



POST COVID-19 OPPORTUNITIES AND CHALLENGES FOR MICRO SMALL MEDIUM ENTERPRISES (MSMEs) DEVELOPMENT IN INDIA

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ABSTRACT:

Micro small medium enterprises (MSME) are considered to be the backbone of the Indian economy. Its contribution to the Indian economy's GDP has been significant in the past decade. They have an important role in the development of rural and backward areas, thus reducing regional imbalances, Ensure a fairer distribution of national income and wealth. The unprecedented outbreak of COVID-19 in Wuhan province - China during December 2019 turned out to be pandemic that affects the whole world and paralyzes economic activities. The impact of this has It has seriously affected the MSME sector. This article examines the current MSME scenario. based on Above the background, the researcher tried to analyze the challenges and development forward for the post COVID 19 MSME sector

Keywords: micro small medium enterprises, challenges, MSME development.

1. INTRODUCTION:

The COVID-19 is being considered as worst in the history of mankind, the magnitude of it is more than the Spanish Flu of 1918, Great Depression of 1929 and Great Recession. It has not only severely impacted global health but also caused a deep wound in the economic, financial, social, emotional, mental wellbeing of people and almost all the sectors of the economy globally, nationally and locally. World Health Organization (WHO) has declared this COVID-19 as pandemic. The world leaders have compulsorily asked people to go for social distancing, leading COVID-19 is being considered the worst in human history, the magnitude is more than the Spanish flu of 1918, the great depression of 1929 and the great recession. Not only have It seriously affected world health, but it also caused a deep wound in the economic, financial, and social spheres, emotional and mental well-being of people and almost all sectors of the economy worldwide, nationally and locally. The World Health Organization (WHO) has declared this COVID-19 as pandemic. World leaders have mandated people to go for social distancing, leading closure of companies and factories considered the best medicine to fight spread of the virus until the vaccine is found. This closure caused an unusual shock to demand and deliver worldwide. Global supply chains are ready for serious renewal because COVID-19 crisis exposed the vulnerability of nations and societies that depend heavily on a limited Number of trading partners. Many multinational companies (MNE) have already started to reuse they are evaluating their supply chains and mixing their supply chains. Such as Small and medium-sized enterprises (SMEs) and micro, small and medium-sized enterprises (MSME) employ a predominant role in both developed and developing economies. They represent 90% of the companies. and 50% of job creation worldwide.

Throughout the process, larger sharks tend to survive in business, while smaller sharks tend to survive fish tend to disappear. Here, larger sharks are referred to as large corporate houses. Globally and nationally they have the mattress to observe the impact of COVID-19 and small fish they are sent to micro small and medium-sized enterprises (MSME). The COVID-19 pandemic has severely affected MSME worldwide in three aspects: demand, supply and containment.

In India, micro small medium enterprises are considered as an engine for economic growth and sustainable development and forms a larger part of the ecosystem. MSDMED Act 2006 provides for the first ever legal framework that recognizes the concept of business (including both manufacturing sectors and service entities), defining

medium-sized enterprises and integrating the three levels of these enterprises, i.e. micro, small and medium. There are approximately 63.4 million micro enterprises that employ one two workers on average, 0.33 million small businesses employing on average 8-10 workers and 5000 medium-sized enterprises employing 25-30 workers on average contributing to 11 crores job generation. Their contribution to GDP represents 29% and 48% to exports.

2. LITERATURE REVIEW

- ❖ **Tarak Shah (2011)** The main problem of inadequate financing for SMEs requires urgent attention among other things, such as adequate lending to SMEs, better risk management, technological to the gradation of Banks esp. Public sector banks, change of attitude in bankers. A series of problems and the commercial practices of global players and markets can be observed, learned and adapted ensuring the competitiveness of Indian SMEs.
- ❖ **Venkatesh and Muthiah (2012)** studied MSME's performance, growth and problems in Indian economy The study showed that the rapid growth of SMEs attracts more attention contribute to the well-being of the Indian economy.
- ❖ **Sonia Mukherjee (2018)** attempted to study the challenges faced by MSMEs in India. This study stressed the participation of the government and others in terms of greater investment in the reduction the infrastructure gap, strengthening human resources and imparting digital technology. The author believes that by paying attention to these measures, MSME will have access to the global market.

3. OBJECTIVES OF THE STUDY

The general objective of the document is to evaluate overall growth and evolution within the MSMEs sector in India. It stands out even more in the following areas: -

- ✓ Review the general description of micro and small and medium-sized enterprises.
- ✓ Observe the expansion of MSME's employment, production and export promotion to India.
- ✓ Outlook and development of MSMEs in India.

4. RESEARCH METHODOLOGY

The study is based on secondary data covering all financial data collected from the annual report of MSME, Government of India various books and periodicals. In addition, articles and data available in several newspapers, websites, magazines and magazines are also mentioned Compilation of this study.

Growth of the MSMEs sectors in India (Source: Annual Report 2018-19

www.msme.gov.in)

Parameters	NSS 73 rd Round 2015-16	Fourth All India Census MSMEs, 2006-07	Annual Compound Growth Rate (%)
MSME number (Total)	633.88	361.76	6.43
Manufacturing	196.65	115.00	6.14
Services	437.23	246.76	6.56
(Total) Employment	1109.89	805.24	3.63
Manufacturing	360.42	320.03	1.33
Services	749.47	485.21	4.95

Company distribution and professional category (Lakh in number)

Sectors	Micro		Small		Medium		Total Enterprise		Total Employment	
	Enter Emplo Priseyment		Enter Emplo Priseyment		Enter Emplo Priseyment		Enter prise	%	Employ ment	%
Rural	324.09 489.30		0.78 7.88		0.01 0.60		324.88	51	497.78	45
Urban	306.43 586.88		2.53 24.06		0.04 1.16		309.00	49	612.10	55
Total	630.52 1076.19		3.31 31.95		1.75 633.88		633.88	100	1109.89	100

(Source Annual report 2018-19 www.msme.gov.in)

The table indicates that there is a balanced global regional development of the economy in terms of companies and a slight increase in urban areas with reference to employment.

❖ CURRENT STATE OF THE MSMES SECTORS IN INDIA

- The unprecedented COVID 19 that started with the rules of social distancing and the lockdown, launched worldwide to prevent the spread of the virus, has affected MSME by interrupting the supply chain.
- Fixed costs such as wages or salaries for employees, interest on loans, rent of the premises, etc. they were a huge burden to them when economic activity stagnated due to social distancing and childbirth. According to the All India Manufactures Organization survey in March 2020 of approx 5,000 merchants / MSMEs across the country indicate that 71% of MSMEs have failed pay wages in whole or in part due to logistical and distribution problems, orders that do not exist, absence of workers who declare to work and 63% of them indicated a decrease in liquidity and over 47% of Traders had difficulty paying wages to workers who had no access to the bank account either he had returned to his hometown.
- The most immediate concerns currently in the minds of MSMEs are cash flow and work capital.

❖ OPPORTUNITIES FOR INDIAN MSMES

- MSMEs with alternative delivery arrangements will reduce potential outages as much as possible by 2005 ensure adequate reserves. Provides a buffer against temporary turbulence.
- Looking to future MSMEs in India has opportunities to thrive, as Ian said Bremmer, thinker featured in the F&D International Monetary Fund article. "The first trend it is deglobalization; The logistical difficulties brought to light by the current crisis are already indicative to a change in global supply chains just in time. However, with increasing economic difficulties, the The inevitable growth of nationalism and the "first nation" policy will push companies to locate themselves commercial operations in favor of national and regional supply chains. "
- The MSME sector in India is very heterogeneous in terms of company size, variety of products and services. Complete large industries as auxiliary units and contribute immensely to the socio-economic development of the country.

The MSMEs schemes in the 2018-19 period are My MSME, UdyogAadhaar Memorandum (UAM) - Ease of doing business, digital payments, direct transfer of benefits to MSME M / O, capacity development and training, marketing assistance, degree in technology, credit and finance assistance to MSMEs and other services, such as the planned national caste and the planned tribe Hub, scheme for the promotion of MSMEs in the north-eastern region and in Sikkim, awareness raising Intellectual property rights, etc. (Source Annual report 2018-19 www.msme.gov.in)

Government initiatives and policies for MSMEs during COVID -19

OUTLINE OF ATMANIRBHAR BHARAT

Existing MSME Classification			
Criteria: investments in plant and machinery or equipment			
Classification	Micro	Small	Medium
Manufacturing Enterprises	Investment < Rs.25Lacs	Investment <Rs. 5 crores	Investment <Rs. 10 crores
Service Enterprises	Investments in service companies	Investment <Rs.2 crores	Investment <Rs.5 crores

	<Rs.10 Lacs		
Revised MSME Classification			
Compound criteria: investment and annual billing			
Classification	Micro	Small	Medium
Manufacturing and Services	Investment <Rs.1crore & Turnover <Rs. 5 crores	Investment <Rs.10 crore Turnover <Rs.50 crore	Investment <Rs.50 crore Turnover <Rs. 250 crores

Source: Ministry of Finance, www.taxguru.in

* Exports will not be counted in the billing of any company, be it micro, small or medium.

** The new definition and criteria will come into force on July 1, 2020. (** source www.pib.gov.in)

- Launch of Champions Portal, a solid ICT-based system, a unique place for the MSME sector. Seeks to resolve MSME complaints as well as encourage, support, help and grabbing them.
- Automatic loans without rupee guarantee Three million rupees for MSME. It is operational liabilities, purchase raw materials and restart businesses and protect their jobs.
- Global offers are not allowed for purchases up to 200 rupees. Create more Opportunities for home players. Small units that are part of government purchases lead to India self-sufficient through Make in India.
- Liquidation of MIPYME quotas within 45 days by the government and public sector units.
- Approval for the supply of rupees. 20 billion rupees for MSMEs stressed as subordinates debt providing equity support. Benefit from 2 stressed lakh MSMEs.
- Approval for infusion of rupee capital. Rs 50 billion for MSME through the Fund of funds. What establishes a framework to assist MSMEs in capacity building and an opportunity to be obtained is listed on the stock exchange.

❖ THE CHALLENGES

- ✓ High degree of uncertainty in all aspects of companies due to the existence of COVID-19 until the right vaccine is found.
- ✓ Preventing further spread of COVID -19 in the workplace through the movement of people. and materials. It may involve some degree of restrictions.
- ✓ Exceeding labor limits for MSMEs due to workers not returning from their homes village.
- ✓ Impact of reduced demand for non-essential goods in some MSMEs. various groups of industries will need to be stimulated using different tools and instruments channels.
- ✓ Knowledge gap with reference to technical and financial literacy.
- ✓ In effective marketing strategies and market identification.

5. LIMITATION

The limitation of the study is the unavailability of primary data.

6. CONCLUSION

With liberal infrastructure and simplified and beneficial registration procedures by the MSME government in India it should grow a lot by creating more job opportunities through import substitution and export promotion. In most MSMEs, The owners are managers. They don't have enough funds to hire professional managers informed decisions about technology and capital. Therefore, managerial competence is essential for Significant growth of MSME in India.

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