Appendix-A

### Questionnaire

#### Research Topic: POLICY MEASURES TO REVIVE THE MSME SECTOR FROM THE COVID-19 CRISES

Name \_\_\_\_\_ :

**1. Age Distribution of Respondents**

What is your age group?

- ☐ 30-40
- ☐ 40-50
- ☐ 50-60
- ☐ 60-70

**2. Gender Distribution of Respondents**

What is your gender?

- ☐ Male
- ☐ Female

**3. Qualification Distribution of Respondents**

What is your highest educational qualification?

- ☐ Graduates and above
- ☐ Diploma holders
- ☐ SSLC and above
- ☐ Below SSLC

**4. Impact on Company Revenue During the COVID-19 Period**

What was the impact on your company's revenue during the COVID-19 period?

- ☐ Unaffected
- ☐ Loss (0%-25%)
- ☐ Loss (25%-50%)
- ☐ Loss (50%-100%)

**5. Impact on Orders During the COVID-19 Period**

What was the impact on orders during the COVID-19 period?

- ☐ Unaffected
- ☐ Loss (0%-25%)
- ☐ Loss (25%-50%)
- ☐ Loss (50%-100%)

**6. Impact on Employee Absence During the COVID-19 Period**

What was the impact of employee absence during the COVID-19 period?

- ☐ Unaffected
- ☐ Loss (0%-25%)
- ☐ Loss (25%-50%)
- ☐ Loss (50%-100%)

**7. Factors Affecting MSMEs Due to COVID-19**

Which of the following factors affected your business during the COVID-19 period? (Select all that apply)

- ☐ Temporary shutdown
- ☐ Shortage of supplies
- ☐ Shortage of market credit
- ☐ Shortage of manpower
- ☐ Shortage of funds
- ☐ One-third employment
- ☐ Market demand
- ☐ Logistic problems
- ☐ Export issues
- ☐ Administrative shutdown

**8. Risk of Permanent Closure of Business**

Was there a risk of permanent closure of your business during the COVID-19 period?

- ☐ Yes
- ☐ No

**9. Strategies Adopted by MSMEs to Cope with the COVID-19 Crisis**

What strategies did you adopt to cope with the COVID-19 crisis? (Select all that apply)

- ☐ No strategy adopted
- ☐ Diversified into new activities
- ☐ Held expansion or growth plans
- ☐ Sought additional loans from external sources
- ☐ Loaned employees to other enterprises
- ☐ Customized or developed new products
- ☐ Sourced from new suppliers
- ☐ Deferred repayments/EMIs of bank loans
- ☐ Temporarily reduced employees

**10. Present Actions Taken by Respondents**

What actions are you currently taking to address the impact of COVID-19? (Select all that apply)

- ☐ Others
- ☐ Using downtime to retain workers
- ☐ Negotiating with workers
- ☐ Negotiating payment terms with banks and suppliers
- ☐ Diversifying sales channels
- ☐ Diversifying products
- ☐ Increasing production due to increased demand
- ☐ Reducing production of goods/services
- ☐ No action taken

**11. Awareness of Government Schemes for MSMEs**

Are you aware of any government schemes for MSMEs?

- ☐ Yes
- ☐ No

**12. Utilization of Government Schemes by MSMEs**

Have you utilized any government schemes for MSMEs?

- ☐ Yes
- ☐ No

**13. Perceived Benefit of Government Schemes for MSMEs**

Do you believe the government schemes for MSMEs have benefited your business?

- ☐ Yes
- ☐ No

**14. Respondents' Perspectives on Government Schemes**

Which of the following government schemes do you believe had the most impact during the COVID-19 period? (Select all that apply)

- ☐ Other intervention for MSME
- ☐ Revised definition of MSME
- ☐ Interest subvention for MUDRA-Shishu loans
- ☐ Liquidity through TDS/TCS rate reduction
- ☐ Liquidity facility for NBFCs/HFCs/MFIs
- ☐ Partial credit guarantee schemes 2.0 for NBFCs
- ☐ Liquidity injection for DISCOMS
- ☐ Equity infusion for MSMEs through fund of funds
- ☐ Subordinate debt for stressed MSMEs
- ☐ Collateral-free automatic loans for MSMEs

**15. Preferred Government Schemes by MSME**

Which government schemes would you prefer for your business? (Select all that apply)

- ☐ Other intervention for MSME
- ☐ Revised definition of MSME
- ☐ Interest subvention for MUDRA-Shishu loans
- ☐ Liquidity through TDS/TCS rate reduction
- ☐ Liquidity facility for NBFCs/HFCs/MFIs
- ☐ Partial credit guarantee schemes 2.0 for NBFCs
- ☐ Liquidity injection for DISCOMS
- ☐ Equity infusion for MSMEs through fund of funds
- ☐ Subordinate debt for stressed MSMEs
- ☐ Collateral-free automatic loans for MSMEs

## Appendix-B

### Scale on Impact of the COVID-19 Pandemic on MSMEs

#### Instructions

Below are the statements designed to assess various aspects related to the impact of the COVID-19 pandemic on MSMEs and to test the hypotheses around it. Rate each statement on a 5-point Likert scale ranging from Strongly Disagree (1) to Strongly Agree (5). Please indicate your level of agreement with each statement using the following scale:

- 1 = Strongly Disagree
- 2 = Disagree
- 3 = Neutral
- 4 = Agree
- 5 = Strongly Agree

Statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
<b>1: Impact of the Pandemic on MSMEs</b>					
1. The government's current policy measures are sufficient to revive the MSME sector from the COVID-19 crisis.					
2. The nationwide lockdown and restrictions had a lasting financial impact on MSMEs.					
3. The reduced consumer demand during the pandemic severely disrupted MSME revenue streams.					
4. Supply chain disruptions during COVID-19 significantly hampered the operations of MSMEs.					
5. MSMEs in urban areas experienced greater challenges than their rural counterparts due to the pandemic.					
<b>2: Government Relief Measures</b>					
6. Financial support from the government has been crucial in helping MSMEs survive the COVID-19 crisis.					

7. Government-led loan restructuring policies have been effective for MSMEs' recovery.					
8. Tax benefits provided by the government eased the financial burden on MSMEs during the pandemic.					
9. Public-private partnerships are critical to the success of MSME revival initiatives.					
10. Awareness and accessibility of government relief measures directly influenced their effectiveness for MSMEs.					
<b>3: Adaptation and Resilience</b>					
11. MSMEs with prior digital infrastructure adapted better to pandemic-related challenges.					
12. Entrepreneurs in the MSME sector demonstrated resilience by pivoting their business strategies during the pandemic.					
13. Investments in technology and innovation have improved MSME adaptability to crises like COVID-19.					
14. Experience and skills of MSME entrepreneurs played a crucial role in mitigating pandemic-induced losses.					
15. MSMEs that diversified their products or services showed better recovery rates during the pandemic.					
<b>4: Workforce Management</b>					
16. Layoffs during the COVID-19 pandemic severely affected workforce morale in the MSME sector.					
17. MSMEs faced challenges in retaining skilled workers during and after the lockdown period.					
18. Remote working policies were difficult for MSMEs to implement effectively during the pandemic.					
19. Workforce training and up skilling helped MSMEs recover more effectively from the pandemic's disruptions.					
20. Labor shortages post-lockdown hindered the recovery process for many MSMEs.					

### Appendix C- Frequency Table

#### Sex

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	78	78.0	78.0	78.0
	Female	22	22.0	22.0	100.0
	Total	100	100.0	100.0	

#### Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	30-40	39	39.0	39.0	39.0
	40-50	26	26.0	26.0	65.0
	50-60	21	21.0	21.0	86.0
	60-70	14	14.0	14.0	100.0
	Total	100	100.0	100.0	

#### Educational Qualification

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SSLC Below	11	11.0	11.0	11.0
	SSLC & Above	22	22.0	22.0	33.0
	Diploma Holders	40	40.0	40.0	73.0
	Graduates & Above	27	27.0	27.0	100.0
	Total	100	100.0	100.0	

#### Impact on Revenue

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Unaffected	11	11.0	11.0	11.0
	Loss (0-25%)	21	21.0	21.0	32.0
	Loss (25-50%)	43	43.0	43.0	75.0
	Loss (50-100%)	25	25.0	25.0	100.0
	Total	100	100.0	100.0	

#### Impact on Orders

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Unaffected	19	19.0	19.0	19.0
	Loss (0-25%)	28	28.0	28.0	47.0
	Loss (25-50%)	41	41.0	41.0	88.0
	Loss (50-100%)	12	12.0	12.0	100.0
	Total	100	100.0	100.0	

### Impact on Employee Absence

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Unaffected	10	10.0	10.0	10.0
	Loss (0-25%)	25	25.0	25.0	35.0
	Loss (25-50%)	37	37.0	37.0	72.0
	Loss (50-100%)	28	28.0	28.0	100.0
	Total	100	100.0	100.0	

### Factors Affecting

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Temporary shutdown	7	7.0	7.0	7.0
	Shortage of Supplies	10	10.0	10.0	17.0
	Shortage of Market Credit	29	29.0	29.0	46.0
	Shortage of Manpower	21	21.0	21.0	67.0
	shortage of Funds	5	5.0	5.0	72.0
	One-third Employment	9	9.0	9.0	81.0
	Market Demand	3	3.0	3.0	84.0
	Logistic Problems	5	5.0	5.0	89.0
	Export issues	5	5.0	5.0	94.0
	Administrative shutdown	6	6.0	6.0	100.0
	Total	100	100.0	100.0	

### Risk of Permanent Closure

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	67	67.0	67.0	67.0
	No	33	33.0	33.0	100.0
	Total	100	100.0	100.0	

### Strategy

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No strategy adopted	11	11.0	11.0	11.0
	Diversified into new activities	14	14.0	14.0	25.0
	Held expansion or growth plans	19	19.0	19.0	44.0
	Sought additional loans from external sources	21	21.0	21.0	65.0
	Loaned employees to other enterprises	14	14.0	14.0	79.0
	Customized or developed new products	4	4.0	4.0	83.0
	Sourced from new suppliers	6	6.0	6.0	89.0
	Deferred repayments/EMIs of bank loans	5	5.0	5.0	94.0
	Temporarily reduced employees	6	6.0	6.0	100.0
	Total	100	100.0	100.0	

#### Present action taken

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Others	3	3.0	3.0	3.0
	Using downtime to retain workers	7	7.0	7.0	10.0
	Negotiating with workers	17	17.0	17.0	27.0
	Negotiating payment terms with banks and suppliers	41	41.0	41.0	68.0
	Diversifying sales channels	11	11.0	11.0	79.0
	Diversifying products	6	6.0	6.0	85.0
	Increasing production due to increased demand	5	5.0	5.0	90.0
	Reducing production of goods/services	6	6.0	6.0	96.0
	No action taken	4	4.0	4.0	100.0
	Total	100	100.0	100.0	

#### Awareness of Government Schemes

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	54	54.0	54.0	54.0
	No	46	46.0	46.0	100.0
	Total	100	100.0	100.0	

#### Utilization of Government Schemes

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	64	64.0	64.0	64.0
	No	36	36.0	36.0	100.0
	Total	100	100.0	100.0	

#### Perceived Benefit of Government Schemes

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	52	52.0	52.0	52.0
	No	48	48.0	48.0	100.0
	Total	100	100.0	100.0	

## Government Scheme

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Other intervention for MSME	5	5.0	5.0	5.0
	Revised definition of MSME	5	5.0	5.0	10.0
	Interest subvention for MUDRA-Shishu loans	13	13.0	13.0	23.0
	Liquidity through TDS/TCS rate reduction	18	18.0	18.0	41.0
	Liquidity facility for NBFCs/HFCs/MFIs	11	11.0	11.0	52.0
	Partial credit guarantee schemes 2.0 for NBFCs	16	16.0	16.0	68.0
	Liquidity injection for DISCOMS	12	12.0	12.0	80.0
	Equity infusion for MSMEs through fund of funds	7	7.0	7.0	87.0
	Subordinate debt for stressed MSMEs	9	9.0	9.0	96.0
	Collateral-free automatic loans for MSMEs	4	4.0	4.0	100.0
	Total	100	100.0	100.0	

## Preferred Government Schemes by MSME

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Other intervention for MSME	8	8.0	8.0	8.0
	Revised definition of MSME	6	6.0	6.0	14.0
	Interest subvention for MUDRA-Shishu loans	11	11.0	11.0	25.0
	Liquidity through TDS/TCS rate reduction	29	29.0	29.0	54.0
	Liquidity facility for NBFCs/HFCs/MFIs	18	18.0	18.0	72.0
	Partial credit guarantee schemes 2.0 for NBFCs	13	13.0	13.0	85.0
	Liquidity injection for DISCOMS	4	4.0	4.0	89.0
	Equity infusion for MSMEs through fund of funds	5	5.0	5.0	94.0
	Subordinate debt for stressed MSMEs	4	4.0	4.0	98.0
	Collateral-free automatic loans for MSMEs	2	2.0	2.0	100.0
	Total	100	100.0	100.0	

Item1

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	10	10.0	10.0	10.0
	Disagree	29	29.0	29.0	39.0
	Neutral	25	25.0	25.0	64.0
	Agree	24	24.0	24.0	88.0
	Strongly Agree	12	12.0	12.0	100.0
	Total	100	100.0	100.0	

Item2

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	11	11.0	11.0	11.0
	Disagree	22	22.0	22.0	33.0
	Neutral	36	36.0	36.0	69.0
	Agree	21	21.0	21.0	90.0
	Strongly Agree	10	10.0	10.0	100.0
	Total	100	100.0	100.0	

Item3

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	12	12.0	12.0	12.0
	Disagree	32	32.0	32.0	44.0
	Neutral	18	18.0	18.0	62.0
	Agree	27	27.0	27.0	89.0
	Strongly Agree	11	11.0	11.0	100.0
	Total	100	100.0	100.0	

Item4

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	9	9.0	9.0	9.0
	Disagree	20	20.0	20.0	29.0
	Neutral	34	34.0	34.0	63.0
	Agree	30	30.0	30.0	93.0
	Strongly Agree	7	7.0	7.0	100.0
	Total	100	100.0	100.0	

Item5

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	9	9.0	9.0	9.0
	Disagree	21	21.0	21.0	30.0
	Neutral	36	36.0	36.0	66.0
	Agree	26	26.0	26.0	92.0
	Strongly Agree	8	8.0	8.0	100.0
	Total	100	100.0	100.0	

Item6

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	13	13.0	13.0	13.0
	Disagree	20	20.0	20.0	33.0
	Neutral	33	33.0	33.0	66.0
	Agree	22	22.0	22.0	88.0
	Strongly Agree	12	12.0	12.0	100.0
	Total	100	100.0	100.0	

Item7

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	11	11.0	11.0	11.0
	Disagree	25	25.0	25.0	36.0
	Neutral	31	31.0	31.0	67.0
	Agree	21	21.0	21.0	88.0
	Strongly Agree	12	12.0	12.0	100.0
	Total	100	100.0	100.0	

Item8

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	14	14.0	14.0	14.0
	Disagree	23	23.0	23.0	37.0
	Neutral	28	28.0	28.0	65.0
	Agree	24	24.0	24.0	89.0
	Strongly Agree	11	11.0	11.0	100.0
	Total	100	100.0	100.0	

Item9

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	12	12.0	12.0	12.0
	Disagree	22	22.0	22.0	34.0
	Neutral	35	35.0	35.0	69.0
	Agree	20	20.0	20.0	89.0
	Strongly Agree	11	11.0	11.0	100.0
	Total	100	100.0	100.0	

Item10

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	5	5.0	5.0	5.0
	Disagree	28	28.0	28.0	33.0
	Neutral	32	32.0	32.0	65.0
	Agree	24	24.0	24.0	89.0
	Strongly Agree	11	11.0	11.0	100.0
	Total	100	100.0	100.0	

Item11

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	13	13.0	13.0	13.0
	Disagree	26	26.0	26.0	39.0
	Neutral	35	35.0	35.0	74.0
	Agree	19	19.0	19.0	93.0
	Strongly Agree	7	7.0	7.0	100.0
	Total	100	100.0	100.0	

Item12

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	8	8.0	8.0	8.0
	Disagree	31	31.0	31.0	39.0
	Neutral	27	27.0	27.0	66.0
	Agree	24	24.0	24.0	90.0
	Strongly Agree	10	10.0	10.0	100.0
	Total	100	100.0	100.0	

Item13

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	21	21.0	21.0	21.0
	Disagree	24	24.0	24.0	45.0
	Neutral	20	20.0	20.0	65.0
	Agree	23	23.0	23.0	88.0
	Strongly Agree	12	12.0	12.0	100.0
	Total	100	100.0	100.0	

Item14

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	13	13.0	13.0	13.0
	Disagree	23	23.0	23.0	36.0
	Neutral	29	29.0	29.0	65.0
	Agree	26	26.0	26.0	91.0
	Strongly Agree	9	9.0	9.0	100.0
	Total	100	100.0	100.0	

Item15

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	12	12.0	12.0	12.0
	Disagree	17	17.0	17.0	29.0
	Neutral	41	41.0	41.0	70.0
	Agree	19	19.0	19.0	89.0
	Strongly Agree	11	11.0	11.0	100.0
	Total	100	100.0	100.0	

Item16

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	13	13.0	13.0	13.0
	Disagree	27	27.0	27.0	40.0
	Neutral	29	29.0	29.0	69.0
	Agree	18	18.0	18.0	87.0
	Strongly Agree	13	13.0	13.0	100.0
	Total	100	100.0	100.0	

Item17

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	25	25.0	25.0	25.0
	Disagree	22	22.0	22.0	47.0
	Neutral	17	17.0	17.0	64.0
	Agree	25	25.0	25.0	89.0
	Strongly Agree	11	11.0	11.0	100.0
	Total	100	100.0	100.0	

Item18

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	16	16.0	16.0	16.0
	Disagree	33	33.0	33.0	49.0
	Neutral	22	22.0	22.0	71.0
	Agree	21	21.0	21.0	92.0
	Strongly Agree	8	8.0	8.0	100.0
	Total	100	100.0	100.0	

Item19

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	16	16.0	16.0	16.0
	Disagree	18	18.0	18.0	34.0
	Neutral	35	35.0	35.0	69.0
	Agree	22	22.0	22.0	91.0
	Strongly Agree	9	9.0	9.0	100.0
	Total	100	100.0	100.0	

Item20

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	20	20.0	20.0	20.0
	Disagree	21	21.0	21.0	41.0
	Neutral	20	20.0	20.0	61.0
	Agree	26	26.0	26.0	87.0
	Strongly Agree	13	13.0	13.0	100.0
	Total	100	100.0	100.0	

## Appendix-D

### T-Test

#### Group Statistics

	Sex	N	Mean	Std. Deviation	Std. Error Mean
Impact of the Covid-19 pandemic on MSMEs	Male	78	60.9615	13.24244	1.49941
	Female	22	50.5909	8.83531	1.88370

#### Independent Samples Test

	Levene's Test for Equality of Variances		t-test for Equality of Means						
	F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
Impact of the Covid-19 pandemic on MSMEs	0.19	0.668	3.456	98	0.001	10.37063	3.0007	4.41583	16.32542
Equal variances not assumed			4.307	50.512	0	10.37063	2.4076	5.53603	15.20522

#### Oneway

#### Descriptives

##### Impact of the Covid-19 pandemic on MSMEs

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
30-40	39	66.5641	14.35966	2.29939	61.9092	71.2190	49.00	95.00
40-50	26	57.7692	4.32026	.84727	56.0242	59.5142	51.00	68.00
50-60	21	58.6667	3.15172	.68776	57.2320	60.1013	51.00	63.00
60-70	14	38.4286	4.79927	1.28266	35.6576	41.1996	29.00	49.00
Total	100	58.6800	13.09937	1.30994	56.0808	61.2792	29.00	95.00

#### ANOVA

##### Impact of the Covid-19 pandemic on MSMEs

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	8187.460	3	2729.153	29.772	.000
Within Groups	8800.300	96	91.670		
Total	16987.760	99			

### Post Hoc Tests

### Multiple Comparisons

Dependent Variable: Impact of the Covid-19 pandemic on MSMEs

Scheffe

(I) Age	(J) Age	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
30-40	40-50	8.79487	2.42410	.006	1.8965	15.6932
	50-60	7.89744*	2.59147	.031	.5228	15.2721
	60-70	28.13553*	2.98301	.000	19.6467	36.6244
40-50	30-40	-8.79487	2.42410	.006	-15.6932	-1.8965
	50-60	-.89744	2.80909	.992	-8.8913	7.0965
	60-70	19.34066*	3.17389	.000	10.3086	28.3727
50-60	30-40	-7.89744	2.59147	.031	-15.2721	-.5228
	40-50	.89744	2.80909	.992	-7.0965	8.8913
	60-70	20.23810*	3.30349	.000	10.8372	29.6389
60-70	30-40	-28.13553*	2.98301	.000	-36.6244	-19.6467
	40-50	-19.34066*	3.17389	.000	-28.3727	-10.3086
	50-60	-20.23810*	3.30349	.000	-29.6389	-10.8372

\*. The mean difference is significant at the 0.05 level.

### Homogeneous Subsets

Impact of the Covid-19 pandemic on MSMEs

Scheffe<sup>a,b</sup>

Age	N	Subset for alpha = 0.05		
		1	2	3
60-70	14	38.4286		
40-50	26		57.7692	
50-60	21		58.6667	58.6667
30-40	39			66.5641
Sig.		1.000	.992	.066

Means for groups in homogeneous subsets are displayed.

a. Uses Harmonic Mean Sample Size = 21.840.

b. The group sizes are unequal. The harmonic mean of the group sizes is used. Type I error levels are not guaranteed.

## Oneway

### Descriptives

Impact of the Covid-19 pandemic on MSMEs

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
SSLC Below	11	39.6364	7.54020	2.27345	34.5708	44.7019	29.00	53.00
SSLC & Above	22	53.9545	6.92461	1.47633	50.8843	57.0247	36.00	61.00
Diploma Holders	40	59.7000	8.52808	1.34841	56.9726	62.4274	42.00	91.00
Graduates & Above	27	68.7778	14.27837	2.74787	63.1294	74.4261	55.00	95.00
Total	100	58.6800	13.09937	1.30994	56.0808	61.2792	29.00	95.00

## ANOVA

Impact of the Covid-19 pandemic on MSMEs

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	7275.193	3	2425.064	23.970	.000
Within Groups	9712.567	96	101.173		
Total	16987.760	99			

## Post Hoc Tests

### Multiple Comparisons

Dependent Variable: Impact of the Covid-19 pandemic on MSMEs

Scheffe

(I) Educational Qualification	(J) Educational Qualification	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
SSLC Below	SSLC & Above	-14.31818	3.71433	.003	-24.8882	-3.7482
	Diploma Holders	-20.06364*	3.42444	.000	-29.8087	-10.3186
	Graduates & Above	-29.14141*	3.59787	.000	-39.3800	-18.9029
SSLC & Above	SSLC Below	14.31818	3.71433	.003	3.7482	24.8882
	Diploma Holders	-5.74545	2.66984	.208	-13.3431	1.8522
	Graduates & Above	-14.82323*	2.88892	.000	-23.0443	-6.6021
Diploma Holders	SSLC Below	20.06364	3.42444	.000	10.3186	29.8087
	SSLC & Above	5.74545	2.66984	.208	-1.8522	13.3431
	Graduates & Above	-9.07778*	2.50528	.006	-16.2071	-1.9484
Graduates & Above	SSLC Below	29.14141*	3.59787	.000	18.9029	39.3800
	SSLC & Above	14.82323*	2.88892	.000	6.6021	23.0443
	Diploma Holders	9.07778*	2.50528	.006	1.9484	16.2071

\*. The mean difference is significant at the 0.05 level.

## Homogeneous Subsets

### Impact of the Covid-19 pandemic on MSMEs

Scheffe<sup>a,b</sup>

Educational Qualification	N	Subset for alpha = 0.05		
		1	2	3
SSLC Below	11	39.6364		
SSLC & Above	22		53.9545	
Diploma Holders	40		59.7000	
Graduates & Above	27			68.7778
Sig.		1.000	.355	1.000

Means for groups in homogeneous subsets are displayed.

a. Uses Harmonic Mean Sample Size = 20.161.

b. The group sizes are unequal. The harmonic mean of the group sizes is used. Type I error levels are not guaranteed.

## APPENDX-E

### COVID RELIEF FOR MSME SECTOR

#### EFFORTS TO FIGHT COVID -19 BY MINISTRY OF MSME & ITS ATTACHED /SUBORDINATE ORGANISATIONS

General awareness by media cell of ministry

Protect yourself and others

DO'S	DON'T'S
Do practice hand washing. Wash hands with soap and water or Use alcohol based hand rub. Wash Hands even if they are visibly clean.	Don't touch surfaces usually used by public (Railing, doors, gates, furniture etc.) Without sanitizing them.
Do see a doctor if you feel unwell (fever, difficult breathing & cough). While visiting doctor wear a mask/Cloth to cover mouth and nose.	Don't have a close contact with Anyone, especially if you're experiencing cough & Fever.
Do cover your nose & mouth with hand kerchief / tissue while sneezing & coughing.	Don't touch your eyes, nose and mouth.
Do if you have these signs/symptoms Please call state help line number or Ministry of health & family welfare's 24*7helpline at 011-23978046.	Don't travel in groups and participate in large gatherings.
Don't throw used tissues into closed bins immediately after use	Don't spit in public

#### STEPS BY ORGANIZATIONS UNDER THE MINISTRY

Office preparedness & Nomination of Nodal officer for COVID -19: All 31 dis and their branch offices are at full alert and prepared.

MSME Facilitation: Dis instructed for all our efforts apart from their general facilitation.

MSMEs manufacturing medical items /39) and Auxiliary items(61) –preparation of list of MSMEs, sharing the list with the State Govt. and GEM. Facilitation for passes for functioning of units, UAM/GEM/GST Registrations, facilitating for credit etc.

Practical demonstrations on sanitizer manufacturing sharing details of Mask, PPE manufacturing, formulations, Raw material suppliers, quality standards, Testing labs etc.

Information Dissemination –Circulation of relevant communications from ministry of MSM, SIDBI, Ministry of steel etc. amongst MSMEs and industry Associations.

Help Desk: Dedicated help desks to facilitate MSMEs will start functioning just after the Lockdown.

Special efforts to fight COVID -19 BY Technology Centres (TCS)

#### **Sanitizer**

Alcohol based --- FFDC Kannauj

Ion based – IDEMI Mumbai

H/Free Dispenser—ESTC Ramnagar

#### **Masks**

CFTI Chennai

IGDR Aurangabad

PPDC Meerut

CFTI Agra

#### **Gown**

CFTI, Chennai

CFTI Agra

#### **Ventilator**

CTR Hyderabad

CTTC Kolkata—AMTZ—CTR, Ludhiana

IDEMI Mumbai

IGTR Aurangabad

CTTC Kolkata

IDTR Jamshedpur

**Face Shield**

CTTC Kolkata

**Hospital Furniture**

IV Stand : ESTC Ramnagar

Beds: PPDC Agra & IGTR Indore

**Special efforts to fight covid -19 by Technology Centers (TCS)**

Hardware for corona Testing kits	CTR Hyderabad CTTC Bhubaneswar IDTR Jamshedpur
Shelter Homes	ESTC Ramnagar
Isolation centers	TC,Bhiwadi and
Food Distribution	All TC'S
Contribution to PM cares fund	Rupees 22 lakh by all TCs

**Steps by organizations under the Ministry KVIC**

Setting up of community kitchens for providing food packets to migrants

Distribution of food packets in Delhi, Jammu, Nagpur, Bengaluru, Thane, Palghar, Jaipur, Coimbatore, patna, Varanasi, Cuttack and Hyderabad.

Release of Rs. 1000 per month to each registered artisan welfare fund trust.

Khadi institutions directed to release AWF contribution to the bank accounts of artisans in three instalments.

Release of funds under market development assistance (MDA) to khadi institutions and artisans through DBT.

**Steps by organizations under the ministry: MGIRI**

Awareness programmes about prevention of COVID 19 being broadcast on MGIRIS community radio station at 90.4 frequency in wardha and vidarbha regions.

Interviews with doctors about protection from COVID -19 being broadcast on the same station.

Alcohol based sanitizers and masks prepared by the institute distributed among its staff.

**Steps by organizations under the ministry: COIR BOARD**

Coir Association (COCOMANS) pollachi and coir board members provided all vegetables and food to public and coir workers in Coimbatore districts.

Coir board employees raised Rs. 4.00 Lakhs approximately for donating to PM Cares relief fund.

Coir Board through coir industries and associations provided shelter, mask, sanitizer and food to all coir workers during the lock down.

COCOMANS: Rs. 3.00 lakhs approximately collected from coir industries towards contribution to PM CARES Relied Fund.

### **Steps by organizations under the ministry: NSIC**

MSMEs availing raw material assistance against bank guarantee prior to 01/03/2020 allowed moratorium of 3 months for repayment of outstanding dues.

Accounts of MSMEs to be frozen to avoid outstanding in the books in cases where outstanding is going to touch 99.99% of BG value.

SPRS enlistment certificates expiring between 01/03/2020 to 30/06/2020 to be continued.

50% discount offer on annual membership in MSME Mart extended.

Godowns of essential commodities like polymers in field offices allowed to carry out operations

Contribution of Rs. 100 lakhs made by NSIC to PM CARES Fund from its CST fund.

Its employees also contributed RS. 15 Lakhs.

### **Action Plan of the ministry for next 3 months**

Post Lockdown plan

Priority in manufacturing of COVIS related items such as masks, gloves, PPE, ventilators. Testing Equipment, Infrared Thermometers, etc.

Supporting mass production CFCs for mass production of such products/ intermediaries by MSMEs

### **Emphasis on quick Industrial Infrastructure Development**

Consultation with stake holders for setting up of CFCs & manufacturing of identified items for domestic utilization as well as export purposes.

Faster Approvals: May require relaxed terms & conditions especially for the items which fall under medical / auxiliary categories.

### **Policy Advocacy (1 of 6)**

#### **Meeting delivery schedule**

In respect of Government orders, PSUs, Railways etc. where liquidated Damages (LD) clause may apply as per contract terms.

#### **Proposed Action**

DPE, Railway Board and other ministries having PSUs to be approached to allow relaxation in applicability of LD clause for a period of two months from the schedule date of delivery /execution or order.

### **Policy Advocacy (2 of 6)**

#### **Delayed payments**

MSMEs always suffer due to delayed payments and also do not possess sufficient funds to meet crisis like COVID -19

#### **Proposed Action**

DPE, Railway Board to be approached for immediate intervention and release of all pending payments by CPSEs and Railways to the MSME, even if the related matter is pending with MSEFC.

### **Policy Advocacy (3 of 6)**

#### **Meeting Fixed Cost**

The most emerging challenge during the lockdown period as well as in the post COVID-19 period would be meeting fixed costs. While this will be burdensome in absence of regular funds flow, the problem will be more intensified if banks/NBFC create pressure on MSMEs for repayments of the dues.

#### **Proposed Action**

State Governments to be approached for taking suitable initiatives to exempt /reimburse the electricity and other fixed charges during this period.

#### **Policy Advocacy (4 of 6)**

##### **Escalation of Raw material prices**

In the post COVID-19 period, it will be obvious for MSMEs to face challenges from rising raw material prices.

##### **Proposed Action**

Deliberate with ministry of Finance to consider reduction in GST rates on raw materials to partially compensate for the price escalations.

#### **Policy Advocacy (5 of 6)**

##### **Issues of Financial /Statutory Compliances**

Relaxation in statutory compliance like filing of GST returns in time, timely refunds of GST payments and some other measures need to be taken.

##### **Proposed Action**

Department of Revenue to be approached for examining the matter and providing suitable relief measures.

#### **Policy Advocacy (6 of 6)**

##### **Credit Support for MSMEs**

Moratorium period of 6 months for repayment of MSME loans and other form of debts, together with a provision of 'no change' in the credit rating during the said period.

Norms for declaring NPA period in banks be extended to 180 days for at least next 2 years as the MSMEs need uninterrupted banking assistance to deal with this crisis situation.

Interest rate subvention @ 3% on loans to MSMEs that are healthy and not NPAs.

##### **Proposed Action**

Deliberations with Department of Revenue and Department of Financial Services for bringing in suitable measures for the MSME sector.

### **Long term strategy for sustainability of MSMEs**

#### **“Smart Industrial Village” policy**

To achieve an inclusive and equitable growth model with percolation of wealth.

To promote de-centralized economic structure to avoid concentration of the population resulting into the exodus of migrant workers.

#### **Promoting “Swadeshi” Ideology via policy & strategy Drafting**

By price advantage incentive for import substitution & indigenous product development.

Price Advantage incentive is a percentage additional advantage on a price to Indian supplier compared with cost of import for a particular product.

Defining & introduction of “Indian quality standard & certification” system to provide “non-tariff barriers” cover for incentivizing locally manufactured “SWADESHI” products

To stimulate the local investment in manufacturing segment through promotion schemes & incentives, so that India becomes manufacturing hub.

### **Long term strategy for sustainability of MSMEs**

Access to information Technology enabled services (ITES) at an affordable cost would bring the MSME sector on a level playing field with bigger players.

To promote Innovation and upscale MSMEs to withstand global competitions.

Technological up gradation of the MSMEs to minimize external risks to tolerate levels.

Encouraging corporatization of the MSME Sector

Encouraging innovations through setting up of large number of business incubators in educational institutions.

Formulation of long term policies for the timely receipt of payments by MSMEs.

## **Long term strategy for sustainability of MSMEs**

### **Financial assistance to MSMEs**

Prioritize lending to MSMEs from banks by including small enterprises in the earmarked priority sector and raising sub-target limit to 10% from 7.5%

Collateral free & MUDRA small loans to encourage self-employment.

Relaxing ceiling on working capital by banks.

**Safe trade policy to be devised for sectors dependent on Chinese imports e.g. Chemicals, pharmaceuticals and electronic sectors, etc.**

By ourselves, we sometimes suffer grave limitations, but together we can overcome anything.

## **APPENDX-F**

### **RESERVE BANK OF INDIA GUIDELINES FOR RESTRUCTURING OF MSME**

(Based on 'Resolution Framework 2.0 - Resolution of Covid-19 related stress of MSMEs introduced by RBI vide circular no's DOR.STR.REC. 12/21.04.048/2021-22 & DOR.STR. REC.11/21.04.048/2021-22 dated 05.05.2021)

RBI vide its circular no. DBR.No.BP.BC.18/21.04.048/2018-19 dated 01.01.2019, issued guidelines for restructuring of MSME Advances without downgrade in asset classification.

Accordingly our Board has approved 'Policy for One Time Restructuring of Advances under Micro, Small & Medium Enterprises (MSME) sector' on 10.01.2019, which was circulated vide our circular no. BCC:BR:111:22 dated 11.01.2019. The One Time Restructuring scheme was valid up to 31.03.2020.

Later on, the time period of the scheme was extended up to 31.12.2020, following RBI circular no. DOR.No.BP.BC.34/21.04.048/2019-20 11.02.2020 regarding "MSME sector — Restructuring of Advances".

Subsequently, in order to support the viable MSME entities on account of the fallout of COVID-19 and to align these guidelines with the Resolution Framework for COVID 19— related Stress announced for other advances, RBI issued directives vide circular no. DOR.No.BP.BC./4/21.04.048/2020-21 06.08.2020. Through this directive the scheme was extended till 31.03.2021.

Now, in view of the uncertainties due to the resurgence of the COVID-19 pandemic, RBI has extended the above said restructuring facility without a downgrade in the asset classification vide circular no. RBI/2021-22/32 dated 05.05.2021 for MSMEs and vide circular no. RB/2021-22/31 dated 05.05.2021 for Individual and Business Enterprises. These set of measures are broadly in line

with the earlier OTR schemes announced by RBI vide circulars dated 01.01.2019, 11.02.2020 and 06.08.2020 with suitable modifications.

Accordingly, the One-Time Restructuring Policy issued on 11.01.2019 is modified to make it in line with the above RBI's Resolution framework 2.0 and validity of this policy is extended.

The index of the policy is as below

### **INDEX**

<b>Section-A</b>	Eligibility, Sanctioning Authority, Processing Fees, Timelines and Customer connect
<b>Section-B</b>	Identification of Stress due to Covid-19
<b>Section-C</b>	Resolution Plan — Examining Viability
<b>Section-D</b>	Relief & repayment Period
<b>Section-E</b>	Prudential Treatment of the Exposures in respect of which Resolution Plans are implemented and disclosure

<p style="text-align: center;"><b>Section -A</b> <b>ELIGIBILITY, SANCTIONING AUTHORITY, PROCESING FEES, TIMELINES AND CUSTOMER CONNECT</b></p>
--

#### **1. ELIGIBILITY:**

a. Borrowers Covered:

i) MSME:

- The borrower should be classified as a MSMEs as on March 31, 2021, in terms of the Gazette Notification S.O. 2119 dated June 26, 2020 and
- The aggregate credit exposure including non-fund based facilities of all lending institutions to the borrower should not exceed Rs.25 Crores as on 31.03.2021.

- ii) **Small Business:** Individuals and Small Businesses including those engaged in Retail and Wholesale Trade other than those classified as MSME as on 31.03.2021 are also eligible for resolution under Resolution Framework 2.0.
- iii) **Food & Agro Based units:** Food and Agro based units like Cold Storage/Warehouse/Silos units, having aggregate sanctioned limit of Rs.100 crores per borrower from the banking system are covered under Agriculture. However, these units are basically MSME units. Thus, the above Resolution Framework 2.0 announced by RBI for MSME units having aggregate exposure up to Rs.25 crores shall also be applicable to these units under Agriculture.
- iv) **GST Registration:** The borrowing entity should be GST- registered as on the date of implementation of the restructuring. However, this condition will not apply to MSMEs that are exempt from GST registration. This shall be determined on the basis of exemption limit obtaining as on 31.03.2021.
- v) **Udyam Registration:** The borrower should be registered with Udyam registration portal. If the borrower is not registered with Udyam registration portal, such registration shall be required before the date of implementation of the restructuring plan, for the plan to be treated as implemented.

b. **Asset Classification :**

- i) The account should be standard as on 31.03.2021.
  - ii) Asset classification of Borrower's account which was classified as Standard as on March 31, 2021 may be retained as such, whereas the accounts which may have slipped into NPA category between April 1, 2021 and date of implementation may be upgraded as 'standard asset', as on the date of implementation of the restructuring plan.
- c. In respect of accounts which were restructured following MSME restructuring circulars dated 01.01.2019, 11.02.2020 and 06.08.2020, the Bank is permitted as a onetime measure, to review the working capital sanctioned limits and / or drawing power based on reassessment of the working capital cycle, reduction of

margins etc. without the same being treated as restructuring. The decisions with regard to the above, are to be taken by the Bank by 30.09.2021. The reassessed sanctioned limit/drawing power shall be subject to review at least on a half yearly basis and the renewal/ reassessment at least on an annual basis. The annual renewal/reassessment are expected to suitably modulate the limits as per the then-prevailing business conditions.

For Small Business, the working capital limits to be restored as per Resolution Plan implemented under Resolution framework 1.0 by March 31, 2022

Exclusions:

The borrower accounts already restructured following the RBI circular no's- DOR.No. BP.BC/4/21.04.048/2020-21 dated 06.08.2020, DOR.No.BP.BC/34/21.04.048/2019-22 dated. 11.02.2020 and DOR.No. BP. BC/18/21.04.048/2020-21 dated 01.01.2019, are not eligible for restructuring under Resolution Framework 2.0.

## **2. SANCTIONING AUTHORITY**

Credit Exposure	Sanctioning Authority
Up to Rs. 1 crore	Branch Head (as per respective DLP)
Above Rs. 1 crore & up to Rs. 3 crores	SMELF
Above Rs. 3 crores	Credit Committee in RO/ZO/BCC within respective DLP

The application will be processed outside LLPS and decision taken under this framework shall be submitted for “Post Sanction Reporting (PSR)” as per Bank's extant guidelines.

Head-MSME is authorized to take a call to advise Branches/RO/ZO to undertake OTR as per their DLP and SMELFs to devote themselves to new business.

### **3. PROCESSING FEES**

No processing fees are to be charged for processing, invocation, implementation of resolution plan under this framework. However, any out-of-pocket expenses like stamping, inspection, valuation etc. to be borne by the borrowers. Further, since review of the credit facilities is also proposed along with restructuring, annual unified processing fees as per extant guidelines are to be recovered on a pro-rata basis

### **4. TIMELINES**

Under the Resolution Framework 2.0, the restructuring of the borrower account is to be invoked by 30.09.2021. For this purpose, the restructuring shall be treated as invoked when the Bank and the borrower agree to proceed with the efforts towards finalizing a restructuring plan to be implemented in respect of such borrower.

- The decision regarding applications received by the Bank from its customers for invoking restructuring under this scheme shall be communicated in writing to the applicant by the Bank, within 30 days of receipt of such applications.
- The decision to invoke the restructuring under this facility shall be taken by each lending institution having exposure to the borrower independent of invocation decisions by other lending institutions, if any, having exposure to the same borrower.
- The restructuring of the borrower account is to be implemented within 90 days from the date of the invocation.

### **5. CUSTOMER CONNECT**

A copy of the policy will be kept in the branch also

### **6. PROCESSING TEMPLATES**

- The existing OTR processing formats for exposure 'up to Rs.10 lacs' continue.
- Further the credit appraisal format for exposure 'above Rs.10 lacs to Rs.5 crores' may be utilized for exposure 'up to Rs.10 Crore'.
- For exposure above Rs 10 Crore, MCB format for credit appraisal to be utilized.

<p style="text-align: center;"><b>Section -B</b> <b>IDENTIFICATION OF STRESS DUE TO COVID-19</b></p>
--

As per RBI notification regarding Resolution Framework-2.0- Resolution of Covid-19 related stress on Individual and Small Businesses and MSMEs, the measures shall be contingent on the lending institutions satisfying themselves that the same is necessitated on account of the economic fallout from COVID-19. Further, the relief provided under these instructions shall be subject to supervisor review with regard to their justifiability on account of the economic fallout from COVID-19.

Accordingly, the following criteria may be utilized to satisfy that the unit is impacted by COVID-19.

i) Reduction in turnover by 10% or more from FY 2019-20 to FY 2020-21:

- The turnover should be verified from Audited Financials. In case financials audited are not available, the Provisional financials may be accepted.
- In case turnover of 2019-20 is not available, the same may be compared with the estimates/projections provided by the entity at the time of last review.
- In case neither audited nor provisional financials are available, the turnover in the accounts of the borrower may be compared with the corresponding period of previous year.
- If the unit does not come under the purview of Audit, then Provisional or self-certified financial may also be accepted in exceptional cases.

ii) Capacity utilization of the unit reduced by 10% or more, if the entity is able to justify with documentary proof.

iii) If unit was working during 2019-20 as per the available unit visit report/financials of the firm and same has been closed during FY 2020-21.

iv) Self-declaration by the borrower in case of exposure up to Rs.10 lacs that their business has been affected by COVID-19.

<p style="text-align: center;"><b>Section -C</b> <b>RESOLUTION PLAN FOR STRESSED BORROWERS</b></p>
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The borrowers satisfying the stress identification criteria as mentioned in Section-B may opt for resolution plan as under:

**VIABILITY & ELIGIBILITY:**

1. Techno Economic Viability (TEV) Study: TEV Study is waived in following cases:

- i) Where no additional funding is proposed under said resolution plan or,
- ii) Where additional funding is proposed and after additional funding the TOTAL proposed aggregate exposure is below Rs.5 Crore.

Where additional funding is proposed and after additional funding TOTAL proposed aggregate exposure is Rs.5 Crore and above, TEV report to be obtained from empaneled agency to establish viability of the restructuring plan.

2. VIABILITY OF THE PROJECT TO BE OBTAINED ON FOLLOWING FINANCIAL PARAMETERS:

- i) DSCR: Average DSCR of 1.25 and minimum DSCR of 1.05 to be ensured.
- ii) Current Ratio: Current Ratio minimum 1.00 (excluding Term loan/Demand loan/WCTL/FITL installments due in next 12 months, provided adequate cash generation is available), as a result of restructuring package to be ensured from next second year of implementation of restructuring package, so that the unit does not face liquidity problem once the restructuring package has been implemented.
- iii) FACR: In case of additional term loans (excluding WCDL/WCTL/FITL) minimum FACR of 1:1 to be ensured.

- iv) Margin for additional funding requirement: In case of additional funding requirement, minimum margin of 15% of total fund requirement, to be brought in by way of capital or quasi capital (i.e. interest free unsecured loans from promoters/directors and their friends and relatives) by the promoters.

OR

If the borrower is not in a position to bring margin as mentioned above, then 25% of the required margin may be provided in the form of additional collateral security by way of SARFASI complaint immovable property. In that case, 15% margin may not be insisted upon.

- v) The infusion of 15% margin in case of additional funding to be made upfront in an Escrow account as on date of release of the package by the Bank.
- vi) Additional exposure (including capex) does not exceed 25% of the total aggregate exposure.
- vii) Margin on stock & receivables: Margin on stock & receivables may be reduced to 15% and gradually stepped up once the liquidity improves as a result of the restructuring. Package after 12 months. Period of Receivables can be extended as per the operating cycle by the sanctioning authority.
- viii) WCDL/WCTL/FITL carved out should not be treated as additional exposure.
- ix) SME rating/Grading from external agencies not to be insisted upon at the time of restructuring. Irrespective of Internal rating/RAROC, restructuring of the eligible account to be done subject to viability.
- x) Letters of Credit can be sanctioned as a sub limit of working capital limits. Other non- fund-based limits may be considered as per the need within overall cap of 25% of aggregate additional exposure.

xi) Repayment Period: WCTL and additional term loan (if any) would be repayable generally in 5 years including moratorium of 12 months. However, the Sanctioning Authority can allow maximum repayment period up to 7 years on case-to-case basis. WCDL will be repayable in 3 years including a moratorium period of 12 months. This repayment period is subject to the residual economic life of the Plant & Machinery.

xii) It would be necessary to make an offer for restructuring to the borrowers/promoters and seek their consent and ascertain their intent and stake prior to taking up the unit for restructuring.

**Other Condition:**

- i) Provisional Balance sheet not more than 3 months old to be obtained and last audited financial statements are not more than 15 months old (wherever audit of financial statements applicable) to be obtained.
- ii) Security perfection as per terms of sanction to be complied with. In case of non-compliance with any other terms of sanctions even after best efforts could not be complied with, the same to be ensured within 6 months from the date of restructuring.
- iii) Current accounts maintained with other Banks would need to be closed as a pre-condition of restructuring.
- iv) Cases of wilful default, fraud and malfeasance will not be eligible for the restructuring package.
- v) Activity clearance is not required for providing any additional credit limit under Resolution Framework 2.0, to MSME units who fall under negative or discretionary list of Bank.

**Permitted features of Resolution Plans for Small Businesses including Retail Trade & Wholesale Trade:**

- The resolution plans implemented under this window may inter alia include rescheduling of payments, conversion of any interest accrued or to be accrued into another credit facility, revisions in working capital sanctions, granting of moratorium

etc. based on an assessment of income streams of the borrower. However, compromise settlements are not permitted as a resolution plan for this purpose.

- The moratorium period, if granted, may be for a maximum of two years, and shall come into force immediately upon implementation of the resolution plan. The extension of the residual tenor of the loan facilities may also be granted to borrowers, with or without payment moratorium. The overall cap on extension of residual tenor, inclusive of moratorium period if any permitted, shall be two years.
- In cases of loans of borrowers specified in Section A (Under Eligibility 1.a.ii)), above where resolution plans had been implemented in terms of the Resolution Framework —1.0, and where the resolution plans had permitted no moratoria or moratoria of less than two years and / or extension of residual tenor by a period of less than two years, lending institutions are permitted to use this window to modify such plans only to the extent of increasing the period of moratorium / extension of residual tenor subject to maximum of 2 years, and the consequent changes necessary in the terms of the loan for implementing such extension. The overall caps on moratorium and / or extension of residual tenor granted under Resolution Framework — 1.0 and this framework combined, shall be two years

<p style="text-align: center;"><b>Section -D</b> <b>RELIEF AND REPAYMENT PERIOD</b></p>
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- i) Waiver of penal interest: If penal interest is charged, such charges should be waived with effect from 1st April 2021.
- ii) Unpaid Interest: Unpaid/unapplied interest, if any as of the cutoff date and future interest during moratorium period from the date of restructuring may be funded by way of Funded Interest Term Loan (FITL). This FITL will be repaid in 3 years including a maximum moratorium period of 12 months.
- iii) Working capital Demand/term loan (short fall in Net working capital): The short fall in net working capital will be calculated as on the cut off date by working out realizable current assets (excluding obsolete inventory, receivables which are unrealizable/cannot be realized within a period of 6 months or any other assets classified as current but not realizable within one year ) minus unpaid creditors

(beyond the normally available credit period), unpaid statutory dues, installment of term loan payable in next 12 months, overdue term loan installments etc. The cover period of receivables could be extended as per the operating cycle by the sanctioning authority.

iv) **Audit of stock & receivables:** Audit of stock & receivables are to be done as per extant Guidelines. Stock & receivable audit is not to be insisted upon if it is already done as per extant Guidelines.

**Working Capital Limits:** After carving out FITL and WCDL/WCTL, the remaining working capital limits may be renewed. The enhancement in working capital limit may also be considered subject to the condition that total exposure of the bank does not exceed 25% of the existing total exposure.

v) **Rephasement of existing term loans:** After the unpaid interest portion is carved out in the form of FITL, the repayment of balance dues may suitably rephrased, so as to align with the repayment capacity as projected under restructuring package.

vi) **Funding of Future cash loss:** It is envisaged that the unit may continue to incur losses for a period of 12 months once the restructuring package has been implemented. The necessary support required to fund the estimated cash loss which may be funded as under:

- a) Future cash loss: Future cash loss may be disbursed in a phased manner after review of the progress made under restructuring package. For disbursement of future cash loss a separate TL/DL account may be opened. Repayment of the loan account created to commence not later than 12 months after the date of first disbursement. Repayment of this loan will be done in 36 months including moratorium of 12 months.
- b) Promoter's contribution: Promoters to contribute (upfront) 15% of the amount disbursed in lieu of cash loss.
- c) WCTL will also be within the overall cap of 25% of aggregate exposure.

viii). **Extension of DCCO:** All guidelines of RBI as per the IRAC norms will be applicable.

ix). Rate of Interest:

<b>Nature of Facility</b>	<b>Proposed Concessional Rate of Interest</b>
Funded Interest Term Loan (FITL)	BRLLR + 0.75% p.a.
Working Capital Term Loan (WCTL 1 & 2)	BRLLR + 1.25% p.a. Spread to be reset linked to credit rating of the unit on the second anniversary date.*
Working Capital Limits (existing & proposed)	BRLLR + 2.25% p.a. Spread to be reset linked to credit rating of the unit on the second anniversary date.*
Term Loans (existing & proposed)	Interest rate of BRLLR + 2.25% p.a. Spread to be reset linked to credit rating of the unit on the second anniversary date.*

\*on completion of 24 months (including moratorium if any) from the date of implementation of restructuring package.

NFB Limits: 25% concession on the card will be provided for 24 months from the date of implementation of restructuring package (not to be taken for calculating the Right to recompense).

x) Sacrifice: Reduction in Rate of Interest and/or re-schedulement of the repayment of principal amount, as part of the restructuring will result in diminution in the fair value of the advance. The Sacrifice is the difference between the fair value of the loan before and after restructuring.

- Fair value of the loan before restructuring will be computed as the present value of cash flows representing the principal and interest at the existing rate charged on the advance before restructuring and discounted at a rate equal to the rate of interest applicable to the various facilities extended to the borrower on the date of restructuring.
- Fair value of the loan after restructuring will be computed as the Present value of cash flows representing principal and interest at the rate charged on advance on restructuring discounted at a rate equal to the rate of interest applicable to various facilities extended to the borrower as on the date of restructuring.

xi) Right to recompense:

- The Right to Recompense will be determined upfront and will be equal to the sacrifice calculated as mentioned above.

- Bank's right to exercise recompense would be included in the sanction letter to the borrower. Suitable clause should be added in the sanction letter requiring the unit to show the recompense amount due to the bank as a contingent liability in the unit's balance sheet every year.
  - In case of takeover / pre-closure or a decision is taken to call up the advance due to failure of the package, the loss sustained by the Bank on account of reliefs/concessions extended would also be claimed along with other dues.
- xii). Exercising Right of Recompense: Once the unit has been revived and surplus cash accruals are available after meeting the repayment obligations under the restructuring package, the right of recompense may be exercised from the 2nd anniversary date of the implementation of restructuring package. Recovery may be aligned with the repayment capacity of the unit.
- xiii). Extension of DCCO: All guidelines of RBI as per the IRAC norms will be applicable.

<p><b>Section -E</b></p> <p><b>PRUDENTIAL TREATMENT OF THE EXPOSURES IN RESPECT OF WHICH RESOLUTION PLANS ARE IMPLEMENTED</b></p>
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1. Asset Classification:

- a) Asset classification of Borrower's account which was classified as Standard as on March 31, 2021 may be retained as Standard.
- b) The accounts which may have slipped into NPA category between April 1, 2021 and date of implementation may be upgraded as 'standard asset', as on the date of implementation.
- c) it is clarified that accounts classified as NPA on or before 31.03.2021, can also be restructured, however, the extant asset classification norms shall be applicable i.e. the account will continue to be classified as NPA and the same can be upgraded if it demonstrates satisfactory performance during "specified period".
- d) Specified period means a period of 12 months from the commencement of the first payment of interest or principal on the credit facility with longest period of moratorium under the restructuring package. Satisfactory performance means no payment (interest and/or principal) shall remain overdue for a period of more than 30 days. In case of Cash credit/Overdraft account, satisfactory performance means that the

outstanding in the account should not be more than the sanctioned limit or drawing power, whichever is lower for a period of more than 30 days.

2. Provisioning Requirements;

- Upon Implementation of the restructuring plan under this framework, the bank shall keep provision of 10% of the residual debt of the borrower.
- For Individual and Business loans, half of the provisions will be written back upon the borrower paying at least 20% of the residual debt without slipping into NPA after one year from the commencement of first payment of interest or principal (whichever is later) on the credit facility with longest period of moratorium.

3. Disclosure:

Bank shall make appropriate disclosures in their financial statements, under 'Notes on Accounts', relating to the MSME accounts restructured under these instructions as per the following format as for accounts under Individual and Small Business including Retail Trade & Wholesale trade, the disclosure to be made as per RBI circular no-DOR.STR.REC.11/21.04.048/2021-22 dated 05.05.2021.

No. of accounts restructured	Amount (Rs. in million)
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4. Grievance Redressal: Every RO/ZO is having Grievance Redressal Committee which shall be responsible for redressal of any grievances related to Resolution Framework 2.0, in time- bound manner.

**FORMAT FOR ONE-TIME RESTRUCTURING FOR ELIGIBLE MSME ACCOUNTS WHEREIN EXISTING CREDIT EXPOSURE IS UPTO Rs. 10 LAKHS**

(Where no additional credit exposure involved for restructuring)

**Date:**

**Name of the branch      Sol Id      Region      Zone**

**Details of account to be restructured under One-Time Restructuring**

**Name of the Borrower**

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**Customer Id**

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**Details of account to be restructured under One-Time Restructuring**

Account No.

<b>Facility</b>	<b>Nature</b>	<b>Limit (Rs.)</b>	<b>Outstanding (Rs.)</b>	<b>Overdue (Rs.)</b>
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**Date of Sanction****Rate of Interest**

**Existing Tenure** (No. of instalment and  
periodicity i.e. monthly, quarterly)

**Residual Repayment Period / Remaining****Instalments****Restructuring Details****Repayment Holiday****No. of instalments post restructuring (including repayment holiday)**

**Other Details of restructuring** : **Overdue interest to be capitalized /**  
**interest to be recovered as and when due post restructuring**

We confirm that:

1. Unit / Enterprise is functioning and viable.
2. Consent of Borrowers / Guarantors for above restructuring is available.
3. Required documentation for the above restructuring shall be obtained.
4. The MSME unit is eligible for One—Time Restructuring following 'Policy for One-time Restructuring of advances under Micro, Small & Medium Enterprises (MSME) sector' detailed in circular no. BCC:BR:111 :22 dated 11.01.2019. All other extant guidelines of the Bank have been complied with.
5. Branch will submit PSR Note to regional office as per extant guidelines of the bank.

Recommending officer charge	Branch In

**FORMAT FOR ONE-TIME RESTRUCTURING FOR ELIGIBLE MSME  
ACCOUNTS WHEREIN EXISTING CREDIT EXPOSURE IS ABOVE  
Rs. 10 lacs to Rs.10 crores**

(with and without ADDITIONAL CREDIT EXPOSURE UNDER  
RESTRUCTURING)

**Date:**

Name of the Accountant	
Branch	
Region / Zone	
GST No is mandatory, if applicable	
Segment / sector	
SMA status as on 01.01.2019	
Asset classification as on date of restructuring	
Internal rating	

Existing/proposed credit exposure				
Facility	Existing	proposed	O/s as on	Overdue as on
Fund based sub-total				
Non -fund based sub-total				
Total exposure				

Repayment schedule		
Facilities	Existing	proposed

Reference of original sanction /last review & authority
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## 1. BASIC DATA:

Constitution				
Date of establishment				
Dealing with the bank since				
Location	Registered office/ factory site			
Key persons in the firm				
Industry and Nature of activity				
Name of Directors	Sr.no	Name of Director	Net worth (Rs)	
Name of Guarantor	Sr.no	Name of Guarantor	Net worth (Rs)	
Compliance of earlier terms and conditions including creation of charge				
Whether all clearance/ approvals have been obtained like pollution clearance				
Inspection irregularities (only unrectified irregularities)				
Security coverage (%)	Primary security	Collateral security	Total security	

## 2. COMPLIANCE

As per “Policy for Onetime Restructuring of advances under Micro, Small & Medium Enterprises (MSME Sector), the following conditions are Complied With:

Sr. no	Major terms as per restructure policy	Please tick
1	Maximum repayment of all term loans WCDL/WCTL is not to be more than 3/5 years.( 7 Years, on case to case basis, including maximum moratorium of 12 months)	
2	All related documentation, including execution of necessary agreements between lenders and	

	borrowers/creation of security charge/perfection of securities are completed by Our Bank/all lenders. (existing and proposed before release of enhanced limits)		
3	Current Account with other Bank needs to be closed as a pre-condition		
4	Last ABS of 31.03.2019 to be obtained and satisfied upon.		
5	Cases of willful default, fraud and malfeasance will not be eligible for the restructuring package.		
6	Other Financial Covenants as per Policy for Onetime restructuring are Complied with as below.		
A	In case of Term Loans (Excluding WCTL/FITL) minimum FACR of 1:1 is ensured Max. Period of WCDL/WCTL - 3/5 years.		
B	Average DSCR of 1.75 and Minimum DSCR of 1.25 to be satisfied.		
C	Interest Coverage to be satisfied.		
D	Current ratio of 1.10 Minimum (excluding TL/DL/WCTL/FITL due in next 12 months) from 2nd year of implementation of package.		
E	Margin for additional credit limit sanctioned under re-structuring to be inducted UPFRONT of 15% by way of capital/USL (Interest free).		
F	Maximum additional exposure can be taken as under:		
	Total indebtness (pre-restructuring )	Maximum permitted additional exposure	

	(a)	as a % of total indebtedness (b)	
	Up to Rs. 1 crore	25% of (A)	
	Rs. 1 crores to Rs. 10 crores	Rs. 25 lacs or 20% of (a), whichever is higher.	
G	Long Term Debt to EBITDA to be satisfied upon		
7	Audit of stock and receivables to be done invariably to ascertain the realizable value of stock/BD in case of additional funding under WCDL.		
8	Sacrifice amount calculated as per banks extant guidelines and recompense clause incorporated in sanction letter.		

### 3. FINANCIAL HIGHLIGHTS

Particulars	Audit of last 2 years	Estimated	Projected
	31.03	31.03	31.03
Net receipt / sales			
Net profit after tax			
TNW			
Current ratio			
DE Ratio (TOL/TNW)			
DE Ratio (TTL/TNW)			
Long term debt / EBITDA			

### 4. REASON/JUSTIFICATION FOR CONSIDERING RESTRUCTURING IN THE ACCOUNT:

## 5. LATEST UNIT INSPECTION DETAILS:

We confirm that:

1	Unit Enterprise is functioning & Viable.
2	Consent of Borrowers/Guarantors for above restructuring is available.
3	Required documentation for the above restructuring shall be obtained.
4	Detailed Terms & Conditions post-restructuring shall be acknowledged by borrower before passing on the effect of restructuring, including right of recompense and shall be obtained and kept on record.
5	The MSME unit is eligible for One-Time restructuring following 'Policy for One-Time Restructuring of advances under Micro, Small & Medium Enterprises (MSME) sector and RBI/ Banks extant guidelines of the bank have been complied with.
6	The Note Shall be submitted for PSR noting to next higher Authority as per Extant Guidelines.
7	All the requisite papers/documents/calculations are kept on records.

Recommendation by:	Sanctioned by:
Name: Designation:	Name: Designation:

## **APPENDIX: G**

### **Interview through questionnaire Protocol – Survey Cover Letter**

Interview/Questionnaire on the subject

Policy measures to revive the MSME sector from the COVID 19 crises

The information collected in literature review indicates that most of the studies focus mainly on financial and operational support along with a shift from traditional business models to the more innovation-led techno-friendly model during and after the pandemic. However, they fail to highlight the need for financial planning for small businesses in advance and suggest policy measures so that small firms can be resilient enough to face business uncertainty when it arises. Long-term planning of financial resources by MSMEs may enable them to sustain their growth during business uncertainties caused by external shocks such as a pandemic, sudden policy changes, etc. The present study is an endeavor in this direction. While understanding the impact of Covid-19 on MSMEs in India, it is necessary to bring out some direct reaction from the public i.e. in our case from the MSME sector at the hands of the suffering from the coronavirus pandemic.

The Questionnaire is one of the most significant research tool to protect the health in condition related to a covid-19 pandemic. A questionnaire is a type of survey that consists of a series of questions designed to collect information from respondents from different location, who must consent voluntarily with sufficient knowledge and the answers must be for the good of the society and the purpose and the same are a comparatively affordable quick and effect way of obtaining significant amounts of data from the broad spectrum of people. During questionnaire, all respondents will be asked identical questions about the subject and will be requested to respond to these queries thus data will be accumulated from them.

The primary objective is to look at how the respondents discuss the same questions differently. The questionnaire will have a maximum of 16 questions including demographic questions for example age, gender and nationality as well as open ended and closed ended questions about the specific subject of coronavirus pandemic effect on MSME and the required remedies from the government. There will be wide range of survey questions including multiple choice questions and rating types of questions. The

minimum number of industrialists/people who will participate in the questionnaire survey will of 100

The face to face interview will begin as per the pre-planned appointment based on

- a) The time of the interviewee/s who can spare their valuable time to answer the questions in the questionnaire form
- b) The interviewees should permit us to record their views and conversation about to have will remain strictly confidential.
- c) Advance information will be given to the participants to spare maximum of 30 minutes of time and accordingly they can fix other business engagements. As per the schedule the interview will commence and end
- d) Before engaging the participants for interview, prior information should have been given about the purpose of the interview and what for we are recording their answers.
- e) After getting the satisfactory information in verbal and on record/questionnaire form repeats with the participants and verified the correctness.
- f) Lastly the interview will be concluded with a vote of thanks to the participants and assure them in case of any help or suggestions on the subject the same shall be replied over the phone or by mails

The valuable questionnaire obtained with help for creating recommendation that may help the MSME sector to develop its resilience and enable it to sustain growth during any future external shocks.

## APPENDIX H

### Informed Consent Form



#### INFORMED CONSENT FOR INTERVIEW

##### **Policy measures to revive the MSME Sector from the Covid-19 Crises**

I.....agree to be interviewed for the research which will be conducted by S.SUBRAMANIAN a doctorate students at the Swiss School of Business and Management, Geneva, Switzerland.

I certify that I have been told of the confidentiality of information collected for this research and the anonymity of my participation; that I have been given satisfactory answers to my inquiries concerning research procedures and other matters; and that I have been advised that I am free to withdraw my consent and to discontinue participation in the research or activity at any time without prejudice.

I agree to participate in one or more **electronically recorded** interviews for this research. I understand that such interviews and related materials will be kept completely anonymous and that the results of this study may be published in any form that may serve its best.

I agree that any information obtained from this research may be used in any way thought best for this study.

.....  
**Signature of Interviewee**

.....  
**Date**

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