

SOCIO ECONOMIC IMPACT OF COVID-19 ON MICRO BUSINESS IN INDIA

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Abstract:

The purpose of this article paper is to study social economic impact such as income, education, employment, community safety, and social supports etc. of Covid-19 on small businesses in India. Small businesses are those which operates on a very small scale. Types of businesses that are considered micro-business includes Lawn and landscaping companies, Street vendors, Carpenters, Plumbers, Independent mechanics, Shoemakers, Small farmers etc. In this paper, there is a use of secondary data analysis following exploratory research design, the secondary data analysis result shows that many small businesses are facing challenges and this unrivalled epidemic crisis. The analysis revealed that COVID-19 is likely to affect economic growth, increase fiscal deficit and monetary burden, increase the risks of macroeconomic instability, decrease migration and reduce income, lack of jobs, and result in dwindling small businesses. This is likely to deepen poverty and increase unemployment and the risks of hunger and food insecurity. If this is not addressed properly, this may reinforce existing inequalities, create social distancing, and increase tension and turbulence. The economic and social costs of the COVID-19 outbreak are therefore likely to be significant and long-lasting in small businesses of India. The findings indicate that medium- and longer-term planning is needed to re-balance and re-energies the economy following this crisis. A broad socioeconomic development plan including sector by sector plans and an ecosystem that encourages businessman and entrepreneurship is also needed so that those with robust and sustainable business models can flourish.

Keywords:

Covid-19, Micro-Business, Socio-economic, Employment, crisis.

Introduction:

The COVID-19 pandemic has caused a massive economic shock across the world due to business interruptions and shutdowns from social-distancing measures. To evaluate the socio-economic impact of COVID-19 on individuals, a micro-economic model is developed to estimate the direct impact of distancing on savings, consumption, and poverty. This pandemic affected small businesses worldwide. These Small enterprises play a vital role in economic development as they can provide the economy with efficiency, innovation, competition and employment. Small-scale industries play a significant role in India.

They contribute to the domestic economy and significantly to the exports from India. Importantly, they're the major source of employment in the country.

Socio-economic philosophy studies the relation of economics to social values, social responsibility. "A definition of the term, "Socioeconomic Environment" is presented. It refers to the combination of external social and economic condition that influence the operation and preform of an organization. The socioeconomic environment is part of the overall business environment". Socio-economic factors are lifestyle components and measurements of both financial viability and social standing. They directly influence social privilege and levels of financial independence. Factors such as health status, income, environment and education are studied by sociologists in terms of how they each affect human behaviors and circumstances. As lifestyle measurements, they are believed to be directly correlated to patterns of drug use, food choices, migration, disease prevalence and rates of mortality in human populations.

Micro businesses play an important role in social and economic development of India According to NSSO, there are nearly 63 million small businesses in the country. Still, nearly all of them are micro in size. Hence, utmost enterprises are subject to pitfalls, given their size. Most of these enterprises also employ labour from other countries. To contain the spread of the COVID-19 outbreak, the government, in March 2020, locked down a substantial part of the Indian frugality. Except for essential services, the rest of the country was shut down. This led to substantial dislocation both for the small business and the workers in these units.

The overall impact of COVID-19 on the micro business is kindly delicate to assess, as it fluctuates grounded on the rate of infection and case recovery, the current movement restrictions put in place in colorful regions, and of policy responses in different countries. Comprehensive real-time global data on the state of the micro business is hard to come by, but the COVID- 19 crisis has sparked interest and incentive similar examinations on micro businesses.

Literature Review:

Donthu & Gustafsson, 2020: the COVID-19 outbreak has forced many businesses and stores to close, leading to an unrepresented disruption of commerce in most industry sectors. Retailers and brands face many short-term challenges, such as those related to health and safety, the supply chain, the workforce, cash flow, consumer demand, sales and marketing.

Rius & Diallo, 2020: Private electricity Companies increased the cost of bills due to dependent on fuel imports from foreign countries. Therefore, price changes in all services have importance consequences for all Somaliland's business sectors.

Bartik et al., 2020: In addition to its impact on public health, coronavirus disease 2019 has caused a major economic shock. The pandemic had already caused massive dislocation among small businesses just several weeks after its onset, approximately 25% of businesses had temporarily closed and nearly all of these closures were due to COVID-19.

Stephen, 2020: Business owners have been shocked with challenges of their businesses to include irregular running of businesses, work methods and possible financial constraint on Companies with uncertain of the future.

McKee & Tucker, 2020: The COVID-19 is likely to cause bankruptcy for many well-known brands in many industries as consumers stay at home and economies and shut down.

Donthu & Gustafsson, 2020: This is not only having consequences for the economy; all of society is affected, which has led to dramatic changes in how businesses act and consumers behave.

Fairlie, 2020: Most major industries faced large drops in the number of business owners with the only exception being agriculture. Construction, restaurants, hotels & transportation all faced large declines in the number of business owners due to COVID-19.

Objectives:

The main objective of this study was to investigate the micro businesses challenges and socio-economic impact of pandemic outbreaks. Below are the few points taken into consideration.

- To explore the impact of COVID 19 on micro business during covid-19
- To study the effects of Covid 19 on the livelihoods of Entrepreneurs and labours
- To analyse how the business sector functioned during covid 19.
- To analyse how small enterprise's sociolect economical situations has affected and changed during pandemic.

Research Methodology:

The study used the secondary data research method of data collection. This study considers December 2020 to January 2021 as its study period. The review of the research was used secondary data. The data was collected through various magazines, articles, published access journals, newspapers and public and government portals (websites) for the study. Data collection was also conducted through a variety of social media platforms similar as WhatsApp, Facebook, and LinkedIn, including e-mails etc.

Analysis of existing data sources can identify the broad level and/or nature of potential impacts of a proposed change. Time series secondary data, where available, can identify trends in key variables over time and is useful in establishing baseline levels and rates of change occurring outside of the particular impacts being examined.

Limitations:

This paper has some limitations within which our findings need to be interpreted carefully. The use of this approach sometimes may not result accuracy of information as this data is not received direct from the main source. However, secondary data may have been collected

for an unrelated purpose and hence not be at a scale suitable to identify specific detailed impacts, or else it may contain biases which would potentially misrepresent impacts if relied on. For example, secondary data on fishing employment collected outside of a fishing season may understate the true level of employment. ABS Census data may not contain information directly applicable or relevant to the impacts being assessed due to the type of information collected. Privacy considerations can also impact on data access.

Data Analysis:

“The pandemic has sped up the pace of digitization across sectors and businesses have reaped advantages like cost reduction and increased productivity. Globally, digital adoption has accelerated by 7 years due to the covid-19 crisis,” According to Avinash Gupta, Managing Director, Dun & Bradstreet India, adding that the survey points out that 82% of surveyed Small Businesses have digitized their daily operations during this pandemic, which helped them in a reduction in cost (54%) and enhancing competitiveness (51%). Around 60% of companies surveyed expect more measures and support, including government initiatives. Further, the three topmost challenges that might hinder small businesses to scale up their businesses are market access (42%), improving the overall productivity (37%), and having access to more finance (34%).

Over 82% of small businesses have experienced a negative impact, and 70% believe it will take them nearly a year to recover demand levels prior to covid-19, according to a survey by Dun & Bradstreet, a provider of commercial data, analytics, and insights for businesses.

The granular business -level data indicated that around 95% of business were impacted in April 2020 when the national lockdown was imposed. Even with progressive unlocking, 70% of businesses remained disrupted till August 2020 and 40% till the end of February 2021.

Findings:

The findings pointed to a relationship between change or adjustments in business activity during the pandemic and revenue from subcontracting work. Those businesses whose rate of revenue from subcontracting work was relatively high did not suffer a decline in revenue and were not obliged to make many changes to their activities during this period. As mentioned, large businesses in certain industrial sectors that were defined by the authorities as essential for continuing economic conduct were allowed to continue their activities under some restrictions. Small businesses that served as subcontractors to those businesses were also allowed to continue their work. In addition, these small businesses continued to conduct their business activities without physical contact with their customers, even during the lockdown periods. Based on these findings, post-crisis organizational learning capability is also critical to recovery. Micro businesses with strong dynamic and innovative capabilities and are willing to learn from crises events recover quickly. Similar findings were obtained by Bullough and Renko (2018), who stated that entrepreneurs should engage in business development training and seek networking events or special lectures to learn by modeling others who have survived through challenging times.

Conclusion:

COVID-19 is expected to have a severe impact on economy, enterprises and industries on all sizes, resulting in reduced incomes for vulnerable macro and micro-economies and the risk of job losses and lost incomes for thousands of low-paid workers. The increasing spread of COVID-19 across countries has prompted governments to introduce unprecedented measures to contain the pandemic.

The nature of goods and services in demand depends upon the changes in habits and customs of people in the society. With rise in population the demand for household as well as other goods especially packaged food has increased in the recent past. The operations of the business are greatly influenced by the changes occurred in socioeconomic environment from time to time.

The aim of the study was to empirically examine the COVID-19 pandemic's impact on the revenues of small businesses in the industrial sectors and the extent to which these companies made changes in business activity, the utilization of open innovation tools and the implementation of various managerial processes. The study also looked at the relationship between revenue from subcontracting work/export sales and changes in revenue/the extent of changes or adjustments in business activity during the pandemic. The findings showed that, despite the far-reaching impact of COVID-19 in all areas of life, and especially on the economy and the business sector, the revenues of most small businesses in the industrial sectors were not harmed during the pandemic, and most of these businesses made no changes or adjustments to their activity, or in the extent to which they utilized OI tools or implemented sharing and cultural processes.

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