



IMPACT OF COVID-19 CRISIS ON MICRO-ENTERPRISES: A STUDY OF LUNGLEI MIZORAM

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ABSTRACT

Covid-19 pandemic has impacted the society, business and economy around the world. The present study is conducted to understand and analyse the impact of Covid-19 crisis on micro-enterprises in Lunglei, Mizoram. For the purpose of the study, 80 micro-enterprises were selected as sample. Primary data were collected by using the structured questionnaire. Secondary data were collected through journals, books and websites. The study reflected that 80% of the enterprises' revenue were negatively impacted by the pandemic. 58.75% of the enterprises were facing the problems in making obligatory payments such as salaries, wages, rent, taxes, loans etc due to the Covid-19 crisis. The present study also revealed that 28.75% of the enterprises' working capital were already negative to run the enterprises if Covid-19 crisis continues. Therefore, the study recommended that the government, banks and financial institutions would take steps to alleviate the impact of Covid-19 crisis on the micro-enterprises by providing low interest loans, relaxation of the loan payment, new schemes for entrepreneurs.

Keywords: Covid-19, Micro-enterprises, Revenue, Working Capital, Financial measures.

Introduction

Coronavirus (Covid-19), a contagious disease caused by severe acute respiratory syndrome Coronavirus 2 (SARS-CoV-2) was first identified in Wuhan, China, in December 2019. It is a highly communicable disease and can spread easily from person to person. This made the Covid-19 to spread across the countries speedily.

Covid-19 can cause more serious illness and death and has spread to almost all parts of the world (Akanni and Gabriel, 2020). The World Health Organization declared corona virus as pandemic on 11th March, 2020. Many countries had imposed lockdown to slow down the spreading of the virus by the end of March, 2020 which affect billions of people. Covid-19 is continuing to spread

around the world and currently affected 220 countries (CNN Health, 2020).

Globally (5:18 CEST, 3 June 2021), there have been 171,292,827 confirmed cases of Covid-19, including 3,687,589 deaths, and a total of 1,581,509,628 vaccine doses have been distributed (WHO). The Covid-19 pandemic has created negative impact to the society and economy in all over the world. Igwe (2020) highlighted that the world economy faces the worst ever economic recession due to the Covid-19 pandemic. The Covid-19 outbreak is likely to cause bankruptcy to many industries as the consumers stay at home due to lockdown, and economies are shutdown (Tucker, 2020).

India has the second-highest number of confirmed 28 million Covid-19 positive cases in the world after the United States as on 5 June 2021 (Worldometers). The Covid-19 has adverse impact on economy and business in the country. According to survey, the pandemic had impacted 82% of small businesses in the country (TOI, 2021). Based on the survey of 361 MSME firms in India, it was found that MSME firms surveyed have already lost 17% of their past year's annual sales and over 70% of firms will not be able to survive for longer than three months if lockdown continues (Rathore, 2020).

Literature Review

Some important studies concerning the impact of Covid-19 pandemic crisis on business are reviewed here as under to highlight their findings.

Aladejebi (2020) examined the impact of Covid-19 pandemic and survival strategies for Small and medium enterprises (SMEs) in Nigeria during the ongoing Covid-19 crises. 360 SMEs were selected for the study and the study observed that the Covid-19 Pandemic's impact includes a reduction in revenue, reduced staff salaries. The study also reflected that the significant problems faced by SMEs are the inability to repay loans, rent, and salaries.

Fabeil *et al.* (2020) in their study focused on business continuity and recovery strategy among micro-entrepreneurs in Malaysia during Covid-19 crisis. The study revealed that the micro-entrepreneurs employed various strategies to ensure continuous operation of their business during Covid-19 crisis such as shorten the supply chain, producing the products to meet current customer's demand, using digitalised marketing through mobile applications and social media, i.e., Facebook and WhatsApp, receive payment via bank transfer or e-wallet.

Govinden *et al.* (2020) conducted a survey on the impact of Covid-19 crisis among selected businesses in South Africa. The survey reported that due to impact of Covid-19, the majority of responding businesses (85.4%) reported that their turnover was below the normal range, 46.4% indicated that there was a temporary closure or paused trading activity. The survey also reflected that 30.6% of the responding businesses can survive less than a month without any turnover, and 54% can survive between one to three months.

Maliszewska *et al.* (2020) reported in the study that due to Covid-19 crisis, gross domestic product had fallen by 2% below the benchmark for the world, 2.5% for developing countries, and 1.8% for industrial countries.

Some other studies also existed to know the impact of the Covid-19 pandemic on business and economy in different parts of the world (Jaiswal and Arora, 2020; Cepel *et al.*, 2020). The present study is conducted to explore the impact of Covid-19 crisis on micro-enterprises in Lunglei Mizoram.

Research Methodology

The main objective of the study is to understand and analyse the impact of Covid-19 crisis on micro-enterprises in Lunglei Mizoram. Mizoram is located in the corner of North East India, having a total area of 21,078 square kilometres and situated between Myanmar and Bangladesh. Lunglei is the second most populous district in the state, after Aizawl as per 2011 Census. For the purpose of the study, 80 micro-enterprises were selected as sample by using convenient sampling method. The primary data were collected by using a structured questionnaire. Questionnaire was framed based on the literature (ILO, 2020). Questionnaire was converted into Google form and sent to the respondents (i.e., micro-entrepreneurs) through WhatsApp. Secondary data were collected through journals, website, and books. The study was conducted between March, 2021 – May, 2021. SPSS was used to extract tables and percentage was used to analyse and interpret the data.

Results and Discussion

Nature of business

Table 1 shows the nature of the business taken up by micro-entrepreneurs under the study. 42.50% are retail business, followed by 10% are wholesale business, 8.75% are bakery/confectionary, 6.25% are food processing, 7.5% are printing/xerox, 5% each are restaurants/hotels and pharmaceutical.

Table 1: Nature of business

Types of Business	No. of Enterprises	Percentage
Retail business	34	42.50
Wholesale	8	10.00
Tailoring & Designing	3	3.75
Restaurants/Hotel	4	5.00
Handloom	2	2.50
Food processing	5	6.25
Pharmaceutical	4	5.00
Bakery/Confectionery	7	8.75
Xerox/Printing	6	7.50
Others	7	8.75

Source: Field study

Number of enterprises hiring employees/workers

Table 2 shows that 38 (47.5%) of the enterprises hired workers/employees while 42 (52.5%) of the enterprises were not hiring employees/workers.

Table 2: Number of enterprises hiring employees/workers

Hire employees/workers	No of Enterprises	Percentage
Yes	38	47.5
No	42	52.5

Source: Field study

Monthly income of the enterprises in Pre-Covid19

Table 3 shows the monthly income of the enterprises. 42.5% of the enterprises have monthly business income of Rs. 50,000 and below, followed by 17.50% have Rs. 50,001–Rs. 1,00,000, 15% of the enterprises each have monthly business income of Rs. 1,00,001–Rs. 1,50,000 and above Rs. 2,00,000.

Table 3: Monthly income of the enterprises

Monthly Income	No. of Enterprises	Percentage
Rs 50,000 and below	34	42.50
Rs. 50,001 – Rs. 1,00,000	14	17.50
Rs. 1,00,001 – Rs. 1,50,000	12	15.00
Rs. 1,50,001 – Rs, 2,00,000	8	10.00
Rs. 2,00,000 and above	12	15.00
Total	80	100.00

Source: Field study

Monthly revenue affected by Covid-19 crisis

Table 4 indicates how the monthly revenue of the enterprises affected by Covid19 crisis. 23.75% of the enterprises reported that their revenue had decreased more than 80 per cent, 13.75% of the enterprises stated that their revenue had decreased by 40-60 per cent, 12.50% reported that their revenue had decreased by 60-80 per cent, and 11.25% of the enterprises mentioned that their revenue had fallen by 20 – 40%. Meanwhile, 18.75% of the enterprises revealed that there was no change in their revenue, and only one

enterprise showed there was an increase in revenue.

Table 4: Monthly revenue affected by Covid-19 crisis

Revenue	No. of Enterprises	Percentage
Does not change	15	18.75
Decreased by 20%	15	18.75
Decreased by 20-40%	9	11.25
Decreased by 40-60%	11	13.75
Decreased by 60-80%	10	12.50
Decreased more than 80%	19	23.75
Increased	1	1.25

Source: Field study

In an overall analysis, around 50% of the enterprises’ revenue had decreased by 40 percent and above, while around 30% of the enterprises’ revenue had decreased by below 40 per cent. On the other hand, around 20% of the enterprises’ revenue was not affected by the Covid-19 crisis.

Demand of customers affected by Covid-19 crisis

Table 5: Customers’ demand affected by Covid-19

Demand of customers	No of Enterprises	Percentage
Decreasing	22	27.50
Constant	28	35.00
Increasing	30	37.50

Source: Field Study

Table 5 shows how the demand of the customers affected by the Covid-19 crisis. 27.50% of the enterprises mentioned that there was a decrease in customers’ demand due to the Covid19. Meanwhile, 35% reported that the customers’ demand were constant, and 37.50% expressed that there

was an increase in the demand of the customers

Frequency of closing or opening the shop due to Covid-19

Table 6 indicates how the covid19 crisis affected the opening/closing of the enterprises/business. 61.25% of the enterprises often closed due to total lockdown and partial lockdown. Meanwhile, 13.75% of the enterprises normally opened their shops. 25% of the enterprises could not give an answer in this regard.

Table 6: Frequency of closing/opening of the shop

Open/Closed	No of Enterprises	Percentage
Normally open	11	13.75
Often closed	49	61.25
Can't say	20	25.00

Source: Field study

Problems regarding procurement of goods/materials/inputs from suppliers

Table 7: Problems of procuring goods/materials/inputs

Problems faced	No of Enterprises	Percentage
Regularly	41	51.25
Sometimes	25	31.25
Hardly	14	17.50
Never	-	-

Source: Field study

Table 7 shows whether the enterprises faced a problem regarding procurement of goods/materials from the supplier. More than half (51.25%) of the enterprises faced the problems regularly, while 31.25% of them faced the problems sometimes, and

17.50% hardly faced the problems regarding procurement of goods/materials/inputs from the suppliers.

In an overall analysis, most of the enterprises faced the problems regarding procurement of goods/materials supplied from the suppliers.

Problems in making obligatory payments – Rent, salaries, taxes, loans etc

Table 8 shows whether the enterprises faced problems regarding obligatory payments such as rent, salaries/wages, taxes, loans etc. Out of the total enterprises, 17.50% of the enterprises reported that it is very difficult to meet the obligatory payments, 41.25% reported ‘somehow difficult’. On the other hand, 25% of the enterprises mentioned that they do not have any problems in making obligatory payments. 16.25% could not say anything.

Table 8: Problems in making obligatory payments – Rent, Salaries, taxes, loans etc

Obligatory payments	No of Enterprises	Percentage
Don't have problems	20	25.00
Somehow difficult	33	41.25
Very difficult	14	17.50
Can't say	13	16.25

Source: Field study

In an overall analysis, nearly 60% of the enterprises were facing problems in making obligatory payments such as salaries, wages, rent, taxes, loans etc. due to the Covid19 crisis.

Sufficiency of working capital if Covid-19 crisis continue

Table 9 indicates how long the enterprises working capital be sufficient if Covid19 crisis is to continue. 28.75% of the enterprises reported that their working capital were negative already, 8.75% mentioned that they can run the enterprises barely for one month, 20% of the enterprises revealed that they can operate their business for 1-3 months, 15% reported that 3-6 months, and 27.50% of the enterprises reported that they can operate their business for more than six months if the covid-19 crisis continues.

Table 9: Sufficiency of working capital

Working capital	No. of Enterprises	Percentage
Negative	23	28.75
Maximum 1 month	7	8.75
1-3 Months	16	20.00
3-6 Months	12	15.00
More than 6 months	22	27.50

Source: Field study

Physical measures taken to mitigate the impact of Covid-19 crisis

Table 10 shows the physical measures taken by the enterprises to mitigate the impact of Covid-19 crisis. 78.75% reported that they provide hand sanitizer to the customers. 48.75% of the respondents mentioned that they put a notice at the shop to request the customers to wear mask.

Regarding maintaining social distance, 40% of the respondents reported that they make a line or mark for their customers to maintain social distancing. 28.95% of the respondents reported they maintained social

distancing among employees/workers inside the enterprise/shop.

Table 10: Physical measures taken by the enterprises

Physical measures taken	No of enterprises	Percentage
Provide hand sanitizer	63	78.75
Request the customer to wear mask	39	48.75
Making a mark for customers to maintain social distancing	32	40.00
Maintaining social distancing among workers/employees	11	28.95
'Sulhnu' tracking applications for customers	28	35.00
Others	8	10.00

Source: Field study

To make contact tracing easy, 35% of the respondents reported that they put 'Sulhnu' tracking applications at the shop for their customers. The state government make SOP (Standard Operating Procedure) to fight the Covid-19 regarding wearing mask, maintaining social distancing and using hand sanitizer in public place. Therefore, it is the duty of the enterprises to take steps to follow the government SOP in their market places for the safety of the public.

Financial measures to be taken by the enterprises

Table 11 reveals the financial measures to be taken by the enterprises to alleviate the impact of Covid-19 crisis. 10% of the enterprises plan to borrow loans from banks/financial institutions, 8.75% will seek financial help from relatives/friends, 27.50% will try to recover the loss from their

personal savings, on the other hand, 46.25% cannot say anything in regard to this.

Table 11: Financial measures to be taken by the enterprises

Financial measures	No of Enterprises	Percentage
Borrow loans from bank/financial institutions	8	10.00
Seeking financial help from relatives/friends	7	8.75
Recover loss from personal savings	22	27.50
Cannot say	37	46.25

Source: Field study

Conclusion

The result of the present study reflected the impact of Covid-19 crisis on micro- enterprises in Lunglei, Mizoram. The study covered 80 micro enterprises and more than 40% of them are retail enterprises. The present study indicated that 61.25% of the enterprises often closed due to total lockdown and partial lockdown. 27.50% of the enterprises reported that there was a decreasing in customers' demand due to the Covid-19. Most of the enterprises reported that they faced the problems regarding procurement of goods/materials/inputs supplied from the suppliers.

Reduction in revenue was the most significant result in the study. In connection to this, the study reflected that around 50% of the enterprises' revenue had decreased by 40 percent and above, while around 30% of the enterprise revenue had decreased by below 40 per cent. This indicated that 80% of the enterprises' revenue under the study

were negatively impacted by the Covid-19 pandemic.

The study also reflected that 58.75% of the enterprises were facing problems in making obligatory payments such as salaries, wages, rent, taxes, loans etc due to the Covid-19 crisis. The study also found that if Covid-19 crisis continue, 28.75% of the enterprises reported that their working capital were negative already to run the enterprises, 8.75% mentioned that they can run the enterprises barely for one month, 20% of the enterprises stated that they can operate their businesses for 1-3 months, 15% reported that 3-6 months.

In the study, it was found that 10% of the enterprises will try to borrow loans from banks/financial institutions, and 8.75% will seek financial help from relatives/friends to alleviate the impact of Covid-19 on their enterprises.

In conclusion, the study shows that Covid-19 pandemic generally impacted the micro-enterprises negatively. The study recommended that the government, banks and financial institutions would take steps to alleviate the impact of Covid-19 crisis on the micro enterprises by providing low interest loans, relaxation of the loan payment, new schemes for entrepreneurs, etc. The study also suggested that it is important to provide support and assistance facilities to the micro entrepreneurs in terms of knowledge and skills on crisis management.

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