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Pandemic Structural Damage in the Market – Structural Damages in Micro, Small and Medium Scale Enterprises: Strategic Way Forward

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Abstract

Pandemic: Pandemic refers to Covid-19 declared by the WHO on March 11, 2020.

Market structure: Market structure is defined as the various systems, procedures that exist amongst the micro, small, and medium scale enterprises who are engaged in commercial activity by buying and selling products or services, and carrying out trade, generating wealth, and are a subsect of overall macro level economy.

Structural change: Structural change is a complete shift in the basic ways a market operates. In this case, the functions and operations of micro, small and medium scale enterprises. Structural changes happened in business as a result of internet usage, online payments, GST to name a few.

Structural damage: Structural damage is the harm that has happened and is happening to the markets, in this case, the micro, small and medium scale enterprises, which impairs the value, usefulness, or normal functioning of the enterprises.

Micro Small and Medium Enterprises (MSMEs): Government of India (GoI)'s Jun 2020 definition of MSME is adopted for this study and they are as follows:

- Micro enterprises are those that have Rs 1 Crore investments and Rs 5 Crore turnover.
- Small enterprises are those that have Rs 10 Crores investments and Rs 50 Crores turnover.
- Medium enterprises are those that have Rs 50 Crores investments and Rs 250 Crores turnover.

Keywords: Pandemic, MSME, Structural change

1. Introduction

Organization for Economic Co-operation and Development (OECD) recognizes MSME's as key drivers of development goals for a country as they create jobs, generate economic activities for local, rural, backward and neighborhood communities. According to a 2017 study by OECD, MSMEs contribute to 53% of employment in UK and a whopping 86% in Greece. In the developing economy of Peru, 98% of private enterprises are MSMEs and they contribute to 42% of GDP and account for 60% of employment. As per Ministry of Micro, Small and Medium enterprises, Government of India, there are 425 lakhs units in operation under these categories in India constituting 95% of the total industrial units in the country. The MSMEs employ 1060 lakhs people, constituting 40% of the Indian workforce and are second only to agriculture which employs 2280 lakhs people. American Express Global SME Pulse study in the year 2017 reports that the MSME segment in India has been growing at over 10%, much higher than many other segments of India economy. The study further states 71% of Indian MSMEs were optimistic about their domestic economy compared to 62% in China or 54% in Japan.

MSME's role does not stop with providing jobs and creating wealth, they are also the key suppliers and support systems for the large telecommunication, defence and automobile sectors. The very reason for the thriving of the large sectors can be attributed to the robust players in the MSME sectors. Another important characteristic of the MSME sector is the innovation and creation of indigenous technologies that give an alternative for import products which costs treasured foreign exchange for the economy as a whole. Finally, any culture that is highlighted by entrepreneurship is an aspiration to the rest of the world. Bay area today is not only a computer start-up ecosystem; it is a place that on-boards any enterprise directly to the entire world. Being in Bay area signifies a global outlook and a promise to win. MSME's ignites the entrepreneurial culture and passes the baton to the coming generations.

The Government of India helps to bolster the MSME's sector through many schemes; some of the major schemes are as follows:

- Credit Guarantee Fund Trust for Micro & Small Enterprises (CGTMSE)
- Credit Linked Capital Subsidy Scheme (CLCSS)
- Export Promotion of Capital Goods (EPCG)
- Marketing Development Assistance (MDA)

2. Covid 19 and damage to global economy

It is estimated by the World Bank that the global economy will shrink by at least 3% due to the lockdowns and seizure of economic activities in most countries. Nations that were already suffering from pre-pandemic slowdown are expected to rapidly slip in to recessionary mode. Even in China that is emerging out of lockdown, business is facing bleak prospects of production stoppages due to severe labour shortages, transport disruptions, plummeting demand, order cancellations or postponements and payment delays. Exports and business travel have already come to a complete halt.

In the highly interconnected global economy and international trade, even if the domestic public health crisis blows over like in the case of Dubai or New Zealand, status of the pandemic in other countries will impede domestic economic recovery.

3. Covid 19 and the damage to the Indian economy

Covid-19 is seen to have accelerated the pre-pandemic slowdown in India. As per The World Bank report, the pandemic has "magnified pre-existing risks to India's economic outlook". India's most stringent Covid-induced lockdown, has caused markedly reduced consumer activity leading to market instability and collapse of many sectors such as tourism, hospitality, entertainment, on-line procurement of fashions, apparels, to name a few. A study by Barclay estimate that India has lost over 8.5 lakh crores during the period of complete lockdown declared by the GOI to escape Covid 19. The study further reports that the country with 3.2 trillion economies was operating with less than 25% of normal activities.

According to the Centre for Monitoring Indian Economy (CMIE), around 140,000,000 Indians lost employment in the lockdown. Unprecedented reverse migration of millions returning home even amidst the lockdown and the rising infection curve are adding to human misery in the face of economic breakdown.

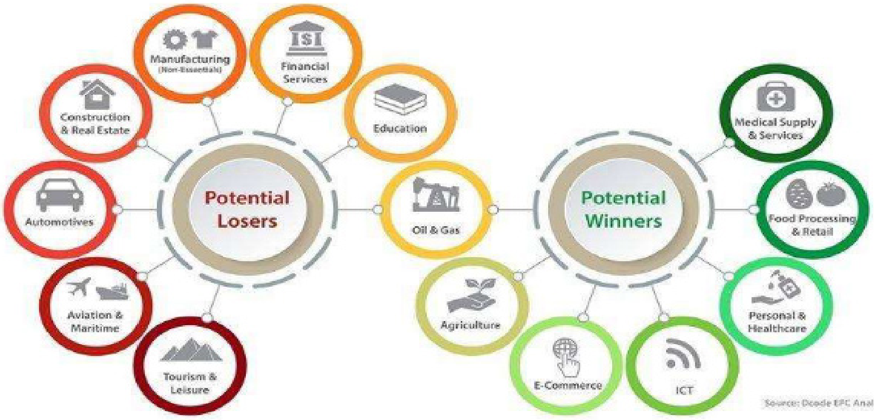
Even as the country emerges from the lockdown in phases, some of the sectors are disrupted forever due to the fear that the pandemic has generated and the regulations imposed by the various State Governments like enforced reduction of capacities for operations to upkeep social distancing norms. Shopping centres, place of worship, theatres, education, sports, theme parks, social visits, marriages and festival celebrations which generate exchange of services and goods spinning the wheels of economy have completely stopped leaving structural damage in the market that doesn't seem reparable in the near future.

Government of India estimates that the GDP growth for Q4 of FY 20 at 3.1%, while the overall GDP for FY20 is pegged at 4.2% and only getting to a down ward spin. Several other international agencies including the World Bank have more pessimistic estimates of GDP growth varying between 1.5% and 2.5%. To tackle this unprecedented health and economic crisis, GoI has announced a fiscal stimulus package, totally valued at Rs 20 lakh crores, in the form of liquidity, credit and loan support, moratorium on loans for Indian businesses. Impact of this package will have to be ascertained, and this study also covers this in the scope.

An Economic Times surveys reports that about 61% of the cash-starved businesses are considering scaling down their operations while 7% are in the mode of selling their business and 13% are considering completely shutting down, while 13% remain optimistic of a positive turnaround. Another important aspect of the study is that 47% of MSMEs, have already exhausted their reserve funds due to business demand crash caused by the lockdown. 24% of MSMEs have cash reserves to last them up to three months; the remaining MSMEs may survive up to six months.

If some of the sectors are struggling to survive there are others who are looking at great prospects that the macro environment is creating. The consulting group has given their outputs which are exhibited below.

The changes that are happening because of this pandemic are unique as



nothing like this has ever happened before in the last tens of decades. Another important dimension in the current pandemic is its scale, the economic and health damage has affected every nook and corner of the globe causing disruption which can be termed as structural damage to the market. This phenomenon should be understood and studied from the current and longitudinal perspective. The existing scenario will lend itself to study not only for economists or management subjects but for all fields of life like medicine, social psychology, to name a few. These studies would build knowledge base and cases that are robust, sharp, measurable paving way for future generations to fall back for reference and trace history in their area of research.

This study titled **"Structural Damages in Micro, Small and Medium Scale Enterprises: Strategic way Forward"** will be conducted in Bangalore Urban. According to Ministry of MSME GOI, Bangalore Urban is a district and consists of Bangalore North, South, East and Anekal. There are 13 Industrial estates with 16 Industrial Areas in this district. The importance of this district is paramount; it is the capital of Karnataka and fourth largest technological hub in the world and the largest in Asia. Bangalore is identified by the World Economic Forum as the Innovation Cluster; it is also the fastest growing metropolis in the country pre COVID19 time with 10.3% growth recorded as per the 2016 data. Bangalore Urban in all has 91,312 MSME's. The total investments of these enterprises amount to 44,84,688 lakhs. These enterprises generate 9,20,299 jobs. The year 2015–2016 saw 1483 new units registered in Bangalore Urban with a total of 12,610 lakhs investments generating 8771 new jobs. As for the types of Industries 'electrical machinery and transportation equipments' stands first with 1955 units under operation. Second in line are 'cotton textiles' units with 804 enterprises. The third in line is the 'ready-made garments and embroidery unit' with 600 MSME's operational. For the current study, data will be collected from MSME's in Bangalore Urban district. The current study is designed to be descriptive in nature. This study aims to explore the Micro Small and Medium enterprises in and around White field in Bangalore Urban. The MSMEs operational in this area are well represented through an association. The association is an elected representation body of all the enterprises which garners strength and

TABLE 1. Nature of business, size, years of operation & turnaround

S NO	Nature of Business	Size	No of years in operation	Av: TA in 3 years-INR
1	Iron and Steel products – manufacturing	Small	20 years	20 crores
2	Contract Mfg of food items	Small	15 years	18 crores
3	Mfg of packaging products – We operate under annual contract with a large Indian conglomerate that accounts for about 75% of our capacity. Another 20% caters to medium sized industries whose business is not affected. Only 5% of our customers are micro/small businesses	Small	11 years	8 crores
4	Mfg of cables, cable carriers etc	Small	14 years	8 crores
5	Manufacturers of Branded Garments – Uniforms, T-shirts, caps, jackets, etc. We supply to corporate for their promotional activities including, schools and educational institutions, factories for uniforms, etc. Our products are made to order and not mass produced	Small	13 years	12 crores
6	Mfg of cables, cable carriers etc	Small	9 years	1 crore
7	Construction of office complexes, apartments, etc	Medium	8 years	11 crores
8	Mfg for aerospace industry	Small	20 years	15 crores
9	Mfg of Press tools, press components and jigs	Small	27 years	23 crores
10	Manufacturing – Auto press components – Our main customers are automobile manufacturers	Micro	24 years	95 lakhs
11	Manufacturing – Cable & Wire and harness assembly size	Small	23 years	5 cr
12	Manufacturing – Acoustics	Medium	9 years	10–12 cr
13	Importer and mfr of medical devices. We are contract manufacturer of medical devices, diagnostic and drug delivery devices. We also import a variety of consumables and disposables such as implants, gloves, syringes etc. We also import capital equipment for the medical devices industry.	Medium	10 years	20 crores
14	Mfr of various chemicals	Small	13 years	7 crores

voice to individual members amongst various stake holders, specially the Government bodies, tax departments, to name a few.

The objectives of this study are as follows:

- To find out the overall disruption COVID19 has caused to the MSME
- To find out the damage caused by COVID 19 on the production and new orders for the organization
- To find out the financial implications of COVID 19 on the enterprises and the support by the Government agencies.
- To find out the issues created by the Pandemic on the Human resources for the company
- To find out the challenges in the current scenario
- To find out the strategies for moving forward

4. Methodology

The study adopted convenience sampling method. Data were collected through structured interviews with the owners/managing directors, proprietors of MSMEs through the association members. These interviews are conducted through remote electronic modes using Zoom, What'app or other mutually suited networking platforms. Interviews were conducted based on interview schedules prepared to elicit answers for the set objectives of the research. Interviews were recorded with permission and transcripts are prepared carefully, taking care that all points are duly included.

QDA minor lite version of software for qualitative data is used to look deeper into the content. As the first step, the transcripts are edited and uploaded. In the second step, coding is carried out. In this study, the DEMOGRAPHIC code is offered to Name of the company, Nature of Business, Size of firm, Average turnaround in the past 3 years, and No of employees which further includes permanent, temporary and migrant. The next code's main head is the COVID DISRUPTION and under this the overall disruption highlights are captured. The next aspect is COVID IMPACT ON FINANCE; aspects covered under this include details on working capital, receivables and cash flow. The next aspect touched upon in the interview is COVID and its impact on MANUFACTURING; questions scheduled under this include executing current orders, receiving new orders and keeping the supply chain and manufacture flowing uninterrupted. The next aspect is STRATEGIES FORWARD, which include plans for execution of current operations and future pathway ahead. The next aspect is COVID and HUMAN RESOURCES, which deals with paying employees, retaining the current strength, migrant labor availability.

5. Findings and discussions

Demographic profile of the respondents includes the nature of business, the size of investment, number of years in operation, and average turnaround for the business (Table 1).

In all there are 3 medium, 10 small and 1 mico enterprise as respondents. These enterprises have been in operation between 9 and 27 years. These 14 enterprises on an average turnaround 253 crore worth of business in a year, and had been averaging this for the past 3 years. There are many types of business covered in the study,

TABLE 2. Name of Enterprise & Human Recourse handling during pandemic

S No	Company code	No of workers	Employee retention	Payment
1	GS	Permanent: 12, Temporary: 35 migrant employees: 22	• All employees retained on humanitarian grounds. Helping migrant workmen to return home in every possible way including paying for flight tickets, even though they may not return to work	Payment but with wage cuts.
2	FC	Permanent: 150 Temporary: 200 No of migrant employees: 45	• No attrition of employees as of now. • No lay off of any worker. • Providing rigorous health care for workers and families	We pay extra for temporary employees for hardship allowance
3	TS	Permanent: 19 Temporary: 40 No of migrant employees: 12	• Not laying off of any workers.	50% wage cut during lockdown period
4	KI	Permanent: 25 Temporary: 10 Migrant: 5	• No layoffs	25% wage cut during the lockdown period. All wages on freeze and no increments for staff for at least one year.
5	IA	Permanent: 200 Temporary: 35 No of migrant employees: Nil	• Retrenched 50% workers (mainly women tailors) • May have to retrench more if the situation continues for another month.	Payment as per the hours put in
6	AtF	Permanent: 8 Temporary: up to 10 depending on order position No of migrant employees: 2	• No orders and no salaries	Job based on order positions

S No	Company code	No of workers	Employee retention	Payment
7	PRK	Permanent: 25 Temporary: 125 No of migrant employees: 45	• Anticipate a huge shortage of manpower when the market picks up. • Even though ready to reemploy when migrant labour return, most them are unlikely to return.	
8	LT	Permanent: 22 Temporary: 25 No of migrant employees: 10	• No lay offs	
9	GS	Permanent: 28 Temporary: 30 No of migrant employees: 8	• Paying full wages to all employees • Some facilities such as food/canteen are cut. • >10% of workers have already stopped coming to work due to fear. Expect more employees to stay away from work.	
10	BPC	Permanent: 35	• As there is no work, laid off 25 employees with the promise of re-employment when the situation improves	
11	SSE	Permanent: about 50 Temporary: up to 10 depending on order No of migrant employees: 15	• No plans to lay-off	
12	NS	Permanent: about 40 Temporary: 8–10 No of migrant employees: 10	• We have not taken any strategic decisions	
13	SMC	Permanent: about 100 Temporary: varies up to 10 Migrant Nil	• No change in employment in the near future	
14	SC	Permanent about 30 Temporary 5–10 from time to time Migrant: 10	• Any strict implementation of worker safety measures will further impact our business.	No layoff, but continued employment with wage cuts.

though there are only 14 respondents, the 'nature of business' range from builders to Aerospace equipment manufacturers. The number of respondents could not be increased within the prescribed time-frame as the aim of this study was only to elicit information from the owners of enterprises and not from any employee. The objective was to get first hand feedback on how entrepreneurs are actually dealing with this very trying time of the pandemic.

Following the demographic questions which threw light on the nature of the enterprise, the next question was about the employee situation. In the current scenario, with so much of Television coverage on laborers being hit hard, migrants moving away from city, question was posed to the owners of the firm on what they were doing to retain employees and if they are able to pay the full salaries to the them at all levels. The response for the same are tabulated below. To comply with confidentiality requirements of some of the respondents, all the business names have been replaced by codes (Table 2).

Five employers have resorted to laying off employees or cutting salaries. The interviews for this study were wrapped up as of 6 July 2020, while at the time of compiling and reporting another lockdown has been announced by the Government from the 14th of July for a week. Many of the owners have clearly said that they will not be able to sustain if the same scenario continues, so it can be easily predicted that the employment layoffs is going to bleed the economy. Between these 14 enterprises, they employ 744 permanent employees, about 550 temporary laborers and 139 migrants.

The next aspect covered in the interview was the overall impact of Covid pandemic on their business, the response to this reflects the extent of damage to the structure and to the way the enterprise functions.

Company code	**Financial impact**
GS	• Cash flow severely impacted • Pressure on payment for procurement of raw material • Payments for fixed costs like rent and electricity. • Receivables cycle extended due to problems faced by the customer.
FC	• No impact of Covid as the business deals with essential food items. • Relaxation from the general lockdown rules due to the nature of business • Revenues have increased by 15%
TSP	• Overall revenue impact as of now is negligible. • Revenue loss during the lockdown period. • Able to meet fixed costs with reserves • Strategy is to focus on realizing receivables in a shorter cycle and enhancing the payment cycle to conserve cash.
KI	• Loss of revenue for two months of lockdown period. • Strategy to manage cash flows: • Seeking short-term funding from customers and • Seeking extended payment period from the vendors to manage the cash flows

IA	• Order position drying up since large customers are cutting down on their business • Inventory built up in anticipation of growth has locked up working capital and factory space. • Unreasonable price cuts of at least 20% demanded by big customersSome customers who are willing to lift the FG only are asking for at least 20% discount on the contracted prices, which will hit our bottom line very badly. • Delayed payments from customers. • No rent since the factory shed is owned by the company. But other fixed costs are eroding reserves • Bankers unwilling to provide working capital without collateral security. • Managing working capital requirements with internal accruals and own reserves. • Hence not eligible for the benefits under the GECL scheme
AtF	• Business is very dull since the lockdown: • Corporate clients are drastically cutting marketing budgets reducing our order book • Schools have not reopened and are not sure of their outlook for this academic year. • Corporate clients are diverting CSR funds to PMCARES and other government sponsored relief funds and not for CSR branding activities. • • 20% extra GECL financing providing some temporary relief.
PRK	• Saddled with surplus and unsold inventory of office and home spaces. • Some major projects stopped as customers are unable or unwilling to make balance payments as per agreed schedule due to loss or reduction in income • Offering reduction in prices to at least cover my cost. • Second-sale apartments are flooding the market at prices much lower than market prices • Corporates adopting work-from-home have reduced need for office space • Investment in landbank of 50 acres in Bangalore is sunken cost with no returns impacting the cash flows.
LT	• Impact is actually positive since the Govt has ordered and released all pending payments (including IT refunds) immediately as a part of the Covid relief measures. • Hence clash flows have actually improved • Easily availed 20% extra working capital arrangement with banks as per the government orders. • Able to pay the vendors in time resulting in increased service levels
GSI	• Revenues have fallen by 25% already average per month. Expect further drop • Not able to pay the vendors in time as there is no clash flow.
BPC	• Entire auto industry is in bad shapedirectly impacting the business of auto-ancillaries. • Empty order book • Due to limited space cannot implement social distancing norms. If this is enforced strictly by the government, will shut business as access to larger space is prohibitive • Scared of punitive actions by the government in case of any positive case in the factory. • Reserves will last for another month or so.

SSE	• Cost of raw material (copper) is coming down due to corona virus will not improve profitability since customers expect the benefits of lower cost to be passed on. • Cable business is suffering because of covid. But wire business is marginally improving. • Business is down in metros but picking up in non-metros and rural areas (mainly construction related activities) • Zero-debt company with sufficient cash reserves hence no major financial threat in the immediate future
NS	• Construction and entertainment industries are major customers who are facing major difficulties. Hence prospects of order postponement or cancellations
KI	• Marketing/Service teams are forced to work from home due to social distancing norms. • This is being further impacted by the curfew being imposed from time to time in different states
SMC	• Business impacted because of over dependence on China for all import needs • As Chinese vendors are suffering, ur imports are also impacted. • Financial challenges are minimal since being part of an MNC with independent local management.
SC	• 40% drop in production since April due to demand contraction and labour shortage.

6. Challenges and strategies

6.1 Finance

These responses show that only two companies are reporting increase in business to the tune of 15% during the lockdown period. Another one reported steady cash flows, while one company had negligible financial impact. Out of these three respondents, one operates in the government sector (aerospace and defence), the second in the area of health-care and the third in the essential food industry. All the other 11 companies are facing serious financial challenges, mainly:

1. Insufficient working capital arrangement as indicated by 8 of the 14 respondents.
2. Only two respondents could avail the financial relief package announced by the GoI, while remaining could not avail relief package for reasons that include:
   - Banks are asking for collateral to extend the assistance
   - Process to avail the package is very complex, cumbersome and discouraging
   - Not eligible for the package as they have no existing financial arrangement with any bank
3. Low reserves position that may not meet fixed charges beyond 3–6 months in most cases.
4. Serious cash flow difficulties due to
   a) Nil or minimal revenue during the lockdown period
   b) Extended receivable cycle but static payable cycle for most orders
   c) Unreasonable price cuts demanded by major customers
   d) Need to pay for utilities such as power and water and also rent for

the premises even though the industry was not functioning at all.

6.2 Strategies forward to deal with financial challenges

1. Three of the eleven impacted businesses who have own assets (such as land or building) were planning to lease or share them with businesses instead of opting to close down to wait for better days.
2. To seek price increase from customers and negotiate lower prices from vendors
3. To seek extended payment time from the vendors.
4. To seek shorter payment cycle from customers.
5. To focus on collecting the receivables
6. To seek working capital support from large customers.
7. Monetise the excess of inventory of built-up finished goods or WIP built in anticipation of growth by selling them in the open market at discounted prices to realise cash and free up space.
8. Diversify into other businesses leveraging existing resources and strengths till the environment for the current business improves
9. Two respondents were ready to quit their business if there is no improvement in the situation within the next 6 months.

6.3. Human resources

All the fourteen respondents, including those whose finances were not impacted, stated that they were facing problems on the HR front caused by the pandemic. But most of the respondents adopted a humanitarian basis to deal with employees and workmen related challenges.

Main challenges were as follows:

1. Complying with government regulations of social distancing at work and working in shifts leading to under-utilisation of existing manpower
2. Even many permanent workmen are unwilling to report to work due to fear of being infected during travel to work or at the work place
3. Return of migrant labour to their homes depleting the available manpower strength.
4. Infusing confidence in the employees and workmen that the company would help them as much as possible to overcome the crisis together

6.4 Strategies adopted or contemplated to deal with HR challenges

Unlike in the case of financial challenges, most respondents had clear ideas of how they would handle the HR challenges. Major strategies included:

1. Retain the manpower with full wages even if there is revenue shortfall. Five respondents paid full wages even during the lockdown period.
2. Retain workmen with minimal wage-cuts. Five respondents retained employees with wage cuts up to 50%
3. Keep retrenchment/lay-off to the absolute minimum. Only one employer respondent resorted to retrenchment but with promise of reemployment on return to normal business
4. One respondent paid additional wage as hardship allowance to the employees during the lockdown period.
5. All respondents planned to comply government regulations for the work place

including social distancing and work/shift timings even though costs would go up and human productivity would be affected

6. Take special efforts and find out-of-the-way solutions to deal with the problems of migrant workmen and help them deal with their personal emergencies

6.5 Order book position

Majority of the respondents have serious concerns about their order book position. Cancellation/postponement of existing customer orders and possibility of indefinite delay in future orders are worrisome to most respondents. Most respondents had hardly any control over this as the customers themselves had problems in their business.

6.6 Strategies adopted or contemplated to deal with the problem of order book position

1. Providing extended credit period to the customers, for example: 60 days payment cycle instead of the standard 30 days.
2. Offering instalments or staggered payments options to customers
3. Actively explore markets to identify new and non-traditional customers

6.7 External business environment

Almost all the respondents stated that the current situation is rather bleak. However, a majority were hopeful that the pandemic situation would be brought under control and that we should prepare ourselves to seize opportunities when that happens. But many of the respondents are not clear about how the situation would pan out in the near or short term, which would determine their survival. Hence they would rather wait and watch the situation at it evolves.

However, some respondents are despondent and are not hopeful of improvement in the situation even in 12 months time. They cite the lack of support from the government or banks for financial support for this diffidence.

6.8 Business continuity and growth

There is mixed response regarding future business growth prospects. Regarding further investments in the business, 29% of the respondents said that they would not make further investments in the business for at least the next 12 months even though they are optimistic about the situation improving. Others intend to spend their current finances and resources on surviving during this period.

6.9 Response to government initiatives

When queried about the support and packages announced by the state and central government, most responses were rather lackadaisical. Regarding the central government's GECL (**Guaranteed Emergency Credit Line**) scheme, many feel the scheme to be of not much help. Further, there is a huge gap between the government's intention of financial support and disbursement by the banks causing a lot hardship to the MSME businesses. Some respondents were not even eligible for this scheme due to the conditions attached to it. During the interviews, respondents strongly voiced their opinion that the governments must do some thing for the long-term health of the MSMEs including preferential bank interest rates and supporting the wage bill for at least another six months to help the MSMEs

7. Conclusion

But for two companies one, supplying aerospace part to the Government and the other into food business, which is an essential service, all the other establishments are facing severe problems with cash flow, receivables and meeting with basic commitments like meeting capital expenses. There is production loss; accumulated unsold stocks, cancelation of orders, lack of buyers, lack of raw materials due to supply chain breakdown, all signs of distress, which is creating structural damage to the entire market. To top it, there are industries depending on China and they have to reconstruct their entire business model to get sailing in doing business.

But respondents see also bright sparks. Indian businesses stand to gain from the current global negative outlook on Chinese products. But Indian businesses would need to proactively prepare themselves for replacing Chinese products first in the Indian and global markets. Given the creativity and innovative mindsets of Indian MSMEs, this is a real opportunity which must be leveraged. This will be bolstered by enabling legislative framework and administrative mechanism to enhance the ease of doing business in India.

A sense of cautions optimism prevails within the business owners interviewed.

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