



Problems of manufacturing entrepreneurs during covid19 in Malappuram District, Kerala

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Abstract

The outbreak of the novel coronavirus (Covid-19) has led to a global public health disaster and global economic crisis and significantly impacted industries across the world. The coronavirus (COVID-19) pandemic has led to human, technological, and managerial constraints for manufacturing companies due to scarce resources or supply chain disruptions. The research goal of this paper is to investigate the problems of manufacturing entrepreneurs during the COVID-19 outbreak.

Keywords: Covid-19, MSMEs, Entrepreneurs, Challenges, Manufacturing, Pandemic

Introduction

The COVID-19 pandemic has caused an unprecedented human and health crisis. The COVID-19 is highly infectious, has no effective drugs, has many severe patients, and consumes a lot of medical resources. At the same time, it created major disturbances to various business operations and harmed the global economy. The production, logistics, and consumer activities have been affected to varying degrees.

To fight against the COVID-19, the government declared locked down. The lockdown shut off most manufacturing operations except essential productions and caused significant disturbances to supply chains, as enterprises in the supply chains are distributed across the country.

The impact on the economy because of COVID-19 in India has been extremely disruptive. The World Bank and credit rating agencies have reduced India's development for the financial year (2021), and India has already faced the lowest statistics over three decades, since trade liberalization in 1990.

When businesses resume gradually, workforce shortages became a major issue due to travel restrictions. Some factories have to stop production due to the lack of raw materials or parts

from foreign countries, while others have to slow down or shut off production because the finished products cannot be shipped. There are also situations when one worker on the shop floor is infected with the virus, the entire shift of workers has to be quarantined, and the shop floor production needs to be suspended. If the function of the affected shop floors cannot be replaced, the entire enterprise will be forced to stop its production due to the infection of a few employees. Panic spreading among the population distorts the usual consumption patterns and caused market anomalies.

This paper tries to discuss the problems of manufacturing entrepreneurs in Malappuram district, Kerala during Covid 19 Pandemic.

Objectives of the Study

- To analyse the major problems experienced by manufacturing entrepreneurs during covid-19 in Malappuram District.
- To identify the various schemes of government during covid-19 for assisting enterprises owned by women.
- To give valuable suggestions based on the study for the survival of manufacturing entrepreneurs during pandemic.

Hypothesis

1. The intensity of Production, Labour, Finance and Marketing problems are different in Manufacturing enterprises

Population

Manufacturing Small, Micro, and Medium Businesses registered with the DIC in the Malappuram district serve as the study's respondents. The table below lists the number of manufacturing businesses in the Malappuram district that have registered with the DIC.

Malappuram			
	Miro	Small	Medium
Manufacturing	9667	652	16

The study was confined to the Malappuram district, Kerala. Simple random sampling method has been used for the selection of the sample from Micro and Small enterprises. Sample size 250 is selected for the study.

Statement of the problem

Manufacturing industries are the backbone of the country's economy. Without a doubt, Covid-19 has a significant impact on entrepreneurship. The manufacturing industry was the one which was affected more severely. All the way from production to supply was affected covid 19 pandemic. Entrepreneurs faced huge losses and are still struggling to overcome the situation, many of them shut down their units due to the crisis.

Therefore, this study is being conducted to examine how manufacturing entrepreneurs are handling the Covid 19 pandemic situation, as well as to examine the issues they encountered during the epidemic and the survival tactics they used to get through it.

Literature Review

1. Gyorgy Czifra, Zsolt Molnar (2020), in their study “Covid -19 and Industry 4.0” States that coronavirus epidemic is expected to lead to the biggest economic downturn in European history since World War II, as well as mass unemployment and waves of bankruptcy. In this situation, we have the opportunity to explore the potential of Industry 4.0 and introduce solutions that offer jobs and opportunities.
2. Sulistiyani, Setyo Riyanto (2020), in their study “The Impact of the Covid-19 Pandemic on the Manufacturing Industry” points out that the influence of the Covid-19 pandemic greatly affects the global economy so that it will affect the manufacturing industry. In terms of raw material supply is hampered, raw material prices are unstable, and declining sales which results in low purchasing power. This will certainly have an impact on the sustainability of the manufacturing industry.
3. Gorzelany-Dziadkowiec, M (2021). In his paper “COVID-19: Business Innovation Challenges” states that the COVID-19 pandemic has changed the lives of people and the functioning of businesses worldwide. Innovation is a key process within the organisation. Without new products, modification of production processes, and changes in organisation, marketing, and management, the organisation cannot survive.
4. Meahjohn, Inshan, and Persad, Prakash. (2020), From their paper “The Impact of COVID-19 on Entrepreneurship Global” explicit that, Covid-19 has caused disruption to economies and entrepreneurship, and posed several unprecedented challenges. The absolute impact remains unclear, as more in-dept longitudinal studies are required to better investigate this issue.
5. CAI Min, LUO Jianwen (2020) in their study “Influence of COVID-19 on Manufacturing Industry and Corresponding Countermeasures from Supply Chain Perspective” conclude that, COVID-19's impact on manufacturing supply chain is critical for manufacturing industry. Interruption of raw material and spare parts, setbacks in logistics and demand fluctuation are gradually intensified within the period. Manufacturing supply chain likely to become regionalized and digitalized in the post-crisis world.
6. Sanjiv Narula, Anil Kumar, Harish Puppala, Maheshwar Dwivedy, Surya Prakash, Rajinder Singh, Vishal Talwar (2020), in their paper “Restarting Manufacturing Industries Post Covid-19: A Mind Map-Based Empirical Investigation of the Associated Challenges in Business Continuity” says that, Organizations all across the world must make decisions in a way that is proactive, anticipatory, and resilient in the face of unpredictable political, economic, social, environmental, or environmental futures.
7. Okechukwu Okorie, Ramesh Subramoniam, Fiona Charnley, John Patsavellas, David Widdifield, Konstantinos Salonitis (2020), The study “Manufacturing in the Time of COVID-19: An Assessment of Barriers and Enablers” conclude that, the industrial sector is largely associated with the external factors, building a flexible manufacturing environment to cope up Challenging environment will help to overcome the barriers.

The impact of Covid-19 on Manufacturing enterprises

Due to COVID-19, the operating environment for enterprises in the manufacturing sector has altered. The strictest lockdown put in place to halt the COVID-19 problem from spreading most severely shocked the MSMEs sector, especially the smallest enterprises. The sudden announcement that the production process must adhere to all COVID-19 emergency protocols causes problems in the supply chain, including the import of raw materials across state and national borders, the hurried return of labourers to their homes, the purchase of perishable goods, a lack of funds, etc. Among other things, these problems cause customer worry, price rises, malfunctions, unemployment, and diminished profit.

The MSMEs sector is in its worst situation, with a 55% reduction in employment, a drop in production from an average of 75% of capacity to just 11%, a loss of 17.2% of annual sales, a delay in raw material receipt, fewer opportunities to pay wages, a greater labour shortage, and lost access to credit. The majority of businesses 70% report that if the lockdown continues, they won't make it through the crisis over the next three months, and the smallest could go under in just one.

Government support for industrial enterprises during the Covid 19 pandemic

During the COVID-19 pandemic, the Indian government has made major efforts to revitalise MSMEs. The Emergency Credit Line Guarantee Scheme, the largest financial element of the 20-lakh crore Aatmanirbhar Bharat Abhiyan programme, was unveiled by the government in May. The package's primary goal is to improve enterprises, with a particular emphasis on the MSMEs market. The following are the initiatives taken by the Government:

- On the basis of both investment caps and turnover size, MSMEs have been redefined. The investment limit has been increased for micro units in the manufacturing sector from 25 lakh to 5 crore and for small units in the service sector from 10 lakh to 2 crore to 5 crore to now be 10 crore. For medium units in the manufacturing sector from 5 crore to 10 crore and in the service sector from 2 crore to 5 crore to now be 50 crore of both the manufacturing and service sectors. Introduced additional criteria include turnover of \$5 million for micro, \$50 million for small, and \$100 million for medium for both manufacturing and services.
- The RBI also took steps to lower the repo rate, which allowed the bank to lend money at a lower interest rate and support the MSMEs industry. The State Bank of India intends to give MSMEs 700 crore in Mumbai.
- To aid the struggling MSMEs sector, the government announced a 3 lakh crore collateral-free automatic loan that it postponed repaying for a year. 45 lakh MSMEs across the nation will benefit from this, restoring business activity and preserving jobs. The government would grant 20,000 crore in subordinated debt for the struggling MSMEs. For the MSMEs sector, a fund has been established that will inject 50,000 crores in equity.
- Global tenders would be prohibited for government procurement up to 200 crore that will boost "Make in India" and move toward a self-sufficient India in order to prevent unfair competition and supply. All payments owing to MSMEs shall be honoured by the Indian government and central public sector enterprises (CPSEs) within 45 days.

- E-market connection for MSMEs has begun as a replacement for trade shows and exhibitions. With the use of fintech, transaction-based lending for MSMEs that are now experiencing marketing and liquidity issues as a result of COVID-19 would be improved.
- By granting a liquidity relief of Rs. 6,750 crore to ease the financial strain on businesses, the government has chosen to support PF and EPF for both employers and employees. To boost the liquidity in the hands of both consumers and producers, the employer contribution to PF for all official establishments covered by EPFO was cut from 12 percent to 10 percent. However, it will still be 12 percent for CPSEs and state PSUs. 4.3 crore employees and around 6.5 lakh employers profit from the government's help. Workers who are not qualified for 24 percent EPF support may also receive this benefit under the PM Garib Kalyan Package.
- Furthermore, the government announced a reduction in the TDS rate of 25% for SMEs, NBFCs, and TCS in order to put more money in the hands of the taxpayer. In accordance with direct tax measures, the government agreed to extend the due dates for the FY 2019–2020 income tax returns from July 31, 2020, and October 31, 2020, to November 30, 2020, as well as the due dates for tax audits from September 30, 2020, to October 31, 2020. The government also declared that all outstanding refunds due to non-profit organisations including sole proprietorships, partnerships, limited liability partnerships, and cooperatives will be issued right away.

Results and Discussion

Table No.1
Demographic profile of the respondents

Variables	Parameters	Frequency	Percentage
Type of Ownership	Proprietorship	212	84.8
	Partnership	25	10
	Pvt. Ltd Company	13	5.2
	Total	250	100
Capital Investment	Below 10,00,000	166	66.4
	10,00,001 - 50,00,000	54	21.6
	50,00,001 - 1,00,00,000	7	2.8
	1,00,00,00 - 2,00,00,000	20	8
	Above 2,00,00,001	3	1.2
	Total	250	100
Gender	Male	231	92.4
	Female	19	7.6
	Total	250	100
Age	20-29	0	0
	30-39	6	2.4
	40-49	186	74.4

	50 and above	58	23.2
	Total	250	100
Educational Qualification	SSLC	0	0
	Higher secondary	5	2
	Degree	194	77.6
	Post-Graduation	51	20.4
	Total	250	100
Marital status	Unmarried	0	0
	Married	249	99.6
	Widow	1	0.4
	Total	250	100

Source: Primary Data

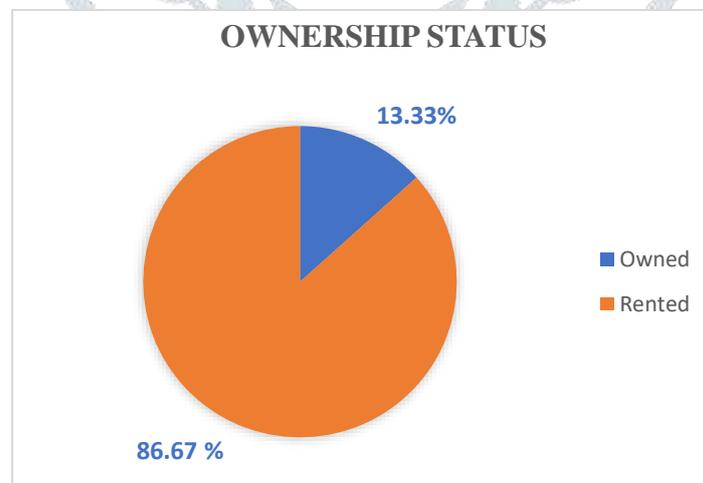
From Table 1, it is clear that about 85 per cent of the respondents are sole proprietor. In the case of Capital investment, 66.4 per cent of the respondents have an investment below 10,00,000 and only 1.2 per cent of respondents have more than above 2,00,00,000 as an investment.

From the Age classification, it is understood that about 75 per cent are belongs to the age group of 40-49. In which Men are majority.

In the case of educational classification, 98 of the respondents have completed their Degree and only 2 per cent are under graduates. All the respondents except one are Married.

Figure No. 1

Ownership status of the building

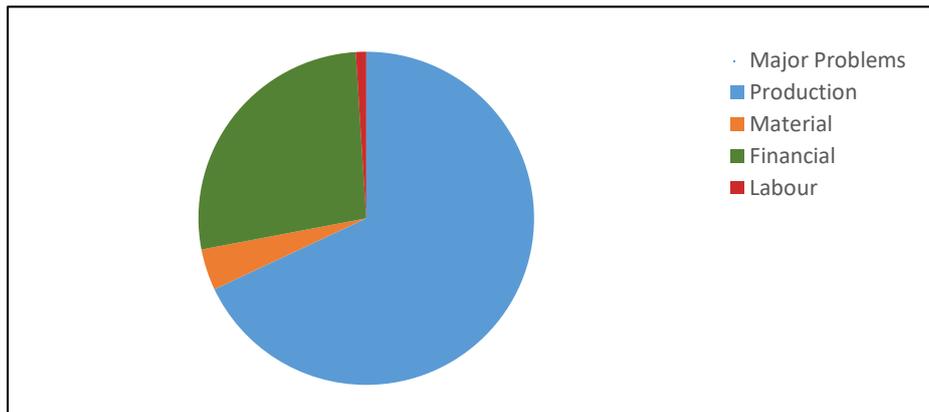


Source: Primary Data

From the Figure No 1 it is understood that Majority of the Manufacturing enterprises are running their units in rented buildings.

Figure No. 2

Major Problems of Manufacturing Enterprises During Covid 19



Source: Primary Data

The production, labour, financial, and marketing issues faced by manufacturing businesses during COVID 19 were depicted in a pie diagram (Fig. 2). The diagram makes it clear that manufacturing businesses are experiencing issues with production, finance, labour, and marketing in Covid 19.

Table No 2

Sample Statistics of Overall Problems Across Manufacturing Enterprises During Covid 19

One-Sample Statistics

Entrepreneurship		N	Mean	Std. Deviation	Std. Error Mean
Manufacturing	Mean of Production Problems	247	4.0826	.58973	.03752
	Mean of Labour Problems	247	2.8479	1.07442	.06836
	Mean of Financial Problems	245	4.2949	.50354	.03217
	Mean of Marketing Problems	245	4.2505	.45919	.02934

Source: Primary Survey Data

Table No 3

Overall Problems Across Manufacturing Enterprises During Covid 19

		One-Sample Test					
		Test Value = 3				95% Confidence Interval of the Difference	
Type of entrepreneurship		t	df	Sig. (2-tailed)	Mean Difference	Lower	Upper
Manufacturing	Mean of Production Problems	28.851	246	.000	1.08259	1.0097	1.1565
	Mean of Labour Problems	-2.225	246	.027	-.15211	-.2868	-.0175
	Mean of Financial Problems	40.252	244	.000	1.29490	1.2315	1.3583
	Mean of Marketing Problems	42.625	244	.000	1.25046	1.1927	1.3082

Source: Primary Survey Data

One sample T-test was conducted for manufacturing enterprises to determine the significance of different problems. In this hypothesis testing, the null hypothesis is, $H_0: \mu=3$ against the alternative hypothesis, $H_1: \mu>3$.

Test Statistic used : t test

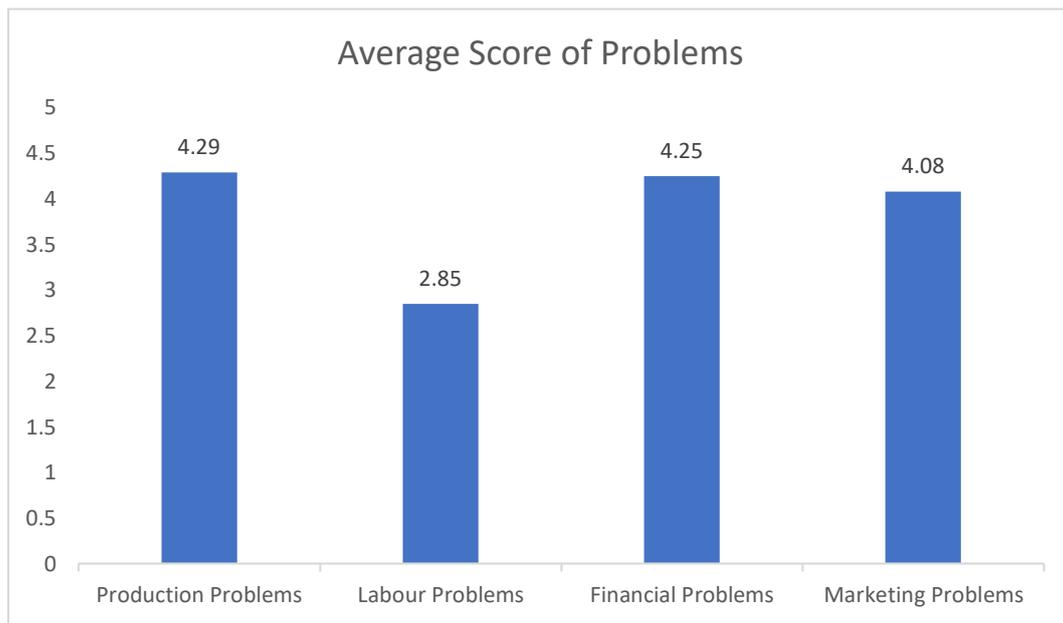
Significance level : $\alpha = 0.05$

Decision rule : Reject the null hypothesis if the p-value < significance level

From the test result, it is concluded that the calculated value and tabled value of the t-statistic for labour problems in the manufacturing sector is given by, $t_{cal} = -2.225$ and $t_{0.05} = -1.651071$ & $t_{cal} = -9.345$ and $t_{0.05} = -1.655076$ respectively. In both the cases, $t_{cal} < t_{0.05}$ which implies that the average score of labour problem is less than or equal to 3. This shows that labour problem does not affect manufacturing enterprises in covid 19 adversely and the other three problems (production, finance and marketing) affected Manufacturing enterprises severely during covid 19 in Malappuram District.

Figure No 3

Average score of Overall problems in manufacturing enterprises during Covid 19



Source: Primary Survey Data

From the Figure 3 it is evident that, Production is the most affected problem of manufacturing enterprises during Covid 19 in Malappuram district followed by Financial problems and Marketing Problems.

Table No 4

Perception of manufacturing entrepreneurs on the assistance given by Govt. agencies during Covid 19

One-Sample Test

Test Value = 3

Type of entrepreneurship	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Manufacturing Mean of Type of Assistance Received from Govt. Agencies	-4.869	244	.000	-.26259	-.3688	-.1564

Source: Primary Survey Data

One sample t-test is performed for manufacturing enterprises to evaluate the statistical significance of the type of assistance received from government agencies. In this hypothesis testing, the null hypothesis is, $H_0: \mu = 3$ against the alternative hypothesis, $H_1: \mu > 3$.

Test Statistic used : t test

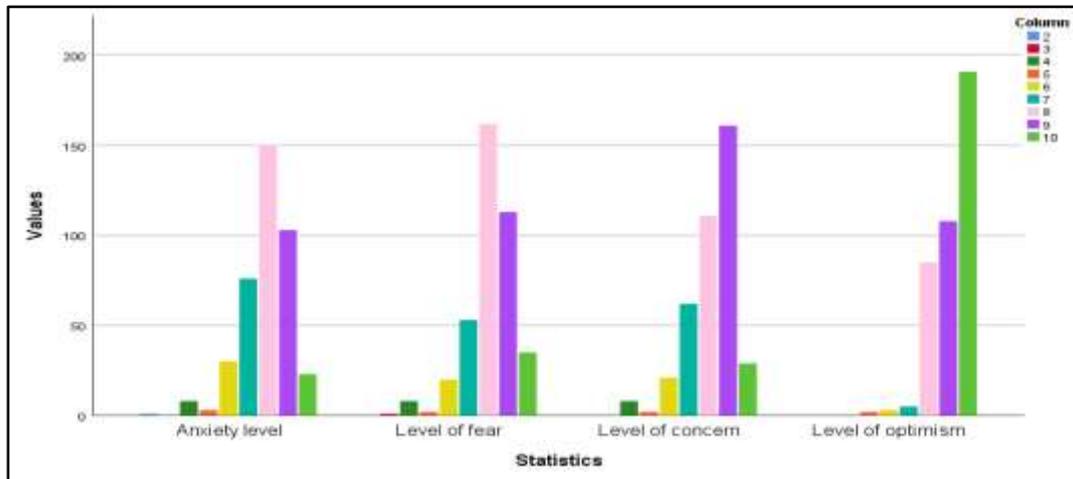
Significance level : $\alpha = 0.05$

Decision rule : Reject the null hypothesis if the p-value < significance level.

Based on the hypothesis testing described above, it can be inferred that the assistance received from government agencies is not significant since the calculated value of t-statistic is less than the corresponding tabled value, that is, $t_{cal} = -6.631 < t_{0.05} = -1.655215$.

Figure No 4

Feelings about Corona Virus



Source: Primary Survey Data

According to the data in Fig. 4, a large proportion of MSMEs received ratings of 8 to 9 on the scales for worry, dread, and concern, whereas the vast majority of manufacturing companies had a rating of 10 on the scale for optimism. These results imply that the four emotional states stated above are common and reliable across a significant number of Manufacturing firms.

Findings

1. Most of the respondents are proprietors who have only limited capital to invest in business, and that is the reason why the number of Micro enterprises are more in the population.
2. Manufacturing enterprises in the Malappuram district suffered severe losses due to the big flood of 2018 in terms of both money and physical damages. The epidemic that followed in 2020 made the Manufacturing enterprises' predicament much worse. But since the end of 2021, Manufacturing enterprises are regaining their power and coming back to their normal condition.
3. It is evident from the study that the Majority of the Manufacturing enterprises are running their units in rented buildings faced all of the mentioned production problems during Covid 19 in Malappuram district, in which the inter and intra lockdowns made their productions down.
4. Micro, Small and Medium enterprises gave emphasis to the use of locally available labours for overcoming the production problems as their first strategy.
5. To overcome the production problems the manufacturing enterprises used locally available labours. Reduction of production is the second strategy adopted to over their production problems during Covid 19.

6. Manufacturing entrepreneurs give highest importance to increasing the wage of employees to solve the labour problems in Malappuram district during Covid 19.
7. It is evident from the study that the majority of the manufacturing enterprises in Malappuram district faced financial problems during covid 19. To overcome the financial crises they took loan from micro finance companies or private individuals.
8. The study shows that marketing problems created significant challenges during the Covid pandemic for manufacturing enterprises in Malappuram district. Manufacturing entrepreneurs made efforts to maintain their existing customers to overcome the crisis.
9. From the analysis it can be concluded that, production was the most affected area followed by finance in manufacturing enterprises in Malappuram district during Covid 19 pandemic.
10. The study indicates that labour problems are not a significant issue, the reason behind this is that the majority are proprietorships and the rest employs locally available labours.
11. Medium enterprises experienced the most severe labour issues at COVID 19, followed by micro and small businesses.
12. The intensity of production and marketing problems during covid 19 were highest among small enterprises followed by medium and micro enterprises
13. The intensity of finance problems was highest among medium enterprises followed by small and micro enterprises in the sample.
14. The intensity of Production, Marketing and Labour problems during covid 19 were highest among manufacturing enterprises.
15. The labour problem does not affect manufacturing enterprises in covid 19 adversely and the other three problems (Production, Financial and Marketing) affected manufacturing enterprises severely during covid 19 in Malappuram District.
16. Manufacturing enterprises are not satisfied with the assistance given by govt agencies during covid 19.
17. Still there are disputes between the entrepreneurs and building owners regarding the building rent during the lockdown period.
18. The majority of the entrepreneurs are not completely aware of governmental organisations and the assistance programmes they offer.

Conclusion

In conclusion, the COVID-19 pandemic has had a significant impact on manufacturing entrepreneurs in Malappuram district, Kerala. The disruption in supply chains, reduction in consumer demand, temporary shutdowns, shortage of labour, and challenges related to government regulations and policies have all contributed to the challenges faced by entrepreneurs. To address these challenges, it is essential for the government to provide support to businesses, including financial assistance, easing of regulations, and measures to ensure the smooth functioning of supply chains. Only with such support can manufacturing entrepreneurs in Malappuram district overcome the challenges posed by the COVID-19 pandemic and sustain their businesses.

Suggestions

In light of the findings and recommendations of the study, the suggestions listed below are made. These proposals will prove to be of great assistance to state and federal officials in developing future programmes.

1. The moratorium should be extended by the banks for an additional few months.
2. Commercial banks should make the procedures for granting loans to company owners simpler.
3. New loan programmes that support entrepreneurs should be offered by commercial banks.
4. The governments should ensure that the programmes given to entrepreneurs are reaching them because many of them are not taking use of the benefits.
5. Women who run businesses must to routinely participate in specialised training and awareness workshops.
6. The service industry employs the vast majority of female business owners. Making more opportunities and resources available would help female entrepreneurs launch manufacturing businesses.
7. Training and awareness should be made available to women who wish to start enterprises.
8. The DIC should organise classes on the various financial support & programmes provided by the government & institutions to the MSMEs.
9. The government must provide an ongoing electrical supply for the MSMEs' efficient functioning.
10. Government funds and support provided during COVID 19 should be paid.
11. The DIC and other governmental organisations must to run educational programmes, especially for microbusiness owners, on the assistance programmes they offer.
12. More financial aid and a business-friendly atmosphere should be provided to MSMEs to encourage growth.
13. The ill units need special help if they are to survive.
14. MSMEs should be provided with free circulars or newsletters outlining the various government programmes and the procedures to be followed.

Acknowledgment

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