



## Impact of COVID -19 Outbreak on SSIs: A Study of Jamnagar District of Gujarat

Bhavik Panchasara<sup>a\*</sup>, Heena Bharadia<sup>2</sup>

<sup>a</sup>Department of Commerce, Govt. Arts & Commerce College, Lalpur, Dist. Jamnagar, Gujarat, India  
Email Id: bhavikpanchasara@gmail.com

<sup>b</sup>Department of Economics, Govt. Arts & Commerce College, Khambhaliya, Dist. Deobhumi Dwarka, Gujarat.  
Email Id: heenabharadia@gmail.com

### Abstract

Covid 19 pandemic has affected entire world. Many countries, including India have adopted the safest and easiest way of lockdown as an emergency step to prevent the pandemic. Lockdown has worse impact over almost every sectors of the economy. One of the most critical impact of lockdown is on small scale industries (SSIs) and Small and Medium Enterprises (SMEs) in India. SSIs and SMEs are the sector providing maximum employment as well as considerable share in GDP of the country. This paper analysis the impact of Covid 19 pandemic over SSIs operating in Jamnagar District of Gujarat. A structured questionnaire is prepared to get the response from the owners of the SSIs to map the financial impact, production impact, cost impact etc. for their enterprises. The result of the study reveals that the SSI sector is considerably affected due to lockdown and that will take a long time to recover.

**Key Words:** Covid 19, Outbreak, Pandemic, SSIs, SMEs, economy, India.

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## **1. INTRODUCTION**

COVID 19 pandemic has affected the entire world. Many countries, including India, have adopted the safest and easiest way of lockdown as an emergency step to prevent the epidemic. Since there are no medical remedies available until now, the only way to stop the spreading of the COVID 19 virus was lockdown. This way, lockdown is the fast, safest, and cheapest way to fight against the pandemic, but on the other hand, the lockdown has a worse impact economy. It has impacted almost every sector of the economy and has also affected the GDP of India. The estimated GDP growth rate in union budget 2020-21 was 6 to 6.5 percentage, which is now declined by approx. 2 discount and now revised growth rate expected to 4 to 4.8 portion (Economic Times, 2020). Being one of the fastest-growing economies of the world, India has to face a worse impact on every aspect of the economy. Especially micro, small, and medium enterprises (MSMEs) play an essential role in the marketplace, and they are estimated to affect more due to COVID 19 pandemic (Mishra, 2020). This paper is an attempt to determine the impact of the COVID 19 epidemic for the SSIs operating in the Jamnagar District of Gujarat.

## **2. REVIEW OF LITERATURE**

Though the COVID 19 pandemic is recent, so there are no detailed researches available on the impact of various sector of the economy. Still, multiple authors have estimated and calculated the results based on the available data in a short time. In his article, Mr. Rajat Mishra rated the trade impact on Indian MSMEs due to COVID 19 pandemic around Rs. 380 lakhs based on data received from the Confederation of All India Traders (CAIT) (Mishra, 2020). Whereas, Mr. Udit Mishra said that MSMEs had been the worst casualty of COVID 19 induced lockdown. He also focused on the steps taken by the central government regarding the bailout package for the industry, but according to him, even if this relief package, a long time will require to recover from the impact for the sector (Mishra, 2020).

In the report by Kredex, a survey of 5,000 MSMEs is used to say the impact. It is said that around 71 percent of the enterprises were not able to pay to their workers or employees in March 2020; almost 43 percent of MSMEs shut their business in the first three weeks. The COVID 19 has stopped the industrial supply chains, and due to that, the majority of the MSMEs are chocked, and this will take a long time to recover (KredX Editorial Team, 2020). Apart from this, there are so many articles, and surveys are available, which are estimating the worst situation of COVID 19 pandemic over the MSME sector in India. But hardly there is any grassroots level survey available. Perhaps this is the first survey for the SSIs of Jamnagar district of Gujarat to make an idea about the impact of COVID 19 outbreak over the entire sector.

## **3. OVERVIEW OF SSI SECTOR**

Undoubtedly, the MSME sector plays a vital role as a growth engine of the nation. It has a considerable contribution to every aspect of the economy. As per the Annual Report 2018-19 available in the web site of Ministry of Micro, Small and Medium Enterprises, over 51 percentage of SSI sector units located in the rural area. The first five states with having the maximum number of SSIs are Uttar Pradesh, Andhra Pradesh, Maharashtra, Madhya Pradesh, and Tamil Nadu, respectively, which combinedly have the 47 percent of total registered units in India (Ministry of MSME India, 2020). MSME sector has a considerable role in employment with over 11 crore people.

Jamnagar is one of the industrially developed districts of the state of Gujarat. The world's most significant manufacturing unit and refinery – Reliance Industries Limited (RIL) is situated in the

area, and apart from that, many other companies are also located. Jamnagar is also known as the Brass City of India, because of Asia's largest cluster with the manufacturing of thousands of brass items and its supplies worldwide. Thousands of people are directly and indirectly getting employment from this cluster. The purpose of this study is to examine and study the impact of COVID 19 pandemic on the brass part and other related SSIs.

#### 4. METHODOLOGY

For studying the impact of COVID 19 pandemic over SSIs in Jamnagar, a structured questionnaire was prepared to collect the response from the owners of the SSIs. By observing the lockdown environment, a survey was developed in digital form (with the help of google form) and distributed through social media as a precautional step. Due to the sharing of questionnaires through social media, it is difficult to estimate its reach to respondents. Still, the researcher got the answer from a total of 62 respondents in the given time limit of 20 May 2020. Table 1 shows the analysis of respondents based on demographic details.

**Table1: Demographic details of Respondents**

Sr. No.	Demographic Factor		Number of Respondents	Percentage of Respondents
1	Age of the owner	18 to 30	30	48%
		31 to 50	24	39%
		51 to 65	07	11%
		Above 60	01	2%
		School-level	10	16%
2	Education of the owner	High School Level	18	29%
		Graduate/ Certificate/ Diploma	25	40%
		Post-Graduation and Higher Level	9	15%
3	The yearly turnover of the SSI unit (Approx.)	Up to Rs. 10 lakhs	28	45%
		Rs. 10 lakhs to 20 lakhs	18	29%
		Rs. 20 lakhs to 50 lakhs	12	19%
		Above Rs. 50 lakhs	4	7%
4	Age of SSI Unit	Up to 5 years	22	36%
		5 to 10 years	15	24%
		10 to 20 years	13	21%
		More than 20 years	12	19%
5	Type of SSI Unit	Production	42	68%
		Trading	12	19%
		Service	8	13%
6	Type of Ownership	Proprietorship	44	71%
		Partnership	15	24%
		Other [HUF]	3	5%

Source: Respondent Data Analysis by Researcher.

#### 5. DATA ANALYSIS

Apart from six questions of demographic details, a total of five other items were asked to respondents to know the impact of the COVID 19 pandemic. Analysis of the response of answers

from each respondent is shown here. The first question was about to give rank to the most impacted area, from the given option. The impacted regions given as options were manufacturing or purchase for trading units, sales or annual turnover, working capital, retention of workers or employees, and brand image/ reputation. Table 2 shows the response of the most impacted area chosen by the respondent category wise as well as total.

**Table 2: Analysis of Response of Most Impacted Area for Enterprise**

Rank, and it's meaning		Manufacturing / Purchase	Sales/ Turnover	Human Resource	Working Capital	Brand Image/ Reputation
1	WorstImpact	3 (5%)	<b>55 (88%)</b>	0 (0%)	4 (6%)	0 (0%)
2	Bad Impact	<b>41 (66%)</b>	3 (5%)	1 (2%)	17 (27%)	0 (0%)
3	AverageImpact	2 (3%)	1 (2%)	22 (35%)	<b>34 (55%)</b>	3 (5%)
4	Little Impact	1 (2%)	3 (5%)	<b>35 (57%)</b>	6 (10%)	17 (27%)
5	Minimal/No Impact	15 (24%)	0 (0%)	4 (6%)	1 (2%)	<b>42 (68%)</b>

Source: Respondents' Data Analysis by Researcher

As shown in Table 2, out of the total five most impacted areas to select, the first rank is given to the Sales/ Turnover as most as the worst affected area by a maximum of 88 percent of the respondents (55). Whereas the second most impacted area is manufacturing or purchase for trading units is selected as an area with an adverse impact, with 66 percent of respondents (41). The city with the average result is working capital as chosen by 55 percent of respondents (34) at the third rank. The area with little impact is the retention of human resource, which is selected by 57 percent of the respondents (35), and the city with minimal or no effect is a brand image or goodwill or reputation of the enterprise according to the maximum 68 percent of the respondents (42).

Another interesting question was related to human resources, as addressed by the Prime Minister of India in his speech. However, it is very tough to follow this decision for small organizations and units where working capital is one of the most critical issues. The questions were asked that have you retained your workers/ employees during lockdown with salary/ wages? The table shows the response from respondents about the retention of workers/ employees.

**Table 3: Analysis of Response of Retention of Worker/ Employees**

Have you retained your workers/ employees with salary/ wages	Type of Enterprise			Total
	Manufacturing (Total 42)	Trading (Total 12)	Service (Total 8)	
YES	25 (69%)	3 (25%)	2 (25%)	30 (48%)
No	12 (29%)	4 (33%)	2 (25%)	18 (29%)
Not Applicable/ Don't want to response	5 (12%)	5 (42%)	4 (50%)	14 (23%)

Source: Respondents' Data Analysis by Researcher

As shown in Table 3, out of total 62 respondents, maximum 48 percent of respondents (30) said that they had retained their workers/ employees with salary during the period of lockdown, whereas 29 percentage respondents (18) said that they had not kept their workers/ employees during the period of lockdown. On the other hand, the remaining 23 percent of respondents (14) avoided giving an answer, or maybe they do not have any workers or employees in their enterprises. If we analyze further, from the SSIs related to manufacturing, 69 percentage

respondents (25) said that they had retained their workers/ employees with salary during the period of lockdown, 29 percent of respondents (12) said that they had not kept their workers/ employees during the period of lockdown and 12 percentage of respondents (5) avoided to answer or maybe they do not have any workers or employees in their enterprises. From the SSIs related to trading activities, maximum 42 percentage respondents (5) avoided to answer, or maybe they do not have any workers or employees in their enterprises, 33 percent of respondents (4) said that they had not retained their workers/ employees during the period of lockdown and 25 percent of respondents (3) said that they had kept their workers/ employees with salary during the period of lockdown. Same way in the service sector also, maximum 50 percentage respondents (4) avoided to answer, or maybe they do not have any workers or employees in their enterprises, 25 percent of respondents (2) said that they had not retained their workers/ employees during the period of lockdown and 25 percent of respondents (2) said that they had kept their workers/ employees with salary during the period of lockdown. Thus, the sector which maintained the maximum number of employees or workers during the lockdown is the manufacturing sector.

The next question was related to the most practical matter for the respondents. The problem was about the approximate total loss combined from every view, from the date of starting of lockdown - 25 March 2020 to 24 May 2020 - for two months. The table shows the response of expected loss for two months, given by the respondents.

**Table 4: Analysis of Response of Expected Loss**

What is your total expected loss from the starting of lockdown 25 March 2020 to 24 May 2020? [Approx. for two months]	Type of Enterprise			Total (Total 62)
	Manufacturing (Total 42)	Trading (Total 12)	Service (Total 8)	
Up to 1 Lakh	14 (33%)	2 (17%)	2 (26%)	18 (29%)
1 to 2 Lakh	12 (29%)	5 (42%)	1 (12%)	18 (29%)
2 to 5 Lakh	5(12%)	2 (17%)	1 (12%)	8 (13%)
More than 5 Lakhs	2 (5%)	0 (0%)	1 (12%)	3 (5%)
No Idea/ Don't want to response	9 (21%)	3 (25%)	3 (38%)	15 (24%)

Source: Respondents' Data Analysis by Researcher

As shown in Table 4, out of total 62 respondents, 29 percent of respondents (18) each, said that they had expected approximate loss up to Rs. 1 lakh and Rs. 1 to Rs. 2 lakhs respectively, whereas 24 percentage respondents (15) either had no idea or deny to answer. The respondents who are expecting loss between Rs. 2 lakhs to Rs. 5 lakhs were 13 percent of total respondents (8), whereas the respondents with loss of more than Rs. 5 lakhs were only five percent of total respondents (3). If we analyze further, based on the type of enterprises, 33 percentage of manufacturing units expecting loss up to Rs. 1 lakh, followed by 29 rates for loss of Rs. 1 to Rs. 2 lakhs, 21 prices deny to answer or had no idea, loss of Rs. 2 to 5 lakhs to 12 percentage of respondents (5) and the least five percent of respondents (2) expected the loss more than Rs. 5 lakhs. In trading enterprises, 42 percent of respondents expecting loss up to Rs. 1 lakh to 2 lakhs, followed by 25 percentage respondents (3) who deny answering or had no idea, loss of up to Rs. 1 lakh and Rs. 2 to 5 lakhs were estimated by an equal number of respondents 17 percentage each (2). There were no respondents related to trading with a loss of more than Rs. 5 lakhs. If we see the service-related units, a maximum of 38 percent of respondents (3) denies to answer or had no idea about loss, followed by the loss up to Rs. 1 lakh by 26 percentage of respondents (2). In contrast, loss of Rs. 1

lakh to Rs. 2 lakhs, Rs. 2 lakhs to Rs. 5 lakhs and more than Rs. 5 lakhs were estimated by equal 12 percentage of respondents (1) each. Thus, we can say from the responses that the manufacturing sector is the highest loss suffering sector.

The next question asked to the respondents was about the estimated recovery time after completion of the lockdown period. The response given for this question by respondents is shown in the table below.

**Table 5: Analysis of Response of Expected Period of Recovery**

According to you, after completion of lockdown, what time will require to recover the loss due to lockdown for your enterprise? [Approx.]	Type of Enterprise			Total (Total 62)
	Manufacturing (Total 42)	Trading (Total 12)	Service (Total 8)	
Up to 6 months	16 (39%)	6 (50%)	2 (25%)	24 (39%)
7 to 12 months	18 (43%)	3 (25%)	4 (50%)	25 (40%)
1 to 2 years	4 (9%)	2 (17%)	2 (25%)	8 (13%)
More than 2 years	1 (2%)	0 (0%)	0 (0%)	1 (2%)
No Idea/ Don't want to response	3 (7%)	1 (8%)	0 (0%)	4 (6%)

Source: Respondents' Data Analysis by Researcher

Table 5 shows that the response about estimated recovery time for a loss during the period of lockdown. As per the schedule, a maximum of 40 percent of respondents (25) believes that the recovery time will be 7 to 12 months from the completion of lockdown, followed by 39 percent of respondents (24) who are more positive and estimating recovery period of only up to 6 months. On the other hand, 13 percent of the respondents (8) rated recovery time from 1 year to 2 years, followed by 2 percent of respondents (1) who are quite harmful and determined the most extended period for more than two years. Out of total respondents, six percent of them (4) have no ideas or deny to the response. If we analyze sector-wise, in the manufacturing sector, maximum 43 percent of respondents (18) expecting recovery time of 7 to 12 months, followed by 39 percent of respondents (16) estimated time up to 6 months, 9 percent of respondents (4) estimated 1 to 2 years, 7 percent of respondents have no idea or deny to the response. Only two percent of respondents (2) assessed the most extended time in more than two years. In the trading sector, a maximum of 50 percent of the respondents estimating recovery period up to 6 months (6), followed by 25 percentage respondents (3) for 7 to 12 months and 17 percent of respondents (2) for one year to 2 years. Whereas eight percent of respondents (1) either have no idea or deny to give the response. If we see the service sector, a maximum of 50 percent of the respondents (4) assumed a recovery period of 7 to 12 months, followed by 25 percent of respondents (2) each for estimated time up to 6 months and 1 to 2 years. There were no respondents for an estimated time for more than two years and respondents with no idea.

The last question of the questionnaire was about the usefulness of the economic package declared by the honorable finance minister of India Smt. Nirmala Sitharaman on 13 May 2020. (Bora, 2020) The purpose of this question is to understand the usefulness of an economic package to the owner of the SSIs. However, it may be possible that many of them may not be aware of the recommendations made by the finance minister in the package. The following table shows the analysis of responses to the usefulness of the economic box.

**Table 6: Analysis of Response of Usefulness of Economic Package**

Do you think that the economic package declared by the Govt. of India for MSMEs will be helpful to you?	Type of Enterprise			Total (Total 62)
	Manufacturing (Total 42)	Trading (Total 12)	Service (Total 8)	
YES	13 (31%)	7 (58%)	3 (38%)	21 (34%)
No	17 (40%)	4 (34%)	4 (50%)	27 (43%)
No Idea/ Don't want to response	12 (29%)	1 (8%)	1 (12%)	14 (23%)

*Source: Respondents' Data Analysis by Researcher*

As shown in Table 6, out of total 62 respondents, maximum 43 percent of respondents (27) believe that the package is not useful for them, whereas 34 percent respondents (21) are positive about the economic package and remaining 23 percent of respondents (14) have no idea about the financial package or they do not want to answer. If we analyze further, from the SSIs related to manufacturing, 40 percentage respondents (17) are negative, 31 percent of respondents (13) are positive, and 29 percent of respondents (12) either have no idea or do not want to share their opinion. In the SSIs related to trading activities, a maximum of 58 percent of respondents (7) positive about the package, 34 percentage of respondents (4) are cynical about the box, and eight percent of the respondents (1) have no idea or do not want to share their response. Same way, in the third category of SSIs related to service providing, maximum 50 percentage of respondents (4) negative about the package, 38 percentage of respondents (3) are positive about the box, and 12 percent of the respondents (1) have no idea or do not want to share their response.

## 6. FINDINGS AND CONCLUSION

COVID 19 pandemic has changed the views and thoughts of the entire world. It has affected everywhere, especially the growing economies like India. This paper was an attempt to find out the impact of this pandemic on SSIs of the Jamnagar district of Gujarat. From the analysis of the responses given by a total of 62 respondents, it has been observed that maximum impact is considered on the revenue or turnover of the units. Due to that, all entrepreneurs are in the worst situation about further expansion and operation of their units. Apart from the sales or turnover, the pandemic has also impacted the worst in the process of manufacturing and purchase in trading units.

Further, it has also changed the employment, because due to working capital and financial issues, very few groups can retain their employees or workers. It is also noted that the expected recovery time after completion of lockdown is a minimum of up to six months, so it is difficult to operate during this period for the units. Further, the government of India has declared a high amount of bailout, but to avail it to the grass-root level is a challenge for the government and the entire banking system. Many owners of the SSIs even have no idea about the availability of the process to avail of this package. So, at this moment, it is a massive challenge for the entire sector as well as the government to come out of the impact of this pandemic as early as possible. As per the opinion of many economic experts, the future after COVID 19 pandemic will be very positive for the Indian corporate world, so from that point of view also, the sector has to prepare themselves and have to be more competitive.

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