

## A SYSTEMATIC LITERATURE REVIEW ON IMPACT OF COVID-19 PANDEMIC ON MICRO, SMALL AND MEDIUM ENTERPRISES

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### ABSTRACT

Micro, Small and Medium Enterprises (MSME) have arisen as an awfully alive and powerful field of the Indian economy over the previous fifty years. MSMEs are the backbone of large Industries and an important element of the government's Atmanirbhar Bharat Abhiyan and this field contributes extremely to the social and economic growth of India. Covid19 pandemic had a huge impact on all fields, but it had extreme effects on the MSMEs. The difficulties of absence of admittance to official credit, intended receivers being reached out of government schemes and lack of technical support to MSMEs has not received adequate relief packages. The goal of this study is examining the existing studies and research related to MSMEs and covid pandemic. The systematic review methodology/framework has been used for this study. 472 records identified from the web of science platform. This paper highlights the impact of covid pandemic on MSMEs and the change in definition of MSME's. The covid 19 pandemic had a huge financial impact on the MSME's, therefore the area of study can be extended to the scope of the impact of the covid-19 pandemic basis of many financial facets and different geographic areas in India. The literature for this study has been composed from some journal articles, government reports, etc.

**Keywords:** "Micro, Small and Medium Enterprises", MSMEs, Covid 19, Pandemic, Literature review

### Introduction

The MSME's field has arisen as an alive and powerful field of the Indian economy over the previous fifty years. It provides support to existing enterprises and inspires the creation of first-hand enterprises, generates employment and fosters economics and social development. The first case of covid-19 was known in Wuhan, China, in December 2019. The COVID 19 is an infectious illness which has spread rapidly in more than 200 countries.

COVID-19 virus carried plentiful problems for the profession and several other fields of the economy. To sustain its position in the worldwide and global markets, MSMEs have been essential to stay internationally competitive and have to regularly update themselves to face the challenges initial out of modifications in technology, fluctuations in demands, development of new markets, etc.

Classification	An Estimated number of enterprises in lakh	The Percentage in Total MSMEs in India
Micro	630.52	99.47
Small	3.31	0.52

Medium	0.05	0.01
Total	633.88	100

Table 1: Distribution of Estimated MSME'S in India  
Source: www.msme.gov.in

**Objectives of the study**

1. To study and understand the concept of MSME and Covid 19
2. To study literature review associated with the impact of Covid 19 pandemic on MSMEs.
3. To identify the research gap interconnected with Covid-19 pandemic and MSMEs

**Research Methodology**

The systematic review methodology/framework has been used for this study. 472 records identified from the Google scholar platform and 2 records added manually who searched from Google scholar. Out of 474 records, 3 duplicates and 398 records excluded after examinations of the title and keywords. 73 records screened and 30 complete typescript articles assessed for eligibility and 20 articles included in synthesis study which is only 27% of available full text articles. This paper deals with the analysis of the previous study connected to the impact of covid-19 pandemic on Micro, Small & Medium Enterprises (MSMEs) and Covid-19, and finds out the necessity of more research.

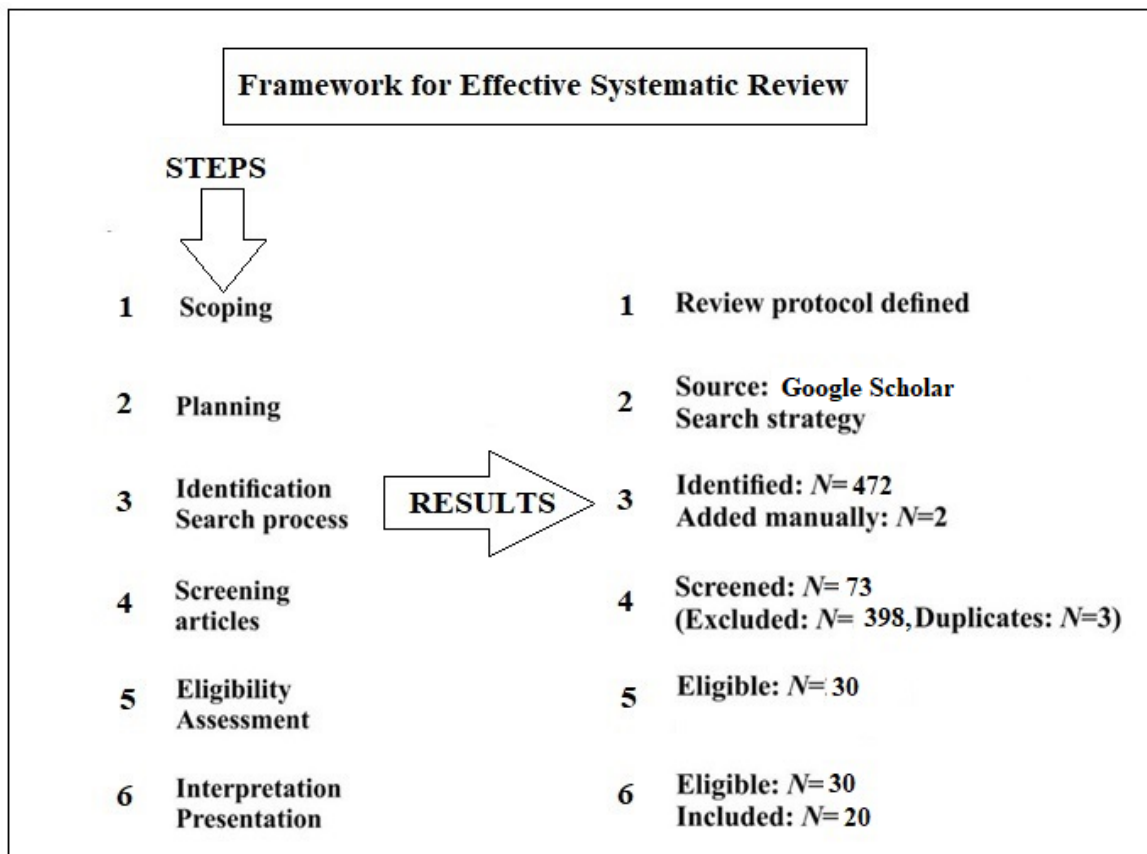


Figure 1: Process of selection of papers for review  
Source: Generated by the researcher

**The Review of Literature**

The earlier criterion of classifications of MSMEs under the MSMED Act 2006 is changed with effect from 01/06/2020 as per notification of the ministry of MSMEs no. S.O. 1702 (E), dated, 01/06/2020. (Sharma, 2020)

Classification	Criteria of investment in the plant and machinery or equipment	Criteria of turnover
Micro	Up to Rs. 1,00,00,000/-	Up to Rs. 5,00,00,000/-
Small	Above Rs. 1,00,00,000/- to Up to Rs. 10,00,00,000/-	Above Rs. 5,00,00,000/- to Up to Rs. 50,00,00,000/-
Medium	Above Rs. 10,00,00,000/- to Up to Rs. 50,00,00,000/-	Above Rs. 50,00,00,000/- to Up to Rs. 2,50,00,00,000/-

Table 2: Classifications of MSME'S

Source: [www.msme.gov.in](http://www.msme.gov.in)

Pakistan has misplaced 1/3<sup>rd</sup> of its revenue and export dropped up to 50% due to covid pandemic. 94.57% MSMEs are affected by the Covid-19 outbreak and 3.26% have no impact from the Covid-19 outbreak. Topmost five problems stated are financial, supply chains, reduction in demand, decrease in sales and reduction in profit. Researchers recommend the protection of employees, enhancing economy, revenue and provision of employee support for MSME'S, planning, building resilience, competence and optimistic social relationships. 184 Pakistani MSMEs participated and an exploratory research method was used for this study. (Shafi and Ren, 2020)

During the Covid Pandemic all SMEs are struggling and facing the biggest problems of declining demand and the broken supply chain. This problem outlines protection processes, and sanitization techniques, efficient obtaining policies, the integration of fresh vendors, the reform of their product portfolio, more reactive evaluation of supply chain flexibility, and the study of policies of disaster management. In this manner, the SME's can deal with the covid-19 pandemic. The study was conducted based on secondary data and the descriptive research methodology. (Mahajan, 2020)

The covid-19 pandemic and shortage of disease prevention and control resources, employees' refusal to come back to work, manufacturing lines disconnected, and declined business demand, maximum SMEs were not capable to resume work. Most of SMEs faced cash flow problems, did not have good sales, and they had to compensate for various fixed expenditures because of the delay in the reopening of work and huge stress on the feasibility of several small and medium-sized businesses, strategies connecting to cash-flow relief for China and other countries participated, work resuming and encourage demand to assistance SMEs blooms and recover from covid pandemic disaster. The study was conducted based on primary data collected from 4087 SMEs through online questionnaires and interviews. ( Yilu, 2020)

The trends of industrial production using the high frequency monthly data on IIP (April 2020 to Sept. 2020) and discuss the previous literature analysis by researchers. Uncertainty in economic activities e.g. the supply of raw materials, demand for final goods, decline, output, revenue and cash flow, employees have lost a large number of jobs during the lockdown. (Indrakumar, 2020)

The Covid-19 pandemic most impacted the services, manufacturing business, trading, supply chain, business, and mainly on small size industries, which hamper all the financial aspects, estimate, and progression prospects. (Khan, Naqui, Hakeem, Din and Iqbal, 2021)

COVID-19 threats specified the heterogeneousness of SMEs researchers considered type, period, and lawful form of the business and position of the family business. The study was conducted in Poland and statistically

present the strong indication for the impact of the COVID-19 as more disruption by micro and new firms. The family business is not different from non-family businesses in connection with the impact of COVID-19 pandemic. (Monika, Blach. and Dos., 2021)

Managers of the micro business has been negatively affected by the Covid 19 pandemic. In More workload and various types of work, the pandemic most impacted on leadership styles of the managers increased responsibilities and decreased manpower, therefore unable to sustain the business, decrease job satisfaction and negatively impact on mental health and life satisfaction. 95 Managers of the small business from north Sweden were involved in the study. (Vinbarg, & Danielsson, 2021)

The covid 19 effect in terms of customer spending and unemployment reduces the salary. The pandemic was largely impacted on the marketplaces and human health. ( Chinnamanthur, 2020)

African SME's are economically friable due to the puny, institutional and technical atmospheres. African SMEs had used the emerging human resources for functional policymaking, which is critical in covid 19 pandemic and occupational shocks. (Atiase, Agbanyo, Patronella,& Robet, 2022)

Business Analytics is highly supported to revise innovations in SMEs. Business Analytics was used to develop a new facility for the company's existing applications and products for their business to business clients. Business Analytics helps for monitoring tools for the actual assessment of the success of the facility. (Zamani, Griva, & Conboy, 2022)

The Indian manufacturing sectors were highly affected during the covid 19 pandemic. Lack of skilled labour, the absence of state government policies for labour has negative impacts on the manufacturing sector. India might take very long period to outgrowth comprehensive development and restart the process of supportable financial growth. (Singh, 2021)

During the covid 19 pandemic automobile sector's daily loss was around rs. 2300 Cr. The study was based on secondary data in detailed review and analysis of journals, research papers, newspapers and web articles etc. in respect of the automobile sector. (Lavanya, Thunga, & Raju, 2021)

MSMEs faced cash flow Problems, production loss, unsold stock, cancellations of various orders, break in the supply chain, therefore shortage of raw materials and damage to all markets. The data collected from 14 MSMEs Manager, Proprietors and owners through interviews. The convenience sampling method has been used for the study. (Satya, & Chandrasekaran, 2020)

The SMEs is the pillars of the economy of every country, but it very less developed in low income group countries compare to high income group countries. Support of European investment bank 95% of firms are MSMEs which contributes 60-70% of employment, 55% of GDP in the Organization for Economic Cooperation and Development. (Dalberg, 2011)

The post-liberalization occupational atmosphere for the Small Scale Businesses declared that the existing international situation has become punitive for Small scale Industries because of the enlarged inside and outside competition. He has more underlined that there is a persistent necessity to modify the strategies foremost the sector so as to recover their competitive power. (Naik, 2002)

The impact of globalization and domestic reforms on small-scale industries. The study guided that attention must be turned to technology, The development and strengthening of the financial infrastructure in order to make the Indian small scale industry internationally competitive in the global market. ( Subrahmanya, 2004 )

The challenges in SME's improvement and strategy questions rising connected to different MSE's. The strategies chosen by the government of Indian were the efforts made to form an energetic to MSE's sectors. (Sudan, 2005)

The risk and opportunities for improvement may be different in the lengthy tenure based on the SME form. In lieu of common resolution, policy creativities can also be sensitive for different SMEs. The policy mix conversion as of its actual significance, on the short-term supportable, traditional resolution that will inspire revolution and progress through innovation, and global interaction. The mix policy is a crucial issue of SMEs (Narula, 2020).

The Covid 19 disease had impacted on public health as well as caused an economic shock in the United States. The study was conducted on small businesses based on survey technique. More than 5800 small businesses participated in this study from 28<sup>th</sup> March 2020 to 4<sup>th</sup> April 2020. Across the United States 43% of small businesses closed for the temporary period, 39 % employees were reduced from small businesses and 72% of small businesses like to take the Paycheck Protection Program (PPP) loans. The loan demand increased to \$436 billion from \$349 billion. (Bartika, Bertrandb, Cullenc, Glaeserd, Lucac, & Stanton, 2020)

Step-by step procedures discussed to developing and carrying systemic literature review based on scientific methodology with special reference to social sciences and management (Ramdhani, Ramdhani, & Amin, 2014)

### Research Gap

The existing study is carried out on literature review on the effect of covid 19 pandemic on MSME. Most of the researchers have analysed production, demand and supply chain. Some researchers analysed financial aspects of the covid-19 pandemic which had a huge financial influence on MSME, therefore the area of study can be extended to the scope of the effect of the covid pandemic basis of several financial facets. There is scope to understand MSMEs on the basis of their location. This will help to have a comparative opinion of the MSMEs in different geographic areas in India.

Mainly Maharashtra is the third largest state in the western region of India. Total 6,33,88,000 MSME in India and 47,78,000 are in Maharashtra, which is 8 % of India ultimately will lead to great research work in Maharashtra.

### Conclusion

MSMEs have a huge contribution for building and growth and development of the nation. It is hugely affected by the covid pandemic. Various studies have highlighted the important difficulties and recommendations for the restoration and enhancement of MSME. The government of India announced Atma Nirbhar Bharat Abhiyan arrangement to provide the considerably required support for inspiring MSMEs. The difficulties of absence of admittance to official credit, intended receivers being reached out of government schemes and lack of technical support to MSMEs has not received adequate relief packages. It is similarly understood that government support is not only required to just bridge the gap created by the pandemic, but also to build up a long-term, sustainable and feasible gain for MSMEs.

This literature review studied the effect of covid 19 pandemic on MSME's, demonstrating the importance and the huge impact of economic development. Further research should use advanced techniques and various financial aspects in different geographic areas, which would decrease the research gap and helps to MSME's and development of the Indian economy.

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