



Research Article

Volume-03|Issue-08|2022

Impact of covid-19 on Small Scale Industries of Jharkhand: An Interpretative Analysis

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Article History

Received: 05.08.2022

Accepted: 20.08.2022

Published: 30.08.2022

Citation

Gupta, R. (2022). Impact of covid-19 on Small Scale Industries of Jharkhand: An Interpretative Analysis. *Indiana Journal of Arts & Literature*, 3(8), 23-27.

Abstract: The Covid-19 pandemic has influenced all economic sectors but nowhere is it affected so much as the SSIs (Small Scale Industries) in India. All SSIs face serious problems of delayed payments. A recent RBI committee (U.K. Sinha Committee 2020) has recommended that all SSIs must upload their invoices to an Information Utility. States must have more than one SSIs Facilitation Council to cater to the high number of delayed payment cases. To address this issue, the Reserve Bank had introduced the Trade Receivables Discounting System (TReDS) in 2014. TReDS is an electronic platform where receivables of MSMEs drawn against buyers (large corporates, PSUs, Government departments) are financed through multiple financiers at competitive rates. This is done through an auction-based mechanism. The economic and financial problem of SSIs in India is unprecedented and threatens their very existence, simply because the extent of damage inflicted on SSIs due to supply and demand shocks have turned out to be far in excess of what has been anticipated, and it is still evolving. The information on damages to the functioning of SSIs and to the larger Indian economy is slowly trickling in. The responses to this issue include the introduction of protection procedures, sanitation and sanitization methods, an updated sourcing policy, the incorporation of new vendors, the streamlining of their product portfolio, a more responsive evaluation of supply chain resilience, an analysis of disaster or emergency management plans. These are the situations, emerged in-front of Small Scale Industries. Through this paper researcher has tried to outline the emerged problems and tried to provide possible solutions.

Keywords: SSI, MSMEs, Economic issues, supply chain, vendors, Gandhian approach.

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INTRODUCTION

Impact of Covid-19 on small scale industries of Jharkhand: An interpretative analysis

On this earth, a lot of challenges has been presented in nature in different periods can be seen. The human beings have faced those challenges with full of enthusiasm and only because of that the human civilization survived. Either natural disaster or manmade disaster both have created a lot of hurdles for the survival of human being over the planet earth. Many viruses have been generated or developed during many eras of human civilization. Some of the important includes Kala-azar, SARS, Smallpox, Chikungunya, AIDS, Polio, Jaundice and Cancer etc. All of them have been considered as communicable diseases and impacted over the life of human beings.

Now, we are looking at Covid-19 in the chain of these viruses, due to which not only India, But the life of the whole world has become disturbed. The situation has reached such a point that there is a crisis on human existence itself. There is panic in the whole world about this virus status remains. The entire economy has reached the lowest rung ever. The lives of farmers, workers, laborers, street vendors, street vendors are very painful. till now their deposits have been completely exhausted amidst the struggles of the Corona pandemic. In such a situation, many challenges have arisen in front of human existence. But the history say that the cloud of every dark

crisis is followed by a path of bright possibilities. There is a crisis, but this crisis can be avoided with the ideology of effort.

Civilizations can be preserved for generations to come and fight with such crisis. It is possible only through effort implied in the positive direction and with the effort of hyper capabilities. We are fighting for the survival of our life all over the world. The way the Covid-19 virus spread to every part of the world. Another world war after a century than that of human civilization is facing. Here the enemy is not only the virus here Enemies are those divisive elements that are involved in the development goals are existing as enemies of the human society. It has become difficult to form a united front against the on a level dealing with covid-19 seems very easy, but as soon as every country is facing it, in the same way it is also known that how the goals of development can be achieved, which these countries have set for themselves. The stock markets across the world are falling upside down and in such a situation it should be make a difficult situation for the survival of the lower-class people or daily earner people across the world. ¹

According to the report of OECD, GDP up to 4.30 percent due to covid-19 Shrinkage may occur and unemployment may rise to 7 percent is. It has been said that there will be two tremors – first 4 percent setback in the quarter and 2 percent in the second quarter jerk of. Overall gross domestic product in the world. A decrease

of 2.4 percent is expected. Also being told that around 4000 flights across the world are badly affected and in many places the goods have not reached on the stipulated time.² Where on the one hand breaking the chain of infection of covid-19 is proving difficult, while all other economic activities are getting destroyed. They seem to be falling apart. globalization human civilization has become its biggest identity. Many factors that determine the cost of the product led to an increase in production in different countries. The value chains involved in providing further depth, got diluted with the existing chain and submerged in non-useful chain creation. Against this globalization being concentrated in the hands and a voice of protest was also rising. Higher incomes with the emergence of large, developed countries hold of the countries was loosening. Climate change and challenges such as growing inequality due to non-acceptance, the stature of these countries is already very badly reduced. Economic crisis in the last decade made it clear that global capital should be a linking element. Without this there has been a steady decline in the finances needed for development, due to which there is a great debate on the legitimacy of multilateral good governance. When the crisis has come, international trade is already weakened due to the decreases in the last decade. Many countries spent their entire energy in the global financial crisis. But in spite of this the world today is more than ever looks uncertain. In such a situation, many countries have become introverted. Where some developing countries have taking advantage of the rapid growth in per capita income,

At the same time, there is also an apprehension about this in many other countries and they want to avoid falling into the 'middle income trap'. COVID-19 Couldn't have come at a worse time than this. It is certain that for industrial production GVC (Goods Value Creation) can no longer be considered a flagship model and the countries that are not deeply involved with this model Then their loss will also be less. but the resources Availability and sources of intermediate inputs still in the world will be scattered throughout different countries. this question for some time. It was being asked whether GVC is a sustainable model and to what extent is the domestication of the value chain possible?³

The old theory was being considered less relevant; the same new inequalities were also emerging. These inequalities in the world will be a new wave of tensions to reduce. And the reason is localization of production and livelihood generation to be focused on. from mass production. Things will not be defined but new sources of rivalry now get developed and that's why the manifold of 'Make in India is more meaningful than ever. In this context it is also necessary to say that in a new field like electronics expansion has also brought a new confidence. The chances are higher for the SSIs units in this condition. It can improve the domestic supply chain with proactive support that can also be done and brought more stability in them. To make India a

better competitive market and manufacturing unit, it would be essential for the units to start producing goods and establish a new value chain in the economic periphery. This may prove to be important in other countries, although some similar policy initiatives are being taken in India also. Quality, Sustainability and Strategy are important at the firm's level, and it can be implemented through government policies. Human development, skill building, and strong technology will increase, so that we can achieved so far, the goal of sustainability of these SSIs. This will allow the location of Industries change and domestic industries will get encouragement.

Impact of Covid-19 over Indian Economy

There is clearly an adverse effect on the financial sector. For this reason, Indian Reserve Bank i.e., RBI helped with Rs 3.74 trillion to SSIs units for their survival and existence. And the interest rate has been reduced by 75 basis points. Another one installments of all types of loans as per the major announcement that includes deferring the payment of agricultural loans has been changed. This rule will be applicable to all loans in which regional rural Banks, Small Finance Banks and Local Area Banks, Co-operatives banks, scheduled banks and NBFCs can take the benefit of this scheme.⁴

These measures allow fund flow to the real sectors of the economy working capital for businesses, reducing disruption in and avoid the shortage of banks and non-banking deposit taking Tendency to withdraw deposits from institutions in panic is for prevention. These confidence building measures Capital outflow by Foreign Institutional Investors (FIIs) efforts to take away and on the reduction of external commercial credit has had a positive impact. Renewal of working capital loan the move to settle exclusively SME financing has created a new prospect of economic survival.

Again if we go through the economic activities at world level, we find that the world grapples with the COVID-19 pandemic, the entire world is facing its human, economic and social cost. The challenge of the Great Depression is looming large over the international economy; No industry or sector of the economy is unaffected. This crisis is weighing heavily on the process of globalization. The maritime sector, one of the core drivers of globalization, through which 90% of world trade is transported, is facing a significant rebound. As border restrictions tighten, countries are implementing various measures to contain the spread of the virus and reduce its impact, restricting travel, closing ports, and closing ship entries. being banned. In short, the global shipping industry, the main artery of international supply chains, is currently traveling on an unfamiliar route.

But are these economic of financial support sufficient for the survival of SSIs in India? Because if we go through the various data related to SSIs, it is showing

the less production and minimization of their market capitalization. It would affect their production and people who are dependent over it are getting to be affected. So, if the initiatives are sound, strong, and sufficient for their survival, then SSIs activities need to increase with a fastest speed. But this is not happening, and question is why? The answer can only be obtained if we go through a deepen analysis of these factors and their impact over the SSIs.

Impact over Small scale industries

SSI sector in India is second largest employment generator after agriculture, and acts as a breeding ground for entrepreneurs and innovators with considerable support in strengthening business ecosystem. The estimated number of SSI in India is 63 million and employs 110 million individuals. Indian SSIs produce more than 6,000 products for local and global consumption. According to DGCIS data, the value of SSIS related products in India is \$147,390.08 million and contributed 48.56% of total export during 2017-18. SSISs exposed to higher level of integration with global value and supply chains are playing critical role in global trade systems. Data from 2019 shows that sector contributed 29% to overall GDP.⁵

Various reports, research and surveys have proved again and again that this sector act as a catalyst for socio-economic development of the country. All this becomes more important with government's new mission of achieving \$5 trillion economy target by 2025. Within this target the role of SSIs sector is going play an important role, with expected contribution to GDP above 50% mark. The potential of Indian SSIs sector is still untapped and that is one of the reasons why government policies are now more convergent towards building resilient ecosystem with better breadth and depth.⁶

The announcement of country wide lockdown dragged SSIs owners, employers, and external stakeholders in unexpected times, where no one had experience to handle this kind of situation. Extended lockdown had negative impact on supply of finished goods, procurement of raw material and availability of employees to work in production and supply processes. During April to June 2020, sector faced challenges related to debt repayments, wages/salaries, statutory dues, etc. Survey reports have shown that disruptions caused by the Covid-19 pandemic have impacted SSIs earnings by 20-50%, micro and small enterprises faced the maximum heat, mainly due to liquidity crunch. Enterprises working in essential commodity business were better off in terms of interrupted but predictable cash flows. (www.statistica.com) Some enterprises innovated their ways by shifting focus from non-essential commodities towards essential commodities; like production of hand sanitizer and toiletries, PPE kits, reusable masks, etc. and can survive in tough times. SSIs present in remote areas also faced lots of difficulties due

to interrupted supply chain systems and intrastate lockdown provisions.

It is not only the enterprise which faced challenges; even consumers are left with lower disposable income. Many enterprises laid-off their workers because of inability to pay salaries, vacated their offices due to incurring expenses and halted their production due to stopped demand. Ambiguity in future trade and bounce back of new normal is keeping financial institutions at bay for extending any new financial lending or cover potential risk. This all-round uncertainty needed a push by government, to boost market confidence and bring back regular cash flow in economy.

Economic slowdown along with border tensions, had again dragged us to focus back on self-sustainable values, the Swadeshi dream. The Atmanirbhar Bharat Mission was launched to face two burning issues simultaneously; one being boost to SSISs and other being less dependent upon foreign nations. Out of 15 relief measures declared under this package, 6 were entirely focused to empower SSIs. These 6 measures are:

- Definition level change for SSIs
- Credit and Finance Scheme
- Allocating Fund of Funds for Equity Participation
- Relief in Non-Performing Asset
- Clearing off dues to SSISs
- Disallowing Global Tenders

Ministry related to SSIs is taking steps towards making these enterprises global and improve the overall business environment, by making it more conducive and transparent for all stakeholders. The sector also hold answer to critical questions like unemployment, local economy development, fiscal deficit, trade balance, financial sector development, and so on. Private sector engagement in various bottlenecks of value chain and supply chain system is critical for success of various policies announced by the government. Enterprises of any size in India is facing issues related to procurement of raw material, credit need, market linkages, quality, standardization, pricing, business turn-around time, lobbying and many more. New steps taken by government are expected to act as a catalyst for the sector, not only to come out of pandemic related shocks but also to get ready for brighter future.

Impact over Small scale industries in Jharkhand

As of March 2007, the number of SSIs existing in Jharkhand was 163220 out of which 28468 were registered units and remaining 134752 were unregistered. Around 25418 registered units provided employment to 90561 persons and unregistered units employed 236926 persons. Thus in totality 155437 SSIs have provided an employment to 327487 persons. (www.indiastats.com Ministry of labour and employment govt. of India.) The no. has continuously

increased. As per Fourth all India Census of Micro, Small and Medium Enterprises⁷ (2006-07)⁷ there were 6.75 Lakh MSMEs working in the State of Jharkhand in which 13 Lakh persons were employed. Total Number of MSMEs registered under EM Part- II/ UAM in the last six years in Jharkhand are as follows:

Sl.No.	Year	No. of EM Part – II / UAM filed by MSMEs			
		Micro	Small	Medium	Total
1	2011–12	889	48	02	939
2	2012–13	4432	120	02	4554
3	2013–14	3521	70	01	3592
4	2014–15	3379	69	02	3450
5	2015–16	23025	638	32	23695
6	2016–17	45483	1919	60	47462

- **Potentiality of new SSIs includes the following:**
Agro-based (horticulture, animal husbandry, dairy, fisheries, and food processing)
- **Modern Industry** (Infrastructure, Mineral-based, Handloom, Khadi, Handicrafts, Sericulture, General Engineering, Foundry & Forging, Refractories, Ceramic tiles, Building Materials, Books & Notebooks Printing, Leather & Leather products, Electrical Accessories, Electronic products, Readymade Garments, Silk & Cotton Textile Weaving, Automobile Components,, Two-Wheeler & Three Wheeler Components, Ironware & Cutlery, Trunk Manufacturing, Furniture making, Pottery, Footwear, Repairing & Servicing of Domestic/ Industrial Electrical & Electronic Appliances.)
Service-based (Tourism and Information technology, Entertainments,) This shows the importance of SSIs in the state. But due to the pandemic situation arisen during this pandemic has created a lot of hurdles before the existence of SSIs and many more workers have been affected through this.

Daily wage workers engaged in non-agricultural work such as construction and loading/unloading are the worst affected by the lockdown. Most have been out of work for a month now, incurring a loss of about Rs 250 per day. One of the casual wage workers in the village remarked, “We do not receive timely wages even for the work we do, this time we could not even work, what will we get? No one knows how we will feed our children”.

Two respondents—a driver and a domestic worker—used to work for a monthly salary. The driver reported that his employer has agreed to give him Rs 2000 to help sustain his family through the lockdown. The female domestic worker reported that her employer has stopped taking her calls and that she has probably lost her job. She is a single mother and has three school-going children to feed. A respondent who teaches at an I.T.I institute in Ranchi reported that he has been working

throughout the lockdown period, helping the government with administrative work. He has attended various training programs to do with the COVID-19 pandemic and has been granted a pass to commute to the city every day. He reported that he expects his salary to be credited in time and does not anticipate facing financial problems during this period.

This suggest that the pandemic had already caused massive dislocation among small businesses just several weeks after its onset and prior to the availability of government aid through the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Businesses had temporarily closed, and nearly all of these closures were due to COVID-19. They have been closed largely pointed to reductions in demand and employee health concerns as the reasons for closure, with disruptions in the supply chain being less of a factor. On average, the businesses reported having reduced their active employment since January. Impacts also varied across industries, with retail, arts and entertainment, personal services, food services, and hospitality businesses all reporting employment declines exceeding; in contrast, finance, professional services, and real estate-related businesses experienced less disruption, as these industries were better able to move to remote production.

The median business owner expected the dislocation to last well into midsummer, as they believed that the crisis would last at least until the middle of June. However, beliefs about the likely duration of the crisis varied widely. This raises the possibility that some firms were making mistakes in their forecasts of how long the crisis will last. There is also considerable heterogeneity in how sensitive businesses are to the crisis. In-person industries like personal services or retail reported worse prospects for riding out the pandemic than professional services or other sectors with minimal need for face-to-face contact.

The situation of pandemic has constructed to allow for a counterfactual evaluation of a straight loan policy, which is a stylized representation of traditional Small Business Administration disaster relief programs. While the more generous PPP (Public Private Partnership) program does improve take-up and business outcomes, traditional loans with speedy delivery and sufficient liquidity are also found to meaningfully shift business owners’ expectations about survival. When compared to a straight loan without forgiveness provisions, the CARES Act had modestly greater take-up, but at much higher cost to the government. Because the majority of business owners would have taken up aid in the form of less generous loans, the liquidity provision was paramount for these owners.⁸

This situation has created a scene of unemployment in the field of SSIs. People become unemployed, their source of income is closed, and they are unable to fulfil the primary requirement of their

household need. Even the children who were attending the school, has left. The requirement of medical facilities has not been fulfilled and basic needs like food, cloth and shelter has reached in a great dilemma. So, we can say that SSIs have faced or facing tremendous loss during this period and mostly people dependent over this organization have reached in a verge like situation.

CONCLUSION

Gandhi had a dream that such a prestige of labor through small and cottage industries should be established so that every hand can get work and every life can be fed. Can get food. To make this dream come true, Gandhi dreamed of cottage industries. Later, the modern and consumerist culture was filled with the glitz of modernity. Started showing dreams, in which people leave small and cottage industries and run after them. By the way, behind the disillusionment of the people with the traditional industries, the cottage and small industries started. An important reason has also been the lack of proper market arrangements for the goods produced. The spinning wheel run by Gandhiji really distinguished labor, it is not the spinning wheel. But there was an idea. In the context of thoughts, it is said we may become weak, but don't die Today once again there is a need to revive the ideology of cottage industries. The way the employment has moved towards zero during the Corona period, the government should give work by establishing small and cottage industries. The government should bear all the expenses of setting up industries. Today once again the journey of SSIs will have to move forward. The ideology of SSIs has to be adopted; then only human existence will be prosperous. And people will be able to move forward. Forgetting all the differences, hand to the people for the protection of humanity will have to increase to make life dynamic once again with the ideology of our effort and action should move into the forward direction. The reins of these SSIs are not in the hands of the individual, but in the hands of the

government support. The government should guarantee 100 percent of the arrangement of the market and the purchase of the goods needed. If this happens, both the government and the workers will be benefited. There is a need to take initiative. After the corona infection, industries, factories were closed on a large scale all over the world. And completely stopped production. The workers were forcibly removed from those industries.

Given or due to non-receipt of work and salary, they themselves left the work. In such a situation there is a crisis of hunger and life in front of those laborers is in danger. In order to provide life to these industries, special economic packages are needed by the governments Absolutely necessary. The Government of India and the State Governments should make these industries based special provision of special package at the earliest to reduce the crisis of livelihood and hunger of laborers.

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