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**THE IMPACT OF PUBLIC POLICIES ON MICRO, SMALL AND
MEDIUM SCALE COMPANIES IN INDIA DURING COVID-19
PANDEMIC**

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LIST OF ABBREVIATIONS

MSME - Micro Small Medium Enterprise

OECD - Organisation for Economic Co-operation and Development

MSMED - Micro, Small and Medium Enterprises Development (MSMED) Act, 2006

SSSBs - Small Scale Services and Business Enterprises

SSIs- Small Scale Industries dominated the non-agriculture MSME categories

SIDBI - Small Enterprise Development Bank of India

GDP - Gross Domestic Product

GVA - Gross Value Added

PMGKY - Pradhan Mantri Garib Kalyan Yojana

RBI - Reserve Bank of India

PMEGP - Prime Minister's Employment Generation Programme

SFURTI - Scheme of Fund for Regeneration of Traditional Industries

ASPIRE - A Scheme for Promotion of Innovation, Rural Industries, and Entrepreneurship

ESDP - Entrepreneurship Skill Development Programme

CGTMSE - Credit Guarantee Fund Trust for Micro and Small Enterprises

PMMY - Pradhan Mantri MUDRA Yojana

RFQ - Request for Quotation

RFPs - Request for Proposal

CII - Confederation of Indian Industry

MCC -MAHRATTA CHAMBER OF COMMERCE

USD - United States dollar

WFM - Work from HOME

OEM - Original Equipment Manufacturer

RandD - Research and Development

PF - Provident Funds

ESI - Employees' State Insurance Scheme

EMI - Equated Monthly Instalment

TCSP - Technology Centre Systems Programme

MFIs - Micro Finance Institutions

NBFCs - A Non-Banking Financial Company

ABA - Aatmanirbhar Bharat Abhiyan

VC - Venture Capitalist

GST- Goods and Service Tax

TReDs - Trade Receivables Discounting System

Gem Portal - Government e-Marketplace

CSR – Corporate Social responsibility

INTRODUCTION

MSMEs are the backbone of many economies, representing 95 percent of all companies worldwide and accounting for 60 percent of employment, and they account for approximately 35% of GDP in developing economies and approximately 50% in developed countries (WTO, 2020). In India, SMEs contribute 30% to GDP and 48% to exports. It represents 99% of companies in India and contributes 42% to total employment by giving employment to 110 million people (IBEF, 2021). In spite of being such a major contributor to the economy, MSMEs have been traditionally facing a lot of challenges such as Multiple recessions, Source of adequate finance, Raw materials Availability, Skilled Manpower Availability, etc. (Ali & Husain, 2017). One of the main stakeholders in the MSME ecosystem is the Government of India which can really play a very important role in making this platform robust through its policies and policy support (Kumar & Gulgloth, 2012). One of the biggest setbacks in terms of such support was recently experienced by MSMEs during the COVID-19 pandemic, where the decision taken for immediate relief for MSMEs was not sufficient and could not be executed due to a lack of infrastructure or lacuna in framework. Major focus during COVID-19 pandemic was around extending easy and immediate financial resource access to MSMEs through banks and other financial institutions. Instead of behaving like facilitators all these financial institution including banks were behaving as if they are giving regular loans and deployed so much scrutiny that it became almost impossible for MSMEs to get any immediate loan from them. Yes, moratorium on existing loan gave some relief but MSMEs needed more money as their cashflows were badly hit due to delay in invoice payment. Access to finance has been biggest bottleneck for MSMEs (OECD, 1996) Off course Mudra loan (collateral free) kind of schemes have impacted this sector but the quantum and impact of the scheme is very minimal, sector which gives employment to 110 million people deserve much more than these small schemes. Another major issue is coordination between central and state governments. Schemes are made by central governments and implemented by state government.

MSMEs play a key role in providing livelihood to millions of Indians. The sector also offers significant non-agricultural gainful employment in rural areas (Behera, Mishra, Niharika & Ranjan, 2020). However, due to its unorganized nature and small size, the sector is highly vulnerable to external and internal crises. COVID-19 has created uncertainty in almost every segment of economic activity, including the supply of raw materials, demand for final goods, and even employment opportunities. The industry lost a large number of jobs during and even after the lockdown due to a decline in production, income, and capital flows into the industry. With the COVID-19 pandemic hitting, along with acute cashflow, raw material, and finance shortage, MSMEs faced the biggest labor crises due to reverse migration. MSMEs needed to be heavily supported by the government, and again government measurably failed. Although this time government designed some good policies under 'Aatma Nirbhar Bharat Abhiyaan' (meaning Self Reliant India Scheme), in which the Prime Minister of India announced an INR 21,000 billion economic package to push Indian

MSMEs out of the COVID-19 pandemic crisis. “Atma Nirbhar Bharat” (Self-reliant India) scheme was supposed to lower the pandemic impact on MSMEs and was aimed at increasing liquidity in the financial market, reducing the burden of timely repayment, and encouraging individuals and industries to borrow from banks at lower rates. But this time government failed in terms of time and execution as there was no adequate infrastructure to support and implement those policies and schemes(Adhikari et al., 2022).

The purpose of this research is specific to understand the impact of policy support on MSMEs during the COVID-19 pandemic in India. Three Small and Medium scale enterprises from different parts of India, namely Prante, 3D Engineering Automation LLP, and Nakoda Machineries Private Limited, were chosen for interviews, and people from the leadership team (Founder, Chief Executive Officer, Managing Director, etc.) were interviewed. A detailed questionnaire having more than 100 questions was prepared in consultation with experts, and face to face interviews were conducted. The focus of the interviews was basically on understanding the conduct of their day-to-day businesses (Before the COVID-19 pandemic and After the COVID-19 pandemic) and the way they have managed their business challenges during the COVID-19 pandemic. Interviewees were also specifically asked about their future plans and expectations from the government and public policies. A detailed discussion on MSME’s various Drivers, Barriers, Enablers, and Facilitators was done along with interviewees. Along with Bibliographical research, mainly the Qualitative Comparative Analysis (QCA) research method was used. A lot of Cross Tabulation Analysis was done to arrive at conclusions. Finally, an analysis of the impact of public policies announced during the COVID-19 pandemic on MSMEs' support of their businesses was done with the data received during face-to-face interviews.

Limitations of Study

MSME sector is vast sector and approximately 7.9 million companies fall under this sector in India. Choice of the 3 MSME selected for study is based on assumption to cover the issues and the challenges faced by Manufacturing, Trading, Services and Startup MSMEs during COVID -19 Pandemic in India. Only limitation of the study is number of MSME selected for study is very limited in number i. e 3 nos. Assumption followed was that all similar MSMEs would have faced similar challenges and issues during COVID-19 Pandemic in India. We conducted thorough survey with interviews running several hours and questionnaire with more than 100 qualitative, Quantitative questions. These thorough detailed interviews were required as, for Interviewer it was important to cover emotions in detail of the interviewees while they were replying to qualitative questions. This limitation was minimized by doing thorough Bibliographical research, where lot of all the issues faced by MSMEs in India during COVID-19 Pandemic were mapped with the issues faced by 3 selected MSMEs for study and it was found that issues and challenges faced by MSMEs in India were almost similar to issues and challenges faced by these 3 companies which participated in study.

1 THE REVIEW OF THE MSME POLICY INITIATIVE IN INDIA

1.1 Literature Review

Micro Small and Medium Enterprises (MSMEs) are the backbone of many economies, representing 95 percent of all companies worldwide and accounting for 60 percent of employment. MSMEs account for approximately 35% of GDP¹ in developing economies and approximately 50% in developed countries (WTO, 2020). Macroeconomic conditions have been the main determinants of SME performance; trade liberalization had a strong impact on sectoral restructuring within SMEs (Peres & Stumpo, 2002). In India, MSMEs contribute 30% to GDP and 48% to exports. It represents 99% of companies in India and contributes 42% to total employment by giving employment to 110 million people (IBEF, 2021). In spite of being such a major contributor to the economy, MSMEs have been traditionally facing a lot of challenges such as Multiple recessions, Source of adequate finance, Raw materials, and Skilled manpower (Garg, 2016). Despite the fact that all these challenges, government policies are not adequately designed for MSME's growth support (Das, 2008).

With the COVID-19 pandemic hitting MSMEs, they faced acute cash flow, raw material, and finance shortages, and on top of all these, they faced labor issues due to reverse migration. MSMEs needed to be heavily supported by the government, and again government measurably failed. Although this time government designed some good policies under “Atma Nirbhar Bharat” (Self-reliant India),² in which the Prime Minister of India announced an INR 21,000 billion economic package to push Indian MSMEs out of the COVID-19 pandemic crisis and lower the pandemic impact on MSMEs, this time government failed in terms of time and execution as there was no adequate infrastructure to support and implement those policies and schemes.

There was a high degree of uncertainty in the execution of the operation due to various restrictions imposed by the government on the workplace to prevent the spread of the virus, lockdowns in various areas with positive cases restricted the movement of workers to the plants, and this also affected the movement of materials, effectively hampering the production activity. Another problem was covering direct costs, as there was extreme uncertainty in income due to the drop in demand and the inability to supply goods to the market, and export restrictions. There will also be challenges in meeting high maintenance costs. The country witnessed the pathetic condition of migrant workers during the lockdown. It is very difficult for MSMEs to run operations without proper manpower. Hiring and paying new workers without compromising with quality is a huge challenge. The biggest challenge was restarting the business and making it sustainable. It was difficult to conduct daily

¹ Gross domestic product (GDP) is a standard measure of the value added created by a country's production of goods and services over a period of time

² Self Reliant India or "Atmanirbhar Bharat Abhiyaan" campaign is the vision of a new India envisioned by Hon'ble Prime Minister Shri Narendra Modi. In 2020 Indian Prime Minister called upon the nation to launch the Self Reliant India and announced a special economic and comprehensive package of INR 20 million – equivalent to 10% of India's GDP – to fight the COVID-19 pandemic in India.

business when restarting. The management was not sure whether it would be more advantageous to work from home or better to come to the workplace. Many companies have taken a hybrid approach, offering some days to work from home and some days asking employees to come into the office. Once the labor negotiations were settled, the next biggest challenge was to secure the working capital through various government schemes, as there was no other source from which the working capital would be arranged. It was also very difficult to run day-to-day operations with limited staff, so cross-training of staff was the only solution to overcome staff shortages. Another important thing was to bring receivables under control, as MSME customers were also benefiting from the scheme like credit extension etc., under Atma Nirbhar Bharat; the time has come for MSMEs to push their customers and bring receivables under control. There is also news coming from MSMEs that the coming days will be tough from a competitive point of view. MSMEs in any way are facing acute competition and have started to recover from the COVID-19 pandemic; they have faced a lot of competition, and they all realize that digitization and innovation is the only way they can beat their competitors. Backward migration of labor was also a big problem, and migrant workers were in no mood to return, so hiring local labor was the only way forward, which would, of course, increase costs, but there was no other option. There is no doubt that covid-19 has had a major impact on almost every country in the world. India is also its victim, which has suffered the loss of lives, jobs, and whatnot. But if we look at the positive side, India is fighting this virus like a warrior. India has unleashed its potential to be self-sufficient by purchasing various goods from home without depending on other countries. This also helps to achieve a favorable balance of payments. However, even in its devastating situation, India has stood up for its SMEs without leaving them alone. Various schemes will help them bring life back to MSMEs (Siddiqua & Swathi, 2021).

The government and Reserve bank of India has taken many initiatives towards MSME under Atmanirbhar Bharat, which together represent a package of around INR 21,000 billion to overcome the economic shocks. The measures taken by the Reserve Bank of India are aimed at increasing liquidity in the financial market, reducing the burden of timely repayment, and encouraging individuals and industries to borrow from banks at lower rates. Due to the high level of informality in the MSME sector, most MSMEs, especially the micro-enterprises that constitute the bulk of the sector, may not be eligible to avail of the benefits announced for MSMEs. In the future, however, it may support formalization in the SME sector. Furthermore, for large firms that may be classified as SMEs as a result of the revision of the definition, more benefits would go to them (Ghosh, 2020). Furthermore, micro-enterprises are very diverse and localized in their functioning and access to the market. Therefore, there is a need to design more programs specifically to support micro-enterprises. As the initiatives and measures announced by the government and RBI have limited scope to support the MSME sector due to high informality and there is a need to introduce more measures to revive small firms, especially diverse micro-enterprises. The broad national policy may not address their concerns. Government measures designed in consultation with local business associations are more likely to benefit local businesses (Sharma, 2022).

Post-pandemic surveys of MSMEs and industry associations should be conducted to understand their needs in the post-pandemic market, what systems should be designed, and policies should be made accordingly. Documentation should be simplified, and the application process should be placed online on a single portal for all MSMEs' needs. Coordination between central government ministries implementing programs for the benefit of small and medium enterprises should be improved. A similar approach could also be adopted at the state level to ensure alignment between central and state systems. Simplification of processes and promotion of e-government initiatives for SMEs should be done and supported by the government. State governments should conduct an audit of the current compliance requirements for SMEs and seek to reduce the regulatory burden, either by removing unnecessary processes or by placing most processes online. Furthermore, exemptions from certain processes may be granted to micro and small businesses, which make up the majority of MSMEs. Creation of one-time MSME accelerator cells at the district level. The Government of India envisages the creation of a network of Enterprise Development Cells (EDCs) at the district level. These EDCs should function as MSME accelerator cells and operate privately or on a public-private partnership basis. As a 'one-stop-shop,' the EDCs are expected to offer a range of knowledge and advisory services, including a job portal, information on government schemes, technology upgradation, and market entry strategies. The EDC should act as a platform that brings together key stakeholders at the cluster level (RBI, 2019). EDCs are visualized to be vertically linked with state and national resource centers and integrated through a technology platform to offer services virtually for all the needs of MSMEs (Mitra, Nikore & Gupta, 2020).

The bailout packages could help only a small percentage of MSMEs in India. The economic and financial plight of MSMEs in India is unprecedented and threatens their very existence simply because of the extent of the damage. The resulting supply and demand shocks to MSMEs have been shown to far exceed what was expected and are still evolving. Information about the damage to the functioning of SMEs and the larger Indian economy is slowly trickling out. The change in the definition of MSMEs in terms of their economic performance has not yet been explored and remains an area for future research. Another big issue is that there is no clarity on whether access to bank credit for micro and small businesses compared to medium-sized businesses will be reduced further. Some argued that commercial banks would be biased against small businesses due to higher transaction costs. No data is available to evaluate this argument. Policymakers are severely disadvantaged by delayed input from across the economic spectrum entities, including businesses, corporations, commercial banks, non-banking financial institutions (NBFCs), and statistical offices, due to the pandemic situation. Demand shocks due to second-order pandemic effects could possibly lead to more serious damage to the economy in general and SMEs in particular. The true damage to MSMEs and the wider economy may be known for months (Ramaswamy, 2021).

Restless laborers, ultimately dependent on meager cash savings and precarious food handouts, eagerly returned to their villages. But despair was not limited to short-term

migrants. Long-term migrants in India's urban economy, who lost jobs and earnings and, in many cases, were unable to pay rent and were also excluded from the social safety net, also felt they had no choice but to fall back on their rural resources. An exodus of migrants began in the first week of the lockdown, but a harsh government response pushed them back into their shelters or interned in government shelters. But once the news of the extension of the lockdown came out, no one stopped these migrant workers. Millions of workers, often accompanied by their family members, including young children, began to return to their villages - often thousands of kilometers away. They also used whatever means they could muster for these journeys—bicycles, pushcarts, hired passengers, or means of transport (Srivastava, 2020).

The Patterns of uneven development, demographic changes, wars, and conflicts play a large role in migration. Although migration occurs for a variety of reasons and takes many forms, it is generally aimed at improving the living conditions and employment prospects of the movers and supporting the growth and development of the areas in which migration occurs. The current pandemic reflects the nature of migration processes in India, which include labor migrants who generally work at the bottom level, i.e., the MSME sector. It particularly focuses on circular migrants, who have been hit hardest by strict lockdown in India. The plight of India's migrant workforce during the COVID-19 lockdown has been well documented in a number of rapid surveys conducted by civil society organizations on the ground, who were in close contact with migrant labor communities before and during the lockdown. The government announced a pro-poor package, but circular migrants were largely excluded from the transfer of limited cash to women account holders through accounts opened to promote financial inclusion or to farmers and poor women pensioners in the government's social assistance program (Srivastava, 2020). Even the Public Distribution System (PDS), which extensively covers three-quarters of the rural population and half of the urban population, did not reach them. Despite some improvement over the weeks, only 18 percent of stranded migrants contacted had access to food rations. In four states – Delhi, Haryana, Karnataka, and Maharashtra, only about 36 percent received assistance in the form of cooked food. During reverse migration, especially pregnant women, laborers had to suffer a lot in case they got infected, and there was an increased risk for preterm birth and pregnancy loss. Short-term labor migrants often live in workplaces and are dependent on suppliers for payments. In many cases, they were also denied payment for work done, but workers were detained at construction sites. Payment during the lockdown was even rarer. Among the nearly 24,000 workers whose data was made available through the SWAN network (a group of volunteers who assisted workers during migration during the COVID-19 pandemic and also conducted surveys), only 4 percent said they had been paid during the lockdown, while 12 percent that were partially paid. But in many cases, these payments were for work done before the lockdown (Adhikari et al., 2022).

The lockdown has completely threatened the MSME sector, and any take-off is bound to come with a host of insurmountable challenges such as lack of funds, dispersed and ephemeral workforce, communication barriers, supply chain deadlock, stoppage of import

and export routes, and so on and so forth. In these times of uncertainty, when everything seems unclear, the ministry could think about aspects such as developing a flexible policy, alleviating workers' livelihood concerns, reviving the logistical support crisis, and easing fund constraints. Specifically, micro-entrepreneurs are also victims of this situation and are in dire need of support on various fronts to thrive and take off. They need help in areas such as the delivery of public services such as utility bills, electricity, water, rent, property taxes, etc., which are a huge burden during this period of restrictions; many of these bills, which are fixed costs in nature, accumulate and become a huge burden for entrepreneurs to bear, at least initially. This is where the government can step in and, in appropriate cases, find ways to postpone it or allow partial relief/exemption for a reasonable period covering both its non-working and initial operating periods to ease the liquidity crunch of entrepreneurs. The government should also focus on helping MSME entrepreneurs from the point of view of the supply of inputs. The role of banks, NBFCs, and other financial organizations will gain importance in the coming months and years. While the Reserve Bank of India, in its two stimulus packages, has introduced a number of measures to increase liquidity in the system and also provide various kinds of facilities to SMEs and small borrowers, including allowing a three-month moratorium on term loans, deferment of interest payments on working capital, Facilitation of working capital financing, etc., the government and the bank must take more concrete measures in the near future than how only small and medium-sized enterprises can fight back (ICMAI, 2020).

The Standing Committee for Industry, chaired by Dr. K Keshava Rao, submitted his report on "Impact of COVID-19 pandemic on MSME sector and mitigation strategy adopted to contain it" in July 2021. The Committee made several key observations and recommendations. The Emergency Credit Facility Guarantee Scheme (ECLGS) was launched under the Atmanirbhar Bharat Abhiyaan in 2020 to support small and medium enterprises to meet their operational obligations and revive their business. The Standing Committee recommended that banks should be more liberal in extending credit facilities and separate counters would be opened exclusively to deal with MSMEs, the benefits of the scheme should be extended to small traders/dealers, and the amount of credit guarantee should be increased. The Committee noted the concerns of MSMEs regarding the non-availability of raw materials at a reasonable price. It recommended that appropriate action be taken by National Small-Scale Industries Corporations for easy availability of raw materials on a credit basis. Public sector enterprises (PSEs) should not be penalized. MSMEs blacklisted for canceling orders and import of all steel materials should be allowed with zero import duty, and the export of iron ore and steel products should be to be banned for the time being also committee noted that the stimulus package announced by the government for Small and Medium-sized enterprises was insufficient. It was a loan offer and a long-term solution rather than providing immediate relief by improving cash flow. The Committee advised the government to introduce a bigger economic package. It also found that the stimulus package did not properly impact the chain up to micro and small businesses. The committee found that a large number of jobs and regular household income were lost during the lockdown

period. The committee recommended the government to conduct a detailed study to assess the actual losses suffered and consider a new national employment policy and explore the feasibility of a national electronic job exchange and build a skills-based database of job seekers for job search to increase job creation in the SME sector. The committee recommended investing in back-end services such as research and development and supporting digital marketing and e-commerce by SMEs. The committee noted that many public sector enterprises failed to release payments to SMEs within the prescribed period of 45 days. It recommended enforcing a one percent late payment penalty and issuing necessary guidelines for mandatory reporting of late payments. The committee recommended the government to restructure and review the subordinated debt scheme for stressed SMEs. The program is aimed at providing benefits to approximately two million SMEs that are financially stressed. The Committee noted that only a few small and medium-sized enterprises have so far taken advantage of this scheme. On MSME arrears, the committee recommended that the Reserve Bank of India extend the deadline for classifying MSME arrears as non-performing assets (NPAs) from 90 days to 180 days (Prsindia, 2021).

MSMEs play a key role in providing livelihood to millions of Indians. The sector also offers significant non-agricultural gainful employment in rural areas (Kumar & Gugloth, 2011). However, due to its unorganized nature and small size, the sector is highly vulnerable to external and internal crises. COVID-19 has created uncertainty in almost every segment of economic activity, including the supply of raw materials, demand for final goods, and even employment opportunities. Data analysis and studies conducted by individuals and institutions indicate that the industry lost a large number of jobs during and even after the lockdown due to a decline in production, income, and capital flow into the industry. Many units, especially in the micro and small segments of the sector, have been forced out of the market due to persistent loss of business. Therefore, there is an urgent need to extend financial support to this sector. The measures announced by the Central Government for the SME sector under the 'Atma Nirbhar Bharat Abhiyan' probably came at the right time and with the noble intention of revitalizing the sector and making it 'from local to global' under the overarching policy of 'Make in India.' The Hon'ble Prime Minister of India emphasized implementing structural reforms in the areas of land, labor law, and infrastructure to strengthen the vision of 'Make in India' and help the country play a greater role in the global value chain. A lot of people also believe that India should take the COVID-19 pandemic as an opportunity to set up robust mechanisms and define policies for MSME growth support. This research was intended to continue and analyze the impact of public policies and schemes floated during COVID -19 pandemic to support the MSME sector in India and also to write observations on the impact and give recommendations on policy support if any.

1.2 Policy Initiatives

Public policy is a system of laws, regulation procedures, courses of action, and Monetary priorities declared by any government entity or its representatives pertaining to a certain topic. Each policy had three essential components: a problem description, attainable objectives, and policy mechanisms to handle the issue and accomplish the objectives. Public

policy is a process including the selection of tactics and decision-making. Agenda setting, policy development, policy acceptance, and policy execution are several of the phases involved in the creation of public policy. It needs, therefore, to be analyzed to see whether or not the expected outcomes were achieved in order to alter the present and future public programs and initiatives. Public policies may be examined as the production of 3 distinct kinds of policies (distributive, regulation, and re-distributive) connected to the decision-making processes. Public policies are the essential guide for the actions made by various government entities addressing a variety of national concerns. Public policy is an institutionalized proposition to solve relevant and real-world problems, guided by creation and implemented by programs as a course of activity created and/or enacted, generally by a government, in responding to social problems. It is created on behalf of the citizens to address their concerns and improves the country as a whole.

1.3 Public Policy for MSMEs

Regarding economic development, creativity, and economic and social inclusivity, governments in both rich and emerging nations have progressively looked to entrepreneurship and small enterprise (Asghar, Nawaser, Paghaleh & Khaksar, 2011). Diverse policies, suggested by organizations such as the World Bank and the OECD, and adopted by governments with diverse political philosophies, were designed to stimulate, support, or indirectly affect various sorts of economic activities. Throughout 19th century the key elements of enterprise policymaking (financial aid, regional emphasis, managerial advice, and support) remained largely unchanged. Taking a lengthy view of government actions trying to target small companies and entrepreneurialism captures the repetition phrasing of small businesses as struggling, for example, in connecting capital or through government "red tape" and restrictions, as well as the efforts of governments to support these ventures (OECD, 2019).

1.4 Public Policy for MSMEs in India

MSME has grown as a very lively and dynamic sector of the Indian economy during the last seven decades. It performs a vital function in creating employment at a cheaper expense of capital and in reducing regional disparities by industrializing rural and underdeveloped regions. In addition to being a supplementary and auxiliary unit for huge industries, it contributes significantly to the socioeconomic growth of the nation (Sisodiya, 2006). Prior to the implementation of the Micro, Small, and Medium Enterprises Development (MSMED) Act, 2006 in India, traditional industries such as coir, khaki, and silk, Small Scale Services and Business Enterprises (SSSBs), and Small-Scale Industries dominated the non-agriculture MSME categories (SSIs). All of them were often categorized as Small-Scale Industries (Dhanapal, 2012).

MSME has become an important sector in the Indian economy and contributes considerably to exports, job creation, entrepreneurial growth, and the socioeconomic development of rural and backward regions having comparably smaller capital costs than big firms. According to the Ministry of MSME estimates, it accounts for around 40% of the entire industrial

production, 45% of the manufactured outputs, and 40% of the total exports of the nation (IBEF, 2021).

1.5 Policy History for MSMEs Growth Support in India

The formulation of the government's policy's structure and aid programs can be better explained by generally divided into three phases:

1948-1991: All Policy Resolutions from 1948 to 1991 recognized micro and small firms as an efficient instrument for growing employment opportunities, providing a sufficient tax budget, and promoting the efficient integration of soft private sector resources and expertise (Mittal & Kumar, 2014). The Micro and Marginal Firms Volunteer Sectors (MSMEDO) were founded in 1954 as the apex organization for the persistent organized growth of micro, micro, and marginal firms. After that for Micro Small and Medium Enterprise the Village and Khadi Committee, and the Coir Board were established within the next two years. This era provided MSME the necessary supportive measure to support their production process, priority access to banks credit through priority lending programme and advertisement support, exemption, reservation under credit-payment Programme and 15% price predisposition in purchases, infrastructural developments. This era also witnessed incorporation of many institutes for the industrial and training programs. MSME Development Institutes (SISI) were built around India to teach youngsters. Through funding from Germany and Denmark, "Tool Rooms" are set up to provide MSEs with access to vital information and communication technologies along with vocational and business education. State Business Promotional Centers are established around the nation (Golla, 2018).

1991-1999: Throughout August 1991, this same new legislation for micro, as well as village enterprises, provided the framework for government. Liberalization, with both the intention of shifting coverage to innovation to infuse MSEs with so much vitality as well as growth in this same face of foreign products and open markets. Infrastructure, knowledge, and quality were the focal points of worthwhile initiatives. Testing Centers ensuring proof of compliance in addition to Modernize Tool Workshops and comment section discussions were constructed. Small Enterprise Development Bank of India (SIDBI), as well as the pertaining to property rights and Modernization Funds, were established in order to expedite financing and technical assistance to the industry. To accelerate payments to MSEs, a Delayed Paying Act and also an Industrial Support Key (IID) was initiated to establish SME industrial parks were implemented (Rao & Noorinasab, 2013).

1999 onwards: Ministry of Small And Medium Businesses was constituted in 1999 to encourage the growth of the sector after formerly operating under the name Ministry of Co-operatives and Agro and Country Industries (SSI and ARI). The new Policy Package, as was introduced in August 2000, aimed to improve marketing by addressing persistent problems with resources (financial, human, technological, etc.). Credit Connected Made Scheme was established to encourage technological advancement in the MSE industry, and Commercial Bank Schemes were created to make depositors loans available to small and micro

enterprises whose owners are often young people with big dreams. A Market Aid Initiative for MSMEs was developed when the cap on Central Excise Duty exemptions was raised by Rs. 1 crore (\$0.25 million). Previously, consultations with relevant parties were held, and yearly decreases were seen in the lists of products designated for production in MSME sector. The Micro, Small, and Medium-Sized Company Act were finally passed in 2006, providing much-needed laws for the industry. In March 2007, the third phase for Promotion of Small and Micro Business was decided and announced, which included recommendations that will have a direct influence on the promotion or evolution of small and micro-businesses, especially in light of the destroyed changing market environment, where being competitive is the key to success.

1.6 Public Policies for MSME Growth Support

The following are some prominent schemes offered by the government of India as part of its public policies supporting MSMEs.:

1. Made in India and The Atmanirbhar Bharat Abhiyaan³
2. Prime Minister's Employment Generation Programme Including Other Credit Assistance Programmes
3. The Promotion of Khadi, Village, and Coir Industries⁴
4. Technology Modernization and Quality Accreditation

1.7 Policy Review (Before Covid /After Covid)

- COVID-19 A Setback to MSMEs in India

The globe is suffering an unparalleled healthcare catastrophe, the COVID-19 pandemic, that has generated worldwide economic disturbances that have impacted nearly all economic operations throughout nations. Similar to other nations, India enacted a statewide Technology Modernization and Quality Accreditation with the exception of limited commercial operations involving critical goods and activities. Based on the limits on mobility, individuals were restricted to their houses. Except for the shipment of critical supplies, fire and emergency services, and police and civil defense, all transportation services were halted. It led to the closing of practically almost all industries and services, which had a significant impact on economic operations. It also resulted in the cessation of the bulk of commercial activity (both production and distribution), disrupting economic supply networks. It badly impacted businesses, especially small businesses, and millions of individuals. Despite the fact that the pandemic has impacted businesses of all sizes, micro, small, and medium-sized companies (MSMEs) were greater susceptible to such risks because of their lack of financial and human resources compared to major businesses (Shafi, Liu & Ren, 2020) The cessation of commercial activity compelled millions of migratory

³ Self Reliant India or "Atmanirbhar Bharat Abhiyaan" campaign is the vision of a new India envisioned by Hon'ble Prime Minister Shri Narendra Modi. In 2020 Indian Prime Minister called upon the nation to launch the Self Reliant India and announced a special economic and comprehensive package of INR 20 million – equivalent to 10% of India's GDP – to fight the COVID-19 pandemic in India.

⁴ Khadi is textile based industry development program and Coir is agro based industry development program

workers, most of whom were employed in the informal sectors, to returns to their home areas (Srivastava, 2020).

- Before Covid

The contribution of the such industry toward the country's GVA increased (See Table 1 for more information). Historically, MSMEs have contributed an increasing share of overall GVA as well as GDP. At the same time, they were 633.88 million MSMEs in the nation involved in a variety of economic sectors, including 31% engaged in manufacturing, 36% in commerce, and 33% in other services(Veena, 2020).

Table 1. 1 Contribution of MSMEs to Country's Economy at the Current Price (in rupees crore)

Year	MSMEs GVA	rowth (%)	Total GVA	Share MSMEs in GVA (%)	ofTotal GDP	Share MSMEs in GDP (%)
2011–2012	2,622,574	–	8,106,946	32.35	8,736,329	30.0
2012–2013	3,020,528	15.17	9,202,692	32.82	9,944,013	30.4
2013–2014	3,389,922	12.23	10,363,153	32.71	11,233,522	30.20
2014–2015	3,658,196	7.91	11,504,279	31.8	12,467,958	29.34
2015–2016	4,059,660	10.97	12,574,499	32.28	13,771,874	29.48
2016–2017	4,502,129	10.9	13,965,200	32.24	15,391,669	29.25
2017–2018	5,086,493	12.98	15,513,122	32.79	17,098,304	29.75
2018–2019	5,741,765	12.88	17,139,962	33.5	18,971,237	30.27

Source: Ministry of MSME (2021)

As per the ministry of Micro Small Medium Scale Enterprise website, a total of 1,109,89 lakh people are employed by MSMEs across the country, with 360,41 lakh working in manufacturing, 387,18 crores in trading activities, 362,22 lakhs in other services, but rather 0.07 lakh who work in non-captive power generation the generation either transmission, according to the 73rd round report of all its National Sample Survey(Rachna, 2019). In regard to employment, the micro sector is responsible for somewhere about 97%, and the small and medium-sized sectors are responsible for 2.8% and 0.1%, respectively. With a global labor force of 844,681,000, they were 844.68 million male employees and 264.92 million female employees(Zanjurne, 2018).

1.8 During COVID-19 and After COVID -19

MSMEs perform a vital role in the economy since they contribute considerably to GDP or exports and employ millions of Indians, including those at the bottom of the socioeconomic hierarchy. MSME sectors in India contribute 30.27 and 33.50 percent to the nation's GDP and GVA, respectively, according to MSME Annual Report 2020–21. In addition, over 48 percent of India's total exports are manufactured by MSMEs. Even if that country's GDP and exports have already been badly impacted by the spread of COVID-19, as had been the case in a number of other nations, the MSME sectors will see a comparable or even greater fall in production and exports. In addition, the MSME sectors, which have been predominantly unorganized but instead comprise local individual units, witnessed a large reverse migration of laborers as a result of the lockdown. As just a result of the reverse migration of laborers, Urban MSMEs could face a scarcity of available workers, which might impact the manufacturing as well as services of the business units (Sahoo & Ashwani, 2020). Due to their size, breadth of operations, and limited resources, according to studies, the lockdown has had a greater effect on MSMEs in India than on multinational corporations (Sipahi, 2020)

1.9 Policy Initiatives by The Government and Their Implications for MSMEs

The exceptional recession brought on by COVID-19 has had a profound impact on global company investing and government investment strategies (UNCTAD, 2021). Numerous nations have taken preventive steps to revitalize the economy and sustain vital domestic businesses by implementing alleviation programs that include income transfers, improving liquidity flows to the banking sectors, loan repayment deferrals, and new loans on lenient conditions (ILO, 2022). The Government of India has also made numerous steps to revitalize the economy.

The finance ministry revealed a \$1.7 trillion bailout program in the PMGKY⁵ on March 26, 2020. The said aid consisted of monetary remittances of farmers, Jandhan cardholders, and pensioners (the elderly, widows, and people who have special needs), salary hikes in accordance with a Mahatma Gandhi National Rural Employment Guarantee Act, and healthcare for health workers are all components of the package. It also covered wage increases for health workers and contributions to employee's provident fund accounts. In a bid to strengthen investor confidence, the RBI also announced measures promoting the reduction of interest rates and the deferral of loan repayment.

Wednesday, 12 May 2020, Prime Minister of India proposed a rehabilitation package of more than 21,000 billion rupees, which was more than 10% of GDP, and this was called Atmanirbhar Bharat [Self-sufficient India] scheme. These Atmanirbhar Bharat stimulus packages, which were presented in five parts and concentrated on lands, labor, liquidity, as well as laws, were intended to bolster the five pillars of Indian economy independence: economy, infrastructures,

⁵ PMGKY- Under Pradhan Mantri Garib Kalyan Yojana scheme, .8 billion poor people got 5 kilogram rice or wheat and 1 kilogram of pulses every month for free for 3 months during COVID and every health worker got covered under health insurance for 60K USD.

systems, a dynamic population, and demands.

Due to the interconnected nature of the economy, any government or RBI relief package or program, whether or not it targets MSMEs, would have direct or indirect effects on the sectors. Changes to the criteria of MSMEs, the Urgent Credit Line Guaranteed Schemes, and the Credit Guarantee Schemes for Subordinated Equity Infusions for MSMEs via the "Fund of Funds" seem to be the key Atmanirbhar Bharat initiatives for MSMEs stimulus packages.

Given the scope of the research, a variety of policy acts that have an immediate effect on MSMEs were then explored.

- Revision of both the MSMEs Definition
- Emergency Credit Line Assurance Program
- Credit Assurance Program for Subordinate Debt
- Promotion of e-Market Connectivity
- Micro, Small, and Medium Scale Equity Infusion via an Investment Fund
- Loan funding for low-income families and the Shishu Loan Program under the PMMY
- Modification of Global Procurement Standards to Benefit MSMEs
- MSME Obligations Must Be Paid Within 45 Days

Table 1. 2 Government of India's numerous steps to revitalize the economic

S. No.	Measures/Item	` billion
Stimulus from earlier measures		
1	Revenues lost due to tax concessions since 22 Marc, 2020	78
2	PMGKY	1,700.00
3	PM's announcement for the health sector	150
	Subtotal	1,928.00
Stimulus announced in Part I		
4	MSME dues must be paid within 45 days.	3,000.00
5	Subordinate debt for struggling SMEs	200
6	MSMEs Fund of Funds	500
7	EPF assistance for businesses and employees	28
8	EPF charges are being reduced.	67.5
9	NBFC/HFC/MFI Special Liquidity Scheme	300
10	Second Version of the Partial Credit Welfare Schemes for NBFC/MFI Obligations	450
11	DISCOM liquidity injections	900
12	TDS/TCS tariffs are being reduced.	500
	Subtotal	5,945.50
Stimulus announced in Part II		

table continuous

Government of India's numerous steps to revitalize the economy (continued)

13	For two months, migrant laborers will get free food and grain supplies.	35
14	Mudra Shishu Loan Interest Subvention ⁶	15
15	Special credit is available to street vendors.	50
16	Housing CLSS-MIG ⁷	700
17	NABARD ⁸ provides additional emergency working cash.	300
18	Additional credit through Kisan Credit Card (KCC ⁹)	2,000.00
	Subtotal	3,100.00
Stimulus announced in Part III		
19	Food micro enterprises	100
20	Pradhan Mantri Matsya Sampada Yojana ¹⁰	200
21	TOP to TOTAL: Operation Greens	5
22	Agri Infrastructure Fund	1,000.00
23	Animal Husbandry Infrastructure Fund	150
24	Promotion of herbal cultivation	40

table continuous

⁶ Mudra Shishu Loan is collateral free loan for micro industry towards non-agriculture business

⁷ Credit Linked Subsidy Scheme (CLSS) for MIG is interest subsidy scheme for acquisition/construction of houses (including re- purchase) to cater to the Middle Income Group (MIG)

⁸ The National Bank for Agriculture and Rural Development

⁹ Credit card given to farmers (Kisan) for readily purchase of agriculture inputs

¹⁰ Fisheries industry development program promoted and funded by Prime Minister's office

Government of India's numerous steps to revitalize the economy (continued)

25	Beekeeping initiative	5
	Subtotal	1,500.00
Stimulus announced in Parts IV and V		
26	Viability gap funding	81
27	Additional MGNREGS ¹¹ allocations	400
	Subtotal	481
28	RBI measures (actual)	8,016.03
Grand total		20,970.53

Source: Ministry of Finance, Government of India 2020.

1.10 Policy for Long-Term Sustainability of MSME

In continuance of previously mentioned steps to boost competitiveness, technical advancement, infrastructure development, group decision making, dedicated credit, product purchasing, and financial aid to MSME. The goal was to provide a comprehensive framework encompassing strategies and activities for appropriate adaptation and inclusion in the state-level policy. To establish a sustainable global plan for MSMEs in India, there is always a need for more dissemination, discussion, and inputs from all stakeholders (Hungund & Kiran, 2016).

Specific action areas should be considered for a national plan to advise, motivate, and support states. In contrast to intergovernmental efforts, sector challenges outline the scope of work to be performed in distinct locations by varied stakeholders. Listed below were specific assault vectors for enhanced marketplace sustainability:

1. To fix Intergovernmental Roles and Responsibility
2. To Enable Legislation and Regulatory Framework for MSMEs in India
3. To Access Finance/Financial Assistance for MSMEs
4. To Support Technology Upgradation/ Adaptation
5. To Enable Skill Development
6. To Devise Knowledge Management Methodologies
7. To Enable Ease of Doing Business

¹¹ National Rural Employment Guarantee scheme (Dedicated to father of nation Mahatma Gandhi) promoted and funded by prime minister's office

8. To Develop MSME Code
9. To Develop Exit cod

2 RESEARCH METHODOLOGY

2.1 Research Methods

The techniques, procedures, or strategies research techniques are the means by which information is gathered and examined for the purpose of gaining new information about or a better understanding of a topic.

There are numerous sorts of research procedures that make use of diverse data-gathering instruments (Table 2.1). The use of the procedure depends on many factors. Time and money available for research, topic, and domestic/international context.

Table No. 2. 1 Techniques or tools used for gathering research data include

Qualitative Techniques or Tools	Quantitative Techniques or Tools
Interviews: Long, in-depth conversations between the researcher and a participant. These can be tractor-trailer or unplanned or even planned.	Surveys or questionnaires: either ask a large number of participants identical questions or utilize Likert scales to quantify views as numbers.
Focus groups: making a group of individuals debate a certain topic or set of questions. Investigators may act as both facilitators and observers.	Observation: This might include either the counting of occurrences of a certain phenomenon alternatively, the process of assigning numerical values to observations.
Observations: On-site, in-context, and role-playing alternatives.	Document screening: obtaining numerical information from financial records or counting the instances of words.
Document analysis: Examining communications (letters, diaries, emails, etc.) and/or reports.	Experiments: Laboratory testing of natural experimentation, field experiments, testing of ideas, and correlation and causation analyses.
Oral history or life stories: Recollections or recollections of events shared with the researcher.	

Source: Own work.

2.2 Research Approach

Below are research approaches were adopted:

- Bibliographic Research

Bibliographic research can be described as any study that requires the collection of data from published sources. These materials can consist of conventional sources like books, periodicals, journals, and reports, as well as electronic media, including audio and video recordings, websites, blogs, etc. It was a crucial phase in research since a review of past information is required to make any inquiry. There is unanimity between scientific research that for knowledge to advance, comprehensive bibliographical research must be conducted to determine the existing level of knowledge, prospective research gaps, and opportunities for fresh contributions to a problem during the inquiry. Because journals include the most significant discoveries of studies and serve as feeders in future ones, they have become the primary means of bibliographical research as well as publishing. Academic research articles (conference proceedings) have played an important role in the diffusion of research results, especially in the field of economics, alongside scholarly publications administration. (Villas, Soares & Russo 2008)

- Qualitative Comparative Analysis (QCA)- Case Study-Based Research

On the one hand, QCA does embody some of the major strengths of a case-oriented method. To begin with, it takes a holistic approach in the sense that every unique case is seen as a complicated totality that must be appreciated and must not be overlooked throughout the study. Consequently, QCA is essentially a case-sensitive method. In addition, QCA creates a theory of causality that allows for complexity.

On the other hand, QCA incorporates some of a quantitative or analytically-formalized approach's most important advantages. First, it permits the analysis of more than a few examples, which is uncommon in case-oriented research. This was a valuable asset since it enabled the production of generalizations. In addition, its fundamental operations depend on Boolean algebra and Set logic, and each instance must be reduced to a set of variables (condition and an outcome). Therefore, this is an analytical method that permits replication. This replicability allows other research to ultimately confirm or refute the outcomes of the investigation, a crucial criterion for the advancement of scientific knowledge. Nevertheless, QCA was not fundamentally analytic since it allows for a holistic dimension of events. This is related to another key aspect of QCA: it creates Set links, which were asymmetric by design, in contrast to correlational connections (the vast majority of other measures of association on which conventional statistics were based), which are symmetric (Ragin, 2009). In fact, set-theoretic analysis, such as qualitative research in general, concentrates on uniformities and near uniformities and takes into account multiple coupled qualities of 'cases' evaluated as full configurations rather than on general patterns of associations (Rihoux, 2009).

2.3 RESEARCH PROCEDURE

- Development of Research Questions

The investigation topic for the aforementioned study was formulated using the following criteria:

1. Clear and focused
2. Not too broad and not too narrow
3. Not too easy to answer
4. Not too difficult to answer
5. Research
6. Analytical rather than descriptive
7. The following process was followed while developing the research question
8. Requirements Definitions
9. Conduct preliminary research
10. Narrow down your topic
11. Writing of questions

- Data Collection (Questionnaires)

Questionnaires were chosen as the technique of data collecting because questionnaires are one of the most effective ways of data collecting when the goal is to understand an individual's viewpoint. This procedure collects qualitative (Subjective) and Quantitative (Objective) data for research.

1. **Qualitative Data:** Typically, the questions for these data pertain to behavior, preferences, perceptions, emotions, etc. The majority of those questions were open-ended, allowing responders to develop their own responses.
2. **Quantitative Data:** Typically, the questions for this information pertain to Items, the response category, the instructions, etc. The majority of those questions were closed-ended (except a few).

To collect data with this method

1. A set of topic-related questions was prepared
2. Questions were organized so that interviewees could comprehend them and provide correct responses
3. Appropriate accessibility audiences were selected to whom that could be physically described
4. The sequence used for formulating a questionnaire
5. Interviewees were kept engaged with easy questions
6. Transitional questions were saved until after the challenging ones
7. Only the most challenging research-critical questions were retained

The following was kept in mind while formulating the questionnaire

1. Statements were easily comprehensible; • persons could interpret the questions in the same way
2. Attempts were made to employ positive comments
3. Made sure grammar and wording were proper
4. Only one topic is addressed in each question
5. Not to manipulate the responder through questions or words

Considering the research topic finally, the questionnaire was divided as below

1. Profile of business owner
 2. Profile of business
 3. Products and markets
 4. Employment size and category of employees
 5. Business performance and management: decision practices and views - business development services
 6. COVID-19 specific
 7. Decisions practices and views: employment and working condition (during covid)
 8. Decisions and views: business investment for the last two years (during covid)
 9. Business performances and future expectations
 10. Micro, Small, and Medium-Sized Enterprises' Resistance to the New Coronavirus Outbreak (Covid-19)
- Data Collection (Interviews)

When working with a relatively small number of interviewees, interviews were the most efficient technique of data collecting. Especially helpful when the subject matter is complex. In that instance, the influence of public policy on MSMEs was challenging to discern. It is a type of data gathering in which researchers directly ask interviewees questions. Every one of the face-to-face interviews lasted approximately four and six hours.

Requirements for conducting Interviews

1. A collection of queries that customers must answer
2. Face-to-face communication methods only with the responder
3. Locate interviewees who are interested in your study subject and are willing to make conversation

Methodologies used to make Interviews effective

Semi-structured: asked predetermined questions and then veered off subject in the midst. These were done since the researcher lacked extensive expertise in the topic. These allowed the researcher to address both particular and generic but relevant topics.

Step by Step Procedure followed for conducting an interview

1. Effectively comprehended the issue and selected the response
 2. Select the interview approach depending on the need
 3. Enumerated the questions to be asked in accordance with the selected approach
 4. Conducting the interview in a methodical order
 5. Diligently record or note the replies
- Data Analysis

Questionnaire Data Analysis

During the study, Survey data through Questionnaires and Interviews were gathered. This information was evaluated and dissected; these data gave statistics and insights that were used to write observations and suggestions.

Analysis of Various Types of Questionnaire Data

1. Close-ended Data
2. Open-ended Data

The step-by-step approach adopted for survey data analysis

1. Interrogated surveyed data
2. Data were tabulated
3. Cross tabulation of quantitative results was done
4. Expanded with open-ended questions
5. Analyzed open-ended data
6. Visualized results
7. Interpreted actionable insights

Those procedures were followed to ensure a smooth trip from the launch of the surveyed campaign through the execution of its findings.

Interview Data Analysis

Steps followed for qualitative analysis of interviews

1. Transcripts Reading/Listening
2. Annotation of the transcripts
3. Conceptualization of the data
4. Segmentation the data
5. Analyze the segments
6. Writing of the result

2.4 Selection of The Case Organizations

Mainly Indian MSMEs are a blend of core manufacturing, IT Services, and other sectors, i.e., Retail, Agriculture, and Healthcare, including startups from all these sectors. All three interviewees were chosen in such a way that they should cover the spectrum of MSMEs and their entire ecosystem.

The first case study company “Nakoda Machinery Pvt. Ltd” (a medium-scale MSME with more than 100 employees and approx. 100 crores in revenue), which is based in a tier-1¹² city and has manufacturing in a tier-3 city in western India, was chosen so that it can cover their entire ecosystem along with their partners, resellers, suppliers which could be Micro or Small size companies. Nakada, as a case study company, helped to understand the core manufacturing companies issues along with how they fought the COVID-19 pandemic.

The second case study company, “3D Engineering Automation LLP,” is a medium-scale MSME that is mainly operating in Engineering IT Services, catering to all engineering and manufacturing companies across the globe and also reselling package software and operating from tier-1 cities. 3D Engineering, as a case study company, helped us to understand the challenges that typical services and outsourcing company is faced during COVID -19 pandemic.

The third case study company “Prantae,” is a startup company operating in high-tech product development and services and based in a tier-2 city of eastern India. Prantae helped us to understand the challenges startup companies operating from remote towns in India faced during COVID -19 pandemic.

- Nakoda Machinery Pvt Ltd

Indus Rock Tool is a well-known brand owned by Nakoda Machinery Pvt. Ltd. of Pune. They are the producer, distributor, and service providers of equipment and machines for the Constructions Machines, Earthmoving, and Mining sectors. Backed by over 20 years of experience in providing innovative, sustainable machinery and proprietary products, such as Crawler Drills, Hydraulic Crawler Drills, Self-propelled Crawler Drills, Blast Hole Drills, Gas Hydraulic Rock Breakers, Pedestal Boom Breakers, and Hydraulic Attachments, majorly focus to the needs of the mining and quarrying, hard machine tools, cement, power, industrial, and defense segments.

They have powerful, proactively sales networks throughout India, as well as strategically situated distributors and service locations, to enable our customers to get proper services and reduce downtime.

¹² The developed cities are known as tier- 1 and the underdeveloped ones are called as tier-2 and tier-3 cities depending upon how much developed they are.

- 3D Engineering Automation LLP

3D engineering was founded in 1999 having the intention of being the leading provider of engineering solutions and services to the industrial sector. To date, they have serviced over a thousand businesses in a variety of regions and have become India's top channel partners for Siemens Industries Systems, distributors for ANSYS, distributors for 3D Systems Additive Manufacture solutions, and suppliers of CAE and Manufacture Simulator Services. 3D Engineering, headquartered in Pune, has field engineers throughout West India (Pune, Mumbai, Gujarat, and Aurangabad) and South India (Bangalore, Chennai, Hyderabad). 3D Engineering is a major supplier of engineering product solutions specializing in CAD/CAM/CAE/PLM/Digital Manufacture. Their board is comprised of various professional trainers having years of important industrial expertise. They have collaborated with big engineering solution companies like Siemens Industries Software, ANSYS, 3D Systems, and Intech Additive, positioning 3D Engineering as the ideal technological partner for all industry verticals.

- Prantae

Prantae Solutions is a biotech business established in Bhubaneswar in the year 2015, with a mission to provide low-cost and reliable diagnostics to pregnant women. The Bhubaneswar-based biotech startup develops diagnostic solutions and devices with a primary focus on pregnancy healthcare and other related disorders. Their first product, EyeRa, is an early detection platform for preeclampsia.

The startup has three other offerings – ProFolU, a smartphone-based self-health monitoring device for kidney health; Salubrious, a solution for hidden hunger; and Embargo, a detection platform for antibiotics in food products.

3 EMPIRICAL ANALYSIS

Based on in-depth interviews with selected company executives, I was able to identify the key drivers, barriers, enablers, and facilitators for MSMEs' growth. Cross Tabulation Analysis, which is often used to analyze categorical data, was performed. Crosstabs are essentially simply data tables that present the results of an entire group of interviewees. All three interviewees (Prantae, 3D Engineering, and Nakoda) were asked a question about their business Drivers, Barriers, Enablers, and Facilitators. Below are outputs of Cross Tabulation Analysis done on the response provided by all three interviewees.

3.1 Key Business Drivers, Barriers, Enablers, Facilitators

- Drivers

During surveys, participants from the real case MSMEs noted the following Drivers:

1. **Access to funding:** Access to funding is the key driver for any MSME. If the funds are secured and planned well in advance by any MSMEs, then they will be able to fulfill all the orders when received as they will be able to procure raw material on time, buy equipment and pay employees on time. All three interviewed MSMEs have their funding secured, i.e., 3D Engineering and Nakoda through bank and Prantae through government grants,
2. **Talent Management:** Talents are the biggest assets for any MSME. To thrive in business talents of MSMEs play a crucial role. It is very important to retain these talents for MSMEs to grow their business. All three interviewees are able to grow and prosper as they are largely able to retain their talents.
3. **Technology Adoption:** Technology adoption is an essential ingredient to any recipe for MSME's success. MSMEs thrive if they can respond well within the time given to them for the execution of orders or response to any request for proposal. Technology adoption helps MSMEs to keep their customers, suppliers, resources, and products tightly integrated. All three interviewees are heavily investing in technology such as ERP, SCM, CRM, and PLM¹³.
4. **Research and Development, Innovation:** Science and technology-led innovation are helping MSMEs in Research and Development (Pachouri & Sharma, 2014). Startups are highly successful because of the kind of innovation they bring to the table. All three interviewees are seriously focusing on Research and Development, Innovation.
5. **Networks and External Engagements:** Economies of Scale are major cost drivers, and if MSMEs are properly networked and engaged through proper platforms like chambers of commerce or industry associations, they will have better power to deal with suppliers or any other agency like government, etc. All three interviewees accepted the power of networks and engagements.
6. **Management Practices:** Instead of Ad hoc management practices, if MSMEs can bring professional management practices on board, the success of those MSMEs is assured. All three interviewees are committed to bringing professional and modern management approaches to their businesses.
7. **Identifying the Niche:** If MSMEs are able to find their niche in the industry they are operating, then they will be able to keep their edge in business. Finding a niche has helped all three interviewees to protect their position and leadership in the industry there are operating.

¹³ ERP – Enterprise Resources Planning
SCM – Supply Chain Management Systems
CRM – Customer Relationship Management
PLM – Product Life Cycle Management

8. Listen to Customer: All three interviewees mentioned that they always listen to their customers or prospects. Two of them, Prantae and Nakoda, in fact, captured the voices of their customer during market research before they started developing the product and also ran pilots with some of those customers who participated during market research. Also, after-sales service, feedback was captured as an essential part of the product life cycle process.
 9. Managing cash flow ruthlessly: MSMEs have to save money ruthlessly as money is saved money earned for them. All three interviewees emphasized that they are somewhat successful as they have managed their cash flow better and invested in places where impacts are larger with small investments.
- Barriers

During surveys, participants from the real case MSMEs noted the following barriers:

1. Domestic market circumstances: Domestic market conditions such as competition, government policies, and availability of raw material plays a major role in MSME business. For closed counties, these could be the biggest barriers for MSMEs. All three interviewees mentioned that domestic market circumstances affect their businesses the most.
2. Expertise in recruitment: Most MSMEs do not have expertise in recruitment by virtual, and they do not invest in the recruitment process. This is the main reason wrong people join organizations and resulting in loss to MSMEs. All interviewees do not have expertise in recruitment, and over a period, they would like to invest in getting this expertise.
3. The global trading environment: MSMEs' major part of the business is exported, and the global trading environment cannot be controlled; most of the time, this becomes the biggest barrier as MSMEs manufacture, and there are no global buyers for them. Both Prantae and Nakoda are facing the global trading environment as one of their biggest hurdles.
4. Regulatory adherence: Regulatory compliance is the biggest barrier for MSMEs. There are so many regulatory authorities like the Labour authority, Industries authority, Pollution control authorities, Tax authorities, etc. throw a lot of challenges and barriers to MSMEs, and most of the time, MSMEs close down due to lack of compliance with these regulations. All three interviewees are facing a lot of hurdles in making compliance with all the regulators due to their stringent norms.

- Enablers

During surveys, participants from the real case MSMEs noted the following Enablers:

Factors below are those most commonly cited by SME example participants in the study as crucial for their businesses' expansion:

1. Business owner vision: It has been noted during the interview that all interviewees are successful as their business owners/ promoters have a very clear vision. As the MSMEs fail, business owners/ promoters do not have visibility into their future road map.
2. Culture and employee engagement: It has been observed during interviews with all three interviewees that their organizational culture has made a strong impact on their success, and because of the kind of culture they have built, they could improve on their employee engagement.
3. The external environment: External ecosystem is the biggest enabler of the MSME sector. Supply chains, Industry Associations, and other such agencies play a major role in the success of MSMEs.
4. Funding: All three interviewees s mentioned that if they have secured funding, they will be better able to forecast their future. Funding is key enables to any MSMEs success.

- Facilitators

During surveys, participants from the real case MSMEs noted the following Facilitators:

1. Central Government: All three interviewees mentioned that the Ministry of MSMEs and other Ministries that drive policies related to MSMEs are the biggest facilitators. Policies of these ministries from the central government decide the fate of MSMEs in the country.
2. State Governments: Execution of various policies made by the Central Government toward MSMEs is the responsibility of the State Government, and the State Government is the main facilitator for MSMEs in India.
3. Facilitations Centres: To bring more focus and resolve the issues faced by MSMEs, all State Governments have set up Facilitation Centers, which have representation from both Central and State Governments. All three interviewees s mentioned that they highly benefited from these Facilitation Centres.
4. Large Corporations: Large corporations are one of the main force which supports and facilitate MSMEs within the supply chain. Being a member of ecosystems of the large corporation, these MSMEs have a tendency to fall back on these large corporates most of the time for funding and other related support.

3.2 Operational Issues which affected MSMEs during COVID

During the interview, it came out clearly that below are the operational issues that affected MSMEs operations in India.

Table 3. 1 Operational Issue which Affected MSMEs During COVID

Operations Issues	Rank
Fluctuation in the price of raw material	1
Shortage of Working Capital	2
Difficulty in receiving the amount from Debtors	3
Unavailability of credit	4
High cost of borrowing	5
Skilled labor available	6
The technology of the competitor is superior	7
The quality of products offered to the market is low	8
Weak Market Demand	9
Excessive competition in the market	10

Source: Own Work.

3.3 Current Constraints/Limitations MSMEs Are Facing

Below are the constraints/limitations currently (Post Pandemic) MSMEs are facing

- Decrease in orders: All three interviewees mentioned that post-pandemic orders had been reduced as their customers were recovering from COVID -19 pandemic, and they were also not sure about the future. Getting orders back on track will be the biggest challenge for MSMEs.
- Increasing expenses and declining sales: Expenses of MSMEs have increased during the COVID-19 pandemic due to cash flow issues, higher wages, increased interest due to the additional loan taken during a pandemic, increased raw material prices, increased logistics charges, and post-pandemic these charges remained the same. At the same time, sales have decreased drastically. These two factors combined create a lot of financial instabilities for MSMEs.
- Serious cash flow difficulties: All three interviewees mentioned that they are facing cash flow as the biggest challenge for all their customers, delayed payment towards invoices. Actually, there are fewer numbers new orders, and some new orders which have come are without any advance payment. Loan repayment and interest payments of loans taken during the COVID-19 pandemic are adding to the cash flow issue.

- **Higher Employment Cost:** Due to reverse migration, labor has moved back to their native place, and existing employees are demanding higher wages as salaries have increased due to this in the market. Employment cost has increased tremendously. All three interviewees mentioned these issues as one of the challenges which are troubling them drastically.
- **Drop in turnover:** Business has reduced post-pandemic, and most of the MSMEs are facing challenges due to this. This is further making things complicated as, due to economies of scale, raw material costs have been escalating, and banks have reduced credit limits and increased interest rates. All three interviewees are facing a drop in turnover.
- **Availability of credit:** Availability of credit is one of the main issues which all three interviewees are facing post-pandemic. All earlier credit limits are already exhausted during the pandemic, and turnover and profit margins have been reduced. New credit limits are not available. To all three interviewees, some of the financial institutions are extending credit limits at higher interest rates.
- **The decline in Margin:** Increased raw material prices, increased manpower cost, increased cost of finance, reduced order, etc., all these are reducing the margin of MSMEs. All three interviewees are facing an acute decline in margin.

3.4 Perspective on Policy Efforts Taken by the Government to Uplift MSME Industry During and After COVID 19 Pandemic

The Prime Minister has announced an Rs. 20 lakh crore economic package under the ‘AatmaNirbhar Bharat Abhiyaan’ (which means self-reliant India) scheme to aid our country out of the Coronavirus crisis). Under the Self-Reliant India Scheme, a revised classification for MSMEs has been defined. The Atma Nirbhar Plan, which was released by the government, offers several types of aid to the business, particularly help to enterprises in the MSME Sector. 4 Under Atmanirbhar Bharat, the government has pledged an Rs. 20 lakh crore economic and comprehensive package for all sectors of society, especially businesses and MSMEs. The government has implemented a variety of measures to help the nation's Sector, including the ability to follow:

- I. 20,000 billion rupees in subordinate debt for MSMEs
- II. Guaranteed emergency credit of Rs 3 lakh crores for businesses, especially MSMEs
- III. Infusion of Rs. 50,000 billion in capital via the MSME Investment Fund
- IV. Newly updated criteria for categorization of MSMEs
- V. New Process of MSME Registration using ‘Udyam Registration.’
- VI. No international bids for purchases up to Rs. 200 crores, which will aid MSMEs

To address the financial hardships of MSMEs, the government has put out a number of new programs and remodeled many existing ones. The following are examples of strategies for developing the MSME Sector.

- The Employment Creation Plan of the Party Leader (PMEGP)

Khadi and Village Industries Commission (KVIC), as the national coordinating body, administers the Program. State KVIC E - administration, State Textile and Industrial Development Corporation Board (KVIBs), Regional Investment Centres (DICs), and banks execute the Program at the state and local levels. KVIC routes the Federal subsidies underneath the Program via the designated Bank for ultimate disbursement to the participants.

- Financial Plan for the Revitalization of Historic Sectors (SFURTI)

This SFURTI plan's end goal is to boost age-old industries which generate goods for sale using local raw components, abilities, and innovations and share similar fears and dangers. These products are made and filtered by a group of skilled craftsmen, network operators, businessmen, and vendors.

- Entrepreneurship, Innovation, and indeed the Rural Economy: A New Program (ASPIRE)

ASPIRE was initiated to establish a network of reflects a growing including incubator centers to accelerate entrepreneurship, as well as to support entrepreneurs for development in the agribusiness sector.

- Entrepreneurship and Skill Development Programme (ESDP)

The purpose of the initiative is to encourage SC/ST/Women, differentially, Former, and BPL youth, to explore soul or entrepreneurship as possible their potential career paths.

- Credit Guarantee Fund for Micro and Small Businesses

The CLCS scheme aims to facilitate technology modernization by providing capital subsidy to MSEs based on institutional finance (loan), which they use to modernize their plants and machinery involved in the production process and service delivery equipment, as the case may be.

- Pradhan Mantri Mudra Yojana (PMMY)

In 2015, Prime Minister Narendra Modi announced the Pradhan Mantri Mudra Yojana (PMMY), a scheme that promotes entrepreneurship and soul. In a little more than the first three quarters of the fiscal year 2020-21, 80 percent of the loan balance approved has been distributed.

- Champions Portal

MSME Department offers a genuine service. On June 1, 2020, the Prime Minister created an online portal titled "Champions." The site addresses numerous facets of e-governance, such as redressal of grievances and MSMEs handholding. Through the site, 19,593

complaints have been resolved as of September 17, 2020.

- Samadhan Portal

Department of MSME has created the SAMADHAAN platform to allow Micro and Small Businesses (MSEs) to immediately file their concerns about late payment by Government Ministries and Departments / CPSEs / State Legislature and other customers.⁶

- The 59-Minute Loan Authorization Plan

Prime Minister Narendra Modi's launch of MSMEs in November 2018 has resulted in the granting of 2,03,120 mortgages worth Rs 56,773 crores as of November 30, 2020, as per statistics first from MSME Ministry. Steps taken by Government Bodies for Strengthening the MSME Industry Post Covid-19.

3.5 Future of MSMEs in Post-COVID Times

These MSME is the fuel that keeps the Indian economy running. About **633** Lakh MSMEs contribute over **28%** of the GDP of the Indian Economy. The sector provides **11** crore jobs in rural and semi-urban areas of the country.

Despite this, the sector's slow expansion hinders its ability to reduce disparities and provide a more equitable system of state income and wealth. More than 99 percent of the population of MSMEs are micro-enterprises, while the Small and Medium scale account for 0.52 percent and 0.01 percent, respectively, of the current total MSMEs. 51% of MSMEs are located in rural regions, while 49% are located in metropolitan areas.

Relatively speaking, the majority of these businesses are situated in rural regions, where poor infrastructure, a lack of monetary and technical help, inexperienced labor, and restricted access to the market plague the industry on a large scale. Businesses in the industry confront a widespread finance shortage and growth obstacles (Manikandan, 2016). In addition, a financial education, a lack of business expertise, and the absence or limited supply of documentation deepens the distance between MSMEs and the official funding channels. Consequently, despite higher loan rates, MSMEs depend on unofficial sources of finance such as lending institutions, households, and neighbors. This tendency drives the industry deeper into debt bondage. Sometimes, individuals are fooled.

4 RECONCILING WORLDS APART

4.1 The Research "Problem Situation" Outlined

The wide spread of COVID-19 was detrimental to all business sizes (MSMEs). Its unproven closure negatively impacted the MSMEs industry as a whole, leading to shortages of materials, production, and supplies, as well as a shortage of personnel. The middle class will feel the effects via massive unemployment, less revenue generation, lower sales, and lower wages (Bartik, Bertrand, Cullen, Glaeser & Luca, 2020).

Micro, small, and medium-sized companies (MSMEs) in India have been crucial in the country's economic prosperity. MSMEs are largely dependent on traditional skills and local resources (Indrakumar, 2020). As a matter of fact, MSMEs expand their reach in rural and industrially undeveloped regions by encouraging entrepreneurs in resource-poor community members and producing approximately 6,000 worth of premium products aimed at both local and foreign consumers (Ravi, 2016). The importance of MSMEs has grown in recent years due to the responsiveness of MSMEs to market change and their innovative local or global practices, as well as their increasing role in creating new jobs and income development via exports (Worldbank, 2020). Small and medium-sized enterprises (SMEs) provided 11.10 crore jobs via 6.34 crore SMEs there in the 73rd wave of a National Sample Survey (NSS) undertaken for 2015-2016, making SMEs the only sector to give such massive chances of getting a job outside of agriculture. It strengthens an economy by boosting non-agricultural livelihoods and drawing new investment in a sector.

Because of its far-reaching impacts, these MSMEs are often referred to be the lifeblood of a nation's economy. However, the devastating impact of COVID-19 has put MSMEs vulnerable to extinction. Peril from lockdown has been obvious there in the field of micro, small, including medium-sized firms (MSMEs), bringing with it a slew of concerns related to the financial crisis and demand, supply chain strategies, the freezing of import and export possibilities, and so on. To overcome the health-related challenges of care crisis and sustain its development, MSMEs need immediate stimuli. The government had also demonstrated its concern for the MSMEs by offering monetary and fiscal assistance to encourage economic activity.

This study investigates the potential for meaningful conversation among micro, small, and medium-sized firms (MSMEs) and policymakers. Governments, the public sector, and policymakers need this partnership to better support and drive MSME development, growth, investment, and employment. As a result, one implication of this study is that future policymakers may become more knowledgeable about all the obstacles that MSMEs will face in their future development. Implementation of more suitable government policies might aid a greater number of MSMEs to not only comprehend the importance of business to their operation but also apply methods that would allow them to capitalize on chances (SMEDesk, 2019)

Much of what applies to giant corporations doesn't apply to micro, small, and medium-sized enterprises (MSMEs) since their benefits originate from distinct business features. MSMEs were disproportionately impacted by market failures, impediments, and inefficiencies inside the business environment and policy sector. MSMEs confront unique problems, and they often suffer from "resource poverty" (Bold, 2011). The contributions of MSMEs are also contingent on their access to strategic resources, including skills, knowledge networks, and financing, as well as governmental expenditures in sectors like education and training, innovation, and infrastructure. Moreover, for a substantial proportion of SMEs, a hospitable environment for a transfer of company ownership or management is a crucial requirement

for guaranteeing long-term business survival, with consequences for employment, investment, and economic development.

A Micro Small and Medium Enterprises (MSMEs) sector have a significant contributor to a country's socioeconomic growth. Due to its contributions to India's Gross Domestic Product (GDP), the sector has earned great prominence in India. Currently, MSMEs contribute 29% to India's GDP and 40% of the country's exports. Additionally, MSMEs produce 1 million jobs annually, and this sector employs around 120 million people in India. This industry has also contributed to the growth of entrepreneurship in India, particularly in semi-urban and rural regions (IBEF, 2021).

MSMEs are the driving force behind the economy of every nation. Due to their own promoters' leadership styles, the availability of financial instruments, government regulations, a lack of information about government policies, and a lack of training, MSMEs operate under a number of constraints. In addition to determining the effect of MSMEs on economic development, the objective of this study is to identify the major policy interventions for SME growth support in India during Covid-19. So that in the future, more studies can be done on them, and supportive strategies/policies may be formulated to assist MSMEs in excelling and supporting the Indian economy.

The main research questions of this master thesis are:

1. How does the theory explain the contributions of MSME to the economic development of countries?
2. What does the empirical evidence show about the positive and negative impacts of policy interventions on MSME during Covid– 19 pandemics?

4.2 The Research Methodology

- Research Methods

Simply said, research methods are the techniques, operations, or tactics that are used to gather information for the purpose of analysis, well with an end goal of gaining new knowledge or deeper comprehension of a subject.

Several distinct methodologies exist, each making use of a unique set of data-gathering resources. When doing qualitative research, scholars elicit and record details about people's actual thoughts, feelings, and actions, as well as the significance they attribute to these data. Academics may benefit from a more thorough understanding of abstract concepts, social dynamics, and cultural occurrences. This line of questioning is useful for figuring out what occurred and why, evaluating events, including summarizing actions.

- Quantitative research gathers facts and figures that might be graded, quantified, or classed using various methods. Statistical analysis. It facilitates the discovery of

patterns or correlations and generalizations. This form of study is beneficial for determining how many, how much, how often, or how extensive something is.

- **Variable Methods** Both qualitative and quantitative research are integrated into research. It offers a comprehensive approach that combines statistical data analysis with contextualized insights. Using Mixed Methods also allows for Triangulation or the validation of data from many sources.
- **Bibliographic Research**

The purpose of bibliographic research was to collect and assemble all accessible information/data on public policy impact on MSME growth support during the COVID-19 pandemic. It was a critical step before commencing this research project, as this was crucial for laying the groundwork for the design and creation of the research protocol. Bibliographic research was done to set up the format for research. An exhaustive web search on Msme's behaviors, trends, and performance, along with public policy impact on MSME growth support pre, post, and during the COVID-19 pandemic, was done. Several journals and research papers were referred to on the said topic.

- **Qualitative Comparative Analysis(QCA)**

On the other hand, QCA incorporates some of a quantitative or analytically-formalized approach's most important advantages. First, it permits the analysis of more than a few examples, which is uncommon in case-oriented research. This was a valuable asset since it enabled the production of generalizations. In addition, its fundamental operations depend on Boolean algebra and Set logic, and each instance must be reduced to a set of variables (condition and an outcome). Therefore, this is an analytical method that permits replication (Berg-Schlosser, Meur, Rihoux, Ragin & Charles, 2012). This replicability allows other research to ultimately confirm or refute the outcomes of the investigation, a crucial criterion for the advancement of scientific knowledge (Popper, 1959). Nevertheless, QCA was not fundamentally analytic since it allows for a holistic dimension of events. This is related to another key aspect of QCA it creates set links, which were asymmetric by design, in contrast to correlational connections (and the vast majority of other measures of association on which conventional statistics were based), which are symmetric (Ragin, 2009). In fact, set-theoretic analysis, such as qualitative research in general, concentrates on uniformities and near uniformities and takes into account multiple coupled qualities of 'cases' evaluated as full configurations rather than on general patterns of associations (Ragin, 2009).

4.3 - The Research Procedures

Questionnaires were selected as the data gathering approach because questionnaires are one of the most effective data collecting tools when the goal is to understand an individual's viewpoint. This strategy collects Qualitative (Subjective) and Quantitative (Objective) data for the study. When working with a relatively small number of interviewees, interviews are the most efficient technique of data collecting. Also recommended when the subject matter is complex. In this instance, the influence of public policy on MSMEs was difficult to discern. Each of the face-to-face interviews lasted between four and six hours.

Three companies, Prantae, 3D Engineering, and Nakoda, participated in the survey. A questionnaire was prepared, and exhaustive face-to-face interviews were conducted with the interviewees who are part of respective boards (Promoter, Managing Director, Chief Executive Officer, etc.). Transcripts of the interviews are available upon request.

Table 4. 1 Interviewees Profile

Sr.no	Particular	Prantae	3D Engineering	Nakada
A	Respondent			
1	Interviewees Profile	Co-founder	CEO	MD
2	Interviewees Age	40-50	50-60	50-60
3	Interviewees Qualification	PhD	Postgraduate	Graduate
4	Respondent Gender	Male	Male	Male
B	Enterprise			
1	Category (Micro, Small, Medium)	Small	Medium	Medium
2	Location	Tier-2	Tier-1	Tier-1,Tier-3
3	Turnover (Crore)	2	75	100
4	Number of Employees	20	100	100+
5	Industry	Healthcare Product and Services	Engineering and IT Services	Manufacturing

Source: own work.

4.4 Outcome of the Analysis:

The survey towards the research was focused on:

1. Challenges faced by all cases study companies being MSMEs during the COVID-19 pandemic
2. Challenges expected towards the business continuance
3. Policy support during the COVID-19 pandemic
4. Expected policy support toward MSME revival

All three interviewees mentioned that during the COVID-19 pandemic, although business and revenue were intact, and two of the Interviewees mentioned that there was a 10% increase in revenue, all three interviewees s were facing solid financial crises as invoiced payments were delayed, and no advance was given by their customers. All three interviewees s tried for finance to full fill their day-to-day requirements. The issue with MSMEs is most of their finance is not structured, and the fact remains the same that they all are hand-to-mouth situations throughout the year. MSMEs can never manage to save cash for emergency

situations, and in such a situation, invoice payments are delayed. Due to this, MSMEs face solid cash flow issues. Liquidity is one of the main issues with MSMEs.

Two of our interviewees, 3D Engineering and Prantae three, mentioned that their revenue had increased around 10% in the last two years (during the COVID-19 pandemic). This could be probably because of the order received in previous years and their execution, and also, they largely cater to services business and services outsourcing worldwide was on peak, and MSMEs in beneficiary countries of global outsourcing like India benefitted out of this outsourcing. Only one Interviewee, “3D Engineering,” out of three interviewees s mentioned a 10% increase in employment in the last two years during COVID. 3D Engineering is majorly in the Design Engineering Services business. Most of the large corporate worldwide were not able to meet their Design Engineering projects deadline due to lockdown, and they were looking forward to outsourcing work to outsourcing countries like India. MSMEs were quick to grab these opportunities and responded faster as they had less process to onboard resources. Large Indian services companies were still trying to gauge the situation, and they were very careful in any further hiring, which led to a delayed response to RFQ and RFPs.

During COVID, when invoices were not paid on time, all three interviewees s faced a solid cash crunch with running day-to-day operations. It came out clearly during the interview that all three interviewees s went to a regular lender like a private or public bank. One of them, Prantae, being a startup that too an incubator tried his hand with a government grant and up to some extent Prantae was successful in securing the next round of grants. The remaining two MSMEs, 3D Engineering and Nakoda, were able to raise funds to form private banks. It should be noted that both Nakoda and 3D Engineering have a healthy balance sheet. Nakoda is loan free organization. While talking to the Managing Director of Nakoda, he narrated all put together a different problem. During COVID -19 Pandemic, the government announced an extension to the limits of existing loans of MSMEs. So MSMEs, those which already had running loans, could take advantage of this loan extension scheme. As Nakoda did not have any running loans, most of the public banks denied fresh loans, as, during COVID, there was no provision for a fresh loan. Somehow with great difficulty, they could secure funds for one multinational bank. It also came out clearly that public banks were not too supportive, and they were still asking for a lot of documents before the loan extension approval, so most of the MSMEs ended up taking loans from private banks at a higher interest rate

4.4.1 Hiring, Wages, and Employees Benefits

Resource Hiring

- Domestic and International circumstances:

All three interviewees mentioned that Domestic and International circumstances were the most important factor; product manufacturing company Nakoda kept a full freeze on hiring as raw material, logistics, and labor reaching the factory was almost impossible during the

lockdown. Prantae and 3D Engineering could offer work from home to their employees, and they had enough existing and upcoming projects, so they were open to hiring people.

- Business Premise

Business premise played a key role in hiring decision, lot of services companies vacated their existing premises as work from home (WFH) became defector for services companies, by doing this they could cut the cost and employ people by giving them better salary from the money saved from the rent payment. Manufacturing companies were already bleeding and stopped all expansion plans; due to this, no new manufacturing facility came into existence, and they kept a freeze on hiring. Our interviewee, Nakoda, stopped all the expansion plans and kept a full freeze on hiring.

- Labour Cost

People were scared to go to work and people those who were ready to go were demanding almost double the salary in manufacturing companies like Nakoda. In services companies like Prantae and 3D, they were finding it difficult to hire people despite having good customer orders in hand, people coming from large corporate after getting laid off were asking them to match large corporate salaries and benefits, and people coming from other MSME services companies are asking more money as they had multiple offers in hand. Labor costs will remain a bottleneck in the service and technology industry as work from home has become a defector, large corporates have increased outsourcing worldwide, and MSMEs who are in services have many opportunities in hand, but expensive labor will defiantly bring their margin down.

- Labour Regulations

In the case of MSMEs in India, labor regulations are defined very vaguely, and their enforcement is very poor; in the case of a breach, the penalty is not very severe by authorities. So MSME employers are not at all bothered or get driven by labor regulations. All three interviewees s mentioned that labor regulations did not influence their hiring decisions at all.

- Access to Finance for Hiring Purposes:

During the COVID-19 situation, access to finance was one of the biggest factors that affected MSME hiring. MSMEs in India always have cash flow issues, and on top of this, invoices were not paid on time. The industry environment overall, from a hiring perspective, was pessimistic people were expecting layoffs. Although two of the interviewees (Prantae and 3D Engineering) are from the services industry and they were benefitted from global outsourcing, they intended to hire people, but both of them were falling short of cash to run the day-to-day operations as invoices were not paid on time and salaries and other days to day expenses have to be paid on time. As per as access to finance was concerned to run the day-to-day operations, there was no other option other than private and public banks, and

most of the MSMEs approached banks. All three of our case companies approached banks, and one of them, Prantae, a startup, approached the government for grants. So “Access to finance” was one of the important factors which influenced hiring.

- Access to Resources

Access to resources was the biggest bottleneck in terms of hiring people. First of all, resources personally, all resources were going through a difficult time; some might be fearing job loss, and most people have lost life within the family. To approach resources and take them through the regular hiring process was a difficult task. MSMEs never had a Work from Home(WFH) culture, and during COVID -19 situations, everything had to be done remotely, including interviews, onboarding, induction, and training. Manufacturing MSMEs (in our case Nakoda) had less trouble as they were not really looking forward to adding more people, but MSME services companies (in our case Prantae and 3D Engineering) had additional inquiries and projects at hand, and they were not getting adequate resources with the desired skill set, as the demand in the industry was very high and because of this high demand resources were expecting higher compensation. Till August 2022, both these services companies are facing severe employee hiring issues due to higher compensation expectations from employees. All our three case company’s hiring decisions were affected heavily by “Access to Resources” as a factor.

Wages and Other Benefits (ESI, PF, and Pension)

- Wages

Minimum Wages All our three interviewees were able to pay minimum wages as minimum wages in India are very low, around 450 Rupees (Around 6 USD) per day. Another point to be noted is that in all three cases companies following deductions were there:

1. Management: Did not take monthly Salary for almost one year
2. Employees with a monthly salary of more than 80,000 Rupees (1000 USD) took a 30% salary cut
3. Employees with a monthly salary of more than 50,000 Rupees (600 USD) took a 15 % salary cut
4. Employees with a monthly salary of more than 32,000 Rupees (400 USD) no salary cut

So minimum wages were intact in MSMEs, but employees with higher salaries had to take cuts

- PF, ESI, Pension (Employee benefit schemes)

Provident Funds and ESI are the big obligations of MSMEs; as mentioned earlier, most of the time, MSMEs suffer from the day-to-day cash flow issue, and making PF and ESI

payments remains a challenge for MSMEs in the regular course also. However, the government relaxed little on Provident funds and Employee Safety Insurance payments (In the case of PF 90-day delay was allowed, and ESI 30 days delay was allowed in making payments). But the lockdown period was long, the invoice was not paid on time, along with managing salary payments and making their two payments, PF and ESI were a major challenge. Most MSMEs do not provide pension scheme support to employees. This issue did not affect MSMEs.

- Occupational Safety / Health Provisions

This was the biggest challenge for MSMEs. Indian MSMEs are mostly very weak in making safety and health provisions for their employees, as this provision puts an additional load on their day-to-day cash flow. Employee safety is taken care of by ESI, which is mandatory for MSMEs. Still, micro-enterprises choose to ignore ESI. Most of the Indian MSMEs do not even provide basic health benefits like health insurance to their employees or provide very minimal health insurance to their employees, which gives them cover up to mostly at the make 1,50,000 Rupees (2000 USD) which is very less to support situations like COVID -19. Most people are fully dependent on the public health system, which is very poor in India. Beds were not available in hospitals, medicines very expensive, and were in heavy shortage. It was almost impossible for MSMEs to provide health provisions to their employees, and this resulted in the loss of life.

Benefits Passed to Employees

- On Job training

Interviewees from all three MSME case companies mentioned that they were providing job training (Over various digital platforms) except for blue-collar workers of Nakoda, which is a manufacturing company, and getting digitally connected remained a bottleneck with blue-collar workers. Most of the MSMEs mentioned that COVID -19 situation was one of the best times for on-job training as most people were doing Work from HOME (WFM), and they could save a lot of time which they normally incur in traveling and reaching their workplaces; all those time were productively involved in On Job training which actually did not cost them anything additional.

- Off-the-job training

None of the MSME companies provided any Off job training, even digitally, as this was a costlier affair than hiring a consultant or expert for such pieces of training. All three interviewees of our case companies did not conduct any off-the-job training program for their employees.

- Health and accident insurance

As mentioned earlier, most MSMEs in India do not provide systematic health and accident insurance. Some provide minimal health Insurance and accident benefit through ESI. Two of our case companies, Nakoda and 3D Engineering, which have more than 100+ employees, provided basic health insurance to their employees, but Prantae, which is a startup company that has 10+ employees, did not provide any health or accident insurance to their employees. This resolves the fact that within MSME, most micro and startups did not provide adequate health and accident benefits to their employees.

- Pension or old age insurance

Most of the MSMEs do not provide any pension or old age insurance on their own. This is one of the biggest challenges for people who work in the MSME sector. During COVID -19 situation, none of our three case companies provided any pension or old age insurance to any of their employees. This is one of the most awaited reforms expected in the MSME sector.

- Productivity incentives

None of our three case companies provided productivity incentives to their employees. As mentioned earlier, most of the MSMEs were not getting their invoices paid on time, and payments were delayed, including our three case companies; due to this, cash flows were badly affected. All MSMEs were deducting salaries of their higher bracket employees, so there was no question of paying productivity incentives to the employees.

- Salary increases

The business was usual for MSMEs, as they had a lot of backlog orders. Due to raw material availability and logistic issues, delivery was a challenge for manufacturing companies. Services companies were, however, able to manage deliveries on time or with little delay. But cash flow was a big challenge due to invoices not being paid on time. MSMEs were not sure of the future scenario, so none of the MSMEs, including our three case companies, increased the salaries of their employees. Due to the non-availability of financial resource access and poor cash flow, most of the MSMEs imposed salary cuts. However, most of the MSMEs maintained minimum wages for their workers.

- Safe working condition

Most of the Services MSMEs were operating in work-from-home mode, so safety at work was not the concern, but manufacturing had to impose safety norms at work premises, especially for blue-collar workers. Our case company Nakoda which is in manufacturing, not only arranged special transportation for blue-collar employees but also imposed safety norms while workers were working in a factory.

- Regular forum with mgmt/owner

This was the need of the hour. Most of the people in MSMEs were going through mental health issues. Especially workers needed mentoring and assurance that their job would be intact. Address from senior management gave a lot of confidence to workers. Almost all three case companies provided a regular forum for their workers. And most of the MSMEs did the same beat. It could be manufacturing or services.

4.4.2 Investments Decisions

- Purchase of additional production equipment

Most of the MSMEs which are in conventional manufacturing did not invest in buying the equipment as finance was an issue. But services companies have no other option other than investing in Hardware and Software, including cloud space. Both our case services case companies, Prantae, and 3D Engineering, invested in buying hardware and software as they moved most of their employees to the Work from Home (WFH) format; however, our manufacturing case company did not invest anything into buying more production machines, etc.

- Improved working environment

Most of the MSMEs tried providing an improved environment. They gave laptops to the employees whom they could move to work from home mode. Some of the MSMEs also provided chairs and tables to their employees to set up working spaces for their employees at their homes. Manufacturing companies also provided better work conditions where they could keep physical distance from their colleagues. All our three case companies provided an improved working environment for their employees.

- Improved the business premises

Most of the MSMEs did not invest in business premises or in the improvement of their business pre-miss as this was not the need of the hour. Rather than MSMEs, i.e., mostly services those who moved their employees to work from the home format, vacated rented office premises to save money. The same is with all three interviewees. They did not improve any of their business premises.

- Improved business networking

Specially MSMEs, it was most important to improve business networking, and this was the need of the hour. During the COVID-19 situation, it was very important to adopt the two-fold strategy, on one side to take business associates such as suppliers, partners, retailers, resellers, distributors, stockiest, OEMs, and vendors in confidence, and on another side,

assure customers that deliveries will be done on time. All three of our case companies worked very closely with suppliers, partners, retailers, resellers, distributors, stockiest, OEMs, and vendors so that shocks and the impacts of COVID -19 could be minimized. Nakoda specially worked on a relationship with their suppliers, being a manufacturing company to ensure delivery of raw material and third-party components with minimal delay.

- Innovation and Research and Development

COVID -19 situation was the best time for companies to Innovation and Research and Development. There was an ample amount of time which was available for brainstorming, and time saved in traveling to work location or customer location was fully utilized for such brainstorming. MSMEs never can never afford to take a break and look back at what they have achieved and where to move forward in the future. All three case companies mentioned that for a long they needed time to take a break and look back at what they had achieved and rethink which direction they wanted to move forward. COVID -19 gave them the opportunity to rethink their businesses and the way they were run. A lot of decisions on investment related to innovation and Research and Development were taken, especially what to develop and which direction the company should move in were brainstormed, and a tentative road map was chalked out.

- The Markets

Market situation was one of the most important factors for MSMEs to make their decision. Companies who are into COVID-related healthcare products like masks, sanitizers, etc., 're investing heavily in their business. Other MSMEs which are into core manufacturing were hesitant to invest anything in business as the market situation was not very clear for them. However, services companies had sizable visibility of the market situation, and they were slowly investing in a business. Nakoda, one of our case companies being into core manufacturing and had no visibility of situations, stopped all investment into the business, but both Prantae and 3D Engineering being in services, continued their slow investment into business as they had sizable visibility of market situation.

- Business Premises

None of the MSMEs actually invested in business premises. Actually, the trend was reversed, and most of the services companies which were offering work from home (WFH) were vacating rented spaces. Following the same trend, all three of our case companies did not invest in business premises.

- Labour Costs

Labor costs actually increased for MSMEs during the COVID-19 situation. This was one of the main factors which were influencing investment decisions. People seeking jobs in services MSMEs companies were demanding his salary as there were a lot of opening in the

services industry due to global outsourcing with multiple job offers in hand. Even in manufacturing, daily wage and contract laborers were demanding almost double their daily salaries. All three case companies mentioned that Labour cost was one of the most important factors which influenced their investment decisions.

- Labor Regulations

Labor regulations are poorly defined for MSMEs in India, so they did not affect any investment decisions of MSMEs, including all three case companies.

- Access to Finance Business

Access to finance was a challenge, but it was somehow got mitigated with finally loans from a private bank that too on a higher rate, and almost all the MSMEs that had running businesses could get loans from private or public banks, so access to finance really did not affect investment decisions.

- Access to Resources

Access to resources actually temporally impacted MSME business, but once lockdowns were lifted, most of the resources were accessible, and they could be moved back to work. Services companies all the time had access to their resources. So this did not impact any of our three case company's investment decisions.

- Taxation

There was temporary relief in tax payment and filing tax returns, so Taxation really did not influence the investment decision of most MSMEs, including all three of our case companies.

- Government Policies and Practices

The government actually did not announce any major relief for industries other than temporary relief on tax, PF, and ESI payments for MSMEs. So none of the government policies and practices influenced any investment decision of MSMEs, including our interviewees.

4.4.3 MSMEs Performance

Most of the MSMEs except micro rated their business performance as good enough despite COVID -19 crisis. Manufacturing companies had an old order backlog to complete; services companies were getting new inquiries due to global outsourcing. All our interviewees rated their business performance as good despite COVID -19. The impact of COVID -19 on MSMEs can be seen in the near future (next 2-3 years) as manufacturing MSMEs will clear all old order backlogs, the services sector the cost of manpower has gone up, profitability is expected to come to town, and a global recession is almost knocking doors.

- Competition Is Low and Many Market Opportunities

Despite low competition and many market opportunities, this factor did not influence any way in the business performance of any of the interviewees or any other MSMEs. MSMEs had resource access and labor cost challenges which marginalized low competition and many market opportunities. Nakoda and 3D Engineering could not get any benefit from low competition with a plethora of commercial possibilities.

- Business Knowledge and Expertise

Nakoda and Prantae being in niche industries and having solid business skills in their respective business could help them to navigate their business through tough times. Most of the MSME promoters who have solid business skills for managing their business helped them to navigate through COVID -19 situations as they would have seen a lot of crises and recovery from them in the past. Few regulations and restrictions: Regulations and restrictions can't be avoided during the COVID -19 situation as it was a matter of life and death. But these regulations and restrictions badly impacted business performance; most of the MSMEs were under complete lockdown for months. Nakoda being a manufacturing company, had to suffer the most; the rest two, being services companies, did not suffer.

- Good Business Networks

As mentioned earlier, a good business network, including suppliers, partners, retailers, resellers, distributors, stockiest, OEMs, and vendors, helps MSMEs to navigate through a difficult time during COVID -19 situation. The same is true for all three interviewees

- Supportive Government Policies and Programs

There were no major supportive policies from the government for MSMEs during COVID -19 situation other than temporary tax payment and filing relief. It's actually the other way. If Supportive government policies and programs existed, especially for MSMEs, then life would have been much simpler. It's time government should look into the robustness of the support mechanism for MSMEs. There are policies and programs on papers that never get executed, and most of the time, financing agencies manage the show, and real beneficiaries, i.e., MSMEs, are not impacted at all.

- Easy Access to Credit

Easy access to credit would have made life simpler, and this would have really impacted MSME business performance heavily. But sadly, banks were behaving as if they wanted to take advantage of the situation; although a loan extension facility was provided as per government directives there, no fresh loan applications were processed. All MSMEs, including our three interviewees, had a tough time arranging for credit.

4.4.4 COVID-19 experience and recovery

- No Past Pandemic Experience

None of the interviewees from interviewees ever faced any such situation because of which they had to get into recovery mode, India is a developing economy, and MSMEs are drivers of this developing economy, so all three interviewees may have seen some temporary situations but not the major ones. The same is the case with the MSME sector as whole last many years; the Indian economy has been growing, and the MSME sector as a whole is growing, COVID -19 was one such biggest shock to the whole MSME sector, which has changed the thought process of business owners and policymakers at the same time.

- Business Recovery

Most of the small-size companies are already recovered, but micro and especially startup companies are still suffering because all the funding has dried, and investors are now skeptical about investing further in a startup; even subsequent rounds of funding have been stopped by the investors. The startup will have a difficult time in the coming months are years. Prantae is a startup company, and because of the above-mentioned reason, they are expecting that funds will take some time, and due to this, business recovery will be delayed. 3D Engineering and Nakoda businesses have already been recovered.

- Absenteeism

At the start of the COVID, when work from home was not set up, very few people were able to make the workplace, and there were heavy restrictions placed by local authorities. Later, for services companies, work from home evolved, and people got back to work. In the long run, in COVID -19 situation, within two years, most employees in their families have some or another person infected, so absenteeism increases. Overall, 20-30 % of people during COVID were not able to attend their work in MSMEs, and the same was the case with all three interviewees.

4.4.5 Financial problems due to the COVID-19 pandemic

- Wages, Benefits, PF, etc., For Employees

During COVID -19 situation cash flow of the MSMEs cash flow was heavily affected as their invoice payments were delayed. MSMEs rarely keep cash reserves. They live hand to mouth and, most of the time, look for access to better financial assistance. During the COVID-19 situation, when cash flow was heavily affected, it was becoming difficult to pay salaries to employees and also full fill social security obligation (PF, ESI, etc.). To full fill the social security obligation government gave MSMEs some temporary relaxation in terms of allowing 30 days delay in ESI payments and 90 days delay in PF payments, which to some extent released the cash flow burden. Most of the MSMEs also worked an arrangement with their employees in which employees with higher salaries agreed to take pay cuts, and management did not take salaries for periods of six months to one year. It is important to

note government moratorium scheme (where home loan EMIs were deferred by six months) helped employees who had to pay the home loan EMIs. 3D Engineering and Nakoda being sizable (100+ employees), worked out a similar arrangement with their employees and enforced salary cuts. Prantae being a small company, did not have any issues paying salaries, and they did have a social security obligation.

- Rent

Most of the MSMEs that were operating from rental premises were finding it difficult to full fill rental obligations. So most of them worked out payment arrangements with their landlords. The landlord also realized that it's better to get into arrangements with tenants and keep the rental agreement intact because the situation may worsen if MSMEs decide to vacate the premise, it would be difficult to find a new tenant, and in case of nonpayment, exploring legal option would not be proper as courts may support MSMEs looking at the difficult situation they are going through due to COVID -1. Most of the land lord gave deferred payment or payment cut options to their tenants. 3D Engineering of our interviewee made an arrangement with the landlord of deferred rental payment; another interviewee Nakoda has their own premises, so they did have any issues; Prantae faced difficulties as they were operating out of private university startup incubators, and the university was asking them to pay regular rental which was resolved later.

- Payment of Taxes

Most of the MSMEs did not find any issues with tax payments, as tax payments and return filing dates were deferred. Tax payments were deferred by 90 days, which gave a breather to MSMEs for tax payments. All interviewees did not face any issues with tax payments due to relief given by the government.

- Payments of Invoices

Payments of invoices were one of the major challenges faced by almost all MSMEs. The customer was not paying on time, and in turn, they were not able to pay their suppliers and vendors on time. All they had to rely on financial support from the government, and to some extent, they got relief from the loan extension scheme of the government, where banks extended existing loans and gave MSMEs additional limits, but fresh loans were not issued, so all the new MSMEs (incorporated within the last three years) were not benefitted from this scheme as only three years old companies become eligible to apply for fresh loans. Only 3D Engineering from our interviewees could avail loan extension scheme as they were more than three years old company and had the existing loan for which they loan limit extension. Nakoda did not have any loans, so they were not benefitted from the existing loan limit extension scheme, and they had to apply to a private bank; and with great difficulty; after a lot of persuasions, they got a loan at a higher interest rate despite of having healthy balance sheet. Prantae, being a startup, had to rely fully on government grants, and they were

fortunate to get one grant which kept their operation intact during COVID -19 situation. All these means helped to some extent, these MSMEs to pay their invoices.

- Layoffs

Most of the MSMEs did not lay off their regular employees, they enforced measures like salary cuts, but they refrained from laying off. Contract laborers were discontinued. They had to see tough times, but then the government took over and started covering them under a food security scheme where they were provided minimal rations on time so that they should not get succumb to hunger. Basic Medical facilities like vaccination etc. were taken care of by the government. All our three interviewees s did not lay off any of their regular employees.

- Cash Flow

Most MSMEs cash flows were affected from 6 months to 1 Year during the COVID-19 situation. Especially doing first and second lockdown. Manufacturing MSMEs were severely affected during both these lockdowns; services companies were affected heavily during the first lockdown. No one understood how to respond to such a situation. by the second lockdown, work from home (WFH) was enabled, and people were working full time. But all these led to major cash flow challenges as their customer was not paying them on time. After six months' partial payments of invoices started coming, and by then, MSMEs had other sources like loan limit extension, etc., which eased cash flow situations. All interviewees had to deal with cash flow challenges, and recovery for all of them took more them six months.

4.4.6 Impact on business

- Demand Shocks

During COVID -19 situation, due to frequent lockdowns, MSMEs, especially micro companies, have to face demand shocks. During the lockdown, there was a sudden dip in demand, and once the lockdown was lifted, there was a sudden increase in demand which affected micro and small companies the most. Medium companies did not face such demand Shocks as they had pending orders in hand to full fill. These demand shocks may impact medium companies in the long term once the pending orders are over. Our interviewees were not impacted by demand shocks.

- Unavailability of Optimum Manpower

Unavailability of the optimum manpower was a challenge during the starting phase of the COVID -19 Situation, and this especially impacted manufacturing companies; services companies were not mostly impacted by the Unavailability of optimum manpower as manpower was available virtually all the time. Our interviewee from Nakoda, which is in manufacturing, was affected during and after the first lockdown, but once operations were

restored, they did not find any such difficulties. 3D Engineering and Prantae did not face any such issues.

- Unavailability of Raw Material

Due to logistics issues, MSMEs had to deal largely with the unavailability of raw materials. But the impact was reduced once the supply chain was restored. Our interviewees, Prantae and Nakoda, had to deal with the unavailability of raw material as Prantae was in the process of doing product development for one of the clients for which they needed semiconductors, and the same had to be imported; this became very crucial for their project at one point of time. Nakoda faced large raw material unavailability issues, which were resolved over time by working closely with their suppliers.

- Unavailability of Finance

Most of the MSMEs face unavailability of finance issues. Micro and small companies and companies which were incorporated within the last three years had to face major challenges due to this as they did not have running loans, and fresh loans were not approved. Only running loan extension limits were given. Our case studies MSMEs also faced the same, which they resolved, Nokoda and 3D, being Medium companies, could arrange finance, and fortunately, our startup interviewee Prantae got a government grant.

- VC Funding

All the MSMEs, especially startups, faced severely faced VC funding challenges. Most of the VC companies either stopped round funding. Almost all VC funding discussions were on hold. Our interviewee Prantae also had to deal with such difficulty. Almost all venture capitalists (VCs) disappeared during the COVID-19 pandemic started, and till today, VCs are fully not fully functional (Patel & Shah, 2021).

Dealing with the cash flow shortage:

- Loans by Commercial Banks

Most of the MSMEs approached commercial banks either for loan extensions or fresh loan approval. Our interviewees also approached commercial banks, and two of them, 3D Engineering and Nakoda, which are medium-scale companies, were successful in getting loans from commercial banks. Prantae being a startup, was not successful in getting commercial banks, and they had to rely on government grants; they were fortunate to get government grants which eased their cash flow challenges.

- Loans by Internet Finance

Loans by Internet finance are not very popular within Indian MSMEs. They are mostly treated as scams and, at the time, very expensive. However, a lot of micro-scale companies

sometimes get into this trap and end up paying huge interest rates. This was not the popular method of getting finance to ease the cash flow situation during the COVID -19 Pandemic. None of the interviewees relied on this source of funding to ease their cash flow shortage situations.

- Loans by microfinance companies or private individuals

A lot of MSME's special micro companies tried getting funding from microfinance companies or private individuals. Microfinance companies kept their door closed as they were analyzing the situation, and during the later phase of the pandemic, they started funding at higher interest rates. The individual lender was very careful, and this source actually did not really work to support MSME cash flow situations. All three interviewees did not consider taking funds from microfinance or private individuals.

- Equity Financing (adding new shareholders or capital increase of former shareholders)

Most of the MSMEs approached banks to manage their cash flow situation. Equity financing was the last option as investors were not really sure what the future would be, and investors wanted to keep their cash intact so that in grim situations, this saved cash could help them navigate. Yes, of course, in the later part of the COVID-19 pandemic, when things started settling, MSMEs tried these options. It is interesting to note that once the pandemic was over, the investor was keen to invest in companies that survived COVID -19 Pandemic and had good future prospect. Investors started approaching us of our interviewees 3D Engineering and Prantae, once COVID -19 Pandemic was over.

- Reduction of Operating Costs (e.g., layoffs and salary reductions)

To deal with cash flow shortage issues, almost every MSME reduced their operating cost by mostly enforcing the salaries cuts after discussing with their employees. Both our medium-scale companies decided to enforce salary cuts after talking to their employees. Prantae, being a startup, had not so many cash flow issues. None of the companies laid off their employees.

4.4.7 Dealing with Shortage of labor

- Wage Increase

After COVID -19 is over, most of the MSMEs are facing a solid resource crunch. All the delayed projects are back on track, and product companies are working 24/7; door global outsourcing services companies have ample opportunities on a platter, and because of this, people are getting multiple offers; there is no other way other than paying high and attracting and holding talents. MSMEs have to increase wages for both blue-collar and white-collar employees. Other important factors are that during COVID – the 19 pandemics, most of the blue-collar workers moved back to their native places, and almost all the industrial towns

are facing a heavy crunch of blue-collar work due to this migration; blue-collar workers have settled in their native villages or town where the cost of living is low. To come back to Industrial or metro cities, they are demanding high wages. All this will hamper Msme's profitability in the long term. All three interviewees s are facing similar challenges.

- To Decrease the Quantity of Effort, Use Modern Equipment Or Software

In the long term, automation is the only way forward to reduce the complete dependency on workers. However, as we all know that people can not be completely replaced by machines or technologies, but currently trending Artificial Intelligence and IoT technologies will resolve these issues to an extent. Prantae being a startup company is seriously thinking about the deployment of automation technologies within its premises.

- Outsourcing of Orders

Outsourcing is not very common in MSMEs in India. Sometimes medium services companies outsource but not manufacturing companies as they do not want to share their IPs in any way with outsourcing agencies, and copy writes laws are not very powerful here in India, and these manufacturing MSMEs may end up creating their own competitors overnight. However, Services MSMEs have no issue with outsourcing, and this is one of the key levers to offload their workload to third parties and deal with the shortage of labor. 3D Engineering is a medium-scale MSME, and they plan to outsource in case they fall short of adequate manpower. Prantae and Nakoda do not opt to outsource as they do not want to share their IPs without sourcing companies.

- Delay in Delivery

Most of the MSMEs do not want to opt for the delay in delivery as this lead to their reputation. Customers were, however, considerable to adjust delivery during crucial COVID -19 pandemic periods but once things settled, the customer again became demanding for delivery deadlines. Delay in delivery leads to a lot of issues such as delayed payments etc., which can create multiple issues. None of our interviewees opt for the delay in delivery approach.

4.4.8 Dealing with a shortage of raw materials

- Reduction of Production

During COVID-19, almost all the MSMEs had to regulate their production due to a shortage of raw materials. But in subsequent phases, with improved supply chain and logistics, MSMEs improved their production to meet the adequate demand. Reduction in production cannot be a strategy to meet the shortage of raw materials. Two of our three interviewees s are medium-scale companies 3D Engineering and Nakoda did not opt for a reduction in production. However, Prantae, our startup interviewee company, is ready to reduce

production as they are developing a few prototypes, and in case of a shortage of raw material, they wait for supply to arrive and produce less.

- Outsourcing Orders

Outsourcing is not very common in MSMEs in India. Sometimes medium services companies outsource but not manufacturing companies as they do not want to share their IPs in any way with outsourcing agencies, and copy writes laws are not very powerful here in India, and these manufacturing MSMEs may end up creating their own competitors overnight. However, Services MSMEs have no issue with outsourcing, and this is one of the key levers to offload their workload to the third party and deal with the shortage of raw material. Our interviewees, Prantae and Nakoda, do not opt to outsource as they do not want to share their IPs without sourcing companies.

- Increase the Procurement Price

This is a chicken and egg story for MSMEs, whether to reduce production or increase the procurement prices towards raw materials to regulate the situation. During COVID -19 pandemic situation MSMEs were ready to pay increased procurement prices for raw materials. But once the situation normalized, companies took the decision to negotiate back with suppliers and bring them back to reduced, original prices. This can be understood by the fact that most manufacturing companies operate in the 8-10% margin, and if they increase procurement prices for raw materials, their businesses will not remain viable. Our interviewee's company, Nakoda, which is in manufacturing, opted not to increase procurement prices to remain competitive. However, Prantae, which is largely a services company and developing a prototype for a few of its products, are ready to secure raw material at increased prices as this will not affect the overall product cost. When they go to the production phase from the prototype, they may also have to think about negotiating with their raw material suppliers when they want to buy raw material in bulk.

- Seeking New Procurement Channels

During COVID -19 pandemic and after the pandemic was over, and once MSMEs realized that they could not solely depend on the existing supplier ecosystem, they all started talking to alternate procurement channels. Almost all the MSMEs have realized after COVID -19 Pandemic that only the fittest will survive, and depending only on one set of suppliers will not make them fittest. All our three interviewees are ready to explore new procurement channels.

4.4.9 Difficulties in fulfilling contracts

- Mutual Agreement Settlement

Mostly MSMEs settle contractual obligations by mutual agreement. As the COVID -19 situation was at its peak, most companies could realize the reality of the situation, and everyone was considerate.

- No Contractual Performance Issues

Most of the companies, whether local or global, were considerate, and they mostly did not levy any contractual performance penalties on their suppliers, especially MSMEs. Courts were lenient in granting relief If the same was challenged in courts. None of our interviewees faced any contractual performance issues.

- Payment of Liquidated Damages

None of the MSMEs faced any liquidity damages. Most of the companies were considerate, looking at the severity of the situation. All our three interviewees s did not face any liquidity damages in any supplies.

4.4.10 COVID-19 Impact on Business

- Reduction Of Orders

Actually, none of the MSMEs are compliant with a reduction in orders. During COVID -19 pandemic, orders were regulated; in peak times, companies had old pending orders, and once the situation became better, MSMEs started executing the pending orders, and this continued even after the pandemic was over. The interesting point would be to see whether the pace of orders remains the same, increases, or decreases. All interviewees are not currently facing a reduction in orders. In addition to this government of India under make in India has put a clause that only MSMEs or Indian companies will be allowed to participate in government tender below 200 Cr (25 Million USD). MSMEs are getting great benefits out of this scheme.

- Inability To Deliver Existing Orders

As of now, things have been restored, supplies have become normal, workers are regularly coming to work after vaccination, and most of the MSMEs are able to deliver existing orders on time. All interviewees are not facing this specific problem.

- Increased Difficulty Of Financing

Now MSME invoices are paid on time. The government of India has advised all the government authorities to release payment to MSMEs within 45 days of supply. The cash flow of most of the MSMEs has been restored. Only for new projects are MSMEs approaching banks and other financial institutions, and they finance MSMEs based on their past performance. None of our interviewees are facing any issues in getting finance.

- Existing Loans Cannot Be Extended

During COVID -19 pandemic, banks gave moratoriums to almost all the MSMEs in which their loan payments were deferred as invoice payments were getting delayed. Banks also gave loan limit extensions to companies that already had existing loans. Depending upon how the payment track record is, banks and financial institutions are still extending limits and also offering fresh loans. One of our interviewee company Nakoda faced issues with loans as they did not have any loans, and fresh loans were approved, but finally, after looking at the track records, one multinational bank gave them a loan. Currently, none of the interviewees are facing any difficulties in terms of getting any loan extended; if any MSME is financially fit and has managed load well in the past, there are many banks and financial institutes that are ready to offer loans.

- Disruption of Logistics

Logistics was heavily disrupted during the COVID-19 pandemic, and it took time to restore logistics back. This impacted MSMEs' business on a large scale; they were not able to source raw material on time and deliver the finished goods on time. Post-pandemic logistics got restored, and MSMEs are no more facing any logistic issues due to the pandemic. All interviewees are not facing any logistics disruption issues currently.

- Upstream And Downstream Chain Disruptions

Some MSMEs are facing up upstream and downstream chain disruptions. Specially MSMEs, which need semiconductors components, are having acute disruption as China was heavily impacted by COVID -19 situation and semiconductor supply came down heavily. Point to be noted that China and Taiwan are two major sources of semiconductor components, in which China has a major share, and this disruption is still not restored. One of the interviewees, Prantae, is currently facing problems related to semiconductor components, and product development in the prototype is getting delayed. Once this product moves to the production phase, they may need increased quantities, and they also fear the supply of semiconductor components may hamper production.

- Availability of Manpower

As the situation has normalized and most of the MSMEs (both product and services) are loaded with orders. This availability of manpower is becoming a major challenge as employees have multiple offers in hand and they are asking for higher salaries; with shrinking margins and increased raw material costs, it is becoming difficult to full fill the order and keep the margin intact. All three of our interviewees are facing availability of manpower challenges.

4.4.11 Policy Support Needed from Government

Reduce commercial rents and utility, fuel, shipping, or other costs for small and medium-sized enterprises' services:

- Rent

Here the government can play a big role. In government-promoted industrial areas, if the rent of the premises can be reduced, this will definitely lower the burden on the cash flow of MSMEs and will be a great relief to MSMEs. Currently, one of our startups, MSME Prantae, is operating out of incubators set up by private universities and paying large some as a rental. If government incubators reduce rent, Prantae would definitely shift to incubators run by the government. Nakoda also has a manufacturing facility in one of the state-owned Industrial development corporations, and they also expect the government to intervene and reduce rates.

- Tax Rate Reductions, As Well As Tax Reductions Or Deferrals

Almost all MSMEs expect a reduction in tax rates and deferrals. Taxes(GST) is very high for MSMEs, and government can not weigh both large corporates and MSMEs in the same weighing machine. There has to be different tax structure for different size companies. Also, taxes payment has to be done on a monthly basis, which severely affects Msme's cash flow. Most of the MSMEs do not get the payment within a month, and upon invoicing, they have to full fill tax obligations in the same month, which, most of the time, hampers MSMEs' cash flow and ends us in salary delays. All interviewees are of the opinion that the tax structure for MSMEs should be reviewed, and deferral of taxes should be allowed, which will ease cash flow burden.

- Reduced Amortization For MSMEs, Loan Term Extensions, Or Partial Debt Relief

Government must work towards innovative ideas on how to reduce financing costs for MSMEs. This will ease the financial burden on MSMEs. Also, an extension of loan terms should be easy. At time debt relief should be given. This will stop the closures of a lot of MSMEs. Government has to also understand that MSMEs also work towards a larger social cause and provide employment for a major chunk of people within society. Closure of MSMEs drives people's jobs less, and desperation increases within society. All interviewees are of the opinion that government must work towards the reduction of financing costs for MSMEs.

- Temporary Reductions In Social Insurance Fees And Repayment Of Unemployment Insurance For Businesses Which Do Not Lay Off Employees

Actually, Social insurance is not mandatory in India for MSMEs. Government must work on a model where they join hands with MSMEs and provide social insurance to their employees, and government must reward MSMEs in monetary terms for those who provide social insurance to their employees; this will encourage MSMEs to provide social insurance. All interviewees are ready to provide social insurance if the government provides little support.

- To Prevent Contract Violations, Provide Expedited "Force Majeure" Certification

In a situation like COVID -19, the pandemic government must provide “ force majeure “ certificates to MSMEs so that they should not waste time and money making rounds of courts. All our three interviewees s are of the opinion that in such situations government must provide such certificates on a fast-track basis.

4.4.12 Impact of Current COVID-19 Policy Support Towards MSMEs

- PMEGP (Prime Minister Employment Generation Program)

Subsidy programs that are related to credit are what the Government of India is all about, and one of them is really the Prime Minister Job - creating Project (PMEGP). Under this scheme, recipients may be eligible for a government subsidy of between 15% and 35% of the project cost. Most medium- and small-sized enterprises (MSMEs) cannot participate in this program. Applying for and receiving such programs subsidies is next to impossible; such schemes only exist on paper. None of our interviewees are beneficiaries of this scheme.

- Technological know-how Center Technique Program (TCSP)

This program wants to modernize and extend its network of Technology Centres, the goal of which is to boost the competitiveness of MSMEs in major manufacturing sectors across India. The Program is intended to strengthen TCs' capacity and capabilities to serve the private sector.

Technology Centres are meant to deliver a fee-based comprehensive portfolio of solutions to MSMEs spanning from technology and management consulting to worker technical training. Unfortunately, these centers mostly exist in papers, and most MSMEs have no clue about this program. All interviewees are not aware or beneficiaries of any such centers.

- Make in India Policy

Make in India is a major national project of the Government of India with the stated goals of attracting foreign investment, increasing innovation, enhancing skill development, protecting intellectual property, and establishing India as a global leader in manufacturing. The primary objective of this venture is to increase manufacturing in India and entice foreign investment. Government of India's Directorate of Promoting Industries and Domestic Trade (DPIIT). MSMEs are greatly impacted by the Make in India Policy. For all government tenders below 200cr (25 Million USD), only Indian companies (mostly MSMEs) are exclusively allowed to quote. The government has set up a digital platform (GEM) for procurement, and only China-made products are banned on this platform. It is important to note that Indian MSMEs were not able to beat Chinese companies on prices, although Indian MSMEs were much better in quality, service, and support. With the Make in India policy, Indian MSMEs will be greatly benefitted. All our three interviewees s are beneficiaries of make in India.

- Mudra Bank Policy

The Pradhan Mantri Mudra Yojana seems to be a Government of India initiative that allows small borrowers to borrow up to Rs. 10 lakhs from banks, MFIs, and NBFCs for non-farm income-generating activities. Micro-scale businesses benefited immensely from this scheme; the point is noted that out of Over 66 lakh MSMEs registered on the Udyam portal, 95% are micro-enterprises.

4.4.13 Impact of “Atman Northar Bharat” initiatives (Self Reliant India) or another scheme during COVID-19 on MSMEs

- Revision of MSME Definition

Under the Following the Micro, Medium, and Marginal Organizations Strategy, 2005 (MSME Act), enterprises were classified as micro, small, or medium under two criteria: 1. Capital expenditures on infrastructure, and 2. Revenue growth (Rajamohan & Sathish, 2018). It is also important to note that, based on these principles, different criteria were set for enterprises in the service and manufacturing industries to be classified as MSMEs. With the advent of such Aatmanirbhar Bharat Abhiyan (ABA), however, the Ministry of Micro, Small, Medium Firms revised the MSME classification system by incorporating a composite criterion that takes into account both an organization's capital in plant and machinery and its yearly sales. In its notice dated June 1, 2020. Furthermore, the difference between the manufacturing and service sectors in the previous MSME classification has been eliminated. This elimination will result in sector parity.

- Emergency Credit Line Guarantee Scheme

This was a great relief for MSMEs. A lot of MSMEs who had a past record of loans and running loans got benefitted from this scheme. Companies that are new (incorporated within the last three years) were not beneficiaries of this scheme. 3D Engineering had a running loan, so they got benefitted from an emergency credit line. Nakoda did not have any loan, so they could not get any benefit out of this, and Prantae being a startup, they were not eligible for this scheme.

- Equity Infusion Through MSME “Fund of Funds”

MSMEs are suffering from a significant lack of equality. This Fund of Funds invests in MSMEs with strong growth potential and viability. This initiative is projected to provide equity funding in the MSME sector for Rs. 50,000 crores (650 million USD).

Most of the MSMEs are not aware of the modalities of this scheme, and this scheme did not reach most of the MSMEs during COVID. All interviewees were not benefitted from this scheme.

- Modifications of Global Tender Norms in Favor of MSME

In a boost to This same government has published adjustments to the General Financial Rules (GFR) to guarantee that products and services worth less than Rs 200 crore (25 million USD) are to be purchased from local enterprises. This really helped MSMEs and gave them a protected opportunity. The initiative helped micro, small, and medium-sized enterprises.

- Encouragement of Small and Medium-Sized Enterprises (SME) Participation in Electronic Markets

A Possible Alternate to Conventional Trade Shows to connect to the online market was used. During COVID-19 Pandemic, this was of huge help to MSMEs. Due to COVID-19, MSMEs faced promotion and liquidity challenges. Therefore fintech was leveraged to improve transaction-based financing by using data created by the e-market. In the three case studies, MSMEs were beneficiaries of this scheme.

- MSME Dues to Be Cleared Under 45 Days

The government enforced that Micro, Small, and Medium Enterprises (MSMEs) would receive their payments within the 45-day deadline set by the government by respective authorities; this really helped improve the cash flow situation during COVID -19 Pandemic. All interviewees were beneficiaries of this scheme.

- Relaxing Tax Returns and Due Dates

This relief helped the most to all MSMEs. Tax return dues dates were extending taxes payments were deferred by 90 days. This helped MSMEs to ease the Burdon on their cash flow. All interviewees were beneficiaries of this scheme.

- Easing The Cost of Bank Credit

Easing the cost of bank credit worked at the back end, where the central bank (Reserve Bank of India eased the cost of bank credit); positively impacted bank lending at lesser rates, and most of the MSMEs were beneficiaries of these lending at lower interest rates.

4.4.14 MSMEs future plan for the next two Years

- Continue with Present Business

After COVID -19 pandemic was over, most of the MSMEs are back on track and trying to normalize their operations. Most of the MSMEs would like to continue their present business; people are not really planning to change their line of business, or neither they would like to leave the business and take up new jobs. Instead, people are looking for a better source of quick finance or VCs. All our three interviewees are planning to continue their operations, but no one is planning to change the line of operations; if fact, they are exploring options for better financing, VC, and Equity financing to take their business to the next level.

- Plan for the Next Two Years

After COVID -19 Pandemic was over, almost all the MSMEs geared up for the next level of expansion. Project planning for adding more products has started. Most MSMEs are looking for a better source of finance (Bank, VC, Equity). Some of the MSMEs are even planning to hire professionals to run the business as they realize to face a COVID-19-like pandemic situation in the future, they need to be better prepared and have more robust processes in place within the organization; this experience is only a professional can bring in. Looking at the future, most of the MSMEs are hunting for requisite manpower with the mindset to pay more in case required. All interviewees are also working in the same direction.

- Past Two-Year Experience Vs. Next Two Years Plan

The overall environment is very optimistic for MSMEs in India; the economy is expected to bounce back. Most the MSMEs are expecting their businesses to perform “Good Enough” or “Very Good” in the coming two years. Our interviewees, 3D Engineering and Nakoda, which are medium-scale companies, are expecting their business to do good, and startup company Prantae is expecting business to be very good P, as Prante is in the healthcare domain.

- Factors Expected to Affect Business in the Next Two Years

The overall business environment is good in India for MSMEs. Competition has reduced due to the Make in India scheme, where MSMEs are given preference. Got is one of the major buyers of MSMEs products and services and under the Make in India scheme got has banned Chinese products and services. And all the tender below 200 Csr (25 Million USD) government is allowing only Indian MSMEs to quote. To support the cash flow of MSMEs, the government is also ensuring that once delivery by any MSME is done, payment should be made within 45 days. The government is also promoting E- Market Linkage, which will enable good access to business support networks. Another major challenge that would remain the biggest bottleneck is finance and the cost of finance; these two things are the biggest hindrances to Indian MSMEs. All our three interviewees s are of the opinion that the above-mentioned factors will influence their business in the coming two years.

- Raw Materials and Total Operating Costs

Most of the MSMEs expect that their operating cost will increase by 10% in 2002 as compared to 2019,2020,2021; as manpower cost has gone high, people are around with multiple offers and expect higher salaries. MSMEs are also expecting raw material costs will go up. MSMEs also have to invest in extending healthcare support to employees. All the above factors are expected to increase the operating cost by 10%.

- Industry Forums and SME Conferences

The biggest issue in India is that there are no specific forums or industry associations for MSMEs. Most of the forums are common where large corporates overshadow MSMEs in all aspects. In these forums, neither problems of MSMEs are discussed nor decisions are taken. All MSMEs are keen to learn more and participate in programs (conferences, seminars, workshops) that are specifically designed for MSMEs. All three interviewees are keen to be a member of any such forums or business association, and they would like to participate in programs (conferences, seminars, workshops) that are specifically designed for MSMEs.

- Sustainability Aspects

Conventionally MSMEs focus in India was to somehow survive and keep the business operations continue. MSMEs in India have now understood to be profitable; they have catered globally, and to cater to global outsourcing needs that they all have to become globally competitive. They have to adhere to 3P norms (People, Planet, Profit), and they are aware that it's not too far when global customers and authorities would also audit their performance from sustainability and triple bottom line aspects (Das & Rangarajan, 2020). All most all medium and small companies are working towards meeting international product/service quality standards, adopting environment-friendly processes/technologies, adopting occupational safety and health standards, strictly observing the law on hours of work, strictly observing the law on the minimum age of workers, practicing equal opportunity employment, paying their workers the right amount of wages, keeping a workplace free from harassment/abuse, Keeping open communication in the workplace. All our interviewees are also working in a similar direction (Chakraborti & Mishra, 2018).

4.5 Policy Suggestions to Assist Rehabilitation of MSME Sector Seriously Impacted Due to COVID-19 Pandemic

Below are some must to do suggestions

- Drawing Up of a Flexible Policy

A deliberate approach is required to combat any catastrophe of that crippling kind, which shows no signs of abating at now and might be much more deadly than we could conceive if it continues beyond our understanding. Even if the ministry is likely headed in the correct way at this time, we believe that the governments should build a flexible policy framework and plan schedules to handle many developing situations and priorities its numerous re-addressing steps for each of these scenarios. The policy framework should incorporate both short- and long-term initiatives. Whilst the question of this sector's owner and worker's long-term viability may be viewed as a short-term measure, the situation this sector may face for a stipulated time frame of time after the lockdown is lifted, and the appropriate countermeasures may be viewed as a medium-term measure and enhancing the sector's capacity for future advancement may be viewed as a lengthy measure. Hence, addressing the

concerns of the labor force, assisting them in assembling for work, trying to address the problems of the sector's partial revival, and mitigating the Businesses' liquidity constraint may be seen as relatively short-term actions while setting the environment over such an industry to prosper and expand via the supply of different services. Concessions, reliefs, and sops. Creating a fair play field that allows them to compete with their peers both domestically and internationally could be a medium- to long-term approach. This policy's adaptability allows it to be updated in accordance with impending crises.

- Mitigating the Worries of Livelihood of the Laborers

This is an urgent requirement of the present that, if not met, might render all other efforts fruitless. The vast majority (over 90%) of our micro-firms are so-called micro-enterprises. The majority of businesses are owned by entrepreneurs with modest finances. The protracted closure has almost depleted their bank accounts, leaving them unable to operate their companies or pay their workers' salaries. The government may consider subsidizing a part of these workers' wages/salaries via a well-designed support system for a certain length of time in order to retain their services and ensure their timely payment. Given the lack of a verifiable MSME database with the exact number of MSMEs in the nation, it is not an easy undertaking. Therefore, the government must attempt a workable solution in consultation with various MSME mouth organs, representing bodies/organizations, trade groups, etc. The notion of a single window system, which will be explored in the next section, may be applied to this goal. This desire for salary assistance is not unique to our government since similar examples of wage subsidies exist in several other nations throughout the globe. Despite its fiscal limits, the government must not refrain from taking this action, as it would not only offer a much-needed boost to that industry but it would also assist in stimulating the economy by employing thousands of people. This multipliers and accelerator impact will increase employment and demand in the economy, both of which are dangerously low at present. In some situations, where businesses were required to provide CSR money, the payments of salaries/wages for a precisely specified time period may be regarded as a CSR contribution in accordance with certain laws.

- Resumption of Logistical Support

Months-long lockdowns have essentially impacted all aspects of our lives, including those of MSMEs. The communication system had been dislocated, sparing supply chains, market access, etc. from disturbance. Therefore, the government should prioritize the restoration and strengthening of sectors with a global impact. The resumption of transportation and communication is one of these priorities. This will also aid in assembling the dispersed skilled and unskilled labor force throughout the nation. This would also aid in resolving all other individual-centric issues, such as factory premise issues, idle plant and machinery, inventory losses, and so on. However, the restoration of the communication system is just as simple. As the whole system has been at a halt, it is likely that once the wheels begin to move, a number of issues will emerge. Government must intervene to resolve these issues

and assist cash-strapped transport companies by granting a substantial loan moratorium, permission deferral, and road tax renewal, among other measures, to put everything in order.

- Providing for the Entrepreneurs

MSME enterprises, especially micro and small firms, were likewise victims of a circumstance and were in severe need of support on several fronts in order to expand and get started. They need help in the following categories:

- I. Supply of utilities: Utility expenditures such as power, water, rent, and property taxes, among others, represent a significant strain during this time of restriction; many of these payments, being fixed expenses, accrue and create a significant burden for businesses, at least initially. To alleviate the entrepreneurs' financial pressure, the government may intervene and, in appropriate instances, provide deferral options or grant partial concessions/exemptions for a fair time encompassing both the non-working phase and the first operating term.
- II. Supply of Inputs: During the first stages of operation, the units were likely to confront input limitations, as suppliers might refuse to extend credit, demand payments of arrears, suddenly increase prices, or impose other artificial constraints. It is conceivable that the obstacles are product- or industry-specific. Urgent action should be taken by the govt. To grasp the issues at their source on the grassroots level. The government may give the required directives if the issues persist with government agencies that were suppliers of such materials. When the input suppliers were large corporations or manufacturing enterprises, the government may provide the required boost by providing sufficient rules. Where foreign input supplies are of a vital type and influence a large number of enterprises, government assistance will be required immediately.

4.5.1 Mitigating Fund Constraints

The functions of banks, NBFCs, and other financial institutions are as follows: In its two stimulus packages, the Reserve Bank of India (RBI) has presented a number of measures to increase systems liquidity and provide different facilities to MSMEs and small borrowers, including allowing a three-month moratorium on terms loans, deferring interest payments on working capital, and easing working capital financing, among others. Given the duration of this outbreak, we feel that further measures must be explored. Our suggestions are as follows:

- a. Extension of Moratorium period on term loans
- b. Sanctioning short-term loan
- c. Interest subvention
- d. Gearing up and reinforcements of resources of financial institutions.
- e. Reclassification of NPAs
- f. Enhancing guarantee coverage of CGTMSE

- g. Stalling encashment of guarantee
- h. The proactive role of SIDBI
- i. Restructuring and subsidizing fundraising from the capital market
- j. Resourcing from the capital market
- k. Clearing MSME dues and incentives on an urgent basis
- l. Bill rediscounting schemes
- m. Concession as well as deferment of payment of statutory dues
- n. Amendment of IBC code

4.5.2 Preferential Purchase from Government and PSU and Innovative Platform for Marketing

The public procurement policy for MSEs, which went into effect on 1 April 2019 and mandates a minimum of 25% yearly purchase of reserved MSE goods by all Central Ministries/Departments/PSUs, facilitates the expansion of marketing opportunities for MSME (GOI, 2019). This policy not only assures a thorough examination of the minimum target level as well as the recurrence of reserved products but also guarantees a thorough review of the number of unique reserved goods commodities for purchase. Aside from that, we may also highlight the significance of Got marketplace (Gem) in providing MSME enterprises with improved and simplified market access. Despite the fact that thousands of MSME suppliers have registered with Gem, further efforts must be made to register additional suppliers on this platform. As our Honorable Prime Minister highlighted, it must be determined whether all public sector enterprises of a Union Government are members of Gem and if they also register their suppliers on Gem. Again, to bolster support for women businesses following this lockdown, the government may consider boosting the 3% reserve quota in its required procurement policy. Here, we would like to emphasize the MSME ministry's plan to create a marketing platform similar to Alibaba or Amazon in order to provide global coverage for MSME goods. This platform, it is believed, would enable global access to a variety of available items and greatly enhance marketing possibilities. This ambitious plan must get prompt attention and the necessary boost.

4.5.3 Concept of Single Window System

As a variety of various supporting stimulus programs for MSMEs are on the horizon, the government should ensure that there is excellent coordination amongst all the entities responsible for implementing these programs and that there is no duplication. In addition, it must be assured that the advantages of all those programs reach the ground promptly and effectively. Many micro, small, and medium-sized enterprise (MSME) entrepreneurs are at risk of starvation unless the government develops a specific bottom line. The government may consider constructing a district/zonal level system to co-ordinate all Than have actions, such as linking MSMEs to various programs, linking different components to various advertising platforms, GST regulations, lenders approval and rehabilitation of sick units, spreading countless MSME-related data, attempting to aid individuals in creating a more digitally advanced, etc. Such an opening may provide the government with a means by which to investigate the situation at hand, evaluate the progress made and the work yet to be done,

and even plan for the creation of a comprehensive system of bodies, organizations, and institutions concerned with MSMEs. We'd like to call attention to the MSME ministry's proposed "Banking System." of Thoughts, Technologies, and Research" website, which will compile new and ground-breaking research for the growth of MSMEs. In these difficult times, the website will be of tremendous aid; thus, it is gratefully appreciated.

4.5.4 Spread of Digital Awareness

Several individuals feel that when that epidemic is gone, there will be a visible shift in corporate practices. Businesses would strive to minimize their physical activities and movements and will rely significantly on their digital platforms. We have already discussed the expanding importance of fintech businesses in lending, TReDs in bill discounting, and GeMs in promoting their goods. In addition to this, the increasing usage of plastic money, network-based payment, etc., would be increasingly prevalent. The government's duty is to create the required logistical and infrastructures on a war footing so that micro, small, and medium-sized enterprises in the most distant regions of the nation may take advantage of them. For the MSMEs to embrace the new regime's order, the government must conduct extensive outreach and adequate training facilities (Wiggins, 2007).

4.5.5 Relief from Burden of Compliances and Ease of Doing Business

Our SMB industry is, without a doubt, crushed under the weight of massive compliance requirements and regulations. India is an inhospitable environment for MSME employment generation due to the tens of thousands of employer compliances and their annual revisions. Our administration is aware of the issue, and excellent steps to reduce the compliance burden have already been implemented. The government has previously modified the once-a-year requirement for submitting a return under eight labor laws and ten union rules. According to our understanding, the government had determined that a micro, small, and medium-sized firm needs just two clearances in order to form its unit: environmental clearance and building approval. Due to the integration of air pollution and water pollution, the company might be required to self-certify single permission and return. Again, unit inspection details and the selection of inspectors to visit a firm would be selected by a computer-generated randomly selected. Regarding small infractions of the Companies Act, the government has issued an ordinance allowing company owners to self-administer limited remedial measures prior to going to court. Also, in the correct direction is raising the turnover criterion for reviewing the accounts of micro, small, and medium-sized company (MSME) borrowers to Rs.5 crores. While those are admirable, we urge that the government establish a committee with the ability to examine compliance with various laws/regulations in our nation that micro, small, and moderate organization (MSME) is obliged to bear in launching and maintaining their operation, and to offer corrective steps to simplify/eliminate/merge them, which should be implemented immediately. If a one-time solution is not possible, the governments may defer/simplify/trim/modify the essential compliances while proceeding steadily toward their goal.

4.5.6 Social Security for MSME Employees

Our honorable Prime Minister had already taken notice of the significance of this consideration. The program outlined by the finance ministry on the commencement of a mission to provide Jan Dhan Accounts, Provident Fund, and Insurance to MSME workers must get the necessary pace immediately. It should be attentively studied how these government outreach programs may be enhanced and what further steps could be taken to give social safety to the workers of MSMEs. In this regard, we might emphasize the inability of the smallest business owners to pay the PF contributions of thousands of employees employed by MSMEs. In this case, the government should assume responsibility for PF payments for a limited time, say six months, therefore alleviating businesses significantly.

4.5.7 Technology Upgradation

Despite the fact that this is a long-term problem, it deserves notice. In the next few days, technologies will be the greatest important aspect in deciding whether or not MSME will dominate the market. According to reports, the government is establishing 20 hubs, and as a result, 100 spokes resembling tool rooms are dispersed between the country. We have a pool of competent engineers, as well as a number of fully reputable, top-tier universities and a wealth of undeveloped materials. Governments may exercise some stewardship in the process of using these assets by establishing appropriate incentives, facilities, logistics support, international collaboration, importation of need-based higher technology, etc., which might perform miracles.

4.5.8 Access to Right Information

This point should be included as a medium- and long-term measure in the flexibility policy framework having many possibilities that we outlined at the commencement of our analysis. Numerous micro, small, and medium-sized enterprises, often in the most distant regions of the nation, suffer from ignorance and a lack of knowledge about the documents and other requirements for acquiring licenses and registrations. Government portals and websites must be updated using all relevant data in order to reach businesses in the most inaccessible regions of the nation and eliminate unneeded misunderstandings. With the proper usage of technologies, the government might consider developing centralized online licensing systems to solve this problem.

4.5.9 Simplifying Patent Registration Laws

This argument should also be included in the government's medium- and long-term flexibility policy frameworks. In comparison to numerous other nations throughout the globe, our nation's research and development sector is trailing significantly. Many of our micro, small, and medium-sized enterprises cannot afford its enormous costs. Similarly, the lengthy processes of registering patents and the absence of appropriate financial incentives for investigation and development are chronic obstacles for this industry. Thus, the governments may conceive of what could be done, forge partnerships using several prestigious educational institutions, persuade major corporations to give the needed financial and material resources, and explore numerous other creative avenues.

4.5.10 Unified Labour Code

This point might also be considered a gauge of lengthy policies. In reality, this has been a cry from many corners for quite some time. In India, factories and industrial institutions were overseen by a multitude of labor laws. Several of those laws overlap, making it problematic for businesses to comply with each monthly legal obligation. In addition, numerous parts of those statutes were overdue for urgent modernization in light of new technical developments and business models. In this situation, it might be necessary to consolidate various laws into a single labor code that addresses all important verticals, including pay, industrial safety and welfare, industrial relations, and social safety, among others.

4.5.11 Export Incentives

The MSME segment as a whole is badly harmed by the Covid-19 prohibition, but MSME exporters are in a significantly worse position. It is estimated that over 50 percent of the country's total exports were handled by MSMEs. WTO forecasts that, as a consequence of that global pandemic, global goods trade will decrease by approximately 13% and 32% in the next days, with the precise amount fluctuating between 13% and 32%. As is the case in many other countries, a comprehensive incentive package needs to be created in favor of these merchandisers. To this end, it is crucial that the state's plan to create e-commerce portals for exports, with only a special emphasis on small firms in far-flung places, gathers steam government may consider increasing exporting advantages for eCommerce-facilitated exports. Governments should launch the measured opening up of a large amount of output MSMEs to start construction under tight safety requirements, not only to ease the difficulties of this sector but also to avoid a significant number of companies from losing market share in many nations. a number of peer competitors.

4.5.12 Optimizing Resource Utilization and Creating Cost Consciousness

As the idea of relocating the global manufacturing hub to India looms big in the post-coronavirus era, it goes without saying that this is a possibility that our thousands of MSMEs must seize by continuously adapting. These necessitate the adoption of jugaad by the SMB sectors. Due to the scarcity of resources, the victor in global competitiveness needs to be the entity that could maximize resource use and create commodities at the lowest possible costs.

CONCLUSION

MSME drives the economy of India and contributes to around 30% of GDP and 48% of exports. The MSME sector is the largest employer in the country, giving employment to 110 million people. It is very important to understand the role of MSME in India. MSME actually balances the entire Indian Social equilibrium. Unfortunately, this sector is so vulnerable that it gets impacted heavily by any social, financial, natural calamities or pandemic as crisis whether it is global or local. The need today is to create a robust platform for MSMEs so that they can fight any above-mentioned crises. One of the main stakeholders in the MSME ecosystem is the Government of India which can really play a very important role in making this platform robust through its policies and policy support. One of the biggest setbacks in terms of such support was recently experienced by MSMEs during the COVID-19 pandemic, where the decision taken for immediate relief for MSMEs was not sufficient and could not be executed due to a lack of infrastructure or lacuna in the framework. The major focus during the COVID-19 pandemic was around extending easy and immediate financial resource access to MSMEs through Banks and other financial institutions. Instead of behaving like facilitators, all these financial institutions, including banks, were behaving as if they were giving regular loans and deploying so much scrutiny that it became almost impossible for MSMEs to get any immediate loan from them. Yes, a moratorium on existing loans gave some relief, but MSMEs needed more money as their cashflows were badly hit due to delays in invoice payment. Access to finance has been the biggest bottleneck for MSMEs, mostly micro and small companies which constitute 99% of the MSME sector. Of course, Mudra loan (collateral-free) kind of schemes have impacted this sector, but the quantum and impact of the scheme are very minimal; the sector which gives employment to 110 million people deserves much more than these small schemes. Another major issue is coordination between central and state governments. Schemes are made by central governments and implemented by the state government; if the ruling parties are different in central and state, then all such scheme dies due to fighting between central and state governments. The central government has done some good work under “Atma Nirbhar Bharat” (self-reliant India), Skill Development Program, and Technology Upgradation, but still, these schemes are much lesser in size and impact as compared to the size of the MSME sector. In this post-pandemic time, the MSME sector needs a real boost. Now the time has come when policymakers should gear up and make policies in totalities so that the impacts of any such disruption can be minimized in the near future.

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APPENDICE

Appendix 1: Povzetek (Summary in the Slovene language)

Mikro, mala in srednja podjetja (MSME) so hrbtenica številnih gospodarstev, saj predstavljajo 95 odstotkov podjetij in 60 odstotkov zaposlenih na svetu ter ustvarijo približno 35 odstotkov BDP v gospodarstvih v razvoju in približno 50 odstotkov v razvitih državah (WTO, 2020). V Indiji MSME prispevajo 30 odstotkov k velikosti BDP in 48 odstotkov k izvozu. Predstavlja 99 odstotkov podjetij v Indiji in prispeva 42 odstotkov k skupni zaposlenosti, saj zaposluje 110 milijonov ljudi (IBEF, 2022). Kljub tako velikemu prispevku v gospodarstvu, se MSME tradicionalno soočajo s številnimi izzivi, kot so številne recesije, zagotoviti ustrezno financiranje, razpoložljivost surovin, razpoložljivost usposobljene delovne sile in podobno. Kljub vsem tem izzivom vladne politike niso ustrezno zasnovane, da bi podpirale rast MSME.

Vloga MSME v Indiji je izjemno pomembna, saj dejansko predstavljajo možnost za doseganje indijskega družbenega ravnovesja. Na žalost je ta sektor tako ranljiv, da ga močno prizadenejo vse družbene, finančne, naravne nesreče ali pandemije, kot je kriza, ne glede na to, ali je globalna ali lokalna. Če bi želeli spodbuditi rast MSME, bi bilo potrebno ustvariti robustno platformo za mala in srednja podjetja, da se bodo lahko spopadla z zgoraj omenjenimi krizami. Eden od glavnih deležnikov v ekosistemu MSME je indijska vlada, ki lahko s svojimi politikami in politično podporo resnično igra zelo pomembno vlogo pri zagotavljanju trdnosti te platforme. Eno največjih neuspehov v smislu takšne podpore so nedavno doživela MSME med pandemijo Covida-19, ko odločitev, sprejeta za takojšnjo pomoč MSME, ni zadostovala in je ni bilo mogoče izvesti zaradi pomanjkanja infrastrukture.

Glavni poudarek med pandemijo Covida-19 je bil na razširitvi enostavnega in takojšnjega dostopa do finančnih virov za mala in srednja podjetja prek bank in drugih finančnih institucij. Namesto da bi se finančne institucije obnašale kot spodbujevalci, so se le-ti odzivali izjemno rigidno, podobno kot v procesu odobritve običajnih posojil. Ob tem so izvajale toliko nadzora, da je za MSME postalo skoraj nemogoče, da bi od njih prejela kakršno koli takojšnje posojilo. Ukrep moratorija na obstoječa posojila je perečo situacijo nekoliko olajšal, vendar so mala in srednja podjetja potrebovala več denarja, saj so bili njihovi denarni tokovi močno prizadeti zaradi zamude pri plačilih računov. Dostop do financiranja je največje ozko grlo za MSME. Seveda so sheme Mudra posojila (brez zavarovanja) vplivale na ta sektor, vendar sta količina in učinek sheme zelo majhna; sektor, ki daje zaposlitev 110 milijonom ljudi, si zasluži veliko več finančnih virov kot jih je predvidela shema Mudra. Drugo pomembno vprašanje je usklajevanje med centralno in državno vlado. Sheme pripravijo centralne vlade, izvaja pa državna vlada.

MSME ima ključno vlogo pri zagotavljanju preživetja milijonom Indijcev. Sektor ponuja tudi veliko nekmetijskih pridobitnih zaposlitev na podeželju, vendar je zaradi svoje neorganizirane narave in majhnosti zelo občutljiv na zunanje in notranje krize. Covid-19 je ustvaril negotovost v skoraj vseh segmentih gospodarske dejavnosti, vključno z dobavo surovin, povpraševanjem po končnem blagu in celo zaposlitvenimi možnostmi. Industrija je

med zaprtjem in tudi po njem izgubila veliko delovnih mest zaradi upada proizvodnje, prihodkov in dotoka kapitala v industrijo. Številne enote, zlasti v mikro in majhnih segmentih sektorja, so bile prisiljene zapustiti trg zaradi nenehne izgube poslov. Z izbruhom pandemije Covid-19, skupaj z akutnim pomanjkanjem finančnim virov in surovin, so se mala in srednja podjetja soočila z največjimi krizami pomanjkanja delavcev zaradi povratne migracije. Vlada je morala močno podpreti mikro, mala in srednja podjetja. Čeprav je tokratna vlada zasnovala nekaj dobrih politik v okviru »Aatma Nirbhar Bharat Abhiyaan«, v kateri je indijski premier napovedal 21.000 milijard INR vreden gospodarski paket, ki bi pomagal indijskemu malemu gospodarstvu prebroditi pandemijo Covid-19. Shema »Atma Nirbhar Bharat« naj bi zmanjšala vpliv pandemije na mala in srednja podjetja in je bila namenjena povečanju likvidnosti na finančnem trgu, zmanjšanju bremena pravočasnega odplačevanja ter spodbujanju posameznikov in panog, da si pri bankah najemajo posojila po nižjih obrestnih merah. Ker ni bilo ustrezne infrastrukture za podporo in izvajanje teh politik in shem, je bila implementacija slaba (Adhikari et al., 2021).

Ta raziskava preučuje vpliv politične podpore za podporo MSME med pandemijo Covid-19 v Indiji. Za intervjuje so bila izbrana tri mala in srednje velika podjetja iz različnih delov Indije, in sicer Prante, 3D Engineering Automation LLP in Nakoda Machineries Private Limited, intervjuvani pa so bili ljudje iz vodstvene ekipe (ustanovitelj, glavni izvršni direktor, generalni direktor itd.). Po posvetovanju s strokovnjaki je bil pripravljen podroben vprašalnik z več kot 100 vprašanji in opravljen intervju v živo. Namen intervjujev je bil razumeti njihovo vsakodnevno poslovanje (pred pandemijo Covid-19, med pandemijo in po pandemiji) in odziv v času pandemije. Intervjuvance smo posebej vprašali tudi o njihovih prihodnjih načrtih in pričakovanjih, ki jih imajo do vlade in javnih politik. Skupaj z intervjuvanci je potekala podrobna razprava o različnih gonilih, ovirah, spodbujevalcih in pospeševalcih MSME. Poleg bibliografske raziskave je bila uporabljena predvsem raziskovalna metoda kvalitativne primerjalne analize (QCA). Da bi prišli do sklepov, je bilo opravljenih veliko navzkrižnih analiz. Na koncu je bila opravljena analiza o vplivu javnih politik med pandemijo Covid-19 na poslovanje MSME.

Ključna ugotovitev raziskave, opravljene v tem magistrskem delu, je, da politike, ki jih je indijska vlada sprejela kot pomoč MSME med pandemijo Covid-19, niso zadostovale, prav tako je neustrezna infrastruktura za izvajanje politik. Priporočila za nosilce ekonomskih politik tako zajemajo poenostavitev postopkov dostopa do finančnih virov, izboljšanje razpoložljivosti usposobljenih virov, zmanjšanje birokracije in olajšanje postopka registracije, digitalizacije, izboljšanje tržnih povezav in socialne varnosti ter poenostavitev registracije po patentnem pravu.

Appendix 2: Survey Questionnaire

	Survey Questionnaire
	Are you the owner/co-owner of this business?
	Are you involved in the day-to-day management of this business
	Has the enterprise been running at least for the last two years
1	What is the size of your enterprise in terms of the number of employees
	Micro
	Small
	Medium
A	PROFILE OF BUSINESS OWNER
2	Gender
	Female
	Male
3	How old are you
	15-20
	21-29
	30-39
	40-49
	Above 50
4	In terms of marital status, are you (With Children)
	Single
	Married
	Separated/divorced
	Widowed
5	What is your highest educational attainment
	No formal schooling
	Grade school
	High school level
	High school graduate
	Vocational school
	College level
	College Graduate
	Graduate school studies
6	What were you doing before you began this business
	I ran another business doing similar work
	I was an employee in another person's private business
	I was an employee in a publicly listed corporation
	I was an employee of the government

	I was an overseas worker
	I was unemployed
	I was a full-time student
	Others
7	Which of the following best describe your reason (s) for being in business
	I want to be my own boss / I don't like to work for others
	I can work when and how I want
	I can't find any work
	I can't find any work that I really like
	I don't have skills for other kinds of work
	My previous employment ended
	Others _ Want to give Employment
B	PROFILE OF BUSINESS
8	Is your current business located in a
	Tier -1
	Tier -2
	Tier-3
9	What year was this business started
10	When and where was this first registered
11	How was this business started
	As a family-owned business
	On my own initiative
	It was bought as a running business
	Others (specify)
12	Where did your business operations when you started
	House of family
	Office set in a house, separate from family house
	Business district
	Informal structure
	Street
	Others (specify) -Incubator
13	What about now
	House of family
	Office set in a house, separate from family house
	Business district
	Informal structure
	Street
	Others (specify) - Incubator
14	What triggered the change in your business premise
15	Do you own the place where your business started

16	What about now
17	What triggered the change of ownership of the business premise
18	What type of legal structure did your business originally use
	Single ownership/proprietorship
	Partnership
	Incorporated
	Cooperative
	Others (specify)
19	What about now
	Single ownership/proprietorship
	Partnership
	Incorporated
	Cooperative
	Others (specify)
20	What triggered the change in the legal structure of your business
21	How many members of your family are working for your business
	Paid Family Members
	Unpaid Family Members
22	Do you subcontract Assignments/Jobs (on contracting/subcontracting)
C	PRODUCTS AND MARKETS
23	What type of products and/or services does your business mainly produce/provide
	Product/service no. 1
	Product/service no. 2
	Product/service no. 3
24	Where do you mainly sell your products/services
	Within the city/municipality
	Within province/region
	National – across the country
	Export/foreign markets
25	Do you Subcontract to smaller companies for your production/service inputs
	Where do you get your raw materials/consumable inputs for your business
	Within the city/municipality
	Within province/region
	National – across the country
	foreign markets
26	Where and how do you source your employees? Pls elaborate
	Within the city/municipality

	Within province/region
	National – across the country
	foreign markets
27	Have the sales of your business increased, stayed the same, or decreased over the last two years (During COVID)
	Increased
	Stayed the same
	Decreased
28	Approximately by how many percent
	Would it be acceptable for you if your clients or customers say that you can only continue to do business with them if you CAN
	Meet international product/service quality standards
	Adopt environment-friendly processes/technologies
	Adopt occupational safety and health standards
	Observe the law on hours of work
	Observe the law on the minimum age of workers
	Practice equal opportunity employment
	Pay your workers the right amount of wages
	Keep a workplace free from harassment/abuse
	Keep open communication in the workplace
D	EMPLOYMENT SIZE AND CATEGORY OF EMPLOYEES
29	Including yourself, how many workers are there in your business at present
30	Excluding yourself, how many of these are paid workers at present?
31	Excluding yourself, how many of these paid workers are women?
32	Excluding yourself and any paid workers already counted above, how many of your current employees or workers are family members
33	Has the total number of your employees increased, stayed the same, or decreased over the last two years
	Increased
	Stayed the same
	Decreased
34	Approximately by how many employees.
35	Has the extent of work rendered by family members in the business increased, stayed the same, or decreased
	Increased Family Involvement in Business
	The Same
	Decreased Family Involvement in Business
36	Do female family members rely upon to help run a business than male members

E	BUSINESS PERFORMANCE AND MANAGEMENT: DECISION PRACTICES AND VIEWS - BUSINESS DEVELOPMENT SERVICES
37	Have you tried to get finance for your business over the past two years
38	Where did you try to get the business loan? Were you successful
	Private/public bank:
	Gov credit fund:
	International project:
	Business association:
	Church/religious credit facility:
	NGO credit facility:
	Cooperative:
	Money lender:
	Family/friends:
	Another source:
	Govt Grants
39	In one sentence, what made your attempt or actual business loan with any of the above agencies a success or a failure
	A success because
	A failure because- System only supports trading-oriented businesses or large manufacturing organizations, not the early edge startup
40	Do you have a bank account specifically for your business, one that is separate from your personal account
	What are your two or three most important sources of information and advice on business and legal matters?
	Newspapers
	Government
	Fellow business practitioner
	Employers/business association
	Lawyer/attorney
	Accountant
	Private business consultants/consultant outfits
	Others
	COVID SPECIFIC
41	During the past two years (COVID) has a government officially visited your business
42	For what reason
43	During the past two years, have you ever approached a government agency (COVID) to avail of a program/service to address your business problems/concerns?
	If YES, which government agency

	Department of Trade and Industry or any of its attached agencies
	Department of Labor and Employment or any of its attached agencies
	Department of Finance or any of its attached agencies
	Department of Science and Technology
	Department of Environment and Natural Resources
	Department of Energy
	Department of Health
	Cooperative Development Authority
	Others
44	Are you a member of any business association
	Employers Confederation of India
	India Chamber of Commerce and Industry
	India Exporters Confederation
	Industry/Allied Industries Association
	Local Chamber
	Line Professional Association
	Small Entrepreneurs/SME/ MSE Association
	Women Entrepreneurs/Business Association
	Others:
45	If YES, have you ever availed of any of their services to improve your business
	Employers Confederation of India
	India Chamber of Commerce
	India Exporters Confederation
	Industry/Allied Industries Association
	Local Chamber
	Line Professionals Association
	Small Entrepreneurs/MSE/SME
	Association
	Women Entrepreneurs/Business
	Association
	Others:
46	If not a member of any business association addressing your needs as SME, do you intend to be a member of one?
	Yes
	Maybe
	No
F	DECISIONS PRACTICES AND VIEWS: EMPLOYMENT AND WORKING CONDITION (DURING COVID)

47	What factors influenced your decisions to increase, maintain or decrease the number of people you employ during the last two years (during COVID)?
	In the first year of COVID, when the business was not growing (though not going down either), the cash flow was bad. This was primarily due to the customers not paying on time.
	During this time, we decided to put a hold on new recruitment and did not confirm a few non-performing team members who were on probation.
	In the second year of COVID, the business grew drastically, and hence there was a need for additional manpower, which we started hiring
	As a matter of fact, manpower availability during the last year was very low, and the cost for those available was very high – making the recruitment process very difficult
48	Over the last two years, how have the following factors influenced your decisions regarding the number of people you employ in your business?
	The markets
	Your business premises
	Labor costs
	Labor regulations
	Access to finance business
	Access to resources
	Export to other countries
	Taxation
	Government policies and practices
49	Over the last two years(COVID), did your company find it difficult to meet:
	Minimum wage
	PF/ESI
	Occupational safety/health provisions
50	Over the last two years, have you been providing the following benefits to your workers on top of those required by the government?
	On-the-job training
	Off-the-job training
	Employee Handbook
	Written employment contracts
	Health and accident insurance
	Pension or old age insurance
	Productivity incentives
	Salary increases

	Safer working conditions
	Regular forum with mgt/owner
	Family-friendly programs
51	During the past two (During COVID), have you participated in any management or technical training programs related to your business?
	Where do you normally get your training services?
	Government agencies
	Business association
	Business schools
	Private business consultants/consultancy outfits
	University extension offices
	University professors
	Non-governmental agencies
	Church/religious groups
	Others
G	DECISIONS AND VIEWS: BUSINESS INVESTMENT FOR THE LAST TWO YEARS (DURING COVID)
52	Over the last two years, have you made any of the following investments in your
	Purchased additional production equipment
	Purchased new office equipment
	Improved the working environment
	Improved old working equipment
	Improved the business premises
	Improved business networking
	Innovation
	R&D
	Others
53	Over the last two years, how have the following factors influenced your decisions regarding investment in your business?
	The markets
	Your business premises
	Labor costs
	Labor regulations
	Access to finance business
	Access to resources
	Export to other countries
	Taxation
	Government policies and practices
	Advice Given by Others

H	BUSINESS PERFORMANCE AND EXPECTATIONS FOR THE FUTURE
54	What are your expectations concerning your business over the next two years
	Continue with the present business
	Change to another line of business
	Leave and take up wage employment
	Pass the business onto someone else in my family
	Sell the business
	Retire
	Others
55	How do you expect to continue your business over the next two years
	No changes planned
	Make new investments in the business
	Expand business operations
	Hire a professional manager to run it for me
	Increase the number of workers
	Decrease the number of workers
	Improve employment/working conditions of staff
	Expand the range of new products/services
	Reduce the range of new products/services
	Don't know
	Others
56	How would you rate the performance of your business over the last two years
	Very poor
	Poor
	OK, was getting by
	Good enough, despite crises
	Very good, despite crises
57	Have any of the factors listed below influenced your business to perform in such a
	High competition
	I don't have the skills or experience to do better
	Too many regulations and restrictions
	No good business networks
	Unsupportive government policies
	No access to market
	Others
	Competition is low, and many market opportunities
	My business skills and experience are strong

	Few regulations and restrictions
	Good business networks
	Supportive government policies and programs
	Easy access to credit
	Others
58	How do you expect your business to perform in the next two years compared to how it did in the past two years?
	Very poor
	Poor
	OK, but could do better
	Good enough
	Very good
59	Do any of the factors listed below lead you to have these expectations?
	The overall environment is not good for business
	There is too much competition
	The government does not support small business
	The costs of running a business are high
	Access to finance and credit is difficult
	Access to business support networks is low
	Others
	The overall environment is good for business
	There is little competition
	The government supports small business
	The cost of running a business is low
	Access to finance and credit is good
	Access to business support networks is good
	Others
60	For the last two years, have you attended a conference addressing SME Needs
	What benefit did you get from attending one
	Attended in the past a forum/conference on SMEs?
	Benefit in past SME conferences/forums attended
61	Would you like to attend SME conferences in the future
	Are you interested in attending the conferences on SME
	Are you interested in exhibiting your products/services during the conferences?
	What will you like included in the program design of the SME conferences that you think will benefit your enterprise most?
62	Are you familiar with the following enterprise development programs or labels?
	ISO 9000

	ISO 14000
	Child Labor Free/Friendly Firm
	Cleaner Production
	Healthy Workplace
	Improve Your Business
	Equal Employment Opportunity
	Family Management Programs
	Sustainability
63	Would it be acceptable to you if the source of your credit/loan financing said that you could only get their service if your business CAN
	Meet international product/service quality standards
	Adopt environment-friendly processes/technologies
	Adopt occupational safety and health standards
	Observe the law on hours of work
	Observe law on minimum age of workers
	Practice equal opportunity employment
	Pay your workers the right amount of wages
	Keep a workplace free from harassment/abuse
	Keep open communication in the workplace
64	Have your business ever suffered any extra ordinary situation due Strike, Natural Calamities, Accidents, Riots, Recessions , financial losses , etc kindly mentioned the specifics and duration and recovery period and process , if It has happened multiple time , kindly mention the same also
	Questionnaire on the Resilience of Micro, Small and Medium Enterprises under the New Coronavirus Outbreak (Covid-19)
65	Is your business in operation?
66	What is the expected time for the company's business recovery?
	Recovered
	Within 6 Months
	1 Year
	2 Year
	More than 3 Years
	Inability to Judge
67	Because of the epidemic, what is the percentage of your company's employees who were unable to come to work during COVID?
	0%
	1-10%
	11-20%
	21-30%

	More than 30%
	Unable to Judge
68	Please choose the most significant financial problems for your company during the outbreak (up to two options).
	Staff wages and social security charges (PF etc.)
	Rent
	Repayment of loans
	Payment of Taxes (GST etc.)
	Payments of invoices
	Other expenses
	No specific problem
69	Is your company currently considering layoffs, or has it already done some because of the epidemic?
	Yes
	No
	Maybe
70	What percentage of staff are you already cut?
	0%
	1-10%
	11-20%
	21-30%
	More than 30%
71	How long can your company's current cash flow was affected ?
	Less than one month
	1-3 Months
	4-5 Months
	6 Months or More
	Still Effected
72	What effected your business most
	Demand Shocks
	Unavailability of optimum manpower
	Unavailability of Raw Material
	Unavailability of finance
	VC Funding
73	What is the main means you are considering to deal with the cash flow shortage? (Up to two options)
	Loans by commercial banks
	Loans by Internet finance
	Loans by microfinance companies or private individuals
	Negotiating with lenders to avoid withdrawing loans

	Equity financing (adding new shareholders or capital increase of former shareholders)
	Reduction of operating costs (e.g. layoffs and salary reductions)
	No cash flow shortfalls problem
	Other (open)
74	What is the main means you are considered or considering dealing with the shortage of workers? (Up to two options)
	Wage increases
	Use of advanced equipment or software to reduce the amount of work
	Outsourcing of orders
	Delay in delivery
	No shortage of workers
	Other
75	What is the main means you are considered or considering to deal with the shortage of raw materials? (Up to two options)
	Reduction of production
	Outsourcing orders
	Increasing the procurement prices
	Seeking new procurement channels
	Delaying goods delivery
	No shortage of raw materials
	Other
76	What is the main means you are currently considering or considering to deal with difficulties in fulfilling contracts? (Up to two options)
	Settlement by mutual agreement
	Legal or arbitral settlement
	Expect the government to coordinate and provide clear disclaimer agreements
	Payment of liquidated damages
	No contractual performance issues
	Other
77	Are there any other business problems your company is facing due to the epidemic? (Up to two options)
	Reduction of orders
	Inability to deliver existing orders
	Increased difficulty of financing
	Existing loans cannot be extended
	Disruption of logistics
	Upstream and downstream chain disruptions
	Insufficient protective equipment (e.g., masks)
	Other(Availability of Manpower)

78	In the face of the impact of the epidemic, governments at all levels and financial institutions have announced relief measures. Which policy do you believe is the most effective for your company? (Up to two options)
	Reduce rent for small and medium-sized enterprises and lower costs for electricity, gas, logistics, etc.
	Reduction of tax rates, reduction or deferral of taxes
	Reduction of financing costs for SMEs, extension of loan terms or partial debt relief
	Temporary reduction of social insurance premiums and reimbursement of unemployment insurance to enterprises that do not lay off staff
	Optimization of exporting tax rebate services
	Provide fast-track "force majeure" certification to avoid contract breaches
	Other ways
79	How was total revenue in 2020 compared to 2021
	Increase by more than 10%
	Increase, but less than or equal to 10%
	Same as last year
	Decrease of less than or equal to 10%
	Decrease of more than 10%
	Unable to judge
80	How do you expect your company's total revenue in 2022 compared to 2021
	Increase by more than 10%
	Increase, but less than or equal to 10%
	Same as last year
	Decrease of less than or equal to 10%
	Decrease of more than 10%
	Unable to judge
81	Do you think most companies in your industry have the same expectation as you?
	They have more optimistic expectation
	They have same expectation
	They have more pessimistic expectation
82	Can you expect your company's raw materials and total operating costs in 2022 compared to 2019,2020,2021 to
	Increase by more than 10 percent
	Increase, but less than or equal to 10 percent
	Be the same as last year
	Decrease by less than 10 percent
	Decrease by more than 10 percent

	Unable to judge
83	What do you think most of your peers' expectations of raw materials and total operating costs are compared to your own judgment?
	More optimistic
	The same
	More pessimistic
84	If your company is an export-oriented enterprise, how do you expect the epidemic to affect your company's export volume?
	Increase by more than 20%
	Increase of up to 20%
	The same
	Decrease of up to 20%
	Decrease of more than 20%
	Inability to judge
	Not applicable (company has no export business)
85	Please rate your own feelings about novel coronavirus pneumonia on the following scale, from a minimum of zero to a maximum of 10
	Anxiety level (not at all anxious to very anxious) [SCORE-0-10]
	Level of fear (not at all afraid to very afraid) [SCORE-0-10]
	Level of concern (not at all concerned to very concerned) [SCORE-0-10]
	Level of optimism (very negative pessimistic to very positive) [SCORE-0-10]
86	What industry is your company in?
	Agriculture, forestry, animal husbandry, fisheries
	Mining Industry
	Manufacturing Industry
	Production and supply of electricity, heat, gas and water
	Construction Industry
	Wholesale and retail trade
	Transport, storage and postal industry
	Accommodation and catering
	Information transmission, software and information technology services
	Financial industry
	Real estate industry
	Leasing and business services
	Scientific research and technological services
	Water, environment and public facilities management
	Residential services, repair and other services Education.
	Health and social work
	Culture, sports and entertainment
	Other please specify:

87	How many employees did your company have at the end of 2019
	Less than 10 persons
	11-50 persons
	51-100 persons
	101-500 persons
	500 or more persons
	Not applicable
88	Please tell us your company's total revenue for 2019
	More than 250KUSD Less than 1 Million
	\$1-5 million
	\$5.1-10 million
	\$10.1-50 million
	Greater than \$50 million
	Not applicable
89	Please tell us your company's total revenue for 2020
	Less than 250KUSD
	More than 250KUSD Less than 1 million
	\$1-5 million
	\$5.1-10 million
	\$10.1-50 million
	Greater than \$50 million
	Not applicable
90	Please tell us your company's total revenue for 2021
	Less than \$1 million
	\$1-5 million
	\$5.1-10 million
	\$10.1-50 million
	Greater than \$50 million
	Not applicable
91	What is your position in the company?
	Chairman of the Board
	General Manager
	Director or Deputy General Manager
	Head of Finance or Accounting
	Head of Operations (Sales)
	Technical Director
	Other
92	Have you ever benefitted by any of below mentioned scheme floated by Govt for MSMEs in the past
	Prime Minister Employment Generation Program (PMEGP)
	Technological know how Center technique Program (TCSP)

	Make in India Policy
	Mudra Bank Policy
93	Did you ever benefitted by any of the below “Atma Nirbhar Bharat” initiatives or other scheme during COVID :
	Revision of MSME definition
	Emergency credit line guarantee scheme
	Credit guarantee scheme for subordinate debt
	Equity infusion through MSME through “ Fund of Funds”
	Interest subvention scheme for shishu loan under Pradhan Mantri Mudra Yogna(PMMY)
	Modifications of global Tender norms in favor of MSME
	Promotion of E Market Linkage
	MSME Dues to be cleared under 45 days
	Relaxing tax returns and due dates
	Easing the cost of bank credit
	Any other scheme
94	Your suggestions on your own business or the Govt policy to deal with the epidemic MSME During COVID
	Taxation -
	Subsidy -
	Grant -
	Loan -
	Company Registration -
	Labour Laws -
	Company Laws-
	Insurance -
	Social Security -
	Training and Development -
	Any other Support –