

Impact of COVID-19 on the Performance of Micro, Small and Medium Enterprises (Msmes) In India – A Case Study in Kerala

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Abstract

The outbreak of Covid-19 has severely affected the global and Indian economy. The outbreak of Covid-19 has impacted the country in an enormous way, especially the nationwide lockdown has created serious problems to multiple sectors of the economy. Among all the sectors, the most affected is MSMEs. Among all the affected sectors, the mostly affected sectors were Hotel, Textile, Food processing units, furniture and Export oriented units. This article aims to assess the impact of Covid-19 outbreak on Kerala MSMEs from majorly affected 5 sectors, to understand the impact of immediate responses by the government and the reliefs it offered to finally end with major understandings from the data collected. We collected data from 26 Kerala MSMEs through direct and telephone interviews. The data were analysed through case study approach. The result indicates that all sectors were financially impacted and we understood that these five sectors were severely affected due to the pandemic related challenges and still it continues by facing various problems. Even though the situation is more stable now compared to the peak period of the pandemic outbreak, when will the current situation return to normal is unknown, so the MSMEs should strategically plan their activities towards gradually bringing back their business operations and plan for needed modifications in their businesses.

Keywords: MSME, COVID-19, Pandemic, Lockdown

1. Introduction

MSME sector in India is the second employment generator after agriculture. It acts as a ground for entrepreneurs and innovators with substantial support in strengthening the business ecosystem. The number of MSMEs in India is about 63 million and 110 million employees are working in the sector. Indian MSMEs produce around 6000 products for both local and globally. The country wide lockdown down sized the business of MSME sectors and it created a huge impact on their business and livelihood. It affected the owners, the employers as no one had experience before how to handle this situation. The extended lockdown has impacted negatively on the procurement of raw materials, production and supply of finished goods and the availability of the employees to work in the process of production and distribution. During the period of March to June the various sectors under the MSMEs faced challenges related to the unavailability of raw materials, employees' wages/salaries. Therefore, the economic impact of COVID-19 is on every sector and the most affected sectors among these are hotel, textiles, furniture, food processing, export-oriented units etc. and impacted in unemployment, income, poverty and many more variables. The impact of the virus spread led to a huge loss as global trade is severely affected. Even though

the economy is opened and gives a slight relief but it is not enough because of the unpredictability and inconsistency of the current situation. Despite the fact that the government is taking countermeasures to reduce the loss incurred due to pandemic by these sectors but most of them didn't benefited, MSMEs are struggling for stability as sales and revenue remain halted.

1.1.The Context

The COVID -19 is causing an economic destruction for Indian Economy. The outbreak of COVID 19 has impacted the country in an enormous way, especially the nationwide lockdown has created serious problems to multiple sectors of the economy. Among all the sectors, the most affected is MSMEs. Among all the affected sectors, the mostly affected sectors were Hotel, Textile, Food processing units, furniture and Export oriented units. They faced one setback after the another, first being demonetisation then followed by GST implementation, then came the economic slowdown of real estate and auto sector to which most of the MSMEs were main source of suppliers followed by financial and banking crisis. Now COVID 19 seems to be the final blow to the MSMEs. MSMEs that are the backbone of the Indian economy and provide employment to over 114 million people and contribute to more than 30% of the GDP have gone through and is going through the most difficult times. MSME Sector was hit bad by reduced cash flows caused by nationwide lockdown. They have been adversely affected by the exodus of migrant workers, restrictions in the availability of raw materials, travel bans, closure of malls, hotels, theatres and educational institutions.

Through this study we will be analysing the Impact of Covid-19 on MSMEs, policies that has been announced so far by the government to regulate and protect them and finally end with suggestions. We choose Kerala as part our study, because, the economic crisis associated with the pandemic was unprecedented. Previously Kerala faced natural disasters so we want to know about how the economy suffered damage to its productive capacity over a specific time, with consequences in the short and medium term. We have added 3 tables in our paper, first table consist of sector wise impacts, strategies adopted by different sectors and final outcomes during lockdown, second one consist of sectors affected completely, partially, not affected within 11 months period and table three consist of performance of sales.

1.2.Objectives, Data and Methods

The objectives of the paper are to: (a) attempt a literature review on the potential impacts of the Covid-19 on selected MSME sectors, such as Hotel Industry, Textile Industry, Food processing units, Furniture Industry and Export oriented units, etc.; (b) present a case analysis of different sectors based on data collected from each sector; and(c) understand the crisis management approaches adopted by each sector during the pandemic period.

Data included both primary and secondary data. Primary data was collected for analysing the satisfaction level of the MSME operators and problems faced by them during the lockdown. This data was collected through distributing questionnaires to several small and medium enterprises and through personal interviews. Data was gathered from 26 MSME units representing 5 sectors. Secondary data was collected for understanding the steps taken by government based on respective MSME units and newspaper articles and other published literature.

This paper is organised into 5 sections including the introductory section. Section 2 presents a brief literature review examining the impact of Covid-19 on various sectors of the economy based on national and international published information and papers. Section 3 presents a detailed analysis of the impacts of the Covid-19 on the MSME case studies undertaken. Section 4 present sectoral approaches to the crisis management in the MSME sectors during the pandemic Covid-19 period. Section 5 concludes the paper and briefly explain the sectorial approach of the 5 sectors to the crisis management during the pandemic period.

2. Impact of Covid-19 on the Status of MSME sectors in India: A Literature Review

Singh (2020) stated about the impact of Covid-19 crisis in supply chain, demand chain and labour disruption on India's micro small medium enterprises. On the background of health emergency, the MSME units are in a distressing situation as severely constrained demand has contracted their revenue. This paper suggested recovery measures for the MSME like digitization for the enterprises.

Tripathi (2020) found that the announcement of country wide lockdown dragged MSME owners, employers and external stakeholder in unexpected times, where no one had experience to handle this kind of situation. Some of the companies shifted from non-essentials to essential commodities like the production of PPE kits, reusable masks etc. Many of them cut shortened their workers due to lack of funds for paying salaries to the employees. The new steps taken by the government to protect these MSMEs from unemployment, economy development didn't reach that much as expected.

The paper by Meahjohn and Persad (2020) discusses about the impact of Covid-19 globally and it highlight the impact of corona on entrepreneurship. The paper also looked on the areas like changes in the perspectives of entrepreneurship after the pandemic crisis, how the entrepreneurship in countries with high cases of covid-19 were affected, From the study it was found that Covid-19 has caused significant disruption to economies and entrepreneurship globally. The paper also makes it clear that absolute impact of the crisis remains unclear and in-depth longitudinal studies are required to better investigate the issue.

The Paper by Sasindran and Raj (2020) mentioned about the policy instruments announced to minimize the risk caused by the pandemic to the sectors. But it observed that most of the measures not directly targeting the sectors, and these sectors are still waiting for comprehensive package to improve these sectors.

The paper by Arundhati, Patnaik and Satpathy (2020) found that the impact of nationwide lockdown on MSMEs create various problems like difficult for business managers of MSMEs to procure raw materials at affordable rates, and the relief package was not sufficient to compensate for the losses that faced by these sectors. They provide some remedial measures like Indian Government should provide subsidies to business enterprises so that they could overcome the losses and continue their business operations.

The paper by Esra (2020) stated that the MSME don't have the capacity to deal with something unexpected and lack of supporting measures are their main problem. As a revival framework a range of remedial measures like short-term liquidity, wage support/subsidy for a period of three to six months, direct subsidies to one-person businesses and micro units, etc. will be sound for the nation.

The paper by Sahoo and Ashwani (2020) makes an assessment of Covid-19 on Indian economy by analysing different sectors in it, and also provide remedial measures to support MSMEs like government needs to ensure that the measures are well directed at some of the worst affected sectors like manufacturing, construction, travel, transportation, tourism, hotel, etc. it was observed that India's economy barely manage to a growth of 0.5 percent in an optimistic scenario but also faces a 3-7 percent negative growth in worst case scenario in the year 2020.

The paper by Dubey and Sahu (2020) observed the current condition of MSMEs in corona virus and about the Economic relief package specifically for MSMEs to revive the business activities of MSMEs. As per the experts, it was observed that the measures taken by central government with the introduction of such economic package is not enough to make up the heavily collapsed MSMEs and thus more measure should be initiated.

The paper by Rakshit and Paul (2020) observed that the MSMEs do not have much infrastructural facilities, so are not properly equipped with the work from home facility. Thus, they are not able to carry out their critical operations during the lockdown period. due to the unavailability of cash, and are reducing their workforce and salary cuts which have resulted in job losses and enhanced the level of unemployment. This paper put forward covid-19 in the MSME sector in India and highlights the strategies which are essential to overcome the present situation.

Paper by Mahajan (2020) observed the impact of coronavirus on MSMEs and on employment in this sector. It is observed that because of lack of prevention resources lead the employees to return back to their and thus production interrupted, and increases a decline. The response to this issue includes the introduction of protection procedures, sanitisation and sanitization methods, an updated sourcing policy, and analysis of disaster or emergency management plans. So, in this way they can cope with the corona virus pandemic.

In the research paper of Prasad and Mondal (2020) they tried to overview the probable impact of Covid19 on Indian MSME. They also cited about the different sectors in Indian economy affected by the pandemic and also came up with suggestions to overcome the pandemic by different methods like digital practice, high credit support and available of working capital, adopting more sustainability practice which leads to environment conscious, MSMEs should give more emphasis on innovation.

The paper by Nitin Mittal (2020) stated that MSME sector, needs special attention from the government. The package announced is a mix of fiscal support, monetary support, ease of conducting business processes, as well as some fundamental reforms. Certain measures to be taken to make this a reality and like financial incentives needs to immediately issue, in the absence of which liquidity injection into the system is getting delayed and instant availability of subsidies, with simplified processes for getting them without hindrance, stable power supply, protection of labour in these sectors like special transport for workers to return to their home.

The paper by Remya Nair and Gupta (2020) it was observed that MSMEs are slowly regaining their footing with the business. According to their finding that liquidity remained a major problem. Government three lakh crore guaranteed to these firms. The other main issue was the lack of orders, logistic issues and unavailability of raw material and labour force. The lockdown by states has adversely impacted the restarting of many manufacturing units. And, they cited that tourism, apparel, auto sectors worst hit on Gujrat, Haryana, Tamil Nadu, Rajasthan, West Bengal, Uttar Pradesh, Karnataka etc.

From an article published by IANS published on 20th October 2020 it was found that Seventy-eight percent MSMEs and start-ups in India have reduced workforce in the last 8 months since the COVID-19 pandemic broke out. In the survey, start-ups and MSMEs were asked about how have workforce adjustments taken place in their business during pandemic. In response, 25 per cent said their business has shut down and all workforce has been let go, while 15 per cent said their workforce has reduced by 50 percent or more. The Government also took steps to help these small businesses through the Atmanirbhar Bharat scheme, but its advantages per feedback from businesses in July this year have been quite limited, the survey said.

Literature reviews talking about the impact of Covid-19 on various sectors (Textile Industry, Food processing units, Hotel Industry, Furniture Industry and Export oriented units) of the economy based on national and International published information papers. In this regard, the paper by Ahmed Khan (2020) found that the pandemic has not only affected the demand for textile and apparel but also its supply. India is one of the exporters of textiles to major countries like US and Europe etc. it was found that buyers from these countries either cancelled or put on hold their orders due to the pandemic This has led to a mass return of workers from cities back to their villages.

The paper by Chakraborty and Biswas (2020) observed that the supply chain shock due to the pandemic has done a bullwhip effects in textile and apparel market. The companies are forced to stop production and sales due to the pandemic. In conclusion the paper explores the key points related to the production, import, export and employment.

The paper by Sinha, Majumdar (2020) is to understand the reasons behind the lack of social sustainability in the clothing supply chain operating in South Asian countries and to suggest ways for an appropriate redress. The interviews with experts revealed the dominant power of some brands is the primary reason. In post Covid 19 they suggested that a sustainable sourcing model should adopt to solve these problems like unauthorised subcontracting of clothing manufacturing by the suppliers must be prohibited. Supplier selection and the order allocation policies of the brands should also be tuned to facilitate social security of workers.

2.1. Analysis of Textile Units

Comparing the literature reviews with our data collection we found that there are similarities. The most important problem faced by the industry is that many firms were shut down and production fell drastically. And raw material shortage is another issue and some of them were unable to sell out the stocks. The pandemic has not only affected the demand for textile and but also its supply, domestic consumption is also get impacted by the pandemic. In literature review mentioning about how the whole textile industry affected globally. India is one of the major textiles and apparel exporters to the United States and the European Union and china and these markets are hit hard by the virus. Due to the pandemic the export from India went low.

The paper by Raghavendra (2020) observed that the India's packaged food industry and bakeries has been hit hard by the pandemic and lockdown. These Unit manufacturers do not have an automatic right to stay open but had applied for specific exemptions from state, municipal and national regulators. The main reason for this is the unavailability of the labourers as thousands of workers left cities and major industrial centres for their ancestral family homes, often in villages, to sit out the lockdown. In conclusion a s a result of these problems, some of the food processing units preferred to wait until the end of lockdown.

The paper by Costin (2020) observed that the sales of edible products such as bakery, food processing units were up to the mark as the supply of bakery was insufficient as many of the bakers have shut operations due to shortage of labours in the pandemic. Along with this, disruption in supply of raw materials due to lock down created more issues in the market as consumers were not getting products as per their requirement which ultimately affected the market. Another factor that has created an impact on the market is the lack of raw material availability due to which production of products was not proper. Due to these issues, the market for bakery product has decreased and food consumption changed to home kitchens.

The paper by Munsamy, Mohlala and Arnesh (2020) found that social distancing requirements and health concerns, due to the pandemic has seen a shift in consumer behaviour to home cooked meals rather than eating out. Beef and chicken which is used extensively in restaurants and fast-food services, has experienced a significant decline in demand. So due to the Covid-19 the disruptions in these lead to delayed stock and lower supplies, access, and consumption of these food.

2.2. Analysis of Food Processing Units

By comparing the literature reviews with our data collection it is clearly evident that the food processing units also badly impacted by the pandemic. The varying levels of lockdown initiated in various countries nationally and internationally, social distancing requirements and health concerns, have seen a shift in consumer behaviour to home cooked meals rather than eating out. Another factor that has created an impact on the market is the lack of raw material availability due to which production of products was not proper. Bakery product manufacturing units in different states mainly employs locals but still has serious issues of labour management, because of salary cut down, shift basis works etc. When Permission granted for restarting these units put half or less than half staffs in each units. So some of them remain unemployed. In the literature reviews what we can see that due to salary cut down etc., many of the employees migrated to their home town or villages. No one took any marketing strategy to promote their products. In our data collection, every one faced raw material shortages and some them produced either according to orders or in limited quantities. Many of them cut shortened their menus due to low demand for these products. some of them adopted marketing strategies like promoting their products through social media, online delivery etc. and some of them remain the same without adopting any of the strategies. And no one took any loan nor relief fund policies from government.

The paper by Christina and Gursoy (2020) observed that the pandemic curve such as community lockdowns, social distancing, stay-at-home orders, travel and mobility restrictions have resulted in temporary closure of many hospitality businesses and found a decreased demand for business. Almost all restaurants were asked to limit their operations to only take-outs. Preliminary findings indicate that visible sanitizing efforts, implementing social distancing, limiting the number of customers served, more rigorous and frequent cleaning of

high-touch surfaces in common areas, and employee training of health and safety protocols are the most important safety precautions customers expect from a restaurant and a hotel.

This article by Andrews (2020) focuses on the impact of the pandemic and recovery for hotel industry. He is suggesting that provide physical evidence of the hotel's concern for health and safety. Self-service as far as possible should be encouraged to reduce human contact. Food menus must be choices of Table menus each day instead of a full a la carte menu. It will save the cost of having high food inventories and tables in the restaurant should be spaced out.

The paper by Rao (2020) observed that hotels and restaurants in India have been among the most affected sector due to the pandemic and the nationwide lockdown. The proportion of fixed operating expenses by way of rentals, utility expenses and salaries are quite significant and with little or no revenues, it was very difficult for restaurants to survive through at that period. Most of the customers planned to decrease spending on dining out and some of this spend shifted to food delivery. 60% of restaurateurs said they estimated retain less than half of their original business volumes for few months even post-COVID.

2.3. Analysis of Hotel Industry

From the literature reviews and data collection what we found is that there are similarities in both. Almost all restaurants were asked to limit their operations to only take-outs. Restrictions placed on travel and stay-at-home orders issued by the authorities led to sharp decline in hotel occupancies and revenues. Many changes came in the way hotels worked before and after lock down like, allowed dine-in in the restaurants to reopen at a reduced capacity with strict social distancing guidelines. Government relief funds or loan is not mentioning in any of the literature reviews. From the data collected no one applied for any relief or loans from the government and also there were not much support for the industry from the government side. There were no shortages for raw materials but the price was really high for the raw materials and which made the situation worse as most of the hotel sales was very low. No marketing strategies mentioned in literature reviews but in our data collection some of the hotels adopted online delivery service, social media promotions, and also renovating the existing facilities to attract customers.

From an article published by Report linker on August 2020 observed that the growth opportunity in the sales of office furniture through online channel has forced online retailers to improve the process of procurement in terms of safety and reliability, which, in turn, has lifted the demand for office furniture during the pandemic. People are also buying couches and dining tables along with work-desk etc. that too in bulk through online channel. So brands have also started recognizing an increasing consumer inclination towards multifunctional and customised furniture as one of the primary reasons driving the office furniture market expansion during the next several years.

From an article published by The Business Research Company on December 2020 it was found that increasing demand for online shopping helps the furniture manufacturing market grow after the post covid-19, so many of them are planning to shift towards online mode which increases their customer base geographically.

2.4. Analysis of Furniture Industry

By comparing literature reviews with our data collection there are some deviations between both. In our data collected all furniture shops caused a termination in bookings and so it led most of the owners to face a gradual decline in the revenue for their business. And most of them didn't took any marketing strategies to promote their products. Most of them are depending on local raw materials so, supply chain was not that much disrupted due to trade restrictions. The main problem faced by the furniture industry is that products remain unsold. The main reason for this is what we analysed from their response is that everyone preferred to purchase only important things such as food and materials and buying furniture is not priority for them at that time. But everyone suffered from financial crisis and still facing it but to an extend they managed by cutting down of salaries, cut shortened number of employees and producing less quantity of products according to order to avoid dead stock. In literature review, it is mentioning about the marketing strategies the industry should adopt for the near future. Few organizations are now considering office expansion or renovation projects. Vendors are adopting online retail strategies to reduce cost and increase their profit margins. Many furniture industries have also started recognizing an increasing consumer demand towards multifunctional and customised furniture, so now they are more concentrating on that.

The paper by Dubey (2020) found that paper talks about the impact of pandemic on Indian Exports. The shipping industry remains one of the most crucial one for international trade. The growth or decline of international trade directly determines the fortunes of the shipping industry. With the onset of the Covid 19 pandemic, the sector has suffered enormously and is dealing with problems. Apart from the disruptions in supply and demand globally, shipping lines have also been forced to alter their ports of call because of restrictions imposed by multiple countries. So, this led many companies to put their stock on hold and cancellation of orders etc.

2.5. Analysis on Export Oriented Units

Comparing literature review with our data collection the export-oriented units were hardly affected by the pandemic. The demand for their products has weakened most of the owners. The supply chain disruptions have led to increase in financial liabilities. Every one faced the

situation of goods remain unsold and led to dead stock. Some of the parties cancelled their orders due to pandemic and led to financial crisis. some of them faced the situations of lack of raw materials. Travel restrictions severely impacted their trade and its one of the reasons for dead stock and raw material shortage. Same issues are faced by export units both in data collection and literature review. Apart from the depressed supply and demand globally, shipping lines have also been forced to alter their ports of call because of coronavirus related restrictions imposed by multiple countries.

3. Case study Analysis based on Data collected from each sector

3.1. Hotel Industry

The aim of this data collection was to analyse the impact of Covid- 19 on Hotel Industry. The data is collected from 6 Hotels from Ernakulam district which consists of 3 star and 4-star hotels. The data was collected directly from the respective owners of each hotel either through phone calls and direct interactions.

The employees working in most of the hotels reduced in number from what it was before the lockdown. The pandemic affected the hotels in different ways. In common the sales of all the hotels went down drastically. Most hotels find it difficult to provide food and accommodation to the employees when there were no sales, even though they had to reduce staffs or make them work in shifts. Many north Indian Labourers fled back to their hometowns which created a situation of lack of Unskilled labourers. Even though parcels were allowed in hotels after the first phase, many hotels had to close again as it didn't turn out well. There were changes in the way hotels worked before and after the lockdown. Social distancing, Sanitisation facilities, 2 persons per table at a time were the most common practices followed by the hotels. Temperature checking, noting time and details of customers, closing ground floor seating and kitchen were the other practices followed by some hotels. Raw material sourcing was mainly from local suppliers.

Regarding the shortages of Raw materials, one main point everyone stressed on was that there were no shortages but the price was really high which made the situation worse as their sales was very low. From the data collected no one applied for any relief or loans from the government and also there were not much support for the industry from the government apart from some reductions given to bar hotels which were closed for 59 days continuously and also some time got extended to pay the electricity charges in 3-4 instalments. Regarding the loan moratorium also, even though the extended time was a relief, paying back the loans after 6 months with interest was a burden as the condition continued almost the same for the industry. From the response of the hoteliers what is to be understood is that many hotels either changed their business or completely stopped it as the sales went down in a way that they found it difficult to take forward the business. Everyone from the industry suffered

huge financial problems and to an extent it was managed by reducing employees, engaging themselves more in day-to-day administration, reducing electricity charges, by taking gold loans or calling out old loans, cutting down the menu varieties etc....Everyone didn't go for promotions during the period and the hotels which done promotions was mainly through introducing online delivery service, social media promotions, adding Arabic and other varieties after the lockdown and also renovating the existing facilities to attract customers.

In conclusion, we can understand that the hotels were heavily impacted by the lockdown. About 40 % or more loss happened to everyone in the Industry due to the pandemic. Still most of them didn't recovered from the losses completely and are looking for ways to get back to a stable situation.

3.2. Textile Industry

The aim of this data collection is to analyse the impact of Covid-19 on Textile Industry. The data is collected from 5 Textiles from Ernakulam District. The data was collected directly from the respective owners of each textile either through phone calls and direct interactions.

The pandemic affected the textile industry very badly especially during the first phase of Covid-19 as people were not going outside their homes and all kinds of celebrations, parties were restricted only in limited numbers from the government. Customers were really low during the period and sales went down drastically. Unavailability of stocks was an issue for all as the price of raw materials were very high and many of them knowingly reduced the stock since sales were not happening at all. Most of them (especially small shops) were forced to shut down for continues 2 months even after the lockdown as customers were not coming for purchase and some of them turned into online mode to reach out to customers easily and to sell out their stocks. There was big change in the way textiles functioned what it was before and after the Covid-19. Sanitisation facilities, Temperature checking, noting the time and details of customer were the most common practices followed. Trial rooms were not at all allowed for the customers and once purchased will not be taken back was a big change in the process textiles functioned. For Raw material sourcing, both local suppliers and imported raw materials were used.

Regarding the material shortages, common opinion was that everyone was able to manage with limited stocks since the customers were very less while some others faced the issue of dead stock. Also demand for home wear was high compared to other items since people were spending most of their time in the house itself. As a result, so many textiles (especially small shops) started shifting to home wear stocks. Even though everyone was not in favour of the government support during the period some of them applied for loans and the extended time given for loan repayments, loan moratorium etc.... was a relief at least for some of them. So

many textiles stopped their business due to lack of sales while some of them shifted to online mode instead of completely shutting down the business while most of them continued with their business hoping the situation will get back on track. Financial problems were mainly dealt by cutting down employees, salary cut, reducing stocks and by making time deals with suppliers of raw materials for repayment of cost. Marketing strategies were mainly done through social media promotions like Instagram and Facebook promotions.

In conclusion, what can be analysed is that like any other industry, Textile industry also suffered huge losses or we can say is one among the most affected as even today many of them especially small shops are struggling to get back to their old business conditions.

3.3.Food Processing Industry

The aim of this data collection is to analyse the impact of Covid-19 on food processing units. The data is collected from 5 Food processing units from Ernakulam district. The data was collected directly from the respective owners of the units either through phone calls and direct interactions.

The pandemic made a huge blow on food processing units. The sales were very low for all of them even opening after one month of lockdown with limited quantity. Most of them either cut down the employees or placed them on shift basis. Many of them cut down varieties from their menu as there were no customer demand for majority of items. Closing of educational institutions including schools and college was a big blow, especially for bakery units as their main customers were school and college students. Also, they were not in a position to increase the price of the items considering the financial situation of the customers. In most of the bakery unit's dining's were closed and only parcels were delivered. Counter distance, sanitisation facilities, noting time and details of customers, restricting number of persons entering per 2 at a time ...were the other changes in the practices followed before and after the lockdown. Raw material sourcing was mainly depended on local suppliers. All of them faced raw material shortages but since the customers were low and most of them preferred food from their homes, they produced either according to orders or in limited quantities. There was not much support from the government apart from extending time for loans. Some of them changed their shops into supermarkets while some of them had to shut down their business due to financial crisis while some deducted salaries of the employees, took overdrafts to withstand the situation. Marketing strategies were mainly done through social media promotions, online delivery services while some of them didn't implemented anything new rather continued what they were doing previously.

In conclusion, we can understand that food processing units were heavily impacted by Covid-19 and many such small units still haven't recovered from it yet especially bakery units which depend most on school and college students for sales. At the same time many units almost recovered from the crisis and are getting back to the normal conditions.

3.4.Furniture Industry

The aim of this data collection was to analyse the impact of covid-19 on furniture industry. The data is collected from 5 furniture industry in Ernakulam district. The data was collected directly from the owners of the furniture industry through direct interaction and phone calls.

One of the major segments hit by the pandemic is the furniture business. For all furniture shops caused a termination in bookings and so it led most of the owners to face a gradual decline in the revenue for their business. Most of them are depending on local raw materials so, supply chain was not that much disrupted due to trade restrictions. The main problem faced by the furniture industry is that products remain unsold. One major factor is that most people preferred to sit home and confused about the financial aspects, so at that time everyone preferred to buy essential items and buying furniture was not in their priority list. No one applied nor took any government relief fund or other loans, because paying back will be a huge burden for them. From the response of the furniture industry owners what is to be understood is that no one changed their business and all are continuing with the same. But everyone suffered from financial crisis and still facing it but to an extent they managed by cutting down of salaries, paying only half of the salary, cut shortened number of employees and producing less quantity of products according to order to avoid wastage, and they took overdraft to payoff salaries and to meet other expenses. One of them slightly moved to multifunctional and eco-friendly furniture products after identified that there is an increasing consumer preference for these products. No one preferred to go for promotions during that period, they are continuing with what they did previously. In conclusion, we can understand that furniture industries were impacted by the lockdown and that facing financial issues.

3.5.Export-Oriented Units

The aim of this data collection was to analyse the impact of covid-19 on Export oriented units. The data is collected from 5 export-oriented units in Ernakulam district. The data was collected directly from the owners through phone calls.

Most of the export unit owners said that they faced huge impact by the pandemic. Most of them stopped their business for more than 3 months. And started by taking complete precautions to avoid unnecessary contacts. They are exporting wood products mainly to China, Japan, Korea and Europe. The demand for their products has weakened most of the owners. Every one faced the situation of goods remain unsold and led to dead stock. Some of the parties cancelled their orders due to pandemic and led to financial crisis. Some of them faced the situations of lack of raw materials. Travel restrictions severely impacted their trade and its one of the reasons for dead stock and raw material shortage. No one applied for government relief fund and didn't take any loan. Most of them managed their financial crisis by taking overdraft to meet the expenses and paying off salaries to the employees, and some

of them cut shortened the number of employees and paid only half salary for the current employees. From the response from the owners what is to be understood is that no one changed their business because most of them are operating more than ten years, and they are continuing what they did previously but some of them started interstate trade due to difficulties in export.

In conclusion, we can understand that export-oriented units were severely affected due to the pandemic related challenges and it still continues with the MSME units facing various problems.

Table 1: Sector-wise Impacts, Strategies Adopted and Major Outcomes

MSME sector	Major Impacts	Strategies Adopted	Outcomes
1. Hotel Industry	☐ Reduction in number of employees ☐ Sales went down drastically ☐ Difficulty in providing food and accommodation to employees ☐ Lack of unskilled labourers ☐ Increase in price of raw materials leading to raw material shortages ☐ Financial problems	☐ Social distancing ☐ Sanitisation facilities ☐ Temperature checking ☐ Noting down time and details of customers ☐ Online food delivery services ☐ Social media promotions	☐ Some hotels changed their business or completely stopped it ☐ Some Renovated their existing facilities to attract customers ☐ Some hotels added more Arabic and other varieties to the menu ☐ Sales increased for all the hotels compared to the pandemic peak times and is slowly coming back to normal situation
4. Textile Industry	☐ Reduction in number of customers ☐ Sales went down ☐ Unavailability of stocks ☐ Increase in price of raw materials leading to raw material shortages ☐ Financial problems	☐ Social distancing ☐ Closing of trial rooms ☐ Temperature checking ☐ Choosing online mode ☐ Noting down time and details of customers ☐ Cutting down employees ☐ Reducing stocks ☐ Social media promotions	☐ Even today especially small textiles are struggling to get back to their normal situation. ☐ So many textiles especially small textiles completely stopped their business.
3. Food processing Industry	☐ Sales went down drastically ☐ Faced raw material shortages ☐ Increase in price for raw materials ☐ They were not able	☐ Counter distance ☐ Sanitisation facilities ☐ Noting down time and details of customers ☐ Restricting number	☐ Many units recovered from the crisis and are getting back to normal situation ☐ Some bakery units which were depending mostly

	to increase the price of food items considering financial position of customers ☐ Forced to cut down food varieties from the menu as demand was low. ☐ Financial problems	of persons 2 at a time. ☐ In most of the bakery dining's were closed and only parcels were delivered.	on college and school students are still struggling to get sales.
5. Furniture Industry	☐ Termination in bookings ☐ Decline in overall revenue for business ☐ Raw material shortages due to supply chain restrictions ☐ Products started getting unsold in all furniture shops. ☐ Faced severe financial crisis	☐ Sanitisation facilities ☐ Followed social distancing mandates ☐ Cut shortened number pf employees ☐ Produced only less quantity as per orders	☐ Some of them changed to multifunctional and eco-friendly furniture products as demand for such products increased ☐ Some of them shut down their business and shifted to other kinds of business while others continued what they were doing previously. ☐ Still, most of them are struggling to get back to their old situation and are still facing financial crisis.
6. Export oriented Industry	☐ Lockdown brought the entire supply chain to a break. ☐ Most of them had to stop their business for more than 3 months ☐ Supply chain disruptions lead to an increase in financial liabilities ☐ There existed situations when products remain unsold. ☐ Raw material shortages	☐ Took complete precautions to avoid unnecessary contacts ☐ Most of them managed their financial crisis by taking overdraft to meet expenses ☐ Cut shortened the number of employees ☐ Reduced salary of employees	☐ Most of them didn't changed their business due to their experience in the industry ☐ Some of them started interstate trade due to difficulties in export ☐ Export oriented units was one among the sectors severely affected by pandemic and are still facing various problems due to pandemic related challenges.

Source: Primary Survey of the MSME Units in Kerala

Table 2: Entire lockdown Period (11 months)

Sector	Completely affected	Partially affected	Not affected
Hotel	4	4	3
Textile	6	3	2

Food units	5	3	3
Furniture	6	3	2
Export	4	4	3

Source: Primary Survey of the MSME Units in Kerala

Table 3: Performance of Sales (% of total output)

Sector	During lockdown (%)	After lockdown (%)
Hotel	30	80
Textile	20	80
Food units	50	90
Furniture	10	60
Export	10	40

Source: Primary Survey of the MSME Units in Kerala

4. Sectorial approaches to crisis management during the pandemic period

4.1. Hotel Industry

The pandemic affected the Hotel Industry very badly. About 40% loss happened to the hotels during the period. The common strategies followed by hotels was social distancing, sanitisation facilities, Temperature checking, noting down time and details of customer and restricting 2 persons per table at time. So many hotels introduced online delivery system as only parcels were allowed during the lockdown period as a way to reach out to the customers safely. Almost all the hotels reduced the number of employees due to the financial crisis while some cut off salary of the employees by providing food and accommodation. Renovations were made to their existing facilities to attract customers while some hotels added different varieties like Arabic and other varieties to their menu. Social media promotions were also done through Instagram, Facebook and similar platforms to reach out to the customers. The industry didn't receive much support from the government apart from extending time to pay electricity charges in 3-4 instalments. For some hotels only 60% sales are only happening now compared to the post covid sales while some hotels are at the verge of complete recovery and are coming back to the normal situation.

4.2. Textile Industry

Textile Industry was affected by pandemic very seriously and is still not recovered yet to a big extent. The common approaches were following proper social distancing, Temperature checking, noting down details and time of customers and closing of trial rooms. All the textiles faced an issue of dead stock and thus they reduced their stocks to cut short the losses. So many textiles switched to online mode to reach out to customers more safely. Social media promotions also played an important role during the pandemic as it was the only

platform to reach out to the customers. Loan moratorium was helpful for some textiles as it reduced their burden to some extent during the financial crisis. Some of them even had to make deals with suppliers asking time to pay back the cost for raw materials. The demand for home wears were really high during the peak period as people were only going out of their homes very often and thus so many small textiles restocked home wears. Even today also when people are going out more often than before, many textiles especially small textiles are still facing various challenges due to lack of customers.

4.3. Food Processing Units

The pandemic made a huge blow on food processing units. It took time for them to come out from the crisis to a greater extent. More than the usual, all bakery units increased the counter distance as part of social distancing. Sanitisation facilities, noting down time and details of customers and restricting 2 persons at a time inside the units were the other procedures followed. Most of the units closed the dining and only parcels were delivered. Most of them cut down varieties from their menu as the demands were very low for most of the products. Online delivery was another way used reach out to customers safely to sell out the stocks. There was not much of support from the government. Most of them dealt financial crisis by cutting down employee salary and by taking overdrafts. Even though most of the units recovered from the crisis to a bigger extent and are functioning as normal, units which were dependent on school and college students are facing various challenges due to lack of customers compared to post covid sales.

4.3. Furniture Industry

Among the heavily affected sectors, Furniture Industry was one among those. Supply chain restrictions and termination in bookings caused them severe financial crisis. They started to produce only less quantities and that too only as per orders to reduce the losses to an extent. Employees were cut shortened and salary of the existing employees were cut down. Proper sanitisation facilities and social distancing were followed. Some of them even stopped their business and gave it for rent as the people were not preferring to buy furniture products amidst the pandemic and the situation of dead stock were increasing due to cancellation of orders due to delay in the work. Even today most of them are facing similar issues and is yet to recover from it.

4.5. Export- Oriented Units

Supply chain disruption was a huge blow to the export units during the crisis. Most of them managed their financial crisis by taking overdraft to meet the expenses and paying off salaries to the employees, and some of them cut shortened the number of employees and paid only

half salary for the current employees. Employees were cut short to a big extent and they started purchasing raw materials only in limited quantity. Some of them stopped their export business due to decline in export market while some started interstate and intrastate trade after lockdown along with export.

5. Conclusions and policy implications

The COVID-19 pandemic has led to a dramatic loss of human life worldwide and presents an unprecedented challenge to public health, food systems and the world of work. The economic and social disruption caused by the pandemic is devastating. We found from our study that the major five sectors include, hotels, textile, furniture, food and export sectors were heavily impacted by the pandemic. In the case of Hotel and Restaurant's workers have emerged as a new category of frontline services during this pandemic. While essential to guaranteeing food security, they are themselves at high risk of exposure to infection and play a key role in food safety and also faced the situation of salary cut down at the same time. To ensure adequate numbers of food workers, they need access to and training on personal protective equipment and hygiene protocols, as well as working conditions that provide adequate wages and access to social protection, including paid sick leave. In the case of the textiles, clothing, and export industries is unravelling, as workers are told to stay at home, factories close, and global supply chains closed. The cancellation of orders has hit thousands of firms and millions of workers particularly hard. While the pandemic has affected business operations in almost every industry globally, so, furniture industries are adopting new technologies in order to keep up with consumer needs and offer a hassle-free shopping experience.

In India, many furniture industries are witnessing huge shifts in consumer behaviour and frequently changing business trends. Extended lockdown had negative impact on supply of finished goods, procurement of raw material and availability of employees to work in production and supply processes. During March to June 2020, every sector faced challenges related to debt repayments, wages and salaries, statutory dues, etc. Survey reports have shown that disruptions caused by the Covid-19 pandemic have impacted MSMEs and other sectors earnings by 20-50%, MSMEs create various problems like difficult for business managers of MSMEs to procure raw materials at affordable rates, commercial and industrial outlets of small business enterprises was shut down completely.

It was found that the relief package was not sufficient to compensate for the losses that faced by the entrepreneurs of MSMEs and other sectors in India. And from our data we understood that no one opted for government relief funds or loans. Food processing units and export oriented units also faced same kind of hurdles in the pandemic. In conclusion, all sectors were financially impacted and we understood that these five sectors were severely affected due to the pandemic related challenges and still it continues by facing various problems.

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