

Research Article

Impact Of Covid 19 On Business Practices of Micro Enterprises

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Abstract

The recent COVID-19 pandemic has proved to be a game-changer for the majority of us. It has changed the way we behave and perceive things. Many of our habits have changed. We are experiencing a new world altogether. This unexpected and adverse shift in habits and mindset has impacted the economies heavily. Many have taken a bad hit. But in some cases, the results are exponentially positive. So the adaptability and creative decision making will play a key role in the sustainability of the enterprises. In this article, we will discuss 5 industries which will observe new trends shaping up for the businesses. We focus micro enterprises which are survive mostly on Bank finance under different Govt. finance scheme like PMEGP etc.

Key Words: Prime Ministers Employment Generation Program(PMEGP), Entrepreneurship Development Programme (EDP) ,District Trade and Industry Centre (DTIC) , Lead Bank of District (LBD),

INTRODUCTION :-

The economic disruptions from COVID-19 have left the MSME sector in India reeling. Our report discusses the nature and extent of the impact of this pandemic on the cash-flows, business operations, and supply chains of MSMEs. It delves deeper into the coping strategies MSMEs have adopted to mitigate the effect of this disruption. The report also highlights how the pandemic has triggered the uptake of digital technologies other way of business to help MSMEs recover.

In India most of the Micro Industry is depend on the loan and finance from the Financial Institution like Bank under various Govt. Financial Scheme like PMEGP, MMYSY, Antavayavasai , KVIB, etc .This covid 19 and lock down almost closed the working of Industry and Enterprises due to lack of working capital and Manpower

This report we present a short notes on the Business pattern changed after the COVID 19 and how the micro enterprises are struggling for survival with adopting different methodology of Marketing , advertising , delivery of product etc.

NATURE OF MICRO BUSINESS AND CONVERSION IN BUSINESS PRACTICES

SECTOR WISE OBSERVATION: -

Workspace based sector:

1. It is not an old story when we were going to our offices and work for 9-12 hours. We got to interact with the fellow teammates face-to-face and the discussions were impromptu. The environment was energetic and indulging in office gossip was frequent. But suddenly things changed. Majority of the employees are now working from home. Discussions are happening over a video conference and low internet speed is a regular cause for the delay in task completions.
2. Prior to this situation, many companies were already providing work from home facilities, but the majority of the businesses were not ready for this sudden shift. Therefore, productivity has reduced and projects are getting delayed. Enterprises are trying to adopt different digital tools to manage their operations. This spike in the demand for these tools has worked as a catalyst for some firms to develop work from home solutions.
3. Though a winner is yet to come, the adoption of these tools will definitely open up new opportunities. Tools for communication, team collaboration, data security will definitely experience a boost.
4. Another major hit has been experienced by the co working spaces. Social distancing is a new norm to follow, which has resulted in lower revenue per unit area. During the lockdown, many companies have either left the spaces or reduced their office size. A new mind set within the startup companies is to give employees work from facilities and utilizing a physical space just to conduct meetings and discussions.
5. The work from home trend will continue further and adoption for tools helping in it will experience exponential growth.

Education Sector:

1. Children are missing their school environment, as they have been caged at home for a long period of time. Digital education has experienced new growth in these periods. Many schools have tried different online teaching platforms to suit their requirements. The assessment of assignments and taking online exams are the newest challenges these schools are facing.
2. Besides these, teachers are struggling to make their students understand the concepts. Therefore, pre-recorded videos are frequently being used, which contain more options and animations to represent the concepts. This has given rise to LMS platforms as well.
3. Home tutors and coaching centers are having a severe backlash as they have fewer resources and facilities to avail these tools. Though they are trying to manage the situation an adequate solution for them is yet to come. Ed-TechPlatforms like Byju's, Extra marks, Vedantu etc. are eating up their market.

Entertainment Sector :

1. A hall with cheers from the crowd and we enjoying the ridiculously priced popcorn looking at the big screen. We are unsure when we can experience this again, as people prefer to maintain social distances and cinema halls seats can be an easy prop to transmit the virus. Therefore, some yet to be released movies are releasing online, through the partnerships with media streaming applications.
2. Meanwhile, we realized that authentic and valuable contents can win hearts even after a quarter of the century. Mythological series like Ramayan, Mahabharat etc. were adored hugely by everyone, which showed us, true contents can hold the attention of any age group. The nostalgic feeling and throwback to old days kept the TV channels alive.

3. In this digital era, platforms like Netflix, Amazon prime etc. have capitalised hugely and have become a necessity for many entertainment seekers than a luxury.

Hospitality Sector:

1. Hotels and restaurants have been shut down since many days which is hugely impacting the pockets of owners. Many owners had to fire workers to sustain the period, though the future revenue figures are uncertain.
2. A top executive of a food delivery startup has claimed that 30-50% of the restaurants may permanently shut down in India. Leaving behind a huge vacuum. The only ones surviving are the branded ones. This has shown us the value of branding and good service in the hospitality industry. Hygiene has become a must to maintain in order to attract customers.
3. The branded guy are started home delivery system by online booking through App and by telephonic call
4. The Small Bhojnalaya and Street vendor are suffered in whole period they also trying to adopt the telephonic call based delivery but due to customer is not having such status they are not using it frequently and business quantity was in decreasing during COVID 19..Gupchup corner and other street vendor start a sell of Raw material for Gupchup and supply to home delivery on demand basis.
5. The hospitality business is badly suffered during this whole COVID 19 due to loss of Tourism, Function, and Social gathering.
6. Now all party and meeting are shifted to on line with help of app.. Hotel are offering sanitise social distancing space meeting hall .

Self-Care Sector

1. We all had lost ourselves in our busy schedules. We forgot to treat our body and mind well. This pandemic has shown us the importance of self-care during negative times. We got to know, to lead a stable and efficient life, keeping our mind stable is essential. This has resulted in a boost of self-care content consumption online.
2. Consumptions for motivational contents, exercises, healthy diets, mind management etc. has increased exponentially. Subscriptions for the online webinars of established trainers have increased hugely. All physical exercise coach started their online coaching with the help of App and internet complete fitness industry is changed with on line services like yoga classes , fitness classes , etc
3. Minimalist mindset adoption has seen higher growth numbers, which suggests, people now care to stick with essential items than luxuries. We have realized we require a fairly minimal number of items daily and the rest of the items are actually blocking our cupboard spaces.

Effect of Covid-19 on Business :- Most of Micro enterprises are working with bank finance or with Pvt. Finance in the lock down period they suffer adversely suffered with loss in marketing, sell of product, etc and they are facing the problem of sever cash shortage . These Business man may take help from various Govt. Scheme for fulfill the fund shortage in business.

There are so many scheme are available and the details of some of the schemes are given below
GOVT. LOAN SCHEMES FOR MICRO ENTREPRENEURS:-

- 1. PRIME MINISTER EMPLOYMENT GENERATION PROGRAMME (PMEGP) :-**

The scheme is implemented by Khadi and Village Industries Commission (KVIC), as the nodal agency at the national level. At the state level, the scheme is implemented through State KVIC Directorates, State Khadi and Village Industries Boards (KVIBs) and District Industries Centers (DICs) and banks. The subsidy under the scheme is routed by KVIC through the identified banks for eventual distribution to the beneficiaries/

entrepreneurs in their bank acc. The equity and subsidy ratio is 15% equity, 10% subsidy and 75% finance with subsidy. The maximum loan limit is 25 lakh .

2. PRADHAN MANTRI MUDRA YOJANA GOVT OF INDIA :-

Micro-units Development and Refinance Agency (MUDRA) is an organization established by the government of India to provide business finance to micro-business units. The loans under the scheme are given on the pretext of ‘funding the unfunded’. Since small companies and startups are often left to their own devices for financing their venture, the government has created the concept of low-cost credit to such undertakings. MUDRA Loans are also a refinanced business loans, approved and disbursed through public sector banks, private sector banks, co-operative societies, small banks, scheduled commercial banks and rural banks that come under the scheme. The loans are generally given to micro or small businesses operating in the manufacturing, trading and services sector. The MUDRA Loans are structured as under,

- Sishu Loans up to Rs. 50,000/-
- Kishor Loans up to Rs. 5,00,000/-
- Tarun Loans up to Rs. 10,00,000/-

Generally, loans upto 10 lakh issued by banks under Micro Small Enterprises is given without collaterals Mudra loan is extended for a variety of purposes which provide income generation and employment creation. The loans are extended mainly for: Business loan for Vendors, Traders, Shopkeepers and other Service Sector activities Working capital loan through MUDRA Cards Equipment Finance for Micro Units Transport Vehicle loans

3. CREDIT GUARANTEE FUND SCHEME FOR MICRO AND SMALL ENTERPRISES:-

The CGMSE was first launched in the year 2000 as a monetary support scheme for micro and small enterprises. It offers collateral-free credit for both new and existing business units that satisfy its eligibility criteria. The scheme provides working capital loans up to ₹ 10 lakhs without any collateral. However, for all credit facilities above ₹ 10 lakhs and up to ₹ 1 crore only primary security or mortgage of land and building associated with the building is obtained and such eligible accounts are covered under Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE). Asset created through the credit facility which are associated with the business unit are also considered as security when the loan amount exceeds ₹ 10 lakhs. The business loans under this scheme are financed by various public and private sector banks covered under the scheme.

4. CREDIT LINK CAPITAL SUBSIDY SCHEME FOR TECHNOLOGY UPGRADATION :-

This scheme allows small businesses to upgrade their process by financing technological upgradation. The technological upgradation can be related to numerous processes within the organization, such as manufacturing, marketing, supply chain etc. Through the CLCSS scheme, the government aims to reduce the cost of production of goods and services for small and medium enterprises, thus allowing them to remain price competitive in local and international markets. The scheme is run by the Ministry of Small-Scale Industries. The CLCSS offers an up-front capital subsidy of 15% for eligible business. However, there is a cap to the maximum amount that can be availed as subsidy under the scheme, which is set at ₹ 15 lakhs. Sole proprietorships, partnership firms, co-operative, private and public limited companies come under the ambit of this business loan scheme.

5. ANTAVAYASAI SAHKARI VIKAS SAMITI LOAN SCHEME :-

In Antavayasai sahkari vikas samiti issue loan to SC/ ST/ Minority for small business up to 2.00 lac finance with subsidy . This scheme is very usefull for caste based street vendor/ Micor entrepreneur/ and Self Help Group in minimum interest rate of 6.00% where bank is charging 9.00% on commercial loan .

6. MUKHYA MANTRI YOVA SWAROJGARH YOJANA

This scheme is started by CG Govt. for subsidized loan to youth up to 10 lakh for Business, Production and Service Sector Unit. The basic component of this scheme is that any unemployment youth willing to start a business may take finance from Bank with equity supported by Subsidy amount up to 3.5 lakh .

COVID-19 RELIEF MEASURE:-

i. Term Loans: - In terms of RBI COVID 19 regulatory package, SBI has initiated steps to defer the installments and interest/EMIs on Term Loans falling due between 01.03.2020 to 31.05.2020. Accordingly, the total repayment period will be extended by 3 months over the original repayment period.

ii) Working Capital: - In respect of working capital facilities sanctioned in the form of Cash Credit/OD, interest applied during the period 01.03.2020 to 31.05.2020 shall be deferred and interest accumulated for

the period shall be paid /recovered after the expiry of deferment period along with the monthly interest for June 2020.

OBSERVATION :-

During the observation we have identified three to five Enterprises from the three sector like Business, Production, Service sector of Bilaspur.

We focus our survey on the new practices they adopted during the lockdown and after lock down during COVID 19.

The observation data is categorized in this Table:-

S.N.	Typeis of Unit	Discuss with unit	New Practices adopted	Type of practices new
	SERVICE SECTOR			
1	Saloon	14	8	Home services , Sanitizes tools and cloth with Mask , Slot Booking by whatsapp, Adopted urban clap Method of service
2	Vegetable Vendor	15	7	Sanitized packing vegetable , Home delivery on whats app order ,
3	Two wheeler service centre	5	1	on line minor repair through guidance to owner and mechanic supply on demand to home
4	Beauty parlour	10	4	Home services , Sanitizes tools and cloth with Mask , Slot Booking by whatsapp, Adopted urban clap Method of service
5	Bhojnalaya	10	3	Home services on demand
	MARKETING SECTOR			
1	Fancy shop	15	2	On line marketing , product display on line , incentive based selling through all customer against new customer sell
2	Grocery shop	10	10	Home services ,
	PRODUCTION SECTOR			
1.	Readymade garment unit	8	1	product selling through whatsapp

FINDING:-

1. Service sector: - The sector was more innovative and flexible to adopt the different way of marketing of product and services . It has find that in service sector approx 42% are try to adopt new practices to work with business.But in case of Production it was less than 4% who adopt any new business practices.
2. Technology :- The Micro Enterprises entrepreneur are not aware with technology up gradation through interface of IT ,

SUGGESTION: -

1. It suggested to Govt. that Micro Enterprise entrepreneur should be trained in E- Commerce and Digital marketing which help to improve business in lockdown period and Covid 19.

CONCLUSION:-

We have been forced to adopt digitalization in our everyday life. These new habits have created new business opportunities but at the cost of huge economic losses. Enterprises had to adopt new normals and smartly diverse their operations. Other industries like tourism, travel, real estate have also been impacted. In these adverse times, the role of decision-makers to implement smart and sustainable business models is very important.

Workers also need to be aware of changing scenarios and adopt new skills or up skill themselves. Change is the only constant; adopting it wisely is in our hands.

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