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# **Situation analysis on the COVID-19 pandemic's impact on enterprises and workers in the formal and informal economy in India**





# **Situation analysis on the COVID-19 pandemic's impact on enterprises and workers in the formal and informal economy in India**

**ILO DWT for South Asia and Country  
Office for India**

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## Preface

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Micro, Small and Medium Enterprises (MSMEs) play a significant role in India by contributing to the economy through employment creation and exports. There are estimated 63 million MSMEs in the country, providing employment to around 120 million workers. However, most of them are micro in size, and as a result subjected to many risks. In addition, there are many unregistered enterprises in the country, accounting for the bulk of the informal economy. Albeit decent work deficits, they act as an important job cushion for many.

The impact of ongoing COVID-19 pandemic on these enterprises, formal and informal, and the dependent wage and own-account workers has been severe. The containment measures undertaken by the government from March 2020, disrupted functioning of the MSMEs and livelihoods of the workers.

Decrease in demand led to temporary or permanent shut down of enterprises, or businesses adopted practices such as wage cuts or retention, job cuts or increase in working hours. This has accentuated the vulnerability of many workers, in particular the migrant workers. We will never forget their plight walking back home from cities.

The ILO's four-pillar policy framework, based on international labour standards, for tackling the socio-economic impact of the COVID-19 crisis underlines the need for rapid and well-designed policy measures to support enterprises, jobs and incomes.

Our experience has shown that the effectiveness of policy and programme responses necessitates evidence-based social dialogue throughout designing and implementation. Thus, this situation analysis study was prioritized for three States - Maharashtra, Tamil Nadu, and Uttar Pradesh. These States account for a substantial proportion of the country's MSME units and were also most affected by reverse migration. The data collection undertaken during October 2020 – January 2021 focussed on: 1) Impact on MSMEs, employers and workers in the informal and formal economy, due to COVID-19 related market disruptions and 2) Employers' and workers' coverage and access to policy measures announced in response to COVID-19 pandemic. With the travel restrictions in place, data was collected through telephonic surveys and semi-structured interviews.

Despite the data collection challenges, there are notable revelations in the study findings. It quantifies the severity at which the COVID-19 pandemic has affected the workers and employers in MSMEs. A total of 92 per cent unit owners reported cascading effects of the pandemic on their business and in fact, at the time of the survey, 63 per cent of the enterprises were still facing related restrictions.

Only about 40 percent of the surveyed enterprises had accessed support of any kind. However, respondents demanded interest-free or low-interest loans to ensure business survival.

Workers primarily bore the brunt of the temporary and permanent closures of the enterprises. Approximately 45 percent of the enterprises laid-off workers either temporarily or permanently, while 85 percent of the workers reported not having access to any social security. The uptake of government support was low at the time of the study and most respondents expressed the need for financial support, indicating information asymmetry, digital barriers and high transaction cost in accessing relief measures.

The viscous second wave of COVID-19 (March-May 2021) has given further jolt to the enterprises and the workers. The study findings, although based on the analysis of first wave, underscore the urgent need for local community based facilitation and referral services to access relief measures. The report also points at the possibility of structural issues such as eligibility for workers and MSMEs to access the available support systems and the need for registration.

Building on the study findings, ILO will work closely with its constituents in India, to design more focused interventions to improve access of MSMEs to relief measures and workers to social protection and good working conditions in enterprises, alongside re- and up-skilling and alternate livelihoods. Covid-19 is indeed an unprecedented emergency, but we need to initiate efforts to build resilience of our businesses and workers by addressing the structural gaps. Through this study, we sincerely hope to provide constructive guidance in this regard.

**Ms Dagmar Walter**

Director

ILO DWT South Asia and Country Office for India





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## ▶ List of Acronyms

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API	Active Pharmaceutical Ingredient
ARI	Agro & Rural Industry
BOCW	Building and Other Construction Workers
CSO	Civil Society Organization
DATC	Data Analytics and Technical Coordination
DCMSME	Development Commissioner MSME
DICs	District Industries Centres
EPF	Employees' Provident Fund
ESIC	Employees' State Insurance Corporation
FICCI	Federation of Indian Chambers of Commerce & Industry
FSSAI	Food Safety and Standards Authority of India
GAME	Global Alliance for Mass Entrepreneurship
GDP	Gross Domestic Product
GoI	Government of India
GVA	Gross Value Added
GST	General Sales and Taxes
IF	Integrated Finance
IIFT	Indian Institute of Foreign Trade
IIT	Indian Institutes of Technology
ILO	International Labour Organisation
KVIC	Khadi and Village Industries Commission
MGIRI	Mahatma Gandhi Institute for Rural Industrialization
MGNREGS	Mahatma Gandhi National Rural Employment Guarantee Scheme
MSME	Micro, Small and Medium Enterprises
MSMED	Micro, Small and Medium Enterprises Development
NGO	Non-Governmental Organization
NSIC	National Small Industries Corporation
NSSO	National Sample Survey Office
PMUY	Pradhan Mantri Ujjwala Yojana
PPE	Personal Protective Equipment
SPJIMR	S. P. Jain Institute of Management and Research
SSI	Small-Scale Industries
UAM	Udyog Aadhaar Memorandum
UAP	Udyog Aadhaar Portal



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## ▶ Executive summary

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### The context of the study

MSMEs play a significant role in India. They contribute to the domestic economy and significantly to the exports from India. Importantly, they are the major source of employment in the country. According to NSSO, there are nearly 63 million MSME enterprises in the country. However, nearly all of them are micro in size. Hence, most enterprises are subject to risks, given their size. Most of these enterprises also employ labour from other states. To contain the spread of the COVID-19 outbreak, the government, in March 2020, locked down a substantial part of the Indian economy. Except for essential services, the rest of the country was shut down. This led to substantial disruption both for the MSME enterprises and the workers in these units. The "migrant crisis" as highlighted by the media during March-April 2020 is a manifestation of this impact, both on the MSMEs and workers.

It was in this context of disruptions that the objectives of this study were framed.

The objectives of the study were:

1. Gain information on the impact on MSMEs (establishment and workers in the organized and unorganized sector) due to the COVID-19 pandemic-related market disruptions.
2. Understand the coverage and access to policy measures of the government (including wage protection, job retention, welfare entitlements, Employee Social Insurance Scheme, Provident Fund coverage, and others).

### Methodology

The study was done in three states. Maharashtra, Tamil Nadu, and Uttar Pradesh were chosen as they account for a substantial proportion of the country's MSME units. The states were chosen based on the review of data and discussion with the ILO. Also, these states were affected due to the reverse migration. The labourers in Maharashtra and Tamil Nadu went back to their respective states. Quantitative data collection was proposed with 500 MSME unit owners and 1000 labourers from each state. The final numbers interviewed were 1525 unit-owners and 3111 workers. Qualitative data to understand the context, the impact, the support provided by the government, and their access by the owners and workers was proposed from interviewing government officials, trade union representatives, and NGOs.

Given the COVID-19 lockdown and travel restrictions context, the primary data collection was entirely done over the phone. The collection of quantitative data from MSME enterprises and the workers over the phone posed significant challenges. There was no database, and the details of the units, workers, and

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phone numbers had to be collected from diverse sources. Hence, the data was not uniform. Importantly, given the data's diversity and quality, sampling for sub-groups such as by type of industry or by size class was not feasible. The data were cleaned to remove units, which may be 100 per cent into trading. The cleaned data were randomized for data collection. However, no such process was feasible in the case of workers. The worker's data was collected from diverse sources, but, importantly, data on workers was snowballed through data collection.

The collection of qualitative data over the phone was no less a challenge. Issues such as getting phone numbers, scheduling interviews, and ensuring their completion were significant challenges. It was not easy to find numbers and schedule interviews with government officials. Also, since the interview was over the phone, the attention span was short, which posed issues in collecting quality data.

The data collection challenges considerably increased the time of data collection than what was initially proposed. Considering the timeline of the study, it mainly captured data and analysis from first wave of COVID-19 pandemic in India.

### Key findings

Of the MSME enterprises surveyed, 55 per cent were from the service industry and the rest from manufacturing. 47 per cent of the surveyed enterprises were micro in size. The manufacturing industries, enterprises that repair personal and household goods, transport, storage, and communication, were surveyed. Nearly 80 per cent of the enterprises were single proprietorship enterprises. 85 per cent of all enterprises were registered under some regulation. GST was the most predominant one. 55 per cent of the surveyed enterprises had registered with GST. Interestingly, none of the enterprises in Chennai and Coimbatore had registered with UDYAM.

**MSME units:** During the survey in October 2020, more than 75 per cent of the surveyed enterprises had started normal operations, either on-site or remotely. 14 per cent of the enterprises were still shut down, and 10 per cent were working partially. The closure of the enterprises due to the government regulations was the major impact, which impacted the other aspects. 93 per cent of the respondents agreed that the closure impacted them. Enterprises faced issues in payment of wages/salaries and repayment of loans. The key strategy that the enterprises adopted to address this was to lay off the workers, either temporarily or permanently. 46 per cent of the enterprises resorted to this and other measures; such as ensuring new working arrangements, online sales or increasing the sales efforts. The number of enterprises engaging no labour increased from 5 to 17 per cent due to the lockdown. The proportion of women labourers laid off was higher than that of the male labourers. While 30 per cent of the enterprises reported reduced female labourers, 24 per cent reported reduced male labourers.

Even after easing of restrictions, the closure's impact continued to be felt by more than 63 per cent of the enterprises across the three states. For 42 per cent of the units, it would take more than 6 months to reach the same status as before the restrictions were imposed. Between the states, the impact appears

to have been relatively more severe for the enterprises in Maharashtra. 20 per cent of the enterprises in the state reported permanent closure, and more than 50 per cent of the respondents said that their turnover is less than 90 per cent compared to the previous years. At the time of the survey, Tamil Nadu appears to have been well on the way to recovery. 86 per cent of the enterprises were fully functional, and 7 per cent were partially functional. 7 per cent of the enterprises in the state had closed permanently, mostly in Coimbatore.

**Workers:** As mentioned above, 3111 workers were interviewed across the three states. Nearly all the workers are informal workers. More than 85 per cent do not have access to any social security. Nearly 50 per cent of the respondents work in states other than their native states. Since they are mostly informal workers, very few of them are part of any trade union. The combination of their informal status and migration in search of work makes the majority vulnerable. Their vulnerability is evident because nearly 90 per cent of the respondents faced issues due to the lockdown; 50 per cent earned less income than usual, and 39 per cent lost all income. To cope with these challenges, they had to borrow from their relatives, friends, and others, which further increased their vulnerability. Except in Uttar Pradesh, where the MGNREGS provided some succour, government support and aid were not a significant source of support in the other two states. The employers were not generous with their support, given that many perhaps were affected too, due to the lockdown. Thus, most labourers had to manage the impact on their own, drawing on savings and support of friends, relatives, and others who provided credit.

Among the states, the labourers in Maharashtra appeared to have been affected more than the other two states. 61 per cent had lost all income due to the lockdown. Compared to the two states, Tamil Nadu's situation was relatively better, with many having returned to work. Only about 10 per cent of the respondents were not working at the time of the survey compared to 30 per cent in the other two states.

**Access to government Schemes:** To overcome the impact of the lockdown and the restrictions, the government had announced several provisions, both for the MSME enterprises and the workers. 61 per cent of the MSME enterprises surveyed did not apply for any support or receive any support. The proportion of enterprises mentioning this was the highest in Uttar Pradesh. 73 per cent of the enterprises surveyed in the state mentioned this. In Tamil Nadu, in the Tiruppur district, 80 per cent of the enterprises did not apply or did not receive any support. The rest managed to reschedule their loans (14 per cent of the units), extend the time for filing GST returns (10 per cent), and get rental or utility subsidies (8 per cent). While most enterprises did not apply or receive any support, they required low-interest/interest-free loans or credit lines to ensure their everyday operations. Nearly 50 per cent of the respondents expressed the need for this.

65 per cent of the workers accessed the free or increased ration under the Pradhan Mantri Gareeb Kalyan Yojana. 28 per cent got 500 rupees under the Jan Dhan Yojana. In Tamil Nadu, 34 per cent received cash from the state government as part of the COVID-19 pandemic relief. Since a small proportion, mostly in Tamil Nadu, was a part of the trade union, they received some support.



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**Conclusions and recommendations:** The lockdown to prevent the spread of COVID-19, significantly impacted the MSME enterprises and the workers of the unit owners agreed that it had impacted them. The closure of their enterprises was the most significant impact on most of the respondents. This had a cascading effect on other aspects like cash flow, supply chains, and worker availability. In fact, at the time of the survey, 63 per cent of the enterprises were still facing the impact of the lockdown. In contrast, 68 per cent of the enterprises needed another 3-6 months to return to the pre-March 2020 level.

With 86 per cent of the enterprises fully functional in October 2020, Tamil Nadu has done better than the other two states. 19 per cent of the enterprises in Maharashtra and 16 per cent in Uttar Pradesh were still shut at the time of the survey. In fact, in Mumbai, 26 per cent of the enterprises were shut. In Lucknow, only 29 per cent of the enterprises were fully operational. In Maharashtra, 57 per cent of the enterprises need more than six months to be back at the pre-March 2020 level. Also, in Mumbai, 20 per cent of the enterprises had been permanently shut.

The support by the government was not accessed or available to most of the units. Only about 40 per cent of the surveyed enterprises had accessed some support. The need for low-interest/interest-free loans was a key need for the owners. 50 per cent of the enterprises wanted this support.

The workers, primarily, felt the impact of the closure. Most enterprises either temporarily or permanently reduced the labourers engaged, in coping with the closure. 45 per cent of the enterprise's laid off workers either temporarily or permanently. Across the state, the number of enterprises not engaging any labour increased from 5 per cent before March 2020 to 17 per cent at the time of the survey. The number of enterprises indicating no labour increased more significantly in Maharashtra and Uttar Pradesh compared to Tamil Nadu.

85 per cent of the workers have no access to any social security. Even those who consider themselves full-time workers have no access to any security. At the time of the survey, nearly 25 per cent of the respondents were yet to return to work. Most of them were in Uttar Pradesh and Maharashtra.

1. Compared to the two states, Tamil Nadu appears to have bounced back, with nearly 85 per cent fully functional enterprises and 90 per cent of the workers having found jobs. It would be useful to examine what factors, other than the government support, contributed to this. Access to government support was not significant across the three states. Hence, it may be useful to examine the factors other than the government support contributing to this.
2. Maharashtra and particularly Mumbai appears to have been affected more than the other states/districts. It may be useful to examine why specifically Mumbai, with nearly 20 per cent of the enterprises permanently shut, could not cope with the disruptions. This may help to address the specific challenges through policies and programmes.

3. Despite various interventions of the government, access is still limited. The agencies, perhaps, need to examine the reasons for this. The revival of the enterprises has an impact on the workers too.
4. Nearly all workers do not have any access to social security. It is anticipated that the code on social security would address some of these challenges.
5. Except for rations under the Pradhan Mantri Gareeb Kalyan Yojana, there has been no significant benefit or support, accessed or received by most workers. The officials cited a lack of a database as an issue. Efforts could be made to develop a database.
6. Although the uptake of government support was low at the time of the survey in October 2020, most respondents expressed the need for financial support. This included either low-interest/interest-free loans or low-interest credit lines, guarantees or tax breaks. 47 per cent of the respondents would like interest-free or low-interest loans to ensure their business's everyday operations. In other words, there is a need, but there are perhaps some structural issues, such as eligibility, as mentioned by an official, that could be the reason for MSMEs not being able to access the support. This may have to be addressed.

## ► 1. Introduction – context and methodology

---

This section provides an overview of the context and the study methodology, which outlines the process of selecting states; quantitative and qualitative data collection, the process of execution, and the limitations.

### 1.1 Overview of the micro, small and medium-sized enterprises sector in India

MSME stands for Micro, Small and Medium Enterprises. Under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, the MSMEs are classified into two types<sup>1</sup>. One, are the manufacturing enterprises, which are engaged in the manufacture or production of goods of any industry specified in the first schedule of the Industries Development and Regulation Act, 1951; or employing plant and machinery in the process of value addition to the final product having a distinct name or character or use. The other are the service enterprises, which provide services.

Before the MSMED Act, 2006, small industries included tiny, cottage, traditional, and village enterprises. In India, the MSMEs were collectively termed as Small-Scale Industries (SSIs) under the Industrial Development and Regulation (IDR) Act, 1951. The MSMED Act, 2006, provided the legal framework for identifying the enterprise. The manufacturing and service sector enterprises are categorized into three tiers, viz., Micro, Small, and Medium.

Over the last five decades, the MSMEs have contributed significantly to the Indian economy. There is one MSME for every 21 citizens in this country.<sup>2</sup> The MSMEs produce a diverse range of products and services to meet domestic and global markets' demands. The share of MSMEs in the overall Gross Value Added (GVA)<sup>3</sup> has been around 32 per cent, and its overall contribution to the Gross Domestic Product (GDP)<sup>4</sup> is at 30 per cent. MSMEs produce 13 trillion Indian rupees (or US\$1.78 trillion<sup>5</sup>) of goods and services.<sup>6</sup> Close to half of the country's exports come from products and services within this sector.<sup>7</sup>

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1 See Government of India, Development Commissioner, Ministry of Micro, Small and Medium Enterprises, <http://dcmsme.gov.in/>

2 See D. Vijayasathya, "UDYAM— A Bane or Boon for MSMEs?", The Business Line, 21 January 2021, <https://www.thehindubusinessline.com/opinion/udyam-a-bane-or-boon-for-msmes/article33628281.ece> accessed 21 January 2021.

3 Gross Value Added (GVA): It is an economic productivity metric that measures the contribution of a corporate subsidy, company or municipality to an economy, producer, sector, or region. It may be noted that estimates of GVA had been prepared at factor cost in the earlier series (base year 2004-05), while these are being prepared at basic prices in the new series (2011-12). GVA estimated by production approach: (GVA = Output – Material Inputs) and GVA estimated by income approach: (GVA = Compensation of Employees + Operating Surplus + CFC).

4 Gross Domestic Product (GDP): GDP is derived by adding taxes on products, net of subsidies on products, to GVA at basic prices.

5 At US\$1 = 73.5 rupees (on 1 December 2020), see <https://www.exchange-rates.org/Rate/USD/INR/12-1-2020>

6 Government of India, Ministry of Micro, Small and Medium Enterprises, Annual Report 2018-19, see <https://msme.gov.in/sites/default/files/Annualrprt.pdf>

7 Government of India, Ministry of Micro, Small and Medium Enterprises, Annual Report 2018-19, see <https://msme.gov.in/sites/default/files/Annualrprt.pdf>

### 1.1.1 Classification of MSMEs

Before 1 June 2020, MSMEs were defined based on the initial investment in plant, machinery, and equipment. There were different investment thresholds for the manufacturing and the service industries (see Table 1.1).

► Table 1.1: Investment threshold for manufacturing and service MSME's before 1 June 2020

Types of enterprise	Manufacturing – investment in plant & machinery in rupees	Service – investment in plant and equipment in rupees
Micro	<2.5 million	<1.0 million
Small	>2.5 million and <50 million	>1.0 million and <20 million
Medium	>50 million and <100 million	>2.0 million and <50 million

The new definition significantly increased the investment threshold. It removed the distinction in investment between the manufacturing and the service industries. It also added the criteria of turnover to define the MSMEs. The turnover, however, did not include the export turnover to enable the MSMEs to gain benefits. Table 1.2 provides the details of the new definition.<sup>8</sup>

► Table 1.2: Revised MSME Classification for India

Category	New capital in rupees	New turnover in rupees
Micro	10 million	50 million
Small	100 million	500 million
Medium	500 million	2500 million

Source: Government of India, Department of MSME, Gazette of India.

## 1.2 MSMEs – An overview of number and characteristics

There are primarily two sources of data on MSMEs. One is the National Sample Survey Organization (NSSO) India rounds. The latest is the 73rd round, in 2015-16, on unincorporated non-agriculture-based Micro, Small, and Medium Enterprises (MSMEs) engaged in different economic activities.<sup>9</sup> The other is the data from the 'Udyog Aadhaar Memorandum' (UAM) since September 2015.<sup>10</sup> The UAM is now referred to as UDYAM since July 2020.<sup>11</sup>

According to the NSSO, there are 63.4 million enterprises in the country. Of them, 63 million or nearly 99.4 per cent of all enterprises are micro-units. 0.3 Million are small units, and 5000 enterprises are medium. This number,

<sup>8</sup> [https://msme.gov.in/sites/default/files/MSME\\_gazette\\_of\\_india\\_0.pdf](https://msme.gov.in/sites/default/files/MSME_gazette_of_india_0.pdf)

<sup>9</sup> [http://www.mospi.gov.in/sites/default/files/publication\\_reports/](http://www.mospi.gov.in/sites/default/files/publication_reports/)

<sup>10</sup> To ensure the ease of registration of MSMEs, the Ministry notified a simple one-page registration form, 'Udyog Aadhaar Memorandum' (UAM) on 18 September 2015. This has resulted in a substantial reduction in transaction costs involved in the registration of the MSMEs and has helped understand the total number of beneficiaries for government policies and Schemes.

<sup>11</sup> See D. Vijayasathya, "UDYAM— A Bane or Boon for MSMEs?", The Business Line, 21 January 2021, <https://www.thehindubusinessline.com/opinion/udyam-a-bane-or-boon-for-msmes/article33628281.ece> accessed 21 January 2021.

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as per the definition of MSME, before May 2020, was based on the criteria of investment. The distribution of MSME enterprises by rural and urban areas is nearly equal. By activities, manufacturing accounts for 31 per cent, trade for 36 per cent, and other services account for 33 per cent of the country's MSME units.<sup>12</sup> The MSMEs employ 114 million persons of whom, nearly 24 per cent are women.

The UDYAM is a dynamic list and is updated based on the registrations. It lists about 9 million units. Of them, 59 per cent are service industries, and 41 per cent are manufacturing. 88.6 per cent of the enterprises are micro, 11 per cent are small, and 0.4 per cent are medium-size units.<sup>13</sup> The collection of information on gender-wise ownership of MSMEs started on 22 February 2017. Hence, the data on the gender-wise ownership of the enterprises registered between October 2015 to March 2017 is not available. Of the enterprises registered between April 2017 and December 2019, women own 22 per cent.<sup>14</sup>

The NSSO 73rd round estimates that the trade industry employs 35 per cent of all persons employed in MSMEs, followed by other services at 33 per cent, and manufacturing at 32 per cent. As per the UDYAM, the cumulative employment in MSMEs from October 2015 to December 2019 is 46,661,862. The microenterprises employ 62 per cent, small-sized enterprises employ 32 per cent, and medium-sized enterprises employ 6 per cent.<sup>15</sup>

Informality is deep-seated in the Indian MSMEs. It is estimated that 99.7 per cent of all unincorporated non-agricultural enterprises (excluding construction) are unregistered. Hence, they are a part of the unorganized sector.<sup>16</sup> However, the Economic Survey of 2018-19 pins this number at 93 per cent.<sup>17</sup> Various government sources cite different informal employment levels in the sector; however, there is an agreement that it has persistently hovered well past the 90 per cent mark.<sup>18</sup>

The recent Periodic Labour Force Survey (2017-18) highlights the informality. Among regular wage/salaried employees in the non-agriculture sector, 71 per cent had no written job contract, 54 per cent were not eligible for paid leave, and 50 per cent were not eligible for any social security benefits.<sup>19</sup>

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12 Government of India, *Annual Report – 2018-19. Ministry of Micro, Small and Medium Enterprises, 2019.* <https://msme.gov.in/sites/default/files/Annualrprt.pdf> accessed 28 May 2020.

This data is based on the National Sample Survey 73rd Round in 2015-16.

13 Government of India, Udyog Aadhaar Portal, 2019.

14 Government of India, Udyog Aadhaar Portal, 2019.

15 Government of India, Udyog Aadhaar Portal 2019.

16 S. Mehrotra and T. Giri, *The Size Structure of India's Enterprises: Not Just the Middle is Missing. CSE Working Paper #25* (Azim Premji University, 2019), [https://cse.azimpremjiuniversity.edu.in/wp-content/uploads/2020/10/Mehrotra\\_Giri\\_SizeStructure\\_IndianEnterprises\\_December\\_2019.pdf](https://cse.azimpremjiuniversity.edu.in/wp-content/uploads/2020/10/Mehrotra_Giri_SizeStructure_IndianEnterprises_December_2019.pdf) accessed 8 August 2020.

17 [https://www.ibef.org/economy/economic-survey-2018-](https://www.ibef.org/economy/economic-survey-2018-19#:~:text=The%20Economic%20Survey%202018%2D19,6.8%20per%20cent%20in%20FY19.)

[19#:~:text=The%20Economic%20Survey%202018%2D19,6.8%20per%20cent%20in%20FY19.](https://www.ibef.org/economy/economic-survey-2018-19#:~:text=The%20Economic%20Survey%202018%2D19,6.8%20per%20cent%20in%20FY19.)

18 <https://www.businesstoday.in/sectors/jobs/labour-law-reforms-no-one-knows-actual-size-india-informal-workforce-not-even-govt/story/364361.html>

19 [http://www.mospi.gov.in/sites/default/files/publication\\_reports/Annual%20Report%2C%20PLFS%202017-18\\_31052019.pdf](http://www.mospi.gov.in/sites/default/files/publication_reports/Annual%20Report%2C%20PLFS%202017-18_31052019.pdf)

### 1.3 Governance of the sector

At the national level, there is a ministry for MSMEs.<sup>20</sup> The ministry consists of the Small & Medium Enterprises (SME) Division, Agro & Rural Industry (ARI) Division, Integrated Finance (IF) Wing, and Data Analytics and Technical Coordination (DATC) Wing, besides the office of the Development Commissioner (DCMSME) as an attached office, and other subordinate organizations.<sup>21</sup>

The SME division manages the administration, vigilance, and administrative supervision of the National Small Industries Corporation Ltd. (NSIC). It also deals with implementing the SC/ST Hub Scheme, International Cooperation Scheme, and assistance to training institutions. It also manages the ministry's media campaign. The ARI Division administers the two statutory bodies – the Khadi and Village Industries Commission (KVIC), the Coir Board and the Mahatma Gandhi Institute for Rural Industrialization (MGIRI). DATC is a newly created wing to analyse data/ statistics related to the MSME Sector and provide technical inputs for evidence-based decision-making on the MSME Sector. The Government of India also has MSME Development Institutes in several states, supporting the MSMEs and the state governments.

At the state level, usually, the MSMEs' management is a part of the industry department. Usually, the department implements the Schemes through the General Manager District Industries Centres in each district. These Centres provide various services to the entrepreneurs, like: identifying activities, preparing project profiles, obtaining financial assistance from various financial institutions, statutory clearances from Government Departments, sanction and disbursement of eligible subsidies, and facilitation in obtaining delayed payments.

### 1.4 Impact of the COVID-19 pandemic on the MSMEs

The MSME sector has been facing a prolonged slowdown. After the global financial crisis in 2008, the growth of MSMEs slowed down and hovered between 4 to 7 per cent annually.<sup>22</sup> The recent slowdown in the economy for various reasons also impacted the MSME sector in the Indian economy.<sup>23</sup> The growth rate in India had declined consistently since 2017-18. There was a decline from 8.2 per cent in 2017-18 to 7.2 per cent in 2018-19, to 6.8 per cent in 2019-20, and was expected to be about 5 per cent in 2020-21.<sup>23</sup> The MSMEs, too, were affected by this decline and the COVID-19 pandemic, perhaps further aggravated this sector's situation. This is an aspect that is examined by this study too. The pandemic had disrupted manufacturing supply chains and sharply curtailed commodity demand. Though a business could open after a period of lockdown, many struggled to get back to their pre-COVID-19-pandemic situation. This aspect is examined in this study as well.

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20 <https://msme.gov.in/about-us/organization-setup>

21 <https://msme.gov.in/sites/default/files/Annualrprt.pdf>

22 Reserve Bank of India, Report of the Expert Committee on Micro, Small and Medium Enterprises, June 2019, <https://rbidocs.rbi.org.in/rdocs/PublicationReport/Pdfs/MSME524062019465CF8CB30594AC29A7A010E8A2A034C.PDF> accessed 1 October 2020.

23 See S. Ahluwalia, India's Choppy Economic Growth (Observer Research Foundation), <https://www.orfonline.org/research/indias-choppy-economic-growth-60489/>

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One of the measures undertaken to address the COVID-19 pandemic was the lockdown for some time. The closure of the enterprises due to the lockdown led to a financial impact. It affected the cash flows of these units. In the early phases of the lockdown in March 2020, a FICCI report mentioned that firms were struggling for finance. The reduced cash flows due to the slowing economic activity had impacted all kinds of payments, including wages/salaries, interest, loan repayments, and taxes.<sup>24</sup> A joint survey conducted by the non-banking financial company Magma Fincorp and SPJIMR indicated that out of 14,444 MSMEs surveyed, nearly half witnessed a 20-50 per cent impact on earnings.<sup>25</sup> Thus, the COVID-19 pandemic, and the lockdown in the initial phases, had a financial impact on the MSMEs, affecting earnings, cash flows, and their ability to pay wages and salaries.

The other challenge was labour availability. Most migrant labourers work in the MSME units. The lockdown led to reverse migration, leading to disruption in labour availability. The India Ratings Report anticipated that the under-utilized capacity and costs would increase for the MSMEs due to skilled labour unavailability.<sup>26</sup> In the initial phase, post the lifting of the lockdown restriction, there was also a perception that many workers may not return.<sup>27</sup>

The supply chain disruptions too affected the MSMEs. In a survey by FICCI, 73 per cent of businesses reported reduced orders, and 60 per cent reported supply chain disruptions.<sup>28</sup> The supply chain disruptions led to the closure of units. A report by IIT Madras revealed that nearly 78 per cent of MSMEs in Tamil Nadu had temporarily shut down due to the COVID-19 pandemic.<sup>29</sup> Among these, 79 per cent were micro and small firms, which were the worst hit. Around 68 per cent of the enterprises had only less than one month of cash flows to cover their operations, while the rest had only enough to meet expenses for up to three months. The pharmaceutical industry, which relies significantly on China for procurement of Active Pharmaceutical Ingredient (API), for manufacturing drugs was affected due to the lockdown in China.<sup>30</sup>

The global supply-chain disruptions, export, and trade services were expected to impact the trade. The Indian Institute of Foreign Trade (IIFT) anticipated that most exports would be affected due to a slump in demand and disruption

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24 <http://ficci.in/spdocument/23196/Impact-of-COVID-19-on-Indian-Economy-FICCI-%2023-03-2020.pdf>

25 <https://www.spjimr.org/sites/default/files/MAGMA-SPJIMR%20Report-min.pdf>

26 <https://www.indiaratings.co.in/PressRelease?pressReleaseID=52022&title=reverse-labour-migration-to-lead-to-multiple-headwinds-for-manufacturing-sector>

27 Anil Bhardwaj, Secretary General of the Federation of Indian Micro and Small & Medium Enterprises, said, "They will not want to come back to cities anytime soon, unless they were making a lot of money," and he felt that enterprises would resume with 20-25 per cent activity, <https://www.bloomberqquint.com/economy-finance/if-indias-migrant-workers-dont-return-it-spells-trouble-for-these-sectors>

28 <https://theprint.in/opinion/COVID-19-crisis-is-choking-indias-msme-sector-business-wont-pick-up-even-after-lockdown/395849/>

29 S. Sasidharan, Santosh Kumar Sahu and R. K. Jeyabalan, "COVID-19 Outbreak and the Micro Small and Medium Enterprises: A Study of Tamil Nadu" (Indian Institute of Technology, Chennai, July 2020), [https://www.researchgate.net/publication/343057937\\_COVID-19\\_Outbreak\\_and\\_the\\_Micro\\_Small\\_Medium\\_Enterprises\\_A\\_Study\\_of\\_Tamil\\_Nadu](https://www.researchgate.net/publication/343057937_COVID-19_Outbreak_and_the_Micro_Small_Medium_Enterprises_A_Study_of_Tamil_Nadu) accessed 2 August 2020.

30 <https://www.europeanpharmaceuticalreview.com/article/117413/the-COVID-19-pandemic-and-the-indian-pharmaceutical-industry/>



of supply chains which are integrated across countries.<sup>31</sup> It was expected to impact the MSME exports as the sector accounts for over 40 per cent of India's total outbound shipments.<sup>32</sup> The garment export sector was expected to lose 2.5-3 million jobs due to order cancellations and buyers not clearing dues.<sup>33</sup> The jewellery industry was affected due to cancelled or postponed events such as shows, exhibitions, and weddings.<sup>34</sup> In the SPJIMR- Magma study of 14,444 MSMEs in May 2020: tourism and hospitality, gems and jewellery, power and utilities, textiles, and electronics were the hardest hit sectors.<sup>35</sup> According to a media report, though the lockdown was lifted many months ago, the MSMEs continue to face challenges. A recent report mentions that the MSMEs in Tamil Nadu continue to face challenges due to supply constraints, leading to frequent price changes. This restricts the ability of the MSMEs to plan, and has limited the capacity utilization.<sup>36</sup> For instance, the rising prices of steel, aluminium, and other raw materials are putting pressure on the MSMEs' revival. According to the MSME, contracts that were executed a year or six months ago have become unviable due to rising prices. One of the reasons for the rising prices is shortages that have occurred due to the lockdown and low capacity utilization, subsequently.<sup>37</sup>

The government rolled out multiple remedial Schemes to ease the pressure on the business units, beginning in May 2020.<sup>38</sup> However, despite easing of credit from the banking system, the MSMEs continued to face stretched liquidity cycles. As per Brickwork Ratings, two key issues have intensified the cash crunch for the MSMEs during the pandemic. These include a lack of formal funding from the banking system and the delay in payments.<sup>39</sup> There has been a delay in payments to the MSMEs from the more prominent companies and the government. According to the credit rating agency, the payments held back were nearly 3.3 trillion rupees. This has led to a cash-crunch despite the provision of services and supply of materials by the MSMEs.

The Global Alliance for Mass Entrepreneurship (GAME), an industry body for MSMEs, responding to the government stimulus and the provision of bank loans, in June 2020, said that many small- and medium-sized businesses faced difficulty as first-time borrowers. Many were financially excluded from the

31 <https://retail.economictimes.indiatimes.com/news/industry/COVID-19-pandemic-to-hit-msme-exporters-more-trade-experts/75065283>

32 <https://nidm.gov.in/COVID19/PDF/COVID19/research/30.pdf>

33 <https://economictimes.indiatimes.com/jobs/15-million-export-jobs-may-succumb-to-COVID-blows/articleshow/75088157.cms>

34 <https://yourstory.com/smbstory/COVID-19-impact-gems-jewellery-industry>

35 <https://www.spjmr.org/sites/default/files/MAGMA-SPJMR%20Report-min.pdf>

36 S. Kandavel, "Enterprise Limited: An MSME Memoir", The Hindu, 10 January 2021, <https://www.thehindu.com/news/national/tamil-nadu/enterprise-limited-an-msme-memoir/article33540545.ece> accessed 10 January 2021.

37 See also S. Kandavel and M. Soundarya Preetha, "Rise in Raw Material Price Hits Struggling MSMEs Hard", The Hindu, 7 December 2020, <https://www.thehindu.com/news/national/tamil-nadu/rise-in-raw-material-price-hits-struggling-msmes-hard/article33266314.ece> accessed 7 December 2020.

38 See Government of India, Initiatives by Ministry of MSME on COVID-19 Relief, 5 May 2020, <https://msme.gov.in/initiatives-ministry-msme-covid-19-relief> accessed 20 August 2020.

39 <https://cmie.com/kommon/bin/sr.php?kall=warticle&dt=2020-06-24%2016:39:44&msec=346>

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formal banking system.<sup>40</sup> Loans to MSMEs are mostly given against property (as collateral), but property values fall in times of crisis, inhibiting the extension of new loans. A survey by IIT Madras in the early phases of the COVID-19 pandemic found that over 31 per cent of MSMEs in Tamil Nadu depended on moneylenders for their financial needs.<sup>41</sup>

### 1.2 Study purpose and methodology

The International Labour Organisation (ILO), with a mandate to promote decent work for all, had proposed a study 'Situation analysis on the COVID-19 pandemic's impact on enterprises and workers in the formal and informal economy in India'; in three states in India. The objectives of the study are:

1. Gain information on the impact on MSMEs (establishment and workers in the organized and unorganized sector) due to COVID-19 pandemic-related market disruptions.
2. Understand the coverage and access to policy measures of the government (including wage protection, job retention, welfare entitlements, Employee Social Insurance Scheme, Provident Fund coverage, and others).

Given the objectives, it was proposed to undertake a mixed method of data collection. The data collection included a desk review, quantitative, and qualitative data collection. For the collection of primary data, it was decided to focus on three states. The three states were identified based on the desk review and in consultation with the ILO.

#### 1.2.1 Selection of states – Maharashtra, Tamil Nadu, and Uttar Pradesh

Based on the desk review of the data, three states were selected for the survey. The three states are Maharashtra, Tamil Nadu, and Uttar Pradesh. As mentioned above, according to the NSSO, there are 63.4 million enterprises in India. Based on the number of units, Uttar Pradesh, West Bengal, Tamil Nadu, Maharashtra, and Karnataka, rank 1 to 5 in terms of the number of units. These states together account for about 50 per cent of all the units. From these five states, it was proposed to undertake the study in three states. Maharashtra, Tamil Nadu, and Uttar Pradesh were chosen in consultation with the ILO. The three states account for 30 per cent of all un-unincorporated non-agricultural enterprises in the country. Table 1.3 provides an overview of the key characteristics of these three states.

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40 "Getting Loans a Tough Ask for Most MSMEs: GAME's Ravi Venkatesan", Economic Times, 5 June 2020, <https://economictimes.indiatimes.com/small-biz/sme-sector/majority-of-small-firms-lack-access-to-loans-industry-body/articleshow/76203903.cms> accessed 1 August 2020.

41 S. Sasidharan, Santosh Kumar Sahu and R. K. Jeyabalan, COVID-19 Outbreak and the Micro Small Medium Enterprises: A Study of Tamil Nadu (Indian Institute of Technology, Chennai, July 2020), [https://www.researchgate.net/publication/343057937\\_COVID-19\\_Outbreak\\_and\\_the\\_Micro\\_Small\\_Medium\\_Enterprises\\_A\\_Study\\_of\\_Tamil\\_Nadu](https://www.researchgate.net/publication/343057937_COVID-19_Outbreak_and_the_Micro_Small_Medium_Enterprises_A_Study_of_Tamil_Nadu).

► Table 1.3: Key characteristics of three study states

States	% share (NSSO 2016)	% enterprises in rural areas	% of micro enterprises	% of total UDYAM registrations (June 2020)	% Sick enterprises 2016 <sup>42</sup>
Maharashtra	8	40	60	18	11
Tamil Nadu	8	32	46	12	8
Uttar Pradesh	14	54	48	10	20

These three states also witness a significant flux of migrants. There were 2.38 million in-migrants in Maharashtra (2001 Census). The Census 2011 enumerated about 9 million migrants in Maharashtra, and 30 per cent were from Uttar Pradesh.

## 1.2.2 Study methodology

The study was carried out in three phases:

- Desk review: Available literature was gathered to provide a framework for the primary data collection process, including the state of MSMEs in India, the impact of COVID-19 pandemic on MSMEs, and policy response by the government.
- Quantitative data collection: Telephonic interviews from MSME enterprises and labourers were conducted in three states to understand the scale of impact of COVID-19 pandemic, its status, and government support.
- Consultation with key stakeholders: In-depth interviews were conducted with the Government, MSME associations, trade unions, and civil society organizations; to assess the impact on MSMEs, status, and measures to address the challenges faced by the enterprises and workers.

► Table 1.4: Study methodology and expected results

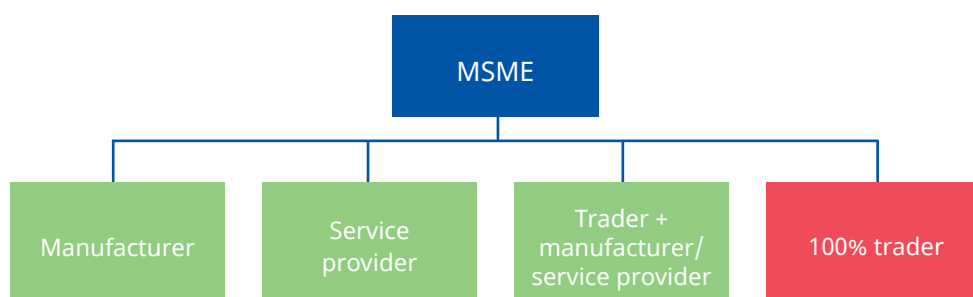
Method	Desk review	Quantitative data	Qualitative data
Sources	<ul style="list-style-type: none"> <li>Documents of the MSME ministry available on the internet.</li> <li>Data sources such as NSSO, UAM</li> <li>Reports, academic papers</li> <li>Media articles</li> </ul>	<ul style="list-style-type: none"> <li>MSME unit owners</li> <li>MSME workers</li> </ul>	<ul style="list-style-type: none"> <li>Government officials – MSME and labour department</li> <li>Trade unions</li> <li>Civil society members</li> </ul>
Expected results	<ul style="list-style-type: none"> <li>The context</li> <li>Framing questions for the data collection</li> <li>Status of MSME due to the COVID-19 pandemic</li> </ul>	<ul style="list-style-type: none"> <li>Profile of enterprises and workers</li> <li>Impact due to the COVID-19 pandemic</li> <li>Coping strategies</li> <li>Access to government services</li> </ul>	<ul style="list-style-type: none"> <li>Impact due to the COVID-19 pandemic</li> <li>Interventions and their effectiveness</li> <li>Suggestions and recommendations</li> </ul>

<sup>42</sup> Government of India, Ministry of Commerce and Industry, Department of Industrial Policy and Promotion, Lok Sabha (Parliament), Unstarred Question No, 5644 on Revival of closed/sick units, Answered on 2 April 2018.

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**Sample Design**

**Definition of MSME units:** Based on the office memorandum issued by the Government of India on Activities (NIC codes) not covered under MSMED Act, 2006, for registration of Udyog Aadhaar Memorandum (UAM) issued on 27 June 2017, the following definition of MSMEs was adopted for the assignment. As outlined in the memorandum, a 100 per cent trader was not included in the MSME's definition for this study.



**Sampling – Quantitative survey:** Within the three states, it was decided to focus on three districts. The only data at the district level was available from the UDYAM registration. Based on the UDYAM registration data, in August 2020, the top three districts in terms of the registration in each state, were chosen. The details are given in Table 1.5.

► **Table 1.5: Top three districts by the proportion of registration in UDYAM in three states**

State	District	% of total state registration
Maharashtra	Pune	14
	Thane	12
	Mumbai	11
Tamil Nadu	Chennai	18
	Coimbatore	11
	Tiruppur	9
Uttar Pradesh	Agra	7
	Lucknow	5
	Praygaraj	5

The total samples proposed for the study were 1500 MSME enterprises and 3000 labourers. In each state, it was proposed to collect data from 500 MSME enterprises and 1000 labourers. In each district, it was proposed to collect data from about 167 MSMEs. For the labourers, the initial plan to interview about 300 workers in each district, had to be given up in the absence of data. This aspect is described below.

As mentioned above, given the travel restrictions, quantitative and qualitative data were to be collected through phone interviews in the three states. Populating data to sample for the phone survey, both for the MSME enterprises and the labourers, was challenging. The challenges in populating this data are mentioned in the limitations below. The telephone numbers for the MSMEs

were put together from the various sources, given that no single credible data source was available. The telephone numbers were populated based on lists obtained through contacts, the telephone listings on the internet, other sources, and details from some of the MSME associations' members. The data from the various sources often only indicated the name of the enterprise and phone numbers. In some instances, names of persons were also available. Since the data was populated from different sources and was of variable quality, the data was put together in a format and cleaned. The data was populated for each district. Since traders were not to be included, as per the definition above, names that appeared to be 100 per cent traders were weeded out. The enumerators were trained to first ask the respondent if she/he was a trader or not and then proceed with the survey, if they were not. This was a double-check in case any trader was missed in the initial cleaning. It was difficult to identify if an enterprise was formal or informal, or what its size was from the data. Given the difficulty in populating the data, this aspect could not be considered in the sampling. The populated list, which was a listing of enterprises, was randomized and shared with the enumerators for data collection without any classification as formal or informal, or by size class.

Populating the telephone numbers for the workers was even more challenging. The trade unions and civil society organizations were approached. While some helped, most were unable to share any details. Since the available list of workers was not adequate, it was decided first to interview the MSME unit owners and request them to share workers' names. Most unit owners refused to share details of workers. An effort was also made to snowball through the workers. Given these challenges, it was not possible to ensure that the data was collected from the workers from the same districts as the MSME enterprises. In other words, the workers were from the state but not from the same districts as the MSME enterprises surveyed. The workers were interviewed as and when their numbers became available. Hence, it was not possible to populate the workers' data and randomize it for data collection. Table 1.6 below provides details of the numbers surveyed for quantitative data.

► Table 1.6: State/district wise number of MSMEs and workers surveyed

State/districts		Number of MSME units	Number of workers
Maharashtra	Pune	181	1042
	Thane	171	
	Mumbai	158	
	Total	510	
Tamil Nadu	Chennai	170	1012
	Coimbatore	193	
	Tiruppur	133	
	Total	501	
Uttar Pradesh	Agra	294	1057
	Lucknow	98	
	Praygaraj	122	
	Total	514	

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**Sampling-Qualitative interactions:** Qualitative data was collected to triangulate the quantitative data. The qualitative data, too, was collected over the phone. Government officials were to be interviewed to get their perspectives on the impact of the COVID-19 pandemic on the MSMEs. Interviews with the District Industries Centre and the Labour Department was proposed. Interviews with the MSME associations, trade unions, and CSOs associated with the MSMEs or labourers were proposed. Table 1.7 provides details of the stakeholders who were interviewed.

► **Table 1.7: Stakeholders covered for qualitative interactions**

State	District	MSME Department/ DIC	Labour Department/ District Labour Commissioner	MSME associations	Trade unions	CSOs	Total
Maharashtra	Thane	-	1	1	1	-	3
	Mumbai	-	-	-	1	1	2
	Pune	1	-	-	1	-	2
Tamil Nadu	Chennai	-	1	1	2	-	4
	Coimbatore	-	1	-	1	-	2
	Tiruppur	-	-	1	-	1	2
Uttar Pradesh	Lucknow	1	1	1	2	1	6
	Agra	1	1	-	1	1	4
National Level		-	-	1	-	1	2
<b>Total</b>		<b>3</b>	<b>5</b>	<b>5</b>	<b>9</b>	<b>5</b>	<b>27</b>

### 1.2.3 Limitations and challenges of the assessment

1. The key challenge was populating the contact details of MSMEs and the workers for the survey. There is no reliable and easily accessible data base for both the MSMEs and the workers. The DICs do not have the data or were unwilling to share. They invariably referred us to their websites, which did not have any data. The MSME associations, too, were not helpful. The District Industries Centre and the MSME associations were not readily forthcoming with the data, despite sharing an official ILO letter. The challenge was even more severe as these organizations had to be contacted over the phone. The landline telephone numbers were rarely picked up, as the offices were either shut or non-functional due to the COVID-19 pandemic.
2. The data for the MSMEs, therefore, was populated from various sources with variable quality. There was no uniformity in the type of data available. It was impossible to identify formal and informal units, industry type, or size class from the database. Hence samples for sub-groups could not be drawn. This is a significant limitation of this study.
3. For the MSME units, an effort was made to distribute the sample across the 9 districts. Approximately 165 enterprises were proposed for the survey in each district. However, there were challenges in a few districts, such as

Lucknow. In this district, the telephone numbers were not available, and the response rate was also low. Of the proposed sample, only 60 per cent of the enterprises were covered. Additional samples from other districts covered the shortfall.

4. As mentioned above, the contact details of the labourers were collected from various sources and often collected on the go, during the survey. As and when numbers became available, the labourers were contacted. Hence, it was not possible to ensure that the workers were from the same district where the data from the MSMEs were collected. Also, since the numbers were collected from diverse sources, it was not possible to get many phone numbers of women labourers. This is another major limitation of the study.
5. There were significant challenges in the qualitative interactions too. Reaching the government officials and scheduling calls posed significant challenges. Substantial time and effort had to be spent to reach and schedule interviews with them. The trade union representatives were far more amenable to interviews than the government and civil society representatives. The challenges in reaching government officials and the MSME associations is evident from the number of interactions conducted.
6. Since the data collection was over the phone, the questionnaires had to be kept short. The questionnaires were limited to about 15 to 20 minutes of response to ensure respondent attention. Consequently, only key questions were asked. Many aspects that needed follow-up could not be asked due to it being a phone survey. This is a significant limitation of the study.
7. The terms units and enterprises, and labourers and workers, are used interchangeably. They refer to the same thing. We also use COVID-19 or COVID, as acronyms pronounced as a word are usually written in upper and lower cases.

These limitations must be kept in perspective in assessing the results of the study. At best, the study provides an overview of the key issues and challenges faced by the MSMEs and workers, due to the COVID-19 pandemic, in the specific states.



## ► 2. Impact of the COVID-19 lockdown on MSME units

As mentioned in the previous section, the assignment is focused on MSME enterprises and workers in three states. This section focuses on the impact of the COVID-19 on the MSME units. The lockdown was imposed to address the COVID-19 outbreak and this, as mentioned in the previous section, had an impact. At the time of the survey in October 2020, most of the restrictions were removed. This section examines the status at the time of the survey, the impact of the lockdown, and the strategies adopted by enterprises to address the challenges. This analysis is situated based on the profile of the MSMEs in the three states and nine districts.

### 2.1 Profile of enterprises

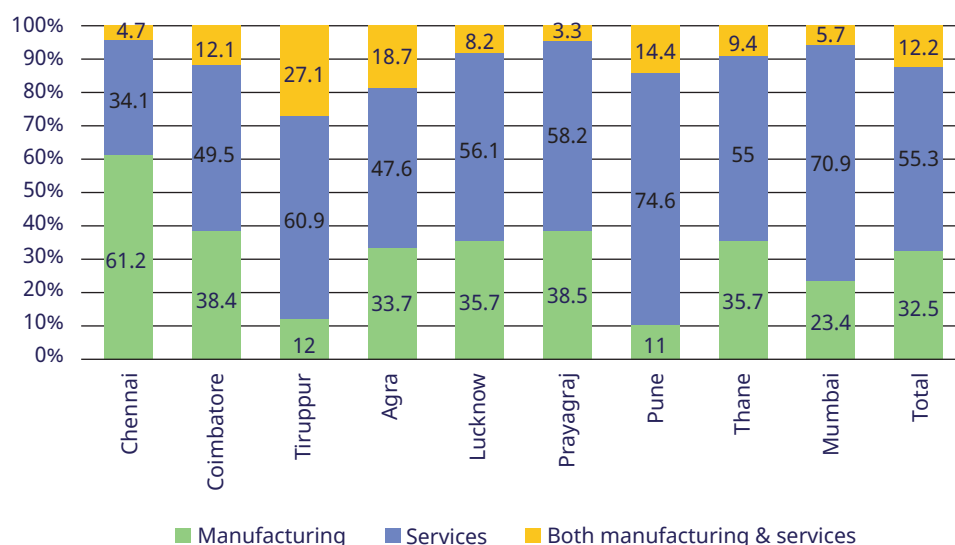
As mentioned in the previous section, 1525 enterprises were surveyed over the phone. The distribution of the 1525 sample across the districts is given in Table 2.1. As mentioned earlier, there were issues in accessing MSME enterprises in Lucknow, and to some extent, in Tiruppur district.

► Table 2.1: Distribution of MSME enterprises surveyed across districts

Districts	No.	Percentage
Chennai	170	11
Coimbatore	198	13
Tiruppur	133	9
Agra	294	19
Lucknow	98	6
Prayagraj	122	8
Pune	181	12
Thane	171	11
Mumbai	158	10
Total	1525	100

The MSME enterprises are broadly classified into two—manufacturing and service units. Some enterprises likely combine both functions. In the survey, the respondents were asked to specify in which category their specific unit falls. Across the nine districts in three states and of the total enterprises surveyed, 55 per cent were service units, and 33 per cent were manufacturing units. The secondary data too indicates that the service enterprises predominate in the MSME sector. For instance, the proportion of manufacturing enterprises in the NSSO 73rd round (2015-16) data, was 31 per cent, and the rest were services and trade industries.

► Figure 2.1: Classification of MSME enterprises surveyed (in per cent)



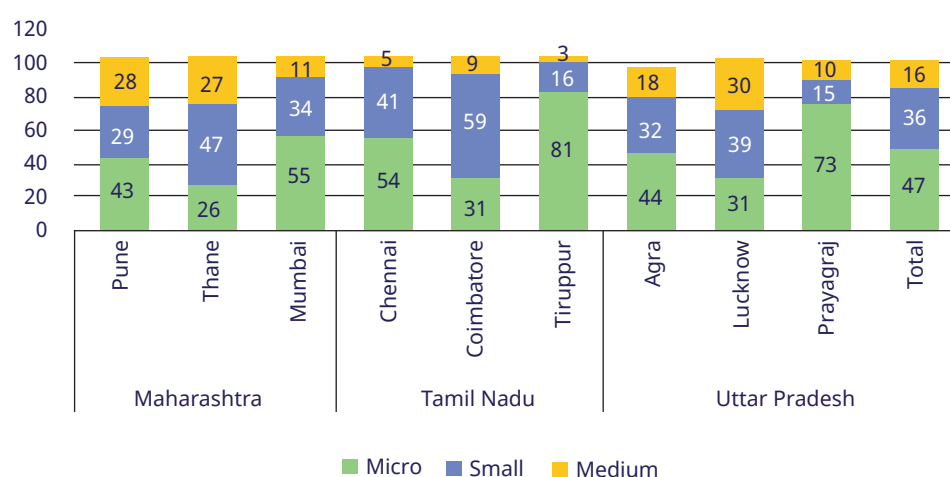
As mentioned in the previous section, the MSMEs' data were populated from diverse sources, with varying quality. From the data, it was not possible to determine if the enterprises were undertaking manufacturing or were in the service category. Consequently, there are variations in the type of MSMEs within the districts. In Maharashtra, of the enterprises surveyed, 75 per cent in Pune and 71 per cent in Mumbai were service units. In Tamil Nadu, manufacturing enterprises predominated in Chennai, whereas service enterprises were predominant in Tiruppur. 61 per cent of the units surveyed in Tiruppur were from the service sector. In Chennai, 61 per cent of the enterprises surveyed were in manufacturing. And in Coimbatore, service enterprises accounted for about 50 per cent of the enterprises surveyed. There was a fair representation of both manufacturing and service industries across the three districts in Uttar Pradesh. More than one third of the enterprises surveyed were manufacturing units.

**Size category of MSMEs:** The size categorization of the enterprises as micro, small, and medium, as outlined earlier, was based on the investment threshold. As per the MSMEs' definition before June 2020, the threshold was different for the manufacturing and service industries. As mentioned, the investment threshold was increased substantially, and the distinction between manufacturing and service was also removed in 2020. However, for this analysis, the earlier definition of MSME is adopted. The new definition had just been introduced, and the surveyed enterprises had been registered and categorized based on the old definition. The respondents were asked to declare their enterprises as micro, small, and medium across the three states. 47 per cent said their enterprises were micro, 36 per cent said it was small, and 16 per cent said it was medium. The proportion of surveyed enterprises by the size class is at variance with the proportion of enterprises by size class in the NSSO 73rd round data. The NSSO data indicated that nearly 99.5 per cent of the enterprises were micro-units. Nonetheless, the survey enables a perspective of how the COVID-19 pandemic affected the MSME enterprises across different size classes.

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81 per cent in Tiruppur, 73 per cent in Prayagraj, and 55 per cent of respondents in Mumbai said that their unit was micro. In Coimbatore, 59 per cent said that their unit was small. The medium-sized enterprises were the least in Tiruppur, across the nine districts. The medium-sized enterprises were the least in Tamil Nadu compared to Maharashtra and Uttar Pradesh. The proportion of micro- and small-sized enterprises were higher in Tamil Nadu compared to the other two states. In Lucknow, Pune, and Thane, more than 25 per cent of the enterprises were medium-sized units. In Mumbai, 55 per cent of the enterprises were micro-sized. Only 26 enterprises did not know their size classification or mentioned a classification other than the micro, small, and medium-size (see Figure 2.2).

► **Figure 2.2: Enterprises by size class and districts (in per cent)**



**MSMEs by industry classification:** As mentioned above, across the nine districts in three states, of the total enterprises surveyed, 55 per cent were service units, and 33 per cent were manufacturing units. 34 per cent of all enterprises surveyed across the three states were manufacturing industries. The enterprises undertaking repair of personal and household goods were next, at 12 per cent. Enterprises providing other community, social or private services were 10 per cent, followed by transport and storage at 9 per cent. Agriculture, mining, financial intermediation, health, and social work enterprises were less than 3 per cent across the states.

Except for Tiruppur and Pune districts, MSME units which are into manufacturing, were predominant in the other districts. In Tiruppur, enterprises providing other community, social and personal service activities accounted for about 39 per cent; and hotels and restaurants accounted for 19 per cent. In Pune, enterprises providing other community, social and personal service activities accounted for about 20 per cent, and the hotel and restaurant sector accounted for about 11 per cent of all units. In Coimbatore, enterprises providing transport, storage, and communication services accounted for about 13 per cent (see Table 2.2).

► Table 2.2: Proportion of MSMEs by industry (in per cent)

Industry	Maharashtra			Tamil Nadu			Uttar Pradesh			Total
	Pune	Thane	Mumbai	Chennai	Coimbatore	Tiruppur	Agra	Lucknow	Prayagraj	
Agriculture	3.9	1.8	1.3	2.9	2.0	0.0	1.7	1.0	0.8	1.8
Mining and quarrying	1.1	0.6	1.3	0.0	0.0	0.0	0.3	0.0	0.0	0.4
Manufacturing	17.1	28.1	22.2	47.1	36.9	18.0	44.9	41.8	41.0	33.7
Repair of goods	14.9	14.6	17.7	8.2	7.1	2.3	23.1	4.1	4.9	12.4
Electricity, gas, and water supply	6.1	11.1	6.3	4.1	7.1	4.5	1.7	2.0	6.6	5.4
Construction	9.4	3.5	15.2	4.7	4.5	5.3	2.4	6.1	5.7	6.0
Hotels & restaurants	5.0	10.5	5.1	5.9	4.0	19.5	2.7	3.1	4.1	6.2
Transport, storage, and communications	16.0	4.7	11.4	8.8	12.6	2.3	6.8	9.2	6.6	8.9
Financial intermediation	0.6	4.1	2.5	0.0	0.5	0.0	0.7	1.0	0.0	1.0
Real estate	1.1	5.3	3.8	0.0	1.0	2.3	4.1	6.1	4.9	3.0
Education	0.6	2.9	2.5	1.8	2.5	0.0	1.4	4.1	9.0	2.4
Health & social work	1.7	3.5	2.5	2.9	3.0	4.5	1.4	4.1	4.9	2.9
Other community service activities	20.4	5.3	3.8	8.8	4.0	39.1	4.4	7.1	5.7	10.1

n= 1525

Thus, some of the key industries surveyed included— manufacturing, enterprises providing various services such as household repair, hotels and restaurants, transport, storage, communication and real estate; were covered in the survey. Enterprises in agriculture, mining, education, health, social work and financial intermediation, though covered, were not significant in terms of the number.

As the micro- and small-scale enterprises accounted for about 83 per cent of the surveyed units, the industries mainly fall into these two groups. No distinct pattern between industry type and size class is evident.

Ownership type: Across the three states, 79 per cent of the enterprises surveyed were owned by one person. Sole proprietorship was higher in Tamil Nadu compared to the other two states. 89 per cent of the enterprises surveyed in Tamil Nadu were those of a sole proprietorship. In Maharashtra, 17 per cent of the enterprises surveyed were partnership units. Of the three districts, Pune had more partnership units. 21 per cent of the enterprises surveyed were partnership enterprises (see Table 2.3). In Uttar Pradesh, 13 per cent were partnership units, and 10 per cent were limited liability companies.

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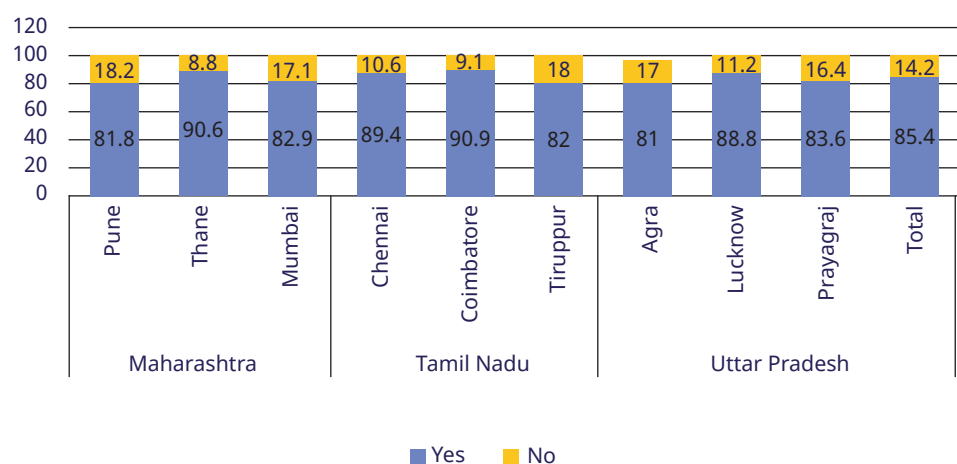
► **Table 2.3: Ownership type by district (in per cent)**

Ownership type	Maharashtra				Tamil Nadu			Uttar Pradesh		Total
	Pune	Thane	Mumbai	Chennai	Coimbatore	Tiruppur	Agra	Lucknow	Prayagraj	
Sole Proprietorship	66.9	72.5	79.7	90.0	91.4	85.7	81.6	54.1	77.9	79.1
Partnership	21.0	15.2	13.3	10.0	6.1	14.3	11.2	19.4	10.7	13.0
Limited Liability Company	9.9	11.7	5.1	0.0	2.0	0.0	5.1	26.5	9.0	6.7
Public Quoted Company	1.7	0.6	1.9	0.0	0.5	0.0	1.4	0.0	1.6	0.9

n= 1525

Registration of enterprises: 85 per cent of the enterprises were registered with some state or central level regulatory authority. 88 per cent of Tamil Nadu units, 85 per cent of Maharashtra, and 83 per cent of Uttar Pradesh enterprises were registered. In the Mumbai and Thane districts of Maharashtra, more than 15 per cent of the enterprises did not report any registration. In Tamil Nadu, in Tiruppur, 18 per cent of the enterprises were not registered. In Uttar Pradesh, in Agra and Prayagraj, more than 15 per cent of the enterprises were not registered (see Figure 2.3).

► **Figure 2.3: Registration of enterprises (in per cent)**



General Sales and Taxes (GST) registration<sup>43</sup> was cited by 55 per cent of the enterprises across the three states. Registration under the MSME Act was the next at 36 per cent. 76 per cent of Uttar Pradesh enterprises and 71 per cent of Maharashtra reported GST registration (Table 2.4). 85 per cent of the enterprises surveyed in Mumbai, Lucknow, and Prayagraj had GST registration. GST registration was the least in Tamil Nadu. Only 20 per cent of

<sup>43</sup> In the GST Regime, businesses whose turnover exceeds 40 lakh rupees\* (10 lakh rupees for NE and hill states) is required to register as a normal taxable person. For certain businesses, registration under GST is mandatory. If the organization carries on business without registering under GST, it will be an offence under GST and heavy penalties will apply.

the enterprises surveyed mentioned GST registration. In Tamil Nadu, 33 per cent of the enterprises were registered under the Companies Act, 25 per cent were registered with the state's Industries Department, and 16 per cent under the Shops and Establishments Act. None of the enterprises in Chennai and Coimbatore were registered with UDYAM. Only 6.4 per cent of the enterprises in Tiruppur were registered with UDYAM. In Tiruppur, specifically, 43 per cent of the enterprises were registered with India's Food Safety and Standards Authority (FSSAI). In Uttar Pradesh 21 per cent, and in Maharashtra 13 per cent were registered with UDYAM. In Uttar Pradesh, 53 per cent of the enterprises were also registered under the MSME Act.

GST and registration under the MSME Act were cited by most of the enterprises in Maharashtra and Uttar Pradesh. In Tamil Nadu, the registration is spread across various regulations, ranging from the FSSAI, Companies Act, Industries Department, Department of Factories and Boilers, and Shops and Establishments act, and Department of Factories. The proportion of enterprises who reported registration under UDYAM and GST in Tamil Nadu is significantly lower compared to the other two states. More than 30 per cent of the respondent enterprises in Prayagraj and Pune were registered with UDYAM.

► Table 2.4: Registration of enterprises under various regulations (in per cent)

Registrations	Chennai	Coimbatore	Tiruppur	Agra	Lucknow	Prayagraj	Pune	Thane	Mumbai	Total
MSME Act	9.2	2.8	14.7	37.8	65.5	77.5	29.7	56.1	57.3	35.9
Food Safety & Standards Authority of India	0.7	0.6	43.1	2.9	4.6	4.9	2.7	1.3	2.3	5.7
Udyog Aadhaar Registration	0.0	0.0	6.4	23.1	1.1	32.4	31.8	8.4	6.9	12.7
State Pollution Control Board	2.0	1.7	1.8	2.1	4.6	7.8	0.0	0.0	0.0	1.9
Department of Factories and Boilers	3.9	16.7	0.9	0.4	0.0	2.0	2.0	0.6	0.8	3.5
Shops and Establishments Act	9.9	11.7	30.3	1.3	0.0	2.0	24.3	9.7	2.3	9.8
Companies Act	38.2	32.2	26.6	4.2	16.1	3.9	7.4	11.0	1.5	15.6
Industries Department	27.0	33.9	9.2	2.5	4.6	2.0	6.8	2.6	0.8	10.7
GST registration	7.2	16.7	41.3	66.4	89.7	86.3	68.9	61.3	84.7	55.1
None of the above	9.9	3.3	0.9	8.0	0.0	2.9	0.7	0.6	1.5	3.7
Can't say	0.7	0.0	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.2

n= 1309

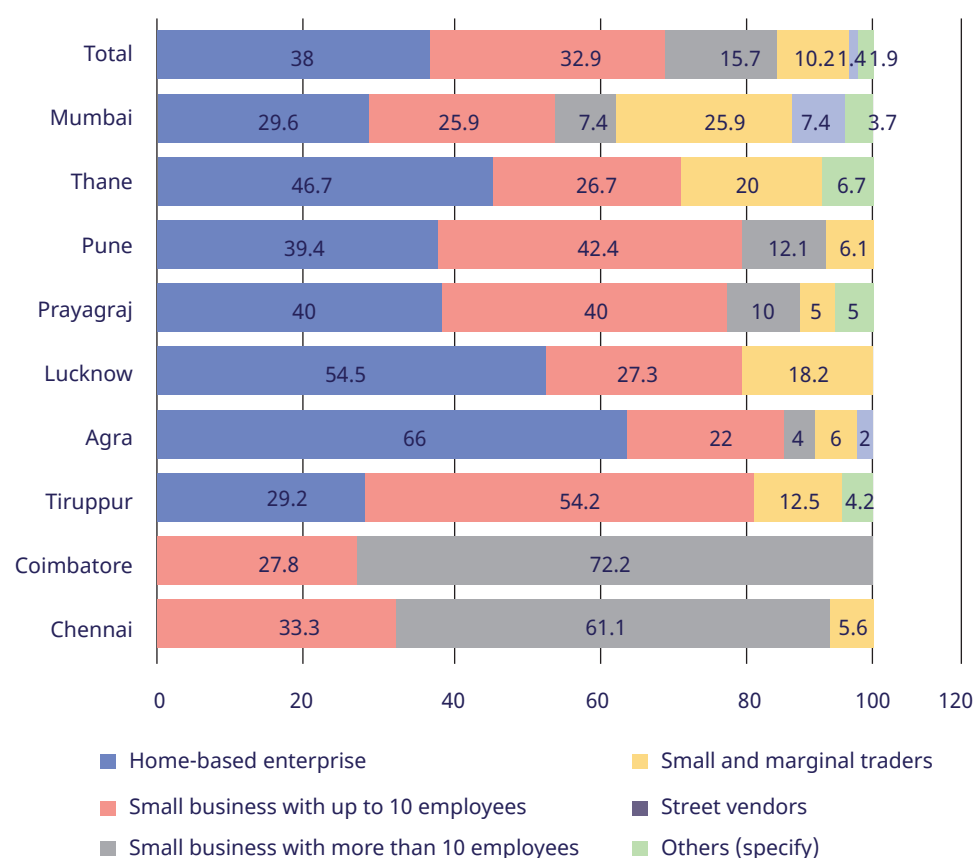
Of the 1,525 surveyed enterprises, 216 (14 per cent) enterprises did not report any registration. 23 per cent of the unregistered enterprises were in Agra. Of the unregistered enterprises in Agra, 66 per cent were home-based enterprises. In Chennai and Coimbatore, small business enterprises with more

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than 10 employees accounted for a significant proportion of non-registered enterprises (Figure 2.4).

As mentioned earlier, GST registration was cited by a majority of the enterprises in Uttar Pradesh and Maharashtra: 76 per cent of enterprises in the former and 71 per cent in the latter. Hence across industries, namely: manufacturing, hotels, construction, transport, storage, communications— GST registration, was mentioned. In Uttar Pradesh, while one third of enterprises providing hotel and restaurant services mentioned FSSAI registration, none in Maharashtra mentioned this. 25 per cent of the enterprises providing hotel and restaurant services mentioned registration under UDYAM. In Tamil Nadu, as mentioned above, the registration under UDYAM was negligible. More than 50 per cent of the enterprises providing electricity, gas and water supply, transport, storage, and communication— mentioned registration under the Companies Act. More than 40 per cent of the manufacturing enterprises were registered with the Industries Department of the state government.

► **Figure 2.4: Non-registered enterprises by type and size class (in per cent)**



While there are variations between states and districts, the broad features that emerge are:

1. Manufacturing enterprises account for a little over one third of the enterprises surveyed; the service industries predominate across the states.
2. Close to 50 per cent of the surveyed enterprises are micro in size, one third are small-sized, and a small proportion is of medium size.

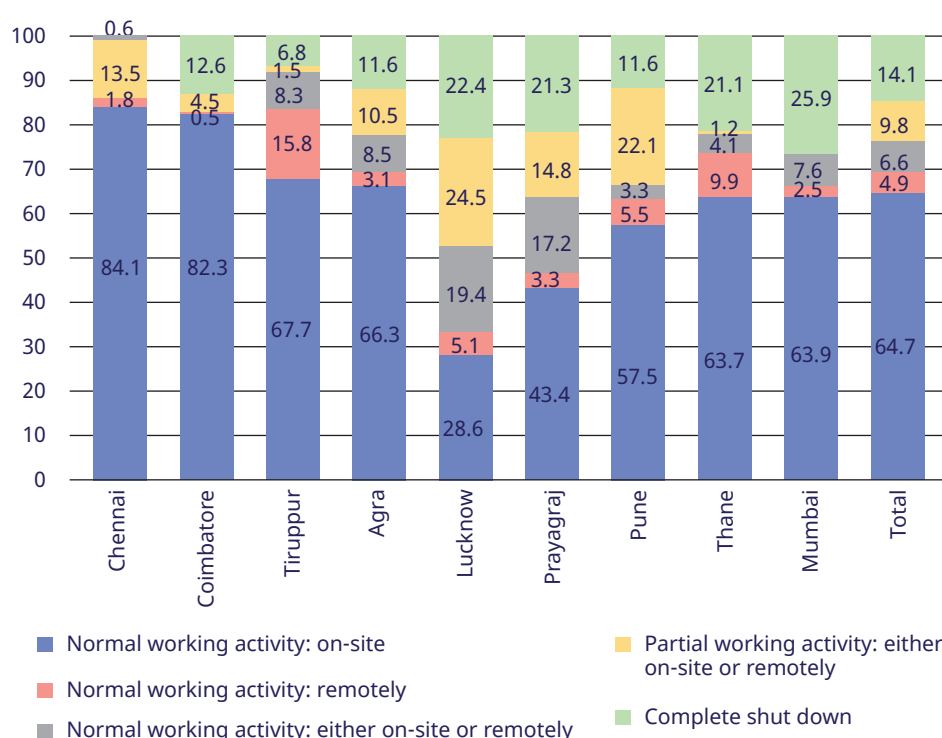


- Industries ranging from agriculture, education, hotels and restaurants, construction, real estate, transport, financial intermediation are part of the enterprises surveyed. However, the proportion of manufacturing enterprises and enterprises providing repair services of those that were surveyed, was higher compared to other industries.
- Nearly 80 per cent of the enterprises are single proprietorships.
- 86 per cent of enterprises are registered under some regulation or the other. The proportion of unregistered enterprises is small.

## 2.2 Impact of the COVID-19 pandemic on the enterprises

At the time of the survey in October 2020, 65 per cent of the surveyed enterprises reported on-site normal working activity. By October 2020, most restrictions were lifted. 14 per cent of the enterprises across the three states reported that their enterprises were still shut down. Across the three Tamil Nadu districts, while 7 per cent of the enterprises were still shut, correspondingly it was 16 per cent in Uttar Pradesh and 19 per cent in Maharashtra. Mumbai district had the highest proportion of enterprises that were shut down. 26 per cent of the enterprises surveyed were still shut at the time of the survey. In Lucknow, Prayagraj, and Thane, more than 20 per cent of the surveyed enterprises were shut. 10 per cent of the enterprises across the three states were functioning partially. 25 per cent of the enterprises in Lucknow and 22 per cent in Pune were operating partially. In Chennai, about 14 per cent of the enterprises were partially operational. Among the three states, Tamil Nadu appears to have recovered better, with nearly 86 per cent of the enterprises fully functional, either on-site or remotely (see figure 2.5).

► Figure 2.5: Operation status of MSMEs (in per cent)



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14 per cent of the enterprises were shut at the time of the survey in October 2020. However, the District Industries Centres (DICs) officials in Pune and Agra said that there were no cases of permanent closure of the MSMEs. According to them, the enterprises faced challenges of non-availability of labour and supply chain disruption, leading to business loss. According to the Pune DIC, the enterprises were operating with a capacity of 50-60 per cent.

As mentioned above, 10 per cent of the surveyed enterprises were partially operational. Of those partially operational in Maharashtra, 91 per cent were operational at or below 50 per cent capacity. In Uttar Pradesh, 86 per cent of the partially-operational enterprises were operating at, or below, 50 per cent capacity. In Tamil Nadu, this figure was at 41 per cent.

**Measures that were taken in relation to workers**

With enterprises having become functional after the lockdown was lifted, MSMEs were asked about the measures that they had taken to protect the workers. Across the three states, 59 per cent of enterprises had made a provision of personal hygiene kits, and 48 per cent practised social distancing at the workplace to control the spread of the COVID-19 infection. 36 per cent of enterprises across Tamil Nadu provided health insurance to their workers. 43 per cent of Chennai based enterprises made a provision of a vehicle. 25 per cent of enterprises in Uttar Pradesh provided paid leave to their workers, whereas, 44 per cent of enterprises in Mumbai asked their workers to avail unpaid leave. 11 per cent of the enterprises allowed their workers to work from home. More than 15 per cent of the enterprises in Mumbai, Tiruppur, and Prayagraj allowed this. 16 per cent of the enterprises in Maharashtra and 11 per cent in Tamil Nadu also decreased their workers' wages/salary (see Table 2.5).

NGO representatives from Tiruppur mentioned that most units ensured thermal screening, masks, and hand washing. However, when labourers were transported in buses, there was hardly any social distancing. The enterprises would have to run the buses in many shifts for social distancing, which was not feasible operationally or financially.

**The problems faced by the enterprises due to the COVID-19 pandemic.**

62 per cent of the MSME owners strongly agreed that the COVID-19 pandemic impacted their business. 30 per cent agreed with this perspective. In other words, more than 90 per cent of the MSME unit owners were of the view that the COVID-19 pandemic had impacted their business. However, when asked about the various impacts of the COVID-19 pandemic, nearly 11 per cent of the unit owners across the three states reported that the pandemic did not impact their business, and their operations were normal. About 20 per cent of the MSME owners in Uttar Pradesh, 8 per cent in Tamil Nadu, and 4 per cent in Maharashtra mentioned this. In Maharashtra, nearly all respondents were affected by the COVID-19 pandemic. Only 4 per cent said that they were running their operations normally.

► Table 2.5: Measures taken in relation to workers (in per cent)

Measures	Maharashtra			Tamil Nadu			Uttar Pradesh			Total
	Pune	Thane	Mumbai	Chennai	Coimbatore	Tiruppur	Agra	Lucknow	Prayagraj	
Social distancing at workplace	34.8	59.1	19.0	30.6	27.3	94.0	65.3	53.1	50.8	47.9
More shifts	17.7	17.0	16.5	11.8	9.1	14.3	9.9	3.1	13.1	12.6
Personal hygiene kits	39.8	65.5	36.7	93.5	71.2	84.2	51.7	36.7	46.7	59.0
Health insurance	8.8	10.5	19.0	32.9	30.8	48.1	7.1	4.1	13.1	18.8
Work from home	9.9	14.0	15.8	12.4	3.0	15.8	5.4	11.2	17.2	10.7
Overtime	3.3	11.7	13.9	14.7	6.1	12.8	5.1	0.0	5.7	8.1
Loan to workers	5.5	7.0	22.2	22.9	30.8	6.8	7.1	3.1	19.7	14.0
Decreased salary	13.3	6.4	29.1	0.6	6.1	30.1	8.2	12.2	4.1	11.5
Unpaid leave	16.6	11.7	43.7	5.3	5.1	26.3	12.9	17.3	13.1	16.0
Paid leave	15.5	3.5	8.9	16.5	15.7	0.8	21.1	34.7	28.7	15.7
Provision of vehicle	5.0	2.9	4.4	42.9	29.3	0.0	1.0	0.0	1.6	10.3

n= 1525

Within Uttar Pradesh, in Agra, nearly 26 per cent of the respondents mentioned that their operations were normal. In Lucknow and Prayagraj, too, more than 10 per cent of the enterprises mentioned this. In Uttar Pradesh, nearly 36 per cent of the medium-sized enterprises and 21 per cent of the small-sized enterprises said that their operations were normal (Table 2.6). In Agra, 40 per cent of the service enterprises reported normal operations. In other words, some of the service industries, both medium and small in size, managed normal operations in Uttar Pradesh. In Tamil Nadu, only in Tiruppur, 20 per cent of the enterprises reported normal operations. 65 per cent of the service industry in Tiruppur said that the pandemic did not affect them. In Tamil Nadu, 12 per cent of the microenterprises and 10 per cent of the medium-sized enterprises mentioned normal operations. In Tiruppur, too, service enterprises, micro, and medium in size, managed normal operations. Across the states, few of the service industries managed relatively better compared to other enterprises. 24 per cent of health and social work enterprises, 15 per cent of repair-work enterprises, 13 per cent in real estate, and 11 per cent in hotel services mentioned that the COVID-19 pandemic did not impact them significantly.

► Table 2.6: Enterprises with normal operations by size class. (In per cent)

Impacts	Maharashtra			Tamil Nadu			Uttar Pradesh		
	Micro	Small	Medium	Micro	Small	Medium	Micro	Small	Medium
	%	%	%	%	%	%	%	%	%
No impact –normal operations	4.3	5.4	4.3	11.5	3.4	10.0	13.3	20.5	35.5

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However, others from the same industry and the manufacturing industry faced the impact. The majority mentioned that their business was temporarily closed. 47 per cent of the respondents across the three states mentioned the same. 57 per cent of Uttar Pradesh enterprises, 45 per cent of Maharashtra ones, and 40 per cent of Tamil Nadu ones mentioned this. In Tamil Nadu, 48 per cent also mentioned the suspension of operations. 26 per cent mentioned the decreased availability of workers. About 20 per cent each reported a government's suspension of operations, inability to pay wages and salaries, and reduced demand, as the key impacts (see Table 2.7). Closure of business and suspension of operations, together, emerge as the key impact that the unit owners felt. The closure and suspension are likely to have affected the availability of finance, labour, and other such aspects. A survey by the All-India Manufacturers Organization (AIMO) of 5000 MSMEs in the early phases of the pandemic in March 2020 had mentioned that 71 per cent were unable to pay salaries. The survey further revealed that more than 43 per cent would shut shop if the closure existed beyond eight weeks.<sup>44</sup> An MSME association in Chennai mentioned that while most of the medium- and small-sized enterprises paid full salaries, some of the microenterprises could not even pay the salaries. Some could pay only 50 per cent of the salaries during the lockdown.

Enterprises across sectors mentioned the temporary closure. It was mentioned by enterprises involved in repairing household goods, health, education, hotel and restaurants, construction, transport, and storage. The other predominant impact mentioned was the decrease in the number of persons employed. The decrease in the number of persons employed was the second most predominant reason across all sectors, except transport and education.

A representative of an MSME association from Thane pointed that 90 per cent of the non-essential industries were not allowed to open until 1 October 2020, and the unavailability of labour for a few months disrupted the business operations. Similarly, many industries in Lucknow also could not resume business operations in full swing. Except for the essential commodities, industries like readymade garments, shoes, and handicrafts were affected significantly due to the COVID-19 lockdown, as stated by a Lucknow based MSME association.

In Tiruppur, increased cost of logistics and service delays and cancellations were cited by more than 50 per cent. A possible reason for this could be the significant presence of enterprises that provide community, social and personal services, and hotels and restaurant services. In Lucknow district, 70 per cent of the respondents mentioned temporary closure as the key impact. Reduced labour availability was an issue across the three districts of Maharashtra but did not emerge as a key issue in Tamil Nadu. Cash flow challenges were mentioned by 29 per cent of the respondents in Tiruppur and 20 per cent in Mumbai. Difficulty in paying wages and salaries to employees was not cited as a major issue in Tamil Nadu. However, 30 per cent of the unit owners across Uttar Pradesh and 20 per cent across Maharashtra cited this. Nearly a third of the respondents in the three districts of Uttar Pradesh cited this. In the Chennai and Coimbatore districts of Tamil Nadu, only 6 per cent of the respondents cited this (see Table 2.7).

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44 [https://www.business-standard.com/article/economic-revival/70-of-msmes-intend-to-reduce-headcount-to-save-businesses-aimo-survey-120060401620\\_1.html](https://www.business-standard.com/article/economic-revival/70-of-msmes-intend-to-reduce-headcount-to-save-businesses-aimo-survey-120060401620_1.html)

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► Table 2.7: Various impacts on business due to the COVID-19 pandemic (in per cent)

	Maharashtra				Tamil Nadu			Uttar Pradesh		
Impacts on business	Pune	Thane	Mumbai	Chennai	Coimbatore	Tiruppur	Agra	Lucknow	Prayagraj	Total
No impact –normal operations	3.9	5.3	5.1	4.1	3.5	19.5	25.5	11.2	13.1	10.9
Business diversified	3.3	33.9	25.3	29.4	21.7	13.5	7.8	5.1	14.8	17.1
Temporarily closed	54.7	34.5	45.6	42.9	56.6	11.3	55.4	70.4	49.2	47.3
Operations suspended	1.7	1.8	14.6	67.6	56.6	11.3	8.2	3.1	9.8	20.3
Permanently closed	2.2	2.9	20.3	1.2	4.5	1.5	2.0	4.1	6.6	4.7
Reduced labourers	37.6	54.4	34.2	7.1	2.5	15.0	28.2	26.5	30.3	26.1
Reduced working hours	1.7	3.5	11.4	0.6	0.0	3.8	1.0	2.0	3.3	2.8
Increased working hours	13.3	28.7	15.2	2.9	1.0	7.5	4.8	4.1	9.8	9.4
Difficulty paying wages	0.6	4.1	10.8	0.6	2.0	7.5	2.0	0.0	1.6	3.1
Change in working arrangements	21.5	19.9	17.1	6.5	6.1	12.8	32.3	28.6	28.7	19.5
Difficulty in accessing supplies	4.4	12.9	6.3	2.4	4.5	1.5	1.4	5.1	4.9	4.6
Difficulty in accessing protective equipment	9.9	6.4	4.4	0.0	0.0	8.3	3.4	6.1	6.6	4.7
Reduced demand	10.5	11.1	3.2	8.2	6.6	2.3	13.3	12.2	12.3	9.1
Reduced export	0.6	5.3	1.9	1.2	1.0	3.0	0.3	3.1	3.3	1.9
Unable to pay loans	23.2	8.2	8.2	9.4	5.6	27.1	27.9	27.6	41.8	19.1
Inability to make business decisions	0.6	1.8	1.9	0.6	1.5	0.0	5.4	2.0	4.1	2.2
Inability to meet contracts	1.7	2.9	2.5	0.6	0.5	8.3	3.1	2.0	2.5	2.6
Increased logistics costs	0.0	0.0	0.6	0.0	0.5	0.8	0.7	1.0	1.6	0.5
Cash flow challenges	2.2	2.9	3.2	1.2	2.0	11.3	1.7	2.0	9.0	3.5
Production delays or cancellation	1.7	5.3	2.5	0.0	0.5	0.0	2.4	3.1	0.8	1.8
Service delays or cancellation	3.9	2.3	2.5	0.0	0.0	6.8	3.1	1.0	0.8	2.3
Travel restrictions	1.1	0.6	2.5	0.0	0.0	50.4	0.3	1.0	0.8	5.0
No impact -normal operations	8.8	2.9	20.9	1.2	1.0	29.3	16.3	5.1	10.7	10.7
Business diversified	3.3	2.9	10.1	2.9	1.0	27.1	5.4	3.1	2.5	6.0
Temporarily closed	6.1	2.9	8.2	2.9	1.5	54.9	4.1	9.2	3.3	8.9
Operations suspended	19.9	2.9	1.9	0.6	0.5	24.8	16.3	11.2	15.6	10.3

n= 1525

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Nearly 5 per cent of the respondents across the states mentioned permanent closure of their operations. 20 per cent of the respondents in Mumbai and 5 per cent in Coimbatore mentioned this. In the other districts, it varied from 1 to 3 per cent. About 13 per cent of the enterprises in financial intermediation, 7 per cent each in hotels and restaurants, transport, and agricultural services, reported that they had permanently closed.

The impact by the size class of enterprises and by states is indicated in Table 2.8. The temporary closure and the suspension of operations were key impacts across the three, size class across the states. As mentioned above, the suspension of operations was mentioned by the units in Tamil Nadu. In Maharashtra, as mentioned above, many units closed permanently. According

► **Table 2.8: Impact of the COVID-19 pandemic by size class of enterprises (in per cent)**

Impacts	Maharashtra			Tamil Nadu			Uttar Pradesh		
	Micro	Small	Medium	Micro	Small	Medium	Micro	Small	Medium
	%	%	%	%	%	%	%	%	%
Business diversified	19.1	18.4	26.1	35.2	5.3	13.3	11.2	5.3	8.6
Temporarily closed	49.3	42.7	40.9	23.0	61.7	40.0	48.2	66.2	65.6
Operations suspended	10.0	3.2	1.7	24.9	77.2	56.7	6.8	9.9	3.2
Permanently closed	11.5	6.5	4.3	0.8	5.3	0.0	4.8	3.3	0.0
Reduced labourers	36.4	42.7	52.3	6.9	5.8	23.3	33.7	19.9	33.3
Reduced working hours	13.9	16.8	32.2	3.8	1.9	10.0	6.8	2.6	5.4
Increased working hours	8.1	3.2	1.7	4.2	1.5	3.3	1.2	2.6	1.1
Difficulty paying wages	15.3	21.6	24.3	8.0	7.3	10.0	34.9	20.5	36.6
Change in working arrangements	6.2	4.9	12.2	2.3	2.4	0.0	4.0	4.0	6.5
Difficulty in accessing supplies	7.2	7.6	12.2	7.3	3.4	13.3	17.7	5.3	9.7
Difficulty in accessing protective equipment	0.5	3.8	4.3	1.5	1.0	6.7	1.6	2.6	0.0
Reduced demand	15.3	10.3	14.8	18.0	5.3	16.7	36.5	25.8	28.0
Reduced export	1.9	1.1	0.9	0.8	0.5	0.0	6.4	2.6	3.2
Unable to pay loans	3.8	1.6	2.6	3.8	4.4	6.7	3.2	2.0	7.5
Inability to make business decisions	3.8	2.7	2.6	0.0	0.5	0.0	2.0	2.0	3.2
Inability to meet contracts	3.3	1.6	4.3	3.1	0.5	0.0	2.0	0.7	1.1
Increased logistics costs	1.4	1.1	1.7	23.4	2.4	3.3	0.8	0.7	0.0
Cash flow challenges	17.2	7.0	4.3	13.4	2.9	6.7	18.1	11.3	3.2
Production delays or cancellations	7.7	2.2	6.1	13.4	1.9	13.3	5.6	2.6	1.1
Service delays or cancellations	8.6	2.2	6.1	25.3	4.9	13.3	4.0	6.0	2.2
Travel restrictions	7.7	7.6	12.2	11.5	1.9	3.3	18.1	13.2	9.7

to an NGO representative working with migrant workers and the MSME units in Mumbai, many MSMEs were already in bad shape due to demonetization and GST. With the lockdown, the operations had stopped, but they still had to pay the rent. The landlords continued to demand rent. Hence many units permanently shut down or moved to cheaper places.

The Table 2.8 indicates that the impact was more on the microenterprises than small and medium-sized ones. The impact of reduced labourers across the three size classes in Maharashtra was more on medium-sized enterprises. The micro- and the medium-sized units in Uttar Pradesh and the medium-sized units in Tamil Nadu also faced reduced labour. Uttar Pradesh's micro-sized units faced challenges in paying wages and reduced demand for their products, cash flow challenges, and travel restrictions.

As seen above, the closure of enterprises was cited as the key impact across sectors. Regarding the impact, while financial aspects such as difficulty in payment of wages/salaries and cash flow were cited, the proportion of respondents who cited it was less than 20 per cent across the three states. There were undoubtedly variations within districts, for instance, nearly one third of Uttar Pradesh respondents compared to about 20 per cent in Maharashtra and 8 per cent in Tamil Nadu cited this. More respondents cited cash flow challenges in Tiruppur and Mumbai. However, when the respondents were asked specifically about the financial challenges, 47 per cent across the three states mentioned payment of wages/salaries and social security payments. 55 per cent of the respondents across Maharashtra and Uttar Pradesh mentioned this. Only about a third of the respondents in Tamil Nadu mentioned this. Maharashtra and Uttar Pradesh, 50 per cent and above micro, small, and medium-sized enterprises faced this challenge (see Table 2.10). As mentioned above, compared to the other two states, only a third of the respondents in Tamil Nadu cited this as a significant impact of the lockdown. However, within Tamil Nadu, 70 per cent of Tiruppur respondents mentioned this as a significant financial challenge. Only 10 per cent in Chennai and 24 per cent in Coimbatore mentioned this. For the medium-sized enterprises, payment of wages was an issue. 57 per cent of the medium-sized enterprises cited this as a challenge.

► Table 2.9: Nature of financial problems faced by MSME enterprises (in per cent)

Financial problem	Maharashtra				Tamil Nadu			Uttar Pradesh		Total
	Pune	Thane	Mumbai	Chennai	Coimbatore	Tiruppur	Agra	Lucknow	Prayagraj	
Staff wages & social security	58.0	46.2	61.4	10.6	23.7	69.9	48.6	60.2	64.8	47.2
Rent	30.4	33.3	24.1	51.2	56.1	48.9	31.0	14.3	50.8	38.0
Repayment of loans	29.3	49.1	47.5	55.3	62.1	90.2	18.7	14.3	32.0	43.1
Payments of invoices	15.5	28.1	13.9	47.6	26.3	32.3	24.5	36.7	18.9	26.6
Other expenses	11.0	4.1	1.9	76.5	56.1	65.4	25.2	25.5	16.4	31.3

n= 1525



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Across sectors, financial challenges due to wages and salaries were mentioned by enterprises in agriculture, manufacturing, construction, transport, and education. Nearly 65 per cent of the enterprises in construction and education mentioned this. 45 per cent of the enterprises in manufacturing mentioned this.<sup>45</sup>

The second significant financial challenge cited was the repayment of loans taken previously. The disruption due to the pandemic, perhaps hampered their repayment. 43 per cent of the respondents across the three states mentioned this. This was a significant issue for the respondents in Tamil Nadu, with 67 per cent of the respondents mentioning this. In Tiruppur, this appears to have been a major challenge, with 90 per cent of the respondents mentioning this. More than 50 per cent in Chennai and Coimbatore mentioned this. For nearly 80 per cent of the small-sized enterprises and about 60 per cent of the medium- and micro-sized enterprises in Tamil Nadu, this was an issue (see Table 2.10). 42 per cent of the respondents in Maharashtra mentioned this. Compared to Tamil Nadu and Maharashtra, repayment of loans was not cited as a major issue in Uttar Pradesh.

21 per cent of the respondents in the state cited this. Across the three size classes, this was mentioned as a challenge by less than 20 per cent of the respondents. The repayment of loans was cited as the predominant challenge by enterprises in the hotels and restaurants sector, electricity, gas, water supply enterprises, and health and social work sectors. 64 per cent of the respondents in the hotel and restaurant sector mentioned this as the predominant challenge. 59 per cent of the respondents from electricity, gas, and water supply enterprises mentioned this. The MSME association representatives across the states also mentioned debt and said that the debt had increased significantly among the MSMEs.

In Tamil Nadu, apart from the debt repayment, another financial problem cited was incurring other expenses. 66 per cent of the respondents across the state mentioned this (see Table 2.9). Conversations with few MSME owners indicated that they incurred expenditure on marketing, communication, and day to day running. Since most enterprises had started their operations, they were also facing challenges in incurring these expenditures.

Compared to the average turnover over three years, for nearly 75 per cent of the respondents, the turnover in October 2020 had reduced by a range of 30 to 90 per cent. More than 50 per cent of the respondents said their turnover is less than 90 per cent compared to the previous years in Mumbai. 40 per cent of the micro-units in Maharashtra reported that their turnover had declined by over 90 per cent. 22 per cent of the small and 17 per cent of the medium-sized enterprises in the state reported this. In Maharashtra, more than 80 per

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<sup>45</sup> Financial challenges were perhaps faced by the enterprises since the beginning of the pandemic. According to a report by FICCI in March 2020, besides the direct impact on the demand and supply of goods and services, businesses are also struggling with the overall finances. The reduced cash flows due to the slowing economic activity have impacted all kinds of payments, including those for employees, interest, loan repayments, and taxes; see <http://ficci.in/spdocument/23196/Impact-of-COVID-19-on-Indian-Economy-FICCI-%2023-03-2020.pdf>

► Table 2.10: Financial challenges by size class of enterprises by state (in per cent)

	Maharashtra			Tamil Nadu			Uttar Pradesh			Total
	Micro	Small	Medium	Micro	Small	Medium	Micro	Small	Medium	
Staff wages & social security	60.3	47.0	59.1	36.4	21.4	56.7	57.0	49.7	61.3	31.5
Rent	24.4	31.9	33.9	46.0	64.1	33.3	37.8	27.2	26.9	52.5
Loan repayment	46.4	38.4	38.3	58.6	80.1	60.0	22.1	14.6	23.7	67.3
Invoice payments	12.9	21.6	27.0	39.8	27.7	46.7	25.3	26.5	22.6	35.1
Other expenses	7.2	5.4	3.5	69.3	62.1	60.0	24.1	28.5	11.8	65.5
Total	100	100	100	100	100	100	100	100	100	100

cent of the micro, small and medium-sized enterprises reported a reduction in turnover ranging from 30 to 90 per cent. 24 per cent of respondents in Chennai did not report any change in the turnover. 30 per cent of the small-sized enterprises in Tamil Nadu did not experience any change in turnover. A small per cent in Lucknow and Prayagraj reported an increase in turnover (see Table 2.11). 3 per cent of the medium-sized enterprises in Uttar Pradesh reported an increase in turnover.

The decline in turnover was across all the sectors, as it had declined between 30 to 90 per cent for 75 per cent of the units. More than 25 per cent of the transport, real estate, and mining enterprises mentioned that their turnover in October 2020 was 90 per cent less than the previous years.

► Table 2.11: Deviations in income as a result of the COVID-19 lockdown (in per cent)

Deviation in income,	Maharashtra				Tamil Nadu			Uttar Pradesh		Total
	Pune	Thane	Mumbai	Chennai	Coimbatore	Tiruppur	Agra	Lucknow	Prayagraj	
No Change	4.4	1.8	1.9	24.1	12.1	3.0	3.1	4.1	3.3	6.6
Decrease of <10%	1.7	3.5	0.0	4.7	9.1	6.8	4.8	1.0	3.3	4.1
Decrease of 11%-30%	6.6	15.8	1.9	8.2	9.6	30.8	11.6	8.2	8.2	11.0
Decrease of 31%-50%	16.6	33.9	8.9	27.6	27.8	33.8	27.9	13.3	20.5	24.2
Decrease of 51%-70%	18.2	19.9	13.3	21.8	26.8	13.5	20.7	28.6	15.6	19.9
Decrease of 71%-90%	28.2	12.3	21.5	12.9	8.6	6.8	15.3	19.4	14.8	15.5
Decrease of More than 90%	23.2	12.9	51.3	0.6	6.1	3.8	15.3	21.4	30.3	17.4
Turnover Increased	0.6	0.0	0.0	0.0	0.0	0.0	0.0	4.1	2.5	0.5
Can't say/don't know	0.6	0.0	1.3	0.0	0.0	1.5	1.4	0.0	1.6	0.7

n= 1525

## **Impact on workforce**

The COVID-19 pandemic posed issues for the labourers too. Many media reports had highlighted the reverse migration and loss of employment for labourers. The MSME owner respondents were asked about the number of labourers they had engaged before the COVID-19 pandemic struck and the number engaged in October 2020. An MSME unit in Tamil Nadu, before the COVID-19 pandemic, employed an average of 28 labourers, compared to 24 in Uttar Pradesh and 15 in Maharashtra. In October 2020, the average number of labourers engaged by a Tamil Nadu unit declined to 24. In Uttar Pradesh, to 16, and in Maharashtra, to 10.

There was a 14 per cent decline in the proportion of labourers engaged in Tamil Nadu in October 2020, compared to the pre-COVID-19 pandemic phase. The decline was 32 per cent in Uttar Pradesh and 36 per cent in Maharashtra (see Table 2.13). The decline is also evident from Table 2.12, which indicates the proportion of MSME enterprises reporting the number of labourers employed before the pandemic, and in October 2020.

As is evident from the table, the proportion of units employing no labour had increased due to the COVID-19 lockdown. The proportion of enterprises that reported not employing any labour increased from 5 to 17 per cent across the three states. The increase was significant in Maharashtra, followed by Uttar Pradesh. The proportion of enterprises employing 1 to 50 labourers also decreased in Maharashtra and Uttar Pradesh. Tamil Nadu did not indicate any significant impact on the workforce. As mentioned above, respondents in Tamil Nadu did not mention labour availability as an issue. Also, they did not mention wages/salaries as being a significant issue compared to the other two states.

The number of units/respondents that reported no labour, increased from 41 to 141 in Maharashtra, increasing by nearly 250 per cent. There was a 21 per cent decline in enterprises engaging 1 to 50 labourers before and after the COVID-19 pandemic in the state. There was a 200 per cent increase in enterprises reporting no labour before and after the COVID-19 pandemic and a 14 per cent decline in enterprises engaging 1 to 50 labourers in Uttar Pradesh. In Tamil Nadu, while the number of enterprises engaging no labour increased from 5 to 15 (an increase of 200 per cent), the number of enterprises engaging 1 to 50 labourers was nearly the same. Before the COVID-19 pandemic, 439 enterprises reported that they engaged 1 to 50 labourers, and it increased to 442 after the COVID-19 pandemic.

Across the three states, compared to the pre-COVID-19 pandemic phase, in October 2020, there was a 25 per cent reduction in the number of labourers engaged, as reported by the MSME units. Of the three states, the decline was significant in Maharashtra. The decline was also significant in Uttar Pradesh though less than in Maharashtra. The decline was the least in Tamil Nadu than that in the other two states (see Table 2.12 and Figure 2.6). Within the states, in Maharashtra, the decline was nearly 50 per cent in Mumbai and Thane. In Uttar Pradesh: in Agra, the decline was 37 per cent, and in Prayagraj, it was 31 per cent. The reduction across the three districts of Tamil Nadu was about 15 per cent (see Figure 2.6).

► Table 2.12: Proportion of respondents reporting the number of labourers employed before and during the COVID-19 pandemic (in per cent)

	Maharashtra		Tamil Nadu		Uttar Pradesh		Total	
No. of employees	Pre-COVID-19	Post-COVID-19	Pre-COVID-19	Post-COVID-19	Pre-COVID-19	Post-COVID-19	Pre-COVID-19	Post-COVID-19
0	8.0	27.6	1.0	3.0	6.8	20.4	5.3	17.1
1 to 50	88.5	70.4	87.8	88.4	85.5	73.8	87.1	77.2
51 to 100	1.6	0.8	7.6	5.8	4.0	3.2	4.3	3.2
101 to 200	1.2	0.8	2.4	1.8	2.6	2.0	2.0	1.5
201 to 400	0.4	0.6	0.6	0.6	1.2	0.8	0.7	0.7
401 to 600	0.0	0.0	0.2	0.0	0.0	0.0	0.1	0.0
601 to 800	0.2	0.0	0.0	0.0	0.2	0.0	0.1	0.0
801 to 1000	0.2	0.2	0.6	0.6	0.2	0.2	0.3	0.3
Total	100	100	100	100	100	100	100.0	100.0

Before the COVID-19 pandemic, 23 per cent of the labour force employed in Tamil Nadu enterprises were women. In Uttar Pradesh, it was 17, and in Maharashtra, it was 16. In October 2020, the proportion of female labourers employed remained the same in Tamil Nadu but had declined marginally to 16 per cent in Uttar Pradesh and 11 per cent in Maharashtra. Also, in Maharashtra, while there was a 33 per cent decline in the number of male labourers employed, while the female labourers' decline was 54 per cent (see Table 2.13). In Maharashtra, it appears that more women became unemployed as a result of the pandemic, than in the other two states.

► Table 2.13: The decline in labourers employed due to the COVID-19 pandemic by gender (in per cent)

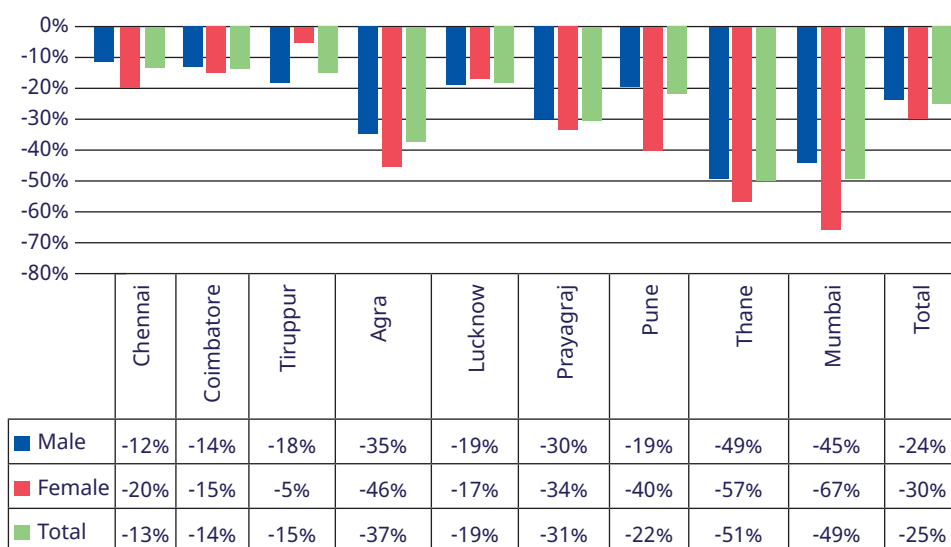
	Male labourers	Female labourers	Total labourers
Maharashtra	-33%	-54%	-36%
Tamil Nadu	-13%	-16%	-14%
Uttar Pradesh	-30%	-37%	-32%
Total	-24%	-30%	-25%

In Maharashtra, in Mumbai district, the number of female labourers engaged reduced by 67 per cent, as against 47 per cent for male labourers. This was the highest across all the nine districts in which the survey was done. Thane follows next. The reduction in the number of female labourers engaged reduced by 47 per cent. In Agra, it was 46 per cent, and Pune 40 per cent. In Maharashtra, the decline in the number of female labourers employed relative to the male labourers was high across all three districts. In Uttar Pradesh, it was limited to the Agra district alone. In Tamil Nadu, in Tiruppur, more male labourers appear to have lost jobs than female labourers. In Coimbatore, it was nearly

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the same for male and female labourers. In Chennai, more women lost their jobs compared to men (see Figure 2.6).

► **Figure 2.6: Percentage change in labour employed after the COVID-19 outbreak by gender**



The decline in the proportion of labour employed in October 2020 compared to the pre-COVID-19 pandemic period was significant in real estate, renting and business activities, electricity, gas, and water supply, hotels and restaurants, repair of personal and household goods and transport, storage, and communications (see Table 2.14). However, the proportionate reduction

► **Table 2.14: Percentage change in employees' number after the COVID-19 outbreak by industry (in per cent)**

Industry	Male	Female	Total
Agriculture	-7	-9	-7
Mining and quarrying	-18	-6	-16
Manufacturing	-24	-30	-25
Repair of personal and household goods	-33	-43	-35
Electricity, gas, and water supply	-37	-52	-41
Construction	-28	-21	-26
Hotels and restaurants	-36	-37	-36
Transport, storage, and communications	-30	-46	-32
Financial intermediation	-24	-16	-22
Real estate, renting and business activities	-54	-48	-54
Education	-14	-5	-12
Health and social work	-7	-26	-11
Other community, social and personal service activities	-14	-23	-16
Others (specify)	-15	-29	-18

n= 1525

of female labourers compared to male labourers was higher across all the sectors, except education, financial intermediation, real estate, and mining and quarrying. Interestingly, the proportionate decline of women labourers in health and social work was much higher at 26 per cent compared to 7 per cent for males.

Across the three states, before the COVID-19 pandemic occurred, 59 per cent of the enterprises did not engage any female labourers. This increased to 65 per cent in October 2020. In Uttar Pradesh, 77 per cent of the enterprises did not engage any female labourers before the COVID-19 pandemic, which increased to 82 per cent in October 2020. In Maharashtra, the proportion increased from 60 to 73. In Tamil Nadu, 40 per cent of the enterprises did not engage female labourers, and this was nearly constant before the COVID-19 pandemic, and in October 2020 (see Table 2.15). Across the three states, 63 per cent of the service industry did not employ women labourers before the COVID-19 pandemic, which increased to 70 per cent in October 2020. 54 per cent of the manufacturing industry did not employ female labourers before the COVID-19 pandemic, which increased to 59 per cent of the units. Within states, in Maharashtra, there is a nearly 12-13 per cent point increase in the number of units, both in manufacturing and services, not engaging women labourers, on account of the COVID-19 pandemic.

► Table 2.15: Proportion of enterprises not employing women labourers (in per cent)

States	Pre-COVID-19	Oct.-20
Maharashtra	60	73
Tamil Nadu	39	40
Uttar Pradesh	77	82
Total	59	65

N=1525

► Table 2.16: The proportion of enterprises not employing women labourers by industry (in per cent)

	Before COVID-19		Oct.-20	
	Manufacturing	Services	Manufacturing	Services
Maharashtra	53	65	66	77
Tamil Nadu	32	46	33	49
Uttar Pradesh	78	75	83	81
Total	54	63	59	70

N= 1339 (excluding enterprises that said both)

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As reported by the MSME owners, the COVID-19 pandemic had affected the engagement of labour. The impact was highest in Maharashtra among the three states. There was a 36 per cent reduction in the number of labourers engaged. In Uttar Pradesh, it was 32 per cent. In Tamil Nadu, it was only 14 per cent. The reduction had occurred both in the manufacturing and service industries. The reduction was evident across almost all the sectors. It was significant in real estate, renting and business activities, electricity, gas, water supply, hotels and restaurants, repair of personal and household goods and transport, storage, and communications. The MSME associations across districts interviewed in October 2020 reported that nearly 40 to 50 per cent of the members still face labour availability challenges. According to them, while the migrant labourers are keen to return, transportation was a challenge. According to them, the automobile and textile sectors were affected because of this.

The impact of the reduction was felt more among the women labourers, especially in Maharashtra. There was a 54 per cent decline in the number of female labourers employed in the state. This was the highest among the three states. The decline was more in Mumbai and Thane, but the decline was about 40 per cent even in Pune. The decline was the lowest in Tamil Nadu, among the three states. In Uttar Pradesh, more than 75 per cent of the enterprises do not engage any female labourers. This proportion increased on account of the COVID-19 pandemic by 5 percentage points. In Maharashtra, the proportion of enterprises not engaging female labourers increased by 13 percentage points on account of the COVID-19 pandemic. The women labourers, in Maharashtra, appear to have been more affected than the male labourers. The situation in Tamil Nadu was better compared to the other two states. Only 40 per cent of the enterprises do not employ female labourers. There was no difference in this proportion before and after the COVID-19 pandemic. Also, the proportionate decline in the number of female labourers employed, was only 3 per cent higher than that of the male labourers, in October 2020 compared to the pre-COVID-19 pandemic phase. Compared to male labourers, the proportionate reduction of female labourers was higher across all the sectors, except education, financial intermediation, real estate, mining, and quarrying.

### 2.3 Strategies adopted by enterprises to cope with the crisis

Faced with the impact of closure due to the lockdown, financial challenges, and reduced turnover, most enterprises either temporarily or permanently laid off the workers. While 33 per cent of the enterprises across the three states temporarily laid off workers, 12 per cent of the enterprises permanently laid off workers.

Within the states, in Tamil Nadu, nearly 50 per cent of the Chennai and Coimbatore enterprises resorted to this and temporarily reduced the number of labourers engaged. Only 8 per cent of enterprises in Tiruppur undertook this measure. In Maharashtra, the enterprises temporarily laying off workers ranged from 25 to 32 per cent. In Uttar Pradesh, in Agra, 28 per cent of the enterprises temporarily laid off workers. In the other two districts it was 22 and 26 per cent.



In Maharashtra, 15 per cent of the enterprises permanently laid off the workers, the highest across the three states. In Uttar Pradesh, the number was 12 per cent, and in Tamil Nadu, it was 11 per cent. 21 per cent of the enterprises in Mumbai, 14 per cent in Thane, and 11 per cent in Pune, permanently laid off the workers. 17 per cent of enterprises in Chennai permanently laid off the workers. Tiruppur reported the least at 2 per cent. In Uttar Pradesh, 15 per cent of the enterprises in Agra laid off workers permanently. In Prayagraj, 6 per cent of the enterprises laid off workers permanently. Across the states, 46 per cent of the units, either temporarily or permanently laid off workers. This was a key coping strategy adopted by most of the units. The impact of this on the labourers, would be examined in the next section.

New business arrangements with the suppliers and customers were adopted by 18 per cent of the enterprises in three states. 21 per cent of the enterprises in Maharashtra, 17 per cent in Uttar Pradesh, and 16 per cent in Tamil Nadu adopted this. Nearly 25 per cent of Pune and Chennai's enterprises adopted this. 13 per cent of the three states used online sales as a coping strategy. 58 per cent of the enterprises in Tiruppur did this. 16 to 18 per cent of the enterprises in Prayagraj and Pune also pursued online sales. In Chennai, Coimbatore, and Mumbai, only about 2 per cent of the enterprises pursued this. In Chennai and Coimbatore, manufacturing enterprises were proportionately more than the service industry, explaining why only a small proportion pursued this. However, this still does not explain Mumbai's case, where nearly 70 per cent of the enterprises surveyed were from the service industry. However, 20 per cent of the enterprises in Coimbatore and 13 per cent in Mumbai increased their marketing efforts.

43 per cent of the enterprises in Tiruppur diversified their products and services. 15 per cent of the enterprises in Mumbai and 12 per cent in Chennai rescheduled their bank loans. 12 per cent of enterprises across the states worked at 50 per cent capacity or on alternate days. While 34 per cent of Tiruppur enterprises mentioned this, 25 per cent in Thane and 18 per cent in Mumbai resorted to this. 12 per cent of the units, and a higher proportion of them in Uttar Pradesh and Maharashtra districts, did not resort to coping strategies (see Table 2.17).

► Table 2.17: Coping strategies adopted by enterprises (in per cent)

Coping strategy	Chennai	Coimbatore	Tiruppur	Agra	Lucknow	Prayagraj	Pune	Thane	Mumbai	Total
Temporary lay- off	50.6	49.5	8.3	37.8	26.5	22.1	30.4	25.1	31.6	33.2
Permanent lay- off	16.5	12.1	2.3	15.0	8.2	5.7	10.5	13.5	20.9	12.4
Flexible working hours	4.7	6.1	8.3	11.9	21.4	22.1	2.2	7.6	12.7	9.9
Selling at reduced margins	1.8	0.5	42.1	14.6	12.2	21.3	6.6	1.2	9.5	11.1
50% capacity work	0.0	1.5	33.8	10.2	4.1	13.1	8.3	25.1	17.7	12.1
Increased marketing efforts	5.9	20.2	45.1	7.5	18.4	9.0	7.7	1.8	12.7	13.0
Online sales	2.9	2.5	57.9	7.8	7.1	15.6	17.7	12.9	2.5	12.7
Diversified products or services	4.7	3.0	43.6	1.0	5.1	8.2	5.0	6.4	8.2	8.1

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Coping strategy	Chennai	Coimbatore	Tiruppur	Agra	Lucknow	Prayagraj	Pune	Thane	Mumbai	Total
Alternative or new supply chain solutions	8.8	9.1	12.0	9.2	4.1	22.1	13.3	25.7	7.0	12.2
Stockpiling goods and/or supplies	2.9	2.0	3.8	7.8	4.1	6.6	18.2	15.2	15.8	8.7
Changed hours of operation	8.2	11.6	5.3	3.1	0.0	0.8	14.4	4.7	9.5	6.8
New working arrangements	25.3	13.6	6.8	18.7	11.2	18.9	26.5	20.5	14.6	18.0
Rescheduling bank loans	11.8	8.6	4.5	4.8	6.1	4.9	8.3	8.2	14.6	7.9
Filing for bankruptcy	0.0	2.5	0.0	0.0	2.0	0.0	0.0	2.3	1.9	0.9
Others (specify)	0.0	0.0	0.0	4.1	5.1	6.6	1.7	0.0	3.2	2.2
None of the above	1.8	3.0	13.5	17.0	18.4	15.6	10.5	14.0	17.7	12.1

n= 1525

While about 50 per cent of the manufacturing enterprises either temporarily or permanently laid off workers, about 40 per cent of the service enterprises did so. While 22 per cent of the manufacturing enterprises adopted new business arrangements, about 17 per cent of the service enterprises did so. Compared to service enterprises, relatively more manufacturing enterprises sold products at average profit margins, and increased their marketing efforts. However, relatively more service enterprises adopted online sales, operating on alternate days, and changing operation hours.

In Maharashtra, the proportion of workers laid off, both temporarily and permanently, was nearly the same across the three, size class of enterprises. In Tamil Nadu, 63 per cent of the small and 53 per cent of the medium-sized enterprises temporarily laid off the workers. However, only 18 per cent of the microenterprises did so. Compared to the small- and medium-sized enterprises, a lesser proportion of the microenterprises laid off workers permanently. In Uttar Pradesh, while a smaller proportion of microenterprises laid off workers permanently, the proportion of laid off workers was nearly the same across small- and medium-sized enterprises. In Tamil Nadu, a higher proportion of microenterprises rather than small and medium-sized enterprises adopted various strategies. This included increased marketing efforts, online sales, working at 50 per cent capacity, and looking at alternative supply chain solutions.

However, as seen above, the predominant strategy was laying off workers across the size class, industries, and states.

## Situation analysis on the COVID-19 pandemic's impact on enterprises and workers in the formal and informal economy in India

► Table 2.18: Coping strategies adopted by type of industry (in per cent)

Coping strategies	Maharashtra		Tamil Nadu		Uttar Pradesh		Total	
	Manufacturing	Service	Manufacturing	Service	Manufacturing	Service	Manufacturing	Service
Temporarily reduced employment	28.8	27.6	49.0	35.9	27.6	27.4	36.4	29.9
Permanently laid off employees	19.5	12.3	11.2	11.4	11.0	9.0	13.1	11.0
Implemented or increased flexible working hours for staff (partial leave, telework, etc.)	8.5	6.7	4.6	8.0	19.3	13.5	10.9	9.2
Selling the products at average profit margins	11.9	4.1	6.1	11.4	24.3	8.6	14.1	7.6
Working with only 50% capacity/alternate days arrangement	20.3	16.7	3.1	10.1	10.5	9.8	9.9	12.7
Increased marketing efforts	9.3	7.3	20.4	17.7	13.8	8.6	15.4	10.7
Online sales	11.9	9.7	7.7	18.1	7.7	11.3	8.7	12.6
Diversified products or services	6.8	5.6	5.6	13.9	4.4	2.6	5.5	7.0
Looking for alternative or new supply chain solutions	13.6	16.4	10.7	8.9	15.5	9.4	13.1	12.1
Stockpiling goods and/or supplies	19.5	14.4	3.1	2.5	8.8	4.1	9.1	7.8
Changed hours of operation	3.4	10.6	6.6	9.7	0.0	1.5	3.4	7.5
New working arrangements with suppliers and/or customers	20.3	20.2	17.9	15.2	26.5	13.5	21.6	16.7
Rescheduling of bank loans	11.0	10.0	10.7	7.2	5.0	3.8	8.7	7.2
Filing for bankruptcy	0.0	2.1	0.5	1.3	0.6	0.4	0.4	1.3
None of the above	16.1	13.5	1.0	10.5	11.0	22.6	8.3	15.5
Total	100	100	100	100	100	100	100	100

N= 1339 (excluding enterprises which are both manufacturing and service)

The MSMEs thus adopted multiple strategies to cope with the impact of the lockdown. However, most enterprises laid off the workers, either temporarily or permanently, to cope with the impact. At the time of the survey in October 2020, 76 per cent of the three states' enterprises had started normal operations either on-site or remotely. In Tamil Nadu, 86 per cent of the enterprises had started normal operations; in Maharashtra, 73 per cent, and in Uttar Pradesh

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70 per cent. 67 per cent of the manufacturing enterprises and 61 per cent of the service enterprises had started normal operations on-site. 14 per cent of the manufacturing enterprises and 16 per cent of the service enterprises were still shut.

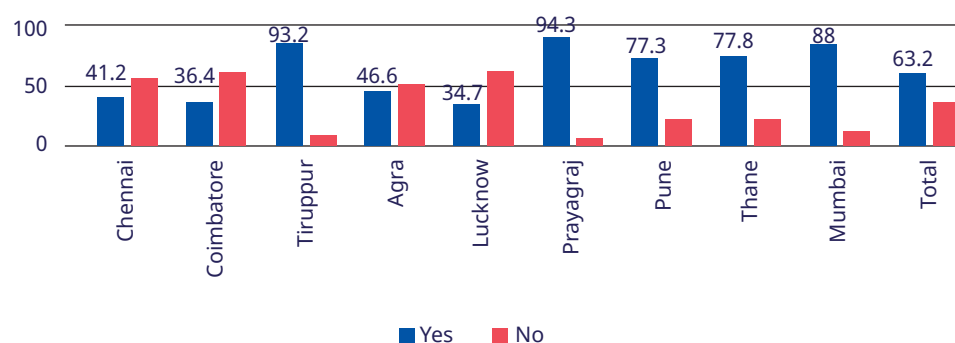
► **Table 2.19: Status of current production and operation of MSMEs (in per cent)**

	Maharashtra				Tamil Nadu			Uttar Pradesh		
Status	Pune	Thane	Mumbai	Chennai	Coimbatore	Tiruppur	Agra	Lucknow	Prayagraj	Total
Normal working activity: on-site	57.5	63.7	63.9	84.1	82.3	67.7	66.3	28.6	43.4	64.7
Normal working activity: remotely	5.5	9.9	2.5	1.8	0.5	15.8	3.1	5.1	3.3	4.9
Normal working activity: either on-site or remotely	3.3	4.1	7.6	0.0	0.0	8.3	8.5	19.4	17.2	6.6
Partial working activity: either on-site or remotely	22.1	1.2	0.0	13.5	4.5	1.5	10.5	24.5	14.8	9.8
Complete shut down	11.6	21.1	25.9	0.6	12.6	6.8	11.6	22.4	21.3	14.1

n=1525

Though many had started normal operations, 63 per cent of the enterprises said they were still facing restrictions due to the state government's lockdown. In Maharashtra, 81 per cent of the enterprises said that they were still affected by the restrictions across the three districts. In Uttar Pradesh, this figure was 56 per cent, and in Tamil Nadu, it was 53 per cent. In Tamil Nadu and Uttar Pradesh, the perception of this, varied across the districts. More than 90 per cent of Tiruppur and Prayagraj enterprises said that they were still affected by the restrictions. This perception was lesser in the remaining four districts in both the states (see Figure 2.7). 68 per cent of the service enterprises, compared to 53 per cent of manufacturing enterprises, still faced restrictions due to the lockdowns.

► **Figure 2.7: Enterprises still facing restrictions or full/partial lockdown imposed by state government (in per cent)**



For 68 per cent of the enterprises across the three states, it would take anything between 3 months to more than 6 months to restore their business to the pre-COVID-19 pandemic status. The enterprises in Maharashtra appear to need more time to recover. More than 57 per cent of the enterprises in Maharashtra need more than 6 months to be back to their previous status. 71 per cent of the Thane enterprises felt that it would take them longer than six months to restore their business to the pre-COVID-19 pandemic situation. In Tamil Nadu and Uttar Pradesh, more than 50 per cent of the enterprises felt that in between 1 to 6 months, they would be back to the pre-COVID-19 pandemic status (see Table 2.20).

► Table 2.20: Estimated time to return to the pre-COVID-19 pandemic business situation (in per cent)

Estimated time	Maharashtra				Tamil Nadu			Uttar Pradesh		Total
	Pune	Thane	Mumbai	Chennai	Coimbatore	Tiruppur	Agra	Lucknow	Prayagraj	
1-2 weeks	0.0	0.0	0.0	0.0	2.8	0.8	2.2	0.0	0.9	0.7
2-4 weeks	2.9	0.0	2.9	11.4	9.7	9.7	2.9	0.0	1.7	4.3
1-3 months	4.3	5.3	5.0	32.9	6.9	24.2	19.0	11.8	12.2	12.7
3-6 months	20.0	12.0	26.6	24.3	41.7	35.5	29.2	32.4	45.2	28.5
More than 6 months	50.0	70.7	50.4	12.9	27.8	21.0	36.5	29.4	31.3	39.9
More than a year	1.4	0.8	0.0	2.9	5.6	6.5	0.0	0.0	0.9	1.9
Not applicable	21.4	11.3	15.1	15.7	5.6	2.4	10.2	26.5	7.8	12.0
Don't know/can't say	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

n= 964

To conclude, this section examined the MSME enterprises' profile in the three states, the impact of the COVID-19 pandemic, specifically during the lockdown in the initial phase and the subsequent phases of relaxation on them, and the strategies they adopted to cope with the impact. With some variation in the districts, the proportion of service enterprises was higher than the manufacturing across the three states. Within this broad classification, the industries varied, ranging from manufacturing to repair of goods and services, community social and personal services, real estate, and hotels and restaurants. Most of the enterprises were micro in size. Only about 16 per cent of the surveyed enterprises were medium in size.

During the survey in October 2020, more than 75 per cent of the surveyed enterprises had started normal operations, either on-site or remotely. The enterprises' closure due to the government regulations was the significant impact, which had a cascading effect on the other aspects. More than 90 per cent of the respondents agreed that the closure impacted them. Enterprises faced issues in payment of wages/salaries and repayment of loans. The key strategy that the enterprises adopted to address this was to lay off the workers, either temporarily or permanently. However, the lay-off affected more female than male labourers, especially in Maharashtra. Even though enterprises had started normal operations, many still perceive that restrictions affect their operations. More than 40 per cent of the units stated that it would take more than six months to reach the pre-COVID-19 pandemic level.

## ► 3. The impact of the COVID-19 pandemic on workers

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This section examines the impact of the COVID-19 pandemic on the state of the workers in the three states. As mentioned earlier, an effort was made to ensure the distribution of workers across the nine districts. However, given the limited availability of telephone numbers of workers, workers who were easily accessible were interviewed. The telephone numbers were collected from various sources. This included trade unions, NGOs, employers, and snow-balling numbers from labourers who were called. Hence, it was challenging to ensure representation either by gender or any other sub-groups. The only criteria used was whether they were working in any of the three states. This aspect has to be kept in perspective while viewing the details presented in this section.

The section primarily outlines their demographic profile, employment status before March 2020, and subsequently when the lockdown was lifted, and the impact on their employment status due to the COVID-19 pandemic. It also examines the coping strategies that they adopted to overcome the impact of the COVID-19 pandemic..

### 3.1 Work and migration status

#### Profile of workers

From the three states, 3111 workers were interviewed. 91 per cent of the respondents were male, and 9 per cent were female. 62 per cent of all female respondents were from Tamil Nadu. 62 per cent of all respondents were in the age group of 15-34 years. Interestingly, in Maharashtra and Uttar Pradesh, respondents in the age group of 15-34 accounted for about 75 per cent of all the respondents. In Tamil Nadu, they accounted for only 38 per cent. The older respondents, of age 35 and above, accounted for 62 per cent of all respondents. In other words, the workers were of a much younger age group in Maharashtra and Uttar Pradesh compared to Tamil Nadu.

44 per cent of all worker respondents had completed middle or high school. 22 per cent of all respondents had either studied up to primary school or had not completed it. The proportion of those who had completed graduation, post-graduation, and professional courses was high in Uttar Pradesh at 23 per cent, followed by Maharashtra at 18 per cent, and Tamil Nadu at 13 per cent. In Uttar Pradesh and Maharashtra, compared to Tamil Nadu, the workers are younger. Many of them appear to have studied in college before beginning to work.

Nearly all the worker respondents in Uttar Pradesh were natives of the state. Only 8 workers reported that their native state was different. In Tamil Nadu, 74 per cent of the respondents were native to the state. Except for two labourers from Maharashtra, the rest were from Uttar Pradesh. In Maharashtra, 61 per cent were native to the state. The rest were from West Bengal, Jharkhand, and

Bihar. Thus, while labourers were almost entirely native to Uttar Pradesh, Tamil Nadu, and Maharashtra, labourers from other states were also found. While Maharashtra had a mix of persons from few states, in Tamil Nadu, the non-native respondents were almost entirely from Uttar Pradesh (see Table 3.1).

► Table 3.1: Native state/UT of workers surveyed (in per cent)

Native state	Maharashtra	Tamil Nadu	Uttar Pradesh	Total
Uttar Pradesh	1.1	25.7	99.2	42.4
Maharashtra	60.8	0.2	0.2	20.5
Tamil Nadu	0.0	74.1	0.0	24.1
Andhra Pradesh	0.5	0.0	0.1	0.2
Arunachal Pradesh	0.0	0.0	0.1	0.0
Assam	0.2	0.0	0.0	0.1
Bihar	5.6	0.0	0.0	1.9
Goa	0.1	0.0	0.0	0.0
Gujarat	1.0	0.0	0.0	0.3
Jharkhand	14.4	0.0	0.2	4.9
Karnataka	0.2	0.0	0.0	0.1
Kerala	0.1	0.0	0.0	0.0
Madhya Pradesh	0.1	0.0	0.2	0.1
Manipur	0.1	0.0	0.0	0.0
Orissa	0.2	0.0	0.0	0.1
Rajasthan	0.2	0.0	0.0	0.1
West Bengal	15.5	0.0	0.0	5.2
Delhi	0.1	0.0	0.0	0.0

n=3111

## Nature of employment and status of employment

In Maharashtra and Tamil Nadu, nearly all the worker respondents worked in the same state before March 2020. In Uttar Pradesh, however, 57 per cent of the worker respondents were working in other states. Most of them worked either in Maharashtra or Delhi. 20 per cent worked in Maharashtra, and 10 per cent worked in Delhi (see Table 3.2).

► Table 3.2: Working state of the workers before the COVID-19 outbreak/March 2020 (in per cent)

Working state	Maharashtra	Tamil Nadu	Uttar Pradesh	Total
Uttar Pradesh	0.2	1.4	42.8	15.0
Maharashtra	98.0	0.4	19.8	39.7
Tamil Nadu	0.0	97.0	0.5	31.7
Andhra Pradesh	0.0	0.2	2.9	1.1
Assam	0.0	0.0	0.2	0.1



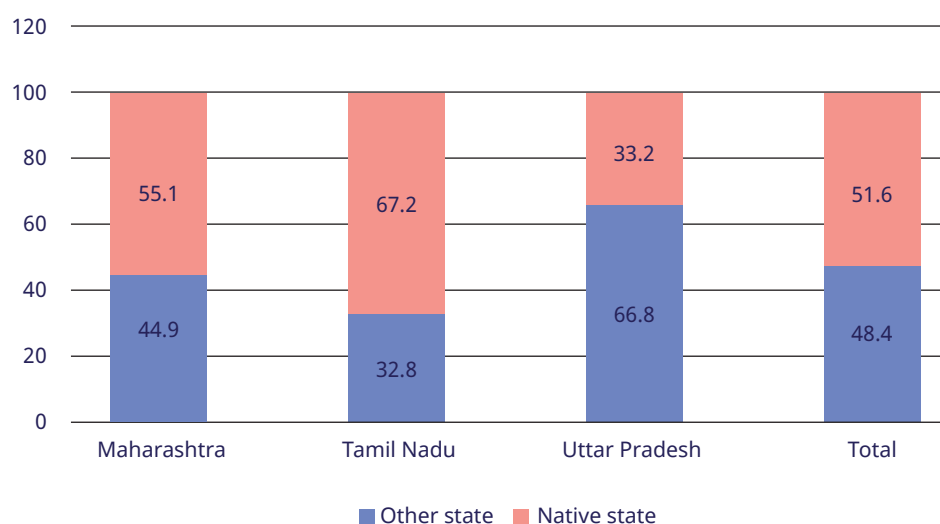
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Working state	Maharashtra	Tamil Nadu	Uttar Pradesh	Total
Bihar	0.2	0.0	0.7	0.3
Chhattisgarh	0.0	0.0	0.7	0.2
Goa	0.0	0.0	0.6	0.2
Gujarat	0.1	0.4	7.0	2.5
Haryana	0.0	0.0	4.3	1.4
Himachal Pradesh	0.0	0.0	0.4	0.1
Jharkhand	0.3	0.0	0.4	0.2
Karnataka	0.0	0.0	1.4	0.5
Kerala	0.0	0.0	0.1	0.0
Madhya Pradesh	0.0	0.0	1.9	0.6
Manipur	0.1	0.0	0.0	0.0
Punjab	0.0	0.1	2.3	0.8
Rajasthan	0.2	0.0	1.6	0.6
Telangana	0.0	0.0	2.0	0.7
Tripura	0.0	0.2	0.0	0.1
Uttaranchal	0.0	0.0	0.1	0.0
West Bengal	0.9	0.0	0.3	0.4
Chandigarh	0.1	0.1	0.3	0.2
Dadra and Nagar Haveli	0.0	0.0	0.1	0.0
Delhi	0.0	0.2	9.9	3.4

n=3111

67 per cent of Uttar Pradesh respondents also reported that the state they were working in before March 2020 was not their native state. 45 per cent of them in Maharashtra and 33 per cent in Tamil Nadu also reported that they were not in their native state (see Figure 3.1).

► Figure 3.1: Proportion of labourers working in their native and other states (in per cent)



A large proportion of labourers from Uttar Pradesh migrate to the other states. At the time of the survey in October 2020, many went back home due to the lockdown and continued to be there. This is evident from the fact that 57 per cent of the worker respondents mentioned that they worked in states other than Uttar Pradesh. In Maharashtra and Tamil Nadu, nearly all the respondents said they worked in their respective states before March 2020. However, 45 per cent in Maharashtra and 33 per cent in Tamil Nadu said that the state they were working in was not their native state. Either they had remained in the state during the lockdown or had returned to the states. It is likely that residents of Maharashtra and Tamil Nadu were working in other states. In Uttar Pradesh, it is likely that there were labourers from other states too.

Nearly 50 per cent of the worker respondents worked in states other than their native states. Better wages in the other state is a significant motivating factor for labourers to move to another state. 62 per cent of those who were working in another state mentioned better wages as a reason. 17 per cent cited the lack of livelihood opportunity in their native states. In Tamil Nadu and Uttar Pradesh, respondents also mentioned being brought by contractors. Contractors brought 13 per cent of those whose native state was different in Tamil Nadu, and it was 11 per cent in Uttar Pradesh (see Table 3.3).

► Table 3.3: Reasons for working in a state other than the native state (in per cent)

Reasons	Maharashtra	Tamil Nadu	Uttar Pradesh	Total
Lack of livelihood opportunity	22.2	18.1	13.0	17.0
Better wages	55.1	56.6	69.4	62.2
Seasonal work	3.6	4.2	0.7	2.4
Brought by contractor	3.8	13.0	10.5	9.0
Moved after marriage	3.0	0.9	0.3	1.3
Moved for education	3.0	0.3	0.4	1.2
Moved with family	9.0	3.9	5.5	6.2

n=1506

27 per cent of the worker respondents were in construction activity, and 23 per cent in manufacturing. The balance 50 per cent of the respondents worked in other activities ranging from hotel and restaurants, repair of goods, and transport (see Table 3.4).

► Table 3.4: The main activity of the workers (in per cent)

Main activity of the workers	Maharashtra	Tamil Nadu	Uttar Pradesh	Total
Agriculture	5.1	3.5	9.2	5.9
Mining and quarrying	1.3	0.9	2.6	1.6
Manufacturing	20.0	28.5	21.9	23.4

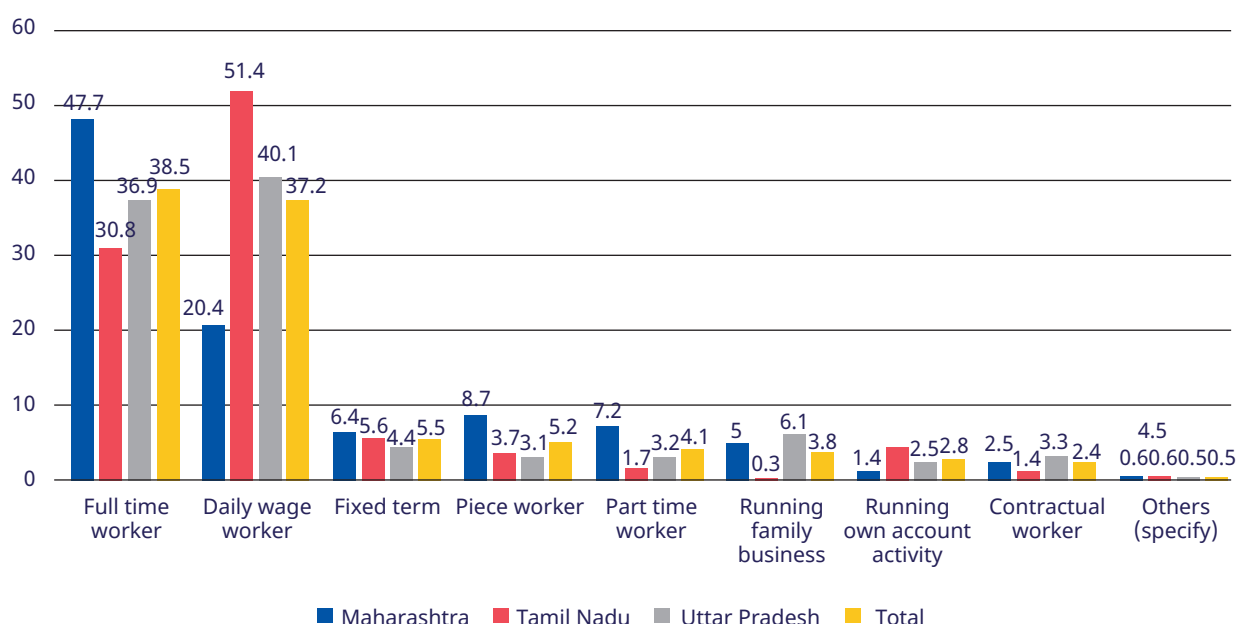
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Main activity of the workers	Maharashtra	Tamil Nadu	Uttar Pradesh	Total
Electricity, gas, and water supply	8.1	3.4	5.2	5.6
Construction	23.8	33.3	24.9	27.3
Repair of personal and household goods	9.5	4.5	8.5	7.6
Hotels and restaurants	8.7	5.6	5.7	6.7
Transport, storage, and communications	8.6	8.5	8.6	8.6
Financial intermediation	2.6	1.5	1.8	2.0
Real estate, renting and business activities	0.8	0.6	1.1	0.8
Education	0.8	0.6	2.5	1.3
Health and social work	1.0	1.1	1.0	1.0
Other community, social and personal service activities	9.0	7.1	6.5	7.6
Others (specify)	0.8	1.0	0.6	0.8

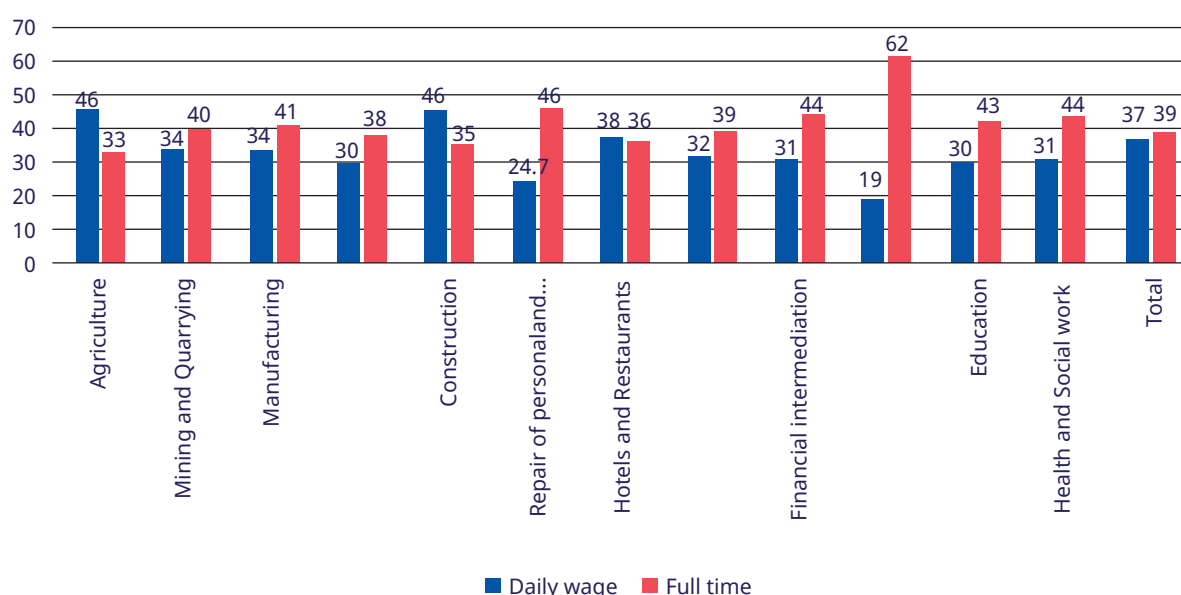
n=3111

When asked about the nature of their employment across the three states, 38 per cent said they were full-time workers. 37 per cent were daily wage labourers. In other words, 75 per cent of the respondents were either full-time workers or daily wage labourers. The rest, 25 per cent, were divided over contractual workers, piece-time labourers and own-account workers. 48 per cent of the Maharashtra respondents were full-time workers, whereas 51 per cent in Tamil Nadu were daily wage labourers. In Uttar Pradesh, daily wage labourers were 40 per cent, and full-time workers were 37 per cent. Nearly 48 per cent of the full-time and daily wage labourers worked in states other than their native states (see Figure 3.2). Since 75 per cent of the respondents mentioned being

► **Figure 3.2: Nature of employment with the enterprise/company/factory (in per cent)**



► Figure 3.3: Full-time and daily wage labourers by sector (in per cent)



either full-time or daily wage labourers, Figure 3.3 provides the details of the proportion of full-time labourers and daily wage earners across sectors. The manufacturing industry had a higher proportion of full-time workers than daily wage labourers. In construction, the proportion of daily wage labourers was higher than full-time workers. The proportion of full-time and daily wage labourers was nearly equal in the hotel and restaurant industry.

At the time of the survey, 76 per cent of all respondents were working. 87 per cent of those who were not working were in the two states of Maharashtra and Uttar Pradesh. Only 10 per cent of the respondents in Tamil Nadu were not working as seen in the previous section and in Tamil Nadu, 86 per cent of the MSMEs were functional either on-site or remotely. 31 per cent of respondents in Maharashtra and Uttar Pradesh were yet to find work at the time of the survey in October 2020 (see Table 3.5).

► Table 3.5: Current status of employment of worker (in per cent)

Currently working	Maharashtra	Tamil Nadu	Uttar Pradesh	Total
Yes	68.7	90.4	69.0	75.9
No	31.3	9.6	31.0	24.1

n=3111

A key reason for not working was that the respondents had come home. 50 per cent of those who were not working mentioned this across the three states. 64 per cent of those who were not working in Maharashtra, and 44 in Uttar Pradesh mentioned this. As mentioned above, the proportion of those who were not working was low in Tamil Nadu compared to the other two states. However, of those who were not working, 49 per cent could not find work as their enterprises had closed. 8 per cent were not working as their own-account activity was closed.

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Non-working due to closure of own-account activity was the lowest in Tamil Nadu and highest in Uttar Pradesh, at 11 per cent (see Table 3.6).

► **Table 3.6: Reasons for not working in October 2020 (in per cent)**

Reasons	Maharashtra	Tamil Nadu	Uttar Pradesh	Total
Unit/ factory shut down	17.5	48.5	24.7	24.6
Laid off	8.6	16.5	18.3	13.8
Back home due to the COVID-19 pandemic	63.8	27.8	44.2	50.6
Own-account activity closed	7.7	1.0	11.0	8.3

n=751

### Access to social security benefits

85 per cent of those who were currently working (in October 2020) were not provided the Employees' State Insurance (ESI)<sup>46</sup> benefits by their employer. Across the three states, there was no significant variation in this aspect. 82 per cent of all worker respondents do not have an Employees' Provident Fund (EPF) account (see Table 3.7). Of those with an EPF account (n=513), 87 per cent said their current employer provides the EPF. 95 per cent of the respondents in Tamil Nadu mentioned this, compared to 82 per cent for Maharashtra and Uttar Pradesh. According to a Lucknow based trade union, the workers who used to get social security benefits could not get EPF and ESIC benefits post lockdown as the companies did not deposit the money.

► **Table 3.7: Workers with an Employees' Provident Fund (EPF) account (in per cent)**

Response	Maharashtra	Tamil Nadu	Uttar Pradesh	Total
Yes	13.1	20.5	16.1	16.5
No	86.8	78.8	81.4	82.3
Don't know	0.2	0.8	2.6	1.2

n=3111

It is interesting that in Maharashtra, where 48 per cent of respondents said they are full-time workers, only about 13 to 14 per cent have access to ESI and EPF. As mentioned by a trade union representative from Thane, "there are many incidents of labourer victimization working in the MSMEs for ESI and EPF entitlements. The companies claim that the labour working with them is outsourced from a contractor who did not provide any social security benefit. The contractor never provides such benefits to the labour. Hence, it is important to ensure that this amount is deposited in the EPF account of the labour and verified regularly".

<sup>46</sup> The ESI scheme, as defined in the Factories Act, is applicable to all factories and other establishments with 10 or more persons (using electricity) and 20 persons (not using electricity) employed in such an establishment, and where the beneficiaries' monthly wage does not exceed 21,000 rupees: are covered under the scheme.

Even those currently not employed (93 per cent) did not avail of any ESIC benefit from the previous employers. Nearly 90 per cent of the workers were not aware whether at least some employees in their workplace were/are covered by EPF and ESIC/insured (see Table 3.8 & Table 3.9). Nearly 67 per cent of the MSME owners across the three states said they need not contribute either to the ESI or EPF (see Table 3.10).

► Table 3.8: Worker aware if other employees are covered by ESIC/insured (in per cent)

Response	Maharashtra	Tamil Nadu	Uttar Pradesh	Total
Yes	1.7	0.6	2.4	1.6
No	96.6	98.6	93.1	96.0
Don't know	1.7	0.8	4.5	2.4

n=2744

► Table 3.9: Worker aware if other employees are covered by EPF (in per cent)

Response	Maharashtra	Tamil Nadu	Uttar Pradesh	Total
Yes	3.1	2.0	6.1	3.8
No	95.8	92.3	80.7	89.5
Don't know	1.1	5.8	13.2	6.7

n=2663

► Table 3.10: MSMEs required to make ESIC contribution for workers (in per cent)

ESIC contribution	Maharashtra				Tamil Nadu			Uttar Pradesh		Total
	Pune	Thane	Mumbai	Chennai	Coimbatore	Tiruppur	Agra	Lucknow	Prayagraj	
Yes	27.6	42.1	31.6	41.8	36.4	31.6	20.4	36.7	19.7	31.3
No	72.4	57.9	68.4	57.6	63.6	66.9	77.6	57.1	73.8	67.2
Don't Know	0.0	0.0	0.0	0.6	0.0	1.5	2.0	6.1	6.6	1.5

n=1525

## 3.2 Impact of the COVID-19 pandemic on the workers

### The problem faced by the workers due to the COVID-19 pandemic

85 per cent of the workers experienced changes in their working situation due to the COVID-19 pandemic. There is no significant variation in the proportion of respondents who mentioned this across the three states (see Table 3.11).

► Table 3.11: Workers experienced any changes in their working situation as a result of the COVID-19 outbreak (in per cent)

Response	Maharashtra	Tamil Nadu	Uttar Pradesh	Total
Yes	83.0	82.7	88.8	84.9
No	17.0	17.3	11.2	15.1

n=3111

51 per cent of those who experienced changes lost a paid job. In Tamil Nadu, 65 per cent lost their paid jobs. 18 per cent worked for lesser hours or took paid leave from their job.

► Table 3.12: Issues faced by the workers due to the COVID-19 lockdown (in per cent)

Experience	Maharashtra	Tamil Nadu	Uttar Pradesh	Total
Lose a paid job	36.3	64.6	52.2	50.9
Leave from a paid job	16.4	17.8	21.9	18.8
Work less hours than usual	17.3	18.0	21.6	19.1
Work more hours than usual	7.1	3.3	5.0	5.1
Change in place/location of work	7.2	5.4	7.0	6.6
Change work assignments/ products/ services	2.1	1.0	1.0	1.3
Start a new job or business	4.5	6.8	9.4	7.0
Reduction in hourly wage, piece rate, or salary	5.2	2.6	8.3	5.5
Increase in hourly wage, piece rate, or salary	2.3	0.4	1.2	1.3
Delay in wage payment	11.7	2.9	9.9	8.3
Paid leave/unpaid leave	6.0	7.9	18.8	11.2
Reduction in non-pecuniary benefits.	0.0	0.2	1.0	0.4

n= 2641

Of the 1345 workers who lost their paid jobs, 43 per cent were told to wait until called back. In Tamil Nadu, 50 per cent of those who said they had lost their job were asked to wait. 25 per cent reported that their seasonal, temporary, or casual job ended, and 21 per cent were dismissed from their jobs (see Table 3.13).



► Table 3.13: Reason for loss of a paid job or stopping work (in per cent)

Reasons	Maharashtra	Tamil Nadu	Uttar Pradesh	Total
Seasonal, temporary, or casual job ended	35.7	20.7	22.7	24.9
Dismissed, laid off, fired	16.2	20.1	25.7	21.3
Told to wait until called back	32.8	50.8	41.6	43.3
You had to quit themselves	15.0	8.1	9.8	10.3
Others (specify)	0.3	0.2	0.2	0.2

n=1345

The trade unions also believed that most of the daily wage workers lost employment, and 30-40 per cent of own-account (self-employed) enterprises were closed due to the prolonged lockdown. The self-employed people were mostly living on their savings and business capital, which got exhausted after some time. In the case of daily wage workers, there was no appropriate support of food and accommodation being provided by the employers or the government. In the absence of food and accommodation arrangements, the workers finally chose to move to their native places. About half of the labourers working in MSME enterprises returned to their native places. In rare instances, employers only provided food and accommodation to the workers but not their wages.

### Possibility of returning to the same job or business activity

Of those, who were asked to wait or took leave from a paid job or closed their own-account activity, 58 per cent in Tamil Nadu had already returned to the same job or business they had before March 2020. In Maharashtra, 23 per cent had returned, and in Uttar Pradesh, 15 per cent had returned. 26 per cent in Uttar Pradesh and 15 per cent in Maharashtra and Tamil Nadu were unsure or never expected to return to their old job or business. About 60 per cent of them in Maharashtra and Uttar Pradesh were hoping to return once the situation improved (see Table 3.14).

► Table 3.14: Expectation on returning to the same job or business activity (in per cent)

Expect to return	Maharashtra	Tamil Nadu	Uttar Pradesh	Total
Already returned	23.2	58.1	14.8	30.4
Yes	61.4	26.3	59.3	50.3
No	12.8	12.3	19.5	15.2
Unsure to return	2.5	3.2	6.4	4.2

n=1676

Of those who had returned to the same job or business activity, 31 per cent were migrants (the state they were working in was different from their native state). Also, of those who did not think they would return, 61 per cent were

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migrants. 77 per cent of those who were unsure of returning to the same job or business were migrants. (see Table 3.15). According to the DIC, Pune, there is a labour shortage, but the local people had started to work. He also said that the migrant workers might return post-Diwali festival, i.e., after November 2020. A trade union representative from Chennai said that there were 4 million migrant workers from the north. He said that some of them are being brought back by airlines to work.

► **Table 3.15: Expectation of workers who lost jobs, business, on returning to the same job or business activity (in per cent)**

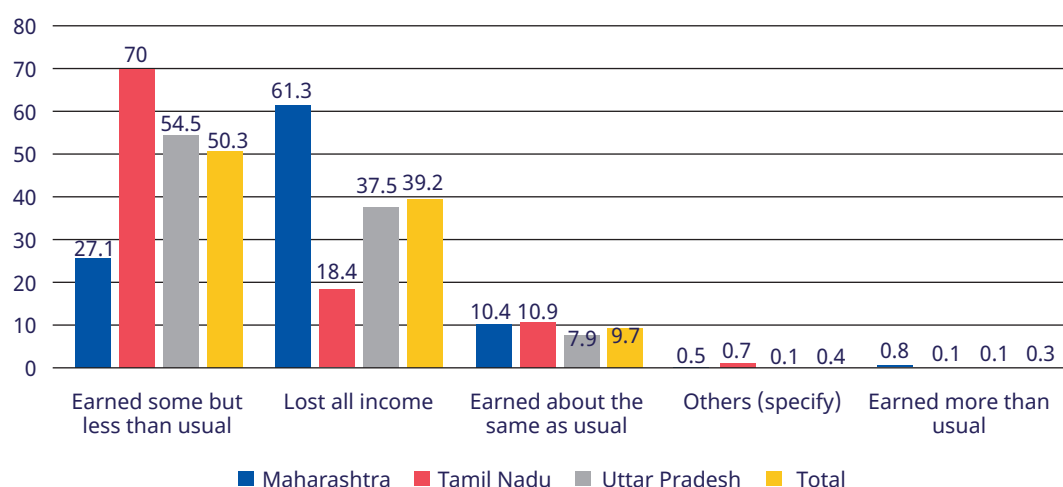
Expect to return to the same job or business activity once the situation improves					
Native of the state	Already returned	Yes	No	Unsure to return	Total
No	31.2	57.1	61.4	77.1	50.7
Yes	68.8	42.9	38.6	22.9	49.3

n= 1676

## Impact on income

In terms of the impact on their income, due to the COVID-19 pandemic, 39 per cent said that they lost all their income. 50 per cent said that they earned less income than usual. Only 10 per cent earned the same. The impact was severe in Maharashtra. 61 per cent of all worker respondents in the state said that they lost all income due to the COVID-19 pandemic. In Tamil Nadu, only 18 per cent reported this. According to an NGO working with the workers in Tiruppur mills, the trade associations refused to pay even 50 per cent of the wages. In Uttar Pradesh, 38 per cent had lost all income. For the others, while they did earn, it was less than what they earned before March 2020 (see figure 3.4).

► **Figure 3.4: Change in income due to the COVID-19 outbreak (in per cent)**



The impact, however, appears to have been more for labourers who had less formal education. 15 per cent of workers with higher secondary and graduation certificates reported a loss of all income from the job or business, whereas 21 per cent of workers with middle school and 25 per cent with high school qualification reported losing all income from their jobs or business activity.

The industry wise data indicates that the workers from the construction and manufacturing industries were affected. Of the workers who lost all income from their job or business, 26 per cent were from construction and 22 per cent from manufacturing, and 9 per cent from the transport, storage, and communications industry (see Table 3.16). An official of the labour department in Tamil Nadu said that some enterprises paid 50 per cent of the salaries, and some paid a lump sum amount. It was a decision between the management and the workers. The officials perhaps did not interfere in this process, given the situation.

► Table 3.16: Impact on income due to the COVID-19 outbreak in the industry (in per cent)

Industry	Lost all income from	Earned less	Earned same	Earned more	Total
Agriculture	6.2	6.3	3.3	0.0	5.9
Mining and quarrying	1.6	1.7	1.7	0.0	1.6
Manufacturing	21.7	24.2	25.9	30.0	23.4
Electricity, gas, and water supply	6.1	4.9	7.3	0.0	5.6
Construction	25.6	28.7	26.6	10.0	27.3
Repair of personal and household goods	8.6	6.9	6.6	0.0	7.6
Hotels and restaurants	7.7	6.2	4.3	20.0	6.7
Transport, storage, and communications	9.3	7.7	10.6	10.0	8.6
Financial intermediation	1.7	1.9	3.7	0.0	2.0
Real estate, renting and business activities	0.9	0.8	1.0	0.0	0.8
Education	1.2	1.2	2.0	0.0	1.3
Health and social work	1.0	1.1	0.7	0.0	1.0
Other community, social and personal service activities	7.4	7.9	6.3	30.0	7.6

n=3111

## Harassment at work

31 per cent of all respondents reported harassment in continuing their job after the lockdown was lifted in June 2020 (see Table 3.17). No significant difference was observed between male and female respondents. No significant variation was also found across states.

► Table 3.17: Harassment faced by workers to continue in their job after the lockdown was lifted in June 2020 (in per cent)

Response	Maharashtra	Tamil Nadu	Uttar Pradesh	Total
Yes	29.1	29.5	33.5	30.7
No	64.8	67.9	61.8	64.8
Can't say/Don't know	6.1	2.6	4.7	4.5

n=3111

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32 per cent of those who faced harassment mentioned longer working hours, 28 per cent were terminated without intimation, and 27 per cent received wages after a delay. A higher proportion in Uttar Pradesh reported longer hours of work compared to the other two states. 49 per cent of those who faced harassment mentioned this. Termination without notice was an issue for 32 per cent in Tamil Nadu, whereas for 36 per cent in Maharashtra, it was delayed wages (see Table 3.18).

A trade union member from Tamil Nadu mentioned that the garment industry's primary workforce are female workers. There have been more cases of harassment in the form of lower wages and delayed wages. Post lockdown, women wanted work, so they worked for even delayed wages and were compelled to work for longer hours (10 hours) but were paid for fewer hours (8 hours). A Joint Commissioner of labour in Tamil Nadu mentioned that the work hours had increased for the workers. However, there were no complaints of harassment. The official also said that no significant issues of harassment of women workers were reported. Some labour officials believed that the working hours had reduced due to the unavailability of adequate labour in the industry.

► **Table 3.18: Types of harassment faced by the workers (in per cent)**

Types of harassment	Maharashtra	Tamil Nadu	Uttar Pradesh	Total
Long working hours	20.1	25.8	48.6	32.4
Overtime without pay	29.7	10.4	24.9	21.9
Alternate day job, but not called every alternate day	13.2	17.1	23.7	18.3
Delayed wages/ payment for many days/ weeks	35.6	24.4	21.2	26.8
Employer stopped paying salary/wages	30.7	16.7	22.0	23.1
Employment terminated without any prior intimation	25.7	32.1	25.4	27.6
Employer forced them to come to the workplace irrespective of the risk of the COVID-19 spread	4.6	12.7	8.5	8.6
Employer misbehaved	2.6	0.0	3.1	2.0
Others (specify)	0.0	1.0	2.0	1.0

n=956

### 3.3 Strategies adopted by workers to cope with the crisis

The primary strategy adopted by those who faced a loss of income was borrowing or using savings. While 60 per cent of those who lost income mentioned borrowing, 43 per cent also used their savings. 94 per cent of those who lost their income in Tamil Nadu borrowed in some form, either from friends or banks, or employers, whereas only 61 per cent in Uttar Pradesh and 79 per cent in Maharashtra adopted this practice. Employers did not emerge as a significant source for borrowing in all the states. It is likely that the employers, too, were in no position to provide the loans. Apart from friends and relatives, institutions were a source of loans. In Uttar Pradesh, 62 per cent of the respondents also

mentioned using their savings, compared to about one third in the other two states. Migration, farming, and working under Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) were significant coping strategies adopted in Uttar Pradesh. Resort to MGNREGS was the least in Maharashtra. Government support was mentioned by 8 per cent in Tamil Nadu compared to about 3 to 4 per cent in the other two states (see Table 3.19). The trade unions and the CSOs, mentioned that many workers were heavily in debt due to increased unemployment. They said that many workers mortgaged their birth certificates and ration cards or sold their houses. Some mentioned suicides due to financial crisis.

► Table 3.19: Strategies adopted by the workers to compensate for the loss of income (in per cent)

Strategies to compensate for loss of income	Maharashtra	Tamil Nadu	Uttar Pradesh	Total
Loan from friends, neighbours, relatives	60.2	70.5	50.1	60.0
Loan from a bank, credit fund or similar	13.6	16.3	4.0	11.1
Loan from the employer	5.5	7.2	6.9	6.5
Government aid or support	3.3	8.1	3.7	5.0
Aid from an NGO or international organization	1.7	1.1	0.9	1.3
Sold possessions	2.3	7.3	2.3	3.9
Started farming, & other means to produce food	10.0	12.3	28.1	17.0
Temporarily migrated back to native place	10.0	14.9	24.8	16.7
Permanently migrated back to native place	10.3	2.2	7.6	6.8
Looked for another job/earning occupation	7.6	7.3	11.5	8.9
Found another job/earning occupation	2.9	5.3	7.4	5.2
Spent savings to cover living expenses	30.1	36.0	61.5	42.9
Worked under MGNREGA	0.2	5.7	18.4	8.3
Others (specify)	0.0	0.2	0.6	0.3

n= 2787

To conclude, this section outlined the impact of the COVID-19 lockdown on the workers. Nearly all the workers are informal workers. More than 85 per cent do not have access to any social security. Nearly 50 per cent of the respondents work in states other than their native states. Since they are mostly informal workers, very few of them are part of any trade union. The combination of their informal status and migration in search of work makes the majority vulnerable. Their vulnerability is evident because nearly 90 per cent of the respondents faced issues due to the lockdown; 50 per cent earned less income than usual, and 39 per cent lost all income. To cope with these challenges, they had to borrow from their relatives, friends, and others, which further increased their vulnerability. Except in Uttar Pradesh, where the MGNREGS provided some succour, government support and aid were not a significant source of support in the other two states. The employers were not generous in their support,

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given that many perhaps were affected too, due to the lockdown. Thus, most labourers had to manage the impact on their own, drawing on savings and support of their friends, relatives, and others who provided credit.

Among the states, the labourers in Maharashtra appeared to have been affected more than the other two states. 61 per cent had lost all income due to the lockdown. A significant proportion of own-account activity in the state, too, were affected. Compared to the two states, Tamil Nadu's situation was relatively better, with many having returned to work. Only about 10 per cent of the respondents were not working at the time of the survey, compared to 30 per cent in the other two states.

## ▶ 4. Access to government and civil society support

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The government responded with measures to overcome the impact of the lockdown. There were responses to mitigate the impact both for the labourers and for the MSMEs. For the labourers, the measures mainly focused on employment generation. This included Pradhan Mantri Gareeb Kalyan Yojana to help poor, needy, and unorganized workers. During the lockdown, the government announced the Atma Nirbhar Bharat, specifically to create employment opportunities for migrant workers and workers of the unorganized sector, for strengthening of the MSME Sector, and for promoting the rural economy.<sup>47</sup> The details of the various Schemes that were announced by the government are outlined in Annexure-I. This section examines the uptake of the Schemes by the workers and the MSME unit owners and the benefits they realized from these Schemes. It also examines the support provided by the trade unions and others, to the workers.

### Access to government schemes by MSMEs

61 per cent of the enterprises did not apply for any government programme or did not receive government support for their business. The non-application or non-receipt of government support was significant in Uttar Pradesh. 73 per cent of the enterprises in the state did not apply or receive any support. In Lucknow, 83 per cent of the respondents mentioned this, the highest among all the districts. In the Tiruppur district of Tamil Nadu, 80 per cent of the enterprises did not apply or receive any support. 14 per cent of the enterprises availed of business loans. In the Mumbai district, 34 per cent of the enterprises availed of this support. This was the highest among all the nine districts. In the other districts, the proportion of enterprises availing business loans ranged from 7 per cent in Lucknow to 20 per cent in Prayagraj. Rescheduling of loans was opted for by more enterprises in Tamil Nadu compared to the other two states. 17 per cent of Tamil Nadu enterprises availed of this, compared to 5 per cent in the other two districts.

10 per cent of the enterprises across the states also got an extension for filing GST returns. 16 per cent of Tamil Nadu enterprises got this facility compared to 9 per cent in Uttar Pradesh and 6 per cent in Maharashtra. 8 per cent of enterprises also got rental or utility subsidies. Nearly 20 per cent of the enterprises in Thane and Mumbai got this support. 11 per cent of the Chennai enterprises also availed of this. 7 per cent had applied and did not get any response. 11 per cent in Uttar Pradesh and 9 per cent in Maharashtra mentioned this (see Table 4.1).

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47 Ministry of Labour & Employment, GoI, <https://pib.gov.in/PressReleasePage.aspx?PRID=1654819> accessed 8 December 2020.

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► **Table 4.1: Government schemes accessed by the MSMEs (in per cent)**

	Maharashtra				Tamil Nadu			Uttar Pradesh		
Government support	Pune	Thane	Mumbai	Chennai	Coimbatore	Tiruppur	Agra	Lucknow	Prayagraj	Total
Business loans <sup>48</sup>	9.4	11.1	34.2	9.4	17.7	14.3	9.2	7.1	19.7	14.3
Loan payment deferrals <sup>49</sup>	1.7	0.6	12.0	26.5	8.1	19.5	3.1	1.0	13.9	9.0
Partial or total salary subsidies	3.3	12.9	12.7	0.0	0.5	2.3	5.4	0.0	1.6	4.6
Cash transfers of unemployment benefits	4.4	1.8	12.7	1.8	0.5	0.0	4.8	0.0	1.6	3.3
Rental or utilities subsidies	2.8	19.3	19.6	11.2	9.6	0.8	3.7	1.0	1.6	8.0
Rental or utilities deferrals	1.7	3.5	18.4	17.6	6.6	0.8	3.1	1.0	0.8	6.1
Training for digital marketing and selling	1.1	4.7	19.0	9.4	3.5	5.3	0.3	1.0	3.3	5.0
Subsidized provision of specific products, inputs, or services <sup>50</sup>	0.6	7.6	13.9	10.6	3.5	6.8	0.3	1.0	2.5	4.9
Tax cuts	2.2	0.0	3.2	12.9	11.1	17.3	1.7	0.0	3.3	5.6
Extended date of GST Return filing	1.7	9.4	8.2	12.4	12.6	24.8	7.8	0.0	20.5	10.4
Deferral of tax payments	0.6	0.6	0.0	2.9	4.5	0.8	0.3	0.0	0.0	1.2
Not applied/not receiving	74	51.5	53.8	32.4	42.4	79.7	72.8	82.7	63.9	60.7
Applied but no response	8.8	14.6	3.2	2.9	2.5	0.0	10.5	9.2	13.9	7.4

n=1525

Of those who did not apply, 51 per cent were not aware of the programmes. 70 per cent of those who did not apply in Maharashtra mentioned this. 41 per cent felt that they would not get the benefits, even if they applied. 65 per cent of the respondents in Tamil Nadu, with 80 per cent in Chennai, had this view.

48 To help MSMEs with additional funding requirements during the COVID-19 pandemic crisis, particularly to meet their operational liabilities, purchase raw materials, and restart their business till 31 October 2020, the Government has announced the Emergency Credit Line Guarantee Scheme (ECLG Scheme). It would be up to 20% of the borrower's total outstanding credit up to 25 crore rupees, excluding off-balance sheet and non-fund-based exposures, as on 29 February 2020, subject to the borrower meeting all the eligibility criteria. The maximum is 5 crore rupees. This scheme is being operationalized through the National Credit Guarantee Trustee Company Limited (NCGTC).

49 *Subordinate Debt for stressed MSMEs*: The MSMEs whose non-performing assets (NPA) are stressed will be eligible to avail this opportunity. Under the scheme, promoters of MSMEs will be given credit equal to 15 per cent of their stake (equity plus debt) or 75 lakh rupees, whichever is lower. 90 per cent guarantee coverage for this subordinate debt will be given under the scheme/trust and 10 per cent would come from the concerned promoters. There will be a moratorium of 7 years on payment of principal whereas maximum tenor for repayment will be 10 years.

50 *Marketing and Liquidity help*: The government will provide e-market facilities for MSMEs in the absence of trade fairs and exhibitions due to the coronavirus pandemic curbs. All the receivables of the MSMEs will be cleared within 45 days.



The officials believed that the government's financial measures and revision of the MSME's definition under the Atma Nirbhar Bharat package would be beneficial. It would create more employment and provide better security and benefits to the existing labour. However, an official from the DIC, Agra, felt that collateral-free loans would not benefit the MSMEs as the way it was envisaged because there is a decline in demand in the market. Those who availed of collateral-free loans ended up spending on paying salaries of employees. Moreover, many of the MSMEs could not benefit from the financial Schemes as they do not meet the criteria. NGO representatives also articulated this aspect. According to them, the Schemes have some challenges which do not enable their access by the MSMEs. They also said that many MSMEs are perhaps not eligible for the benefits.

Although the uptake of the government's support was low at the time of the survey in October 2020, the need for financial support was expressed by most of the respondents. This included either low-interest/interest-free loans and low-interest credit lines, or guarantees or tax breaks. 47 per cent of the respondents would like interest-free or low-interest loans to ensure their normal business operations. The request for interest-free/low-interest loans was expressed by nearly all the respondents in Tiruppur. 96 per cent in that district expressed the need for this. 50 per cent of the respondents in Chennai expressed the need for a low-interest credit line/guarantee. 36 per cent of all the respondents across the state would like tax breaks/waivers to help restore their business. 23 per cent of all respondents did not think that they need any support. Nearly 50 per cent of Coimbatore respondents did not feel the need for any support (see Table 4.2).

► Table 4.2: Requirement of support articulated by MSMEs for normal operations (in per cent)

	Maharashtra				Tamil Nadu			Uttar Pradesh		
Assistance required	Pune	Thane	Mumbai	Chennai	Coimbatore	Tiruppur	Agra	Lucknow	Prayagraj	Total
Employment programmes	19.3	14.0	17.1	8.8	1.5	13.5	23.1	7.1	25.4	15.0
Low-interest credit line or credit guarantees	10.5	14.6	30.4	50.0	29.3	18.0	23.5	16.3	32.8	25.2
Tax waivers or temporary tax breaks	29.3	19.9	65.8	40.6	37.4	43.6	36.4	38.8	7.4	35.8
Interest-free/low-interest rate loan	33.1	40.4	54.4	31.2	31.8	95.5	54.8	44.9	46.7	47.2
Reduction of tariffs on imported inputs	3.9	11.7	41.1	30.6	22.7	11.3	11.2	5.1	1.6	16.0
Rent subsidies	12.7	23.4	38.6	22.9	17.2	1.5	14.3	11.2	4.9	16.9
Cash transfers	12.2	3.5	39.9	5.3	3.0	5.3	10.5	4.1	6.6	10.2
Support to own-account activity	33.1	29.8	22.2	2.9	7.6	2.3	18.7	27.6	13.1	17.5
Restore logistics channels	3.3	8.2	8.9	7.1	1.0	12.8	7.1	6.1	4.9	6.4

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	Maharashtra				Tamil Nadu			Uttar Pradesh		
Assistance required	Pune	Thane	Mumbai	Chennai	Coimbatore	Tiruppur	Agra	Lucknow	Prayagraj	Total
Address labour or skills shortages	2.8	8.2	8.2	0.6	0.5	2.3	5.4	3.1	9.8	4.5
Reducing reporting burden	1.7	3.5	3.2	1.2	1.0	2.3	4.1	1.0	7.4	2.8
Financial ombudsman service for dispute resolution	2.8	2.3	4.4	1.8	2.0	2.3	1.7	0.0	5.7	2.5
No assistance required	17.7	29.8	15.2	34.7	48.0	4.5	12.9	20.4	26.2	23.4

n=1525

### Access to government support by workers

For the workers, free or increased ration under the Pradhan Mantri Gareeb Kalyan Yojana was the predominant relief that they availed. 65 per cent of the worker respondents availed this (see Table 4.3). In Uttar Pradesh, nearly 85 per cent availed this, compared to about 50 per cent in the other two states. 28 per cent got 500 rupees under the Jan Dhan Yojana. While 43 per cent mentioned this in Uttar Pradesh, only 22 per cent in Tamil Nadu and 19 per cent in Maharashtra mentioned this. However, 34 per cent in Tamil Nadu received cash/money as COVID-19 relief from the state government. Only 11 per cent in Uttar Pradesh and 2 per cent in Maharashtra got this support. 22 per cent did not get any support. 34 per cent in Maharashtra and 22 per cent in Tamil Nadu did not get any support from the government.

One of the possible reasons for the low uptake of unemployment insurance Schemes is the lack of data on workers. Officials from the labour department in Coimbatore said that "there was no data on informal workers to make the government entitlements accessible to them. Their Board registrations were not linked to bank accounts initially (only 15 to 20 per cent of bank accounts were linked), for which they could not be located. Hence, Post offices were contacted and using Aadhaar, accounts were created, and thus 95 per cent entitlements reached the informal workers".

► Table 4.3: Workers applied for or currently received any government programmes (in per cent)

Government programmes	Maharashtra	Tamil Nadu	Uttar Pradesh	Total
Cooked meals	11.6	9.2	14.5	11.8
Free ration or increased ration under 'Pradhan Mantri Gareeb Kalyan Yojana' <sup>51</sup>	57.6	52.4	84.8	65.3
Unemployment insurance under 'Atal Beema Vyakti Kalyan Yojana' <sup>52</sup>	1.4	1.6	1.8	1.6
Allowed to withdraw up to 75 per cent of their balance in the fund or three months' wages <sup>53</sup>	5.3	0.8	1.2	2.5
Allowed partial withdrawals under the National Pension Scheme <sup>54</sup>	2.9	1.1	2.6	2.2
Access to workers helpline for any wage-related grievances	1.5	0.8	0.7	1.0
INR 500 transfer in woman family members' Jan Dhan Yojana account <sup>55</sup>	18.5	21.9	43.2	28.1
Free LPG cylinders under PMUY <sup>56</sup>	6.8	4.9	18.4	10.2
Any cash/money that the state government has given as part of the COVID-19 pandemic relief <sup>57</sup>	2.4	34.2	10.5	15.3
Support from other state government Schemes	7.7	20.0	7.2	11.4
None of the above	34.1	21.5	10.1	21.9

n= 3041

51 This scheme is a part of Atma Nirbhar Bharat to supply free food grains to the migrants and poor. During the period April–November 2020, about two-thirds of the population were provided 5 kilograms of free wheat/ rice per person/month along with 1 kilogram of the free preferred pulse (based on regional preference) to each family per month, through the Public Distribution Scheme (PDS).

52 Atal Beema Vyakti Kalyan Yojana is a welfare measure being implemented by the Employees' State Insurance (ESI) Corporation. The Scheme was introduced w.e.f. 1 June 2018 and it has been extended up to 20 June 2021. Under the Scheme, payment of relief has been enhanced to 50 per cent of the average wages from the earlier 25 per cent average wages, payable up to maximum 90 days of unemployment. The insured person should have been in insurable employment for a minimum period of two years immediately before his/her unemployment and should have contributed for not less than 78 days in the contribution period immediately preceding to unemployment and minimum 78 days in one of the remaining 3 contribution periods in 2 years prior to unemployment.

53 To provide minimum financial assistance to the workers through their EPF account, Ministry of Labour & Employment under Pradhan Mantri Gareeb Kalyan Yojana has permitted the employees who contribute to EPF to withdraw up to 75 per cent of the account balance or 3 months' basic salary and dearness allowance, whichever is lower.

54 The Pension Fund Regulatory and Development Authority (PFRDA) allowed partial withdrawals from the NPS to fulfil financial needs towards the treatment of the COVID-19 illness of a member, his/her spouse, children (including adopted child), or dependent parents. The facility of partial withdrawal will not be applicable for Atal Pension Yojana (APY) subscribers. See <https://economictimes.indiatimes.com/news/economy/policy/COVID-19-treatment-govt-allows-partial-withdrawal-for-nps-subscribers/articleshow/75079676.cms?from=mdr> accessed 8 December 2020.

55 200 million, woman Jan Dhan account holders were given an ex-gratia amount of 500 rupees per month for three months, to run the affairs of their household.

56 Women in 83 million families below the poverty line covered under Ujjwala Scheme will get free LPG cylinders for 3 months.

57 State governments have been directed to release funds into the accounts of construction workers using the cess collected by their respective Building and Other Construction Workers' Welfare Boards. The District Mineral Fund, worth about 310 billion rupees, will be used to help those who are facing economic disruption because of the lockdown.

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The issue of data on workers was articulated by the trade union representatives and the NGOs. An NGO representative said that it was a challenge to track down the workers and provide them financial or any kind of support in the absence of updated records. The NGOs said that even estimating the number of workers impacted by the COVID-19 pandemic was a challenge. Many of them are not in the record of any employer, government or civil society organization. The majority of them could not get any government assistance owing to the high numbers of unregistered workers; and even those who were registered failed to get financial support due to incorrect or outdated information given in the records.

Similarly, a trade union representative from Chennai stated that only 30 to 40 per cent of informal workers received entitlements. Informal workers registered with the service/sector boards received financial support of 2000 rupees as less than 50 per cent of them are registered with the Building and other Construction Workers (BOCW) boards. Approximately 20 per cent who failed to renew membership were not paid.<sup>58</sup>

However, in Lucknow the NGOs said that under the Pradhan Mantri Svanidhi Yojana, shops were given 1000 rupees as loans for restarting their business. An effort was made to develop a database of the labourers who had returned. The government also formed a Pravasi Aayog in the state. Consequently, the data on migrant labourers became available, which enabled the government to provide the welfare measures.

Also, as seen in the previous section, only 8 per cent of the workers mentioned availing the support of the MGNREGS. The MGNREGS was not significantly used in Maharashtra, and in Uttar Pradesh only 18 per cent had availed this.

### **Support from trade union and other organizations**

Compared to the other two states, trade union membership was better in Tamil Nadu. 16 per cent of the workers in Tamil Nadu were members of unions. Only about 1 per cent of workers were members in the other two states (see Table 4.4).

► **Table 4.4: Workers with the membership of any trade union/labour association/workers organization (in per cent)**

Membership	Maharashtra	Tamil Nadu	Uttar Pradesh	Total
Yes	1.5	15.7	0.8	5.9
No	98.3	83.9	98.9	93.8
Don't know	0.2	0.4	0.4	0.3

n=3111

<sup>58</sup> The workers registered with the state Building and Other Construction Workers (BOCW) were given monetary support of 1000 to 5000 rupees from the designated cess funds across 18 states.

An NGO representative mentioned that the migrant worker often slips through the trade unions' cracks. Of the respondents (183) who were members, 56 per cent received support from trade unions to overcome the issues faced due to the lockdown (see Table 4.5).

► Table 4.5: Trade union members who received support (in per cent)

Support from trade union	Maharashtra	Tamil Nadu	Uttar Pradesh	Total
Yes	37.5	59.1	37.5	56.3
No	56.3	40.9	62.5	43.2
Don't know	6.3	0.0	0.0	0.5

n=183

Of the 103 respondents who received support from the trade union, 78 per cent received financial support, and 49 per cent received food support (see Table 4.6).

► Table 4.6: Support received by the trade union members in each state (in per cent)

Support received	Maharashtra	Tamil Nadu	Uttar Pradesh	Total
Food and other support during the COVID-19 lockdown	50.0	47.9	66.7	48.5
Access to health services	66.7	2.1	33.3	6.8
Financial support	50.0	80.9	33.3	77.7
Advise on use of precautions for the COVID-19 transmission	0.0	5.3	33.3	5.8
Negotiated with employer for back wages	33.3	0.0	33.3	2.9
Ensured safety precautions in workplace	0.0	2.1	0.0	1.9
Enabled orderly engagement of workers on alternate days	0.0	0.0	0.0	0.0

n=103

During the COVID-19 lockdown, the trade unions and civil society organizations supported the workers to the best of their abilities. They distributed PPE kits (face masks and hand sanitizers), medicines, cooked/uncooked meals, arranged transport facilities, and created awareness of COVID-19 prevention among the workers. Trade unions also supported workers in accessing government Schemes, advocated for their pending wages and social security issues, and pursued the government for the labourers' safety and welfare during the lockdown. In Mumbai, Civil society organizations provided legal aid support to the workers and created awareness about the virus and the lockdown rules. The organization in Tiruppur provided transport support to the migrant workers. In Agra, the NGOs distributed food, masks, and sanitizers to the workers.

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To conclude, as outlined in the previous sections, both the MSMEs and the workers were impacted due to the COVID-19 pandemic. Despite being affected, their uptake of government support has been limited. Only 15 per cent of enterprises had accessed business loans. The access to other support was limited. 60 per cent did not apply or did not receive any support. The proportion of those who did not receive any support was significant across Uttar Pradesh, Tiruppur in Tamil Nadu, and Pune in Maharashtra. Of those who did not avail or receive any support, many were not aware or felt that they might not get it. Although the uptake of government support was low at the time of the survey in October 2020, most respondents expressed the need for financial support. This included either low-interest/interest-free loans and low-interest credit lines or guarantees or tax breaks. 47 per cent of the respondents would like interest-free or low-interest loans to ensure their business's everyday operations. In other words, there is a need, but there are perhaps some structural issues, such as eligibility, as mentioned by an official, that could be the reason for MSMEs not being able to access the support.

In the workers' case, too, except for free ration, the support accessed has not been significant. The transfer of 500 rupees in the Jan Dhan Yojana has been significant in Uttar Pradesh compared to the other two states. As mentioned by officials, trade union, and NGO representatives, one of the reasons is the lack of data on workers. This appears to limit their access to government Schemes significantly.

## 5. Conclusion and recommendation

The study examined the impact of the COVID-19 pandemic-related market disruptions for both MSME owners and workers and tried to understand the government's coverage and access to policy measures. For this study in three states of India – Maharashtra, Tamil Nadu, and Uttar Pradesh, 1525 MSME owners and 3111 workers were interviewed. Qualitative interviews were conducted with key stakeholders of the Government, the trade unions, and NGOs.

The lockdown to prevent the coronavirus spread, significantly impacted the MSME enterprises and the workers. Though many units had started their operations, the impact was still evident at the time of the survey in October 2020. 92 per cent of the unit owners said that the lockdown had impacted them. The closure of the enterprises had a cascading effect and impacted their cash flow, supply chains, and availability of labourers. At the time of the survey in October 2020, 65 per cent of the enterprises had started normal operations. However, 14 per cent were still shut down. 19 per cent of the units in Maharashtra and 16 per cent of Uttar Pradesh units were still shut. Within Maharashtra, in Mumbai, 26 per cent of the units were shut. In fact, at the time of the survey, 63 per cent of the enterprises were still facing the lockdown impact. Though 90 per cent agreed that the COVID-19 pandemic had impacted them, 11 mentioned that their operations were normal. 20 per cent of the enterprises in Agra and 8 per cent in Tiruppur mentioned normal operations. Most of these units were from the service industry, and in the case of Agra, it was predominantly medium in size. In Tiruppur, the smaller size service industries mentioned normal operations.

While some within an industry did not face the impact, most of the others did. 5 per cent of enterprises across the three states mentioned that they are permanently shut. 20 per cent of the enterprises in Mumbai mentioned this. The permanently shut units were in the service industry, primarily providing financial intermediation, transport, and hotel services. The majority of these in Mumbai were micro-units.

Besides, units were facing challenges in paying wages, reduced demand, and cash flow issues. Loan repayment was another significant issue. A relatively small proportion of Uttar Pradesh enterprises (all three districts) and Pune in Maharashtra mentioned this. Across the three districts of Tamil Nadu and in Maharashtra, save Pune, it was an issue. 80 per cent of the small enterprises and 60 per cent of the micro- and medium-sized enterprises mentioned this. These enterprises were predominantly from the service industry. Nearly 75 per cent of the units mentioned that their turnover had declined by 30 to 90 per cent compared to a three-year average. 68 per cent of the enterprises also said they need another 3 to 6 months to return to the pre-March 2020 level. In Maharashtra, 57 per cent of the enterprises needed more than six months to be back at the pre-March 2020 level. In Lucknow, only 29 per cent of the enterprises were fully operational during the survey.

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Thus, the COVID-19 pandemic and the lockdown imposed to address it in the initial stage, had affected the MSMEs significantly. However, relative to the other two states, Tamil Nadu appears to have done better in addressing some of the impacts. Nearly 86 per cent of the enterprises were fully functional at the time of the survey.

The workers primarily, felt the impact of the closure. One of the coping strategies that most enterprises did was to lay off workers either temporarily or permanently. 45 per cent of the enterprises laid off workers either temporarily or permanently. As indicated, in the MSMEs, there was a 25 per cent reduction in the number of labourers employed. The reduction was 36 per cent in Maharashtra, 32 in Uttar Pradesh, and 18 per cent in Tamil Nadu. The impact was more on the female workers. There was a 54 per cent reduction in the number of women workers employed in Maharashtra and 37 per cent in Uttar Pradesh. Across the states, the number of enterprises not engaging any labour increased from 5 per cent before March 2020 to 17 per cent at the time of the survey. The number of enterprises indicating no labour increased significantly in Maharashtra and Uttar Pradesh compared to Tamil Nadu. The number of enterprises not engaging any women labourers increased from 59 per cent to 65 per cent across the three states. In Maharashtra, it increased from 60 to 73 per cent. Most of the enterprises that have laid off workers are from the service industry. The industries include enterprises that repair goods, electricity, gas and water supply, hotels, transport, and real estate. In Tamil Nadu, the micro-units had retained the workers compared to the small and medium. In Maharashtra, it was across the three size class of enterprises.

75 per cent of the workers were either full-time or daily wage labourers. However, 85 per cent do not have access to any social security. Even those who consider themselves full-time workers have no access to any security. At the time of the survey, nearly 25 per cent of the respondents were yet to work. The majority of these were in Uttar Pradesh and Maharashtra.

Though the government had initiated various mitigation Schemes, its uptake by both the MSMEs and the workers was low. Only 15 per cent of enterprises had accessed business loans. The access to other support was limited. 60 per cent did not apply or did not receive any support. The proportion of those who did not receive any support was significant across Uttar Pradesh, Tiruppur in Tamil Nadu, and Pune in Maharashtra. Of those who did not avail or receive any support, many were not aware or felt that they might not get it.

In the workers' case, too, except for free ration, the support accessed has not been significant. The transfer of 500 rupees via the Jan Dhan Yojana has been significant in Uttar Pradesh compared to the other two states. As mentioned by officials, trade unions, and NGO representatives, one of the reasons is the lack of data on workers. This appears to limit their access to government Schemes significantly.

1. Compared to the two states, Tamil Nadu appears to have managed to shirk off the impact relative to the other two states. 85 per cent of the units are fully functional, and 90 per cent of the workers have found jobs. It would be useful to examine what factors, other than the government support,



contributed to this. Access to government support was not significant across the three states. Hence, it may be useful to examine the factors other than the government support contributing to this.

2. Maharashtra and particularly Mumbai appears to have been affected more than the other state/districts. It may be useful to examine why Mumbai, with nearly 20 per cent of the enterprises permanently shut, could not cope with the disruptions. This may help to address the specific challenges through policies and programmes.
3. Despite various interventions of the government, access is still limited. The agencies, perhaps, need to examine the reasons for this. The revival of the enterprises has an impact on the workers too.
4. Nearly all workers do not have any access to social security. It is anticipated that the code on social security would address some of these challenges.
5. Except for rations under the Pradhan Mantri Gareeb Kalyan Yojana, there has been no significant benefit or support accessed or received by most workers. The officials cited the lack of a database as an issue. Efforts could be made to develop a database.
6. Although the uptake of government support was low at the time of the survey in October 2020, most respondents expressed the need for financial support. This included either low-interest/interest-free loans or low-interest credit lines, guarantees or tax breaks. 47 per cent of the respondents would like interest-free or low-interest loans to ensure their business's everyday operations. In other words, there is a need, but there are perhaps some structural issues, such as eligibility, as mentioned by an official, that could be the reason for the MSMEs not being able to access the support. This may have to be addressed.

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## ► Annexure -I Additional tables

► Table 5.1: Registration status of the enterprise (in per cent)

	Maharashtra				Tamil Nadu			Uttar Pradesh		Total
	Pune	Thane	Mumbai	Chennai	Coimbatore	Tiruppur	Agra	Lucknow	Prayagraj	
Yes	81.8	90.6	82.9	89.4	90.9	82.0	81.0	88.8	83.6	85.4
No	18.2	8.8	17.1	10.6	9.1	18.0	17.0	11.2	16.4	14.2
Don't Know	0.0	0.6	0.0	0.0	0.0	0.0	2.0	0.0	0.0	0.5

► Table 5.2: Reasons behind not applying to any government programmes/ received any government support from these programmes (in per cent)

Reasons	Maharashtra				Tamil Nadu			Uttar Pradesh		Total
	Pune	Thane	Mumbai	Chennai	Coimbatore	Tiruppur	Agra	Lucknow	Prayagraj	
I am not aware of any such programmes	70.9	47.7	92.9	20.0	41.7	21.7	43.9	55.6	61.5	51.0
It requires internet/ smart phone and I do not have one	0.0	0.0	1.2	0.0	0.0	0.0	0.0	1.2	0.0	0.2
Even if I apply, I don't think I will get support from these programmes	26.1	51.1	4.7	80.0	58.3	63.2	43.5	30.9	24.4	41.2
I will need to pay a bribe to apply to these programmes	0.0	0.0	0.0	0.0	0.0	15.1	6.1	4.9	9.0	4.3
Others (specify)	3.0	1.1	1.2	0.0	0.0	0.0	6.5	7.4	5.1	3.2

n=925

### Impact on workers

► Table 5.3: State wise age of workers surveyed (in per cent)

Age	Maharashtra	Tamil Nadu	Uttar Pradesh	Total
15-24 years	24.9	16.9	31.1	24.2
25-34 years	47.9	21.4	42.5	37.3
35-44 years	20.5	35.4	17.3	24.3
45-54 years	5.6	22.1	7.4	11.5
55-64 years	1.1	4.3	2.0	2.4
65 years and more	0.1	0.4	0.4	0.3

n= 3111

► Table 5.4: State wise gender of the workers surveyed (in per cent)

Gender	Maharashtra	Tamil Nadu	Uttar Pradesh	Total
Male	94.7	82.4	95.1	90.8
Female	5.3	17.6	4.9	9.2
Transgender	0.0	0.0	0.0	0.0

n= 3111

Table 5.5: State wise educational qualification of workers (in per cent)

Education	Maharashtra	Tamil Nadu	Uttar Pradesh	Total
Primary school (Incomplete)	7.2	6.9	9.8	8.0
Primary school	7.4	17.9	16.7	14.0
Middle School	18.2	24.4	18.4	20.3
High School	28.7	21.9	21.6	24.1
Higher Secondary	20.1	16.0	10.1	15.4
Graduation	14.5	10.4	17.4	14.1
Professional Course	2.1	1.9	1.4	1.8
Post-Graduation	1.6	0.5	4.0	2.1
Others (specify)	0.2	0.1	0.5	0.3

n=3111

► Table 5.6: Workers availing ESIC (insurance) from current employer (in per cent)

Response	Maharashtra	Tamil Nadu	Uttar Pradesh	Total
Yes	14.0	16.6	11.0	14.1
No	85.8	82.7	88.2	85.3
Don't know	0.3	0.7	0.8	0.6

n=2360

► Table 5.7: Workers received the ESIC benefit in previous employment (in per cent)

	Maharashtra	Tamil Nadu	Uttar Pradesh	Total
Yes	3.4	3.1	6.4	4.7
No	96.0	96.9	88.7	92.9
Don't know	0.6	0.0	4.9	2.4

n=751

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► Table 5.8: Workers with an Employees' Provident Fund (EPF) account (in per cent)

Response	Maharashtra	Tamil Nadu	Uttar Pradesh	Total
Yes	13.1	20.5	16.1	16.5
No	86.8	78.8	81.4	82.3
Don't know	0.2	0.8	2.6	1.2

n=3111

► Table 5.9: Workers receiving the EPF from current employer (in per cent)

Response	Maharashtra	Tamil Nadu	Uttar Pradesh	Total
Yes	82.4	94.7	82.4	87.3
No	17.6	5.3	17.6	12.7

n=513

► Table 5.10: Workers received EPF from previous employer (in per cent)

Response	Maharashtra	Tamil Nadu	Uttar Pradesh	Total
Yes	75.0	81.8	83.3	80.0
No	25.0	18.2	16.7	20.0

n=65

► Table 5.11: Harassment faced by workers to continue in their job after the lockdown was lifted in June 2020 by gender (in per cent)

Response	Male	Female	Total
Yes	30.5	33.0	30.7
No	64.8	64.2	64.8
Can't say/Don't know	4.7	2.8	4.5

n=3111

## Annexure -II Research tools

Final Draft

Questionnaire of Situation analysis on the COVID-19 pandemic's impact on enterprises and workers in the formal and informal economy in India

MSME Unit Owner

A1. Name of interviewer.		
A2. Date of interview.		
A3. Name of the state.	1	Uttar Pradesh
	2	Maharashtra
	3	Tamil Nadu
A4. District.	1	Chennai
	2	Coimbatore
	3	Tiruppur
	4	Agra
	5	Lucknow
	6	Prayagraj
	7	Pune
	8	Thane
	9	Mumbai
A4. 1 What is type of your business?	1	Manufacturing <i>Continue</i>
	2	Services <i>Continue</i>
	3	Shop <i>Terminate</i>
	4	Trading <i>Terminate</i>

(READ) My name is \_\_\_\_\_ and I am calling on behalf of Development Solutions. We are engaged to undertake a study to assess the impact of the COVID-19 lockdown on your business with the support of the International Labour Organization (ILO). The study will enable ILO in designing policy responses and in discussions with various stakeholders for the revival of the local economy and developing sector-specific strategies for recovery.

Your company has been randomly selected for the survey and we would like to speak with you for about 10-15 minutes.

There are no right or wrong answers to any question. You can stop the survey at any time or not answer questions if you don't feel comfortable. We are

► **Situation analysis on the COVID-19 pandemic's impact on enterprises and workers in the formal and informal economy in India**

surveying a large number of persons across three states in India and will only report findings across large groups. No individual information will be released.

All your responses would be kept confidential and would be used only for research purposes. Your views and experiences are important to us.

Question	Answer
A5. Would you be willing to participate in this study?	1 Yes 2 No
A6. Interview start time.	
A7. Reason for refusal?	1 No time, too busy <Reschedule for later, if they agree> <If they refuse, and do not want to reschedule, thank them, and end the call> 2 Do not feel like they have the authority to speak on this topic 3 Suspicious about the purpose of the survey 8888 Others (specify)
Others (specify).	
<b>Section B: Particulars of establishment/enterprise</b>	
B1. Type of Enterprise.	1 Manufacturing 2 Services 3 Both manufacturing & services
B2. Is your business/enterprise registered?	1 Yes B3 2 No B5 3 9999 Don't know
B3. Under what regulation? <i>Multiple responses possible.</i>	1 Registered under MSME act 2 Registered under the Food Safety & Standards Authority of India 3 Udyog Aadhaar Registration 4 Registered with State Pollution Control Board 5 Registered with Department of Factories and Boilers 6 Shop and Establishment Act 7 Registered under Companies act 8 Industries Department of the state government 9 GST registration 8888 Others (specify) 9999 None of the above
Others (specify).	

B4. Nature of the enterprise?	1	Sole Proprietorship	
	2	Partnership	
	3	Limited Liability Company	
	4	Public Quoted Company	
	8888 Others (specify)		
	9999 Don't know		
Others (specify).			
B5. If not registered, what kind of enterprise?	1	Home-based enterprise	
	2	Small business with up to 10 employees	
	3	Small business with more than 10 employees	
	4	Small and marginal traders	
	5	Street vendors	
	8888 Others (specify)		
Others (specify).			
B6. Category of the unit.	1	Micro	
	<i>If respondent is unable to respond to this question, ask the next question to determine the enterprise's category</i>		
	2	Small	
	3	Medium	
	8888	Others (specify)	
	9999	Can't say/don't know	
Others (specify)			
B7a. What was your investment in plant and machinery equipment? (Please indicate true details to understand the classification of your enterprise.)	1	<INR 25 lakhs	<i>If B1=1 &amp; B6=9999</i>
	2	<INR 5 crores	
	3	<INR 10 crores	
	9999	Can't say/don't know	
B7b. What was your investment in plant and machinery equipment? (Please indicate true details to understand the classification of your enterprise.)	1	<INR 10 lakhs	<i>If B1=2 &amp; B6=9999</i>
	2	<INR 2 crores	
	3	<INR 5 crores	
	9999	Can't say/don't know	

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B7c. What was your investment in plant and machinery equipment? (Please indicate true details to understand the classification of your enterprise.)	1 <INR 25 lakhs 2 <INR 5 crores 3 <INR 10 crores 4 <INR 10 lakhs 5 <INR 2 crores 6 <INR 5 crores 9999 Can't say/don't know	<i>If B1=3 &amp; B6=9999</i>
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**Section C: Business/Industry sector**

C1. What industry is your enterprise/business in?	1 Agriculture <i>If enterprise owner has more than one unit, the enumerator should record the unit with the highest turnover</i> 2 Mining and quarrying 3 Manufacturing 4 Repair of personal and household goods 5 Electricity, gas, and water supply 6 Construction 7 Hotels and restaurants 8 Transport, storage, and communications 9 Financial intermediation 10 Real estate, renting and business activities 11 Education 12 Health and social work 13 Other community, social and personal service activities 8888 Others (specify)
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Others (specify).

C2. How many employees did your enterprise have before March/COVID-19 outbreak?	Enter Number
C2.1. Male	Enter Number
C2.2. Female	Enter Number
The total number of employees should be [c2_past_employees]	Enter Number
C3. How many employees does your enterprise currently have?	Enter Number



C3.1. Male	Enter Number
C3.2. Female	Enter Number
C4. Are you required to make the ESIC contribution for workers?	1 Yes 2 No 9999 Don't know
C5. Are you required to make the EPF contribution for workers?	1 Yes 2 No 9999 Don't know
<b>Section D: Impact of the COVID-19 pandemic on business</b>	
D1. Which of the following best describes this business/ organization's current production and operation status?	1 Normal working activity: on-site 2 Normal working activity: remotely 3 Normal working activity: either on-site or remotely 4 Partial working activity: either on-site or remotely 5 Complete shut down
D2. Please report what percentage (%) of your business activities are still operational?	Enter percentage
D3. If we say that the COVID-19 pandemic has impacted your business, would you agree? (Please share your perception on overall impact.)	1 Strongly Disagree D6 2 Disagree 3 Neither agree nor disagree 4 Agree 5 Strongly agree
D4. What have been the impacts on your business, if any since the onset of the COVID-19 pandemic? <i>Multiple responses possible.</i>	1 No impact - staying open, with normal operations 2 Business diversified to align with new challenges 3 Temporarily closed 4 Operations suspended by the Government 5 Permanently closed (will not open again) 6 Decrease in the number of persons employed 7 Increase in the number of persons employed 8 Reduction in the total working hours available for persons employed 9 Increase in the total working hours available for persons employed 10 Difficulty paying employees' wages and salaries 11 General well-being of staff members 12 Change in working arrangements (partial leave, telework, etc.)

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- 13 Difficulty in getting access to supply of raw materials (quantity and quality)
- 14 Difficulty in getting adequate access to sanitizers and other protective equipment and products
- 15 Reduced demand for products and services – local customers
- 16 Reduced demand for products and services – international customers
- 17 Increased demand for products and services – local customers
- 18 Increased demand for products and services – international customers
- 19 Unable to meet loan repayment or loan servicing obligations
- 20 Uncertainty and inability to make business and investment decisions
- 21 Inability to meet contractual deadlines due to disruption to logistics
- 22 Increased logistics costs
- 23 Cash flow challenges
- 24 Production delays or cancellation
- 25 Service delays or cancellation
- 26 Travel restrictions to visit customers/suppliers
- 8888 Others (specify)

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Others (specify).

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D5. Please choose the most significant financial problems for your company during the outbreak and post-lockdown.

*Please choose up to two options.*

- 1 Staff wages and social security charges
  - 2 Rent
  - 3 Repayment of loans
  - 4 Payments of invoices
  - 5 Other expenses
  - 6 No specific problem
- 

D6. Please estimate and indicate any deviations that you have experienced compared to your regular monthly average income (consider last 3 years) as a result of the COVID-19 pandemic. (Your estimation or anticipation.)

- 1 No Change in monthly turnover
- 2 Monthly turnover Decrease of <10%
- 3 Monthly turnover Decrease of 11%-30%
- 4 Monthly turnover Decrease of 31%-50%
- 5 Monthly turnover Decrease of 51%-70%
- 6 Monthly turnover Decrease of 71%-90%
- 7 Monthly turnover Decrease of More than 90%
- 8 Monthly turnover has Increased
- 9999 Can't say/don't know

D7. Have you adopted any of the following strategies to cope with the crisis?

*Multiple responses possible.*

- 1 Temporarily reduced employment
- 2 Permanently laid off employees
- 3 Implemented or increased flexible working for staff (partial leave, telework, etc.)
- 4 Selling the products at average profit margins
- 5 Working with only 50 per cent capacity/alternate days arrangement
- 6 Increased marketing efforts
- 7 Online sales
- 8 Diversified products or services
- 9 Looking for alternative or new supply chain solutions
- 10 Stockpiling goods and/or supplies
- 11 Changed hours of operation
- 12 New working arrangements with suppliers and/or customers
- 13 Rescheduling of bank loans
- 14 Filed for bankruptcy
- 8888 Others (specify)
- 9999 None of the above

Others (specify).

### Section E: Relief measures and future prospects

E1. Is your enterprise/business still facing restrictions/full/partial lockdown imposed by state government?

- 1 Yes E2
- 2 No

E2. If the current situation continues, how much time will it take to return to pre-COVID-19 business situation?

- 1 1-2 weeks
- 2 2-4 weeks
- 3 1-3 months
- 4 3-6 months
- 5 More than 6 months
- 6 More than a year
- 7 Not applicable
- 9999 Don't know/can't say

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E3. What measures have you taken in relation to your workers?	<ol style="list-style-type: none"> <li>1 Took Social distancing measures at workplace</li> <li>2 Started work in more shifts</li> <li>3 Provision of personal hygiene kits</li> <li>4 Provision of health insurance</li> <li>5 Provision of work from home</li> <li>6 Provision of overtime</li> <li>7 Providing loan to the workers</li> <li>8 Decreased the salary</li> <li>9 Unpaid leave</li> <li>10 Paid leaves</li> <li>11 Provision of vehicle</li> <li>8888 Others (specify)</li> </ol>
<i>Multiple responses possible.</i>	
Others (specify).	
E4. Have you applied for or are you currently receiving any government programmes to support businesses like yours?	<ol style="list-style-type: none"> <li>1 Business loans</li> <li>2 Loan payment deferrals</li> <li>3 Partial or total salary subsidies</li> <li>4 Cash transfers of unemployment benefits</li> <li>5 Rental or utilities subsidies</li> <li>6 Rental or utilities deferrals</li> <li>7 Training for digital marketing and selling</li> <li>8 Subsidized provision of specific products, inputs, or services</li> <li>9 Tax cuts</li> <li>10 Extended date of GST Return filing</li> <li>11 Deferral of tax payments</li> <li>12 I haven't applied for any programmes/not receiving any government support</li> <li>13 Applied but did not get any response</li> <li>8888 Others (specify)</li> </ol>
<i>Multiple responses possible.</i>	
Others (specify).	
E5. Why have you not applied to any government programmes/ received any government programmes?	<ol style="list-style-type: none"> <li>1 I am not aware of any such programmes</li> <li>2 It requires internet/smart phone and I do not have one</li> <li>3 Even if I apply, I don't think I will get support from these programmes</li> <li>4 I will need to pay a bribe to apply to these programmes</li> <li>8888 Others (specify)</li> </ol>
Others (specify).	

<p>E6. What assistance will your enterprise/business require from the Government to restore normal operations? <i>Multiple responses possible.</i></p>	<ol style="list-style-type: none"> <li>1 Employment programmes (e.g., temporary unemployment programmes or social security waivers)</li> <li>2 Financial programmes, such as low-interest credit line or credit guarantees</li> <li>3 Tax waivers or temporary tax breaks</li> <li>4 Interest-free/low-interest rate loan</li> <li>5 Reduction of tariffs on imported inputs</li> <li>6 Rent subsidies</li> <li>7 Cash transfers</li> <li>8 Support to own-account activity</li> <li>9 Restore logistics channels</li> <li>10 Address labour or skills shortages during the transition period</li> <li>11 Reducing reporting burden during the transition period</li> <li>12 Financial ombudsman service to provide dispute resolution service related to business insurance</li> <li>13 No assistance required</li> <li>8888 Other services (please specify)</li> </ol>
<p>Others (specify)</p>	
<p>E7. Could you please share phone numbers of your workers with us? We would like to know what challenges they are facing due to the Coronavirus pandemic and what support they require to continue working with you successfully.</p>	<ol style="list-style-type: none"> <li>1 Contact No. of worker 1</li> <li>2 Contact No. of worker 2</li> <li>3 Contact No. of worker 3</li> <li>4 Contact No. of worker 4</li> <li>5 Contact No. of worker 5</li> </ol>
Name of worker 1	
Contact No. of worker 1	
Name of worker 2	
Contact No. of worker 2	
Name of worker 3	
Contact No. of worker 3	
Name of worker 4	
Contact No. of worker 4	
Name of worker 5	
Contact No. of worker 5	

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(READ)

*This is the end of the survey.*

Thank you very much for taking the time to participate in this study.

As I mentioned at the beginning, we are surveying a large number of people across three states and will only report findings across large groups. Your individual information will not be released.

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Questionnaire of Situation analysis on the COVID-19 pandemic's impact on enterprises and workers in the formal and informal economy in India

Workers

A1. Name of interviewer.

A2. Date of interview.

A3. Name of the state.

- 1 Uttar Pradesh
- 2 Maharashtra
- 3 Tamil Nadu

A4. District.

*Please write name of the district.*

- 1 Chennai
- 2 Coimbatore
- 3 Tiruppur
- 4 Agra
- 5 Lucknow
- 6 Prayagraj
- 7 Pune
- 8 Thane
- 9 Mumbai
- 8888 Others (specify)

A4.1 What type of business enterprises have you been working in?

- |   |               |                  |
|---|---------------|------------------|
| 1 | Manufacturing | <i>Continue</i>  |
| 2 | Services      | <i>Continue</i>  |
| 3 | Shop          | <i>Terminate</i> |
| 4 | Trading       | <i>Terminate</i> |

A5. What is your age?

*If respondent is below 18, speak with an adult in the household.*

Integer

A6. Have you been working in any factory/ company/commercial place or running own-account activity or family business before March 2020?

- 1 Yes
  - 2 No
- (Thank the respondent and end the interview)*

(READ) My name is \_\_\_\_\_ and I am calling on behalf of Development Solutions. We are engaged to undertake a study to assess the impact of the COVID-19 lockdown on you, and on your employment, livelihood and working conditions during the pandemic; and your access to government support in order to mitigate the impact of the pandemic. The study is supported by the International Labour Organization (ILO). The study findings will help ILO in understanding the impact of the coronavirus pandemic and in designing policies and relief measures for the workers.

You have been randomly selected for the survey and we would like to speak with you for about 10-15 minutes.

There are no right or wrong answers to any question. You can stop the survey at any time or not answer questions if you don't feel comfortable. We are surveying a large number of persons, across three states in India and will only report findings across large groups. No individual information will be released.

All your responses would be kept confidential and would be used only for research purposes. Your views and experiences are important to us.

### Section A: Recruitment and consent

A7. Would you be willing to participate in this study?	1 Yes 2 No A3
A8. Interviews start time.	
A9. Reason for refusal	1 No time, too busy 2 Suspicious about the purpose of the survey 8888 Others (specify)
Others (specify).	
<i>Reschedule for later if they agree. If they refuse, and do not want to reschedule, thank them, and end the call.</i>	

### Section B: General demographic information

B1. Gender of the respondent.	1 Male 2 Female 3 Transgender
B2. What is your educational qualification?	1 Primary school (Incomplete) 2 Primary school 3 Middle School 4 High School 5 Higher Secondary 6 Graduation 7 Professional Course 8 Post-Graduation 8888 Others (specify)

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Others (specify).	
B3. What is your native state/UT?	1 Uttar Pradesh 2 Maharashtra 3 Tamil Nadu 4 Andhra Pradesh 5 Arunachal Pradesh 6 Assam 7 Bihar 8 Chhattisgarh 9 Goa 10 Gujarat 11 Haryana 12 Himachal Pradesh 13 Jammu and Kashmir 14 Jharkhand 15 Karnataka 16 Kerala 17 Madhya Pradesh 18 Manipur 19 Meghalaya 20 Mizoram 21 Nagaland 22 Orissa 23 Punjab 24 Rajasthan 25 Sikkim 26 Telangana 27 Tripura 28 Uttaranchal 29 West Bengal 30 Andaman and Nicobar Islands 31 Chandigarh 32 Dadra and Nagar Haveli 33 Daman and Diu 34 Delhi 35 Lakshadweep 36 Pondicherry



Section C: Terms of employment	
C1. In which state were you working before the COVID-19 outbreak/March 2020?	<ol style="list-style-type: none"> <li>1 Uttar Pradesh</li> <li>2 Maharashtra</li> <li>3 Tamil Nadu</li> <li>4 Andhra Pradesh</li> <li>5 Arunachal Pradesh</li> <li>6 Assam</li> <li>7 Bihar</li> <li>8 Chhattisgarh</li> <li>9 Goa</li> <li>10 Gujarat</li> <li>11 Haryana</li> <li>12 Himachal Pradesh</li> <li>13 Jammu and Kashmir</li> <li>14 Jharkhand</li> <li>15 Karnataka</li> <li>16 Kerala</li> <li>17 Madhya Pradesh</li> <li>18 Manipur</li> <li>19 Meghalaya</li> <li>20 Mizoram</li> <li>21 Nagaland</li> <li>22 Orissa</li> <li>23 Punjab</li> <li>24 Rajasthan</li> <li>25 Sikkim</li> <li>26 Telangana</li> <li>27 Tripura</li> <li>28 Uttaranchal</li> <li>29 West Bengal</li> <li>30 Andaman and Nicobar Islands</li> <li>31 Chandigarh</li> <li>32 D and Nagar Haveli</li> <li>33 Daman and Diu</li> <li>34 Delhi</li> <li>35 Lakshadweep</li> <li>36 Pondicherry</li> </ol>

► **Situation analysis on the COVID-19 pandemic's impact on enterprises and workers in the formal and informal economy in India**

C2. Is the state you were working different from your native state?	1 Yes 2 No <i>C4</i>
C3. What is the reason for working in this state?	1 No livelihood opportunity in my native state 2 Better wages in this place 3 Moved due to seasonal work opportunity 4 I was brought here by a contractor 5 I moved here after marriage 6 I moved here for education 7 I moved here with my family 8888 Others (specify)
Others (specify).	
C4. What was your nature of employment with the enterprise/company/factory?	1 Contractual worker 2 Daily wage worker 3 Full-time worker 4 Piece worker 5 Part-time worker 6 Fixed term 7 Running own-account activity 8 Running family business 8888 Others (specify)
Others (specify).	
C5. Are you currently working?	1 Yes <i>Go to C7</i> 2 No <i>Go to C6</i>
C6. What is the reason you are currently not working?	1 The unit/ factory shut down 2 I was laid off 3 I came back home due to the COVID-19 pandemic 4 Own-account activity is closed 8888 Others (specify)
Others (specify).	

<p>C7. If currently working/not working, what is the main activity of the place where you work(ed)?</p> <p><i>Do not read</i></p>	<p>1 Agriculture</p> <p>2 Mining and quarrying</p> <p>3 Manufacturing</p> <p>4 Electricity, gas, and water supply</p> <p>5 Construction</p> <p>6 Repair of personal and household goods</p> <p>7 Hotels and restaurants</p> <p>8 Transport, storage, and communications</p> <p>9 Financial intermediation</p> <p>10 Real estate, renting and business activities</p> <p>11 Education</p> <p>12 Health and social work</p> <p>13 Other community, social and personal service activities</p> <p>8888 Others (specify)</p>
Others (specify).	
<p>C8. Do you avail ESIC (insurance) from your current employer?</p>	<p>1 Yes</p> <p>2 No C10</p> <p>9999 Don't know</p>
<p>C9. In your previous employment did your employer provide the ESIC benefit?</p>	<p>1 Yes</p> <p>2 No C10</p> <p>9999 Don't know</p>
<p>C10. Are you aware if at least some employees in your workplace were/are covered by ESIC/insured?</p>	<p>1 Yes</p> <p>2 No</p> <p>9999 Don't know</p>
<p>C11. Do you have an Employees' Provident Fund (EPF) account?</p>	<p>1 Yes</p> <p>2 No C13</p> <p>9999 Don't know</p>
<p>C12.1. If yes, is it provided by your current employer?</p>	<p>1 Yes</p> <p>2 No C13</p> <p>9999 Don't know</p>
<p>C12.2. Was it provided by your previous employer?</p>	<p>1 Yes</p> <p>2 No</p> <p>9999 Don't know</p>

► **Situation analysis on the COVID-19 pandemic's impact on enterprises and workers in the formal and informal economy in India**

C13. Are you aware if at least some employees in your workplace were/are covered by EPF?	1 Yes 2 No 9999 Don't know
<b>Section D: Impact of the COVID-19 pandemic on employment</b>	
D1. Since March 2020, have you experienced any changes in your working situation as a result of the COVID-19 outbreak?	1 Yes D2 2 No D6a
D2. Since the COVID-19 lockdown, did you experience any of these?  <i>Multiple responses possible</i>	1 Have to stop or close your own-account activity or family business 2 Lose a paid job 3 Have to take a leave from a paid job 4 Have to work less hours than usual 5 Have to work more hours than usual 6 Change the place or location where you work 7 Change work assignments, the products, or services you provide 8 Start a new job or business 9 Reduction in hourly wage, piece rate, or salary 10 Increase in hourly wage, piece rate, or salary 11 Delay in wage payment 12 Unpaid leave 13 Reduction in non-pecuniary benefits, such as employer-provided accommodation, employer-provided meals, employer-provided transportation, or other employer-provided benefits
D3. What is the main reason why you had to stop or close your own-account activity or family business?	1 Government-ordered closure 2 Lack of inputs, materials, capital 3 Lack of clients, orders 4 Unable to travel, deliver products or services 5 Own illness, quarantine 6 Increased family responsibilities 8888 Others (specify)
Others (specify).	

Situation analysis on the COVID-19 pandemic's impact on enterprises and workers in the formal and informal economy in India ◀

D4. What was the main reason why you lost, or stopped working in, your paid job?	1 Seasonal, temporary, or casual job ended 2 Dismissed, laid off, fired 3 Told to wait until called back 4 You had to quit yourself 8888 Others (specify)
Others (specify).	
D5. Do you expect to return to the same job or business activity once the restrictions are lifted/situation improves?	1 Already returned 2 Yes 3 No 4 Unsure to return
D6a. Since March, as a result of the COVID-19 outbreak did you...?	1 Lose all income from your job or business 2 Earn some income but less than usual 3 Earn about the same income as usual 4 Earn more income than usual 8888 Others (specify)
Others (specify).	
D6b. Since March/the COVID-19 outbreak, to compensate for the loss of income, have you had to do any of the following?  <i>Multiple responses possible.</i>	1 Take a loan from friends, neighbours, relatives 2 Take a loan from a bank, credit fund or similar 3 Take a loan from the employer 4 Receive government aid or support 5 Receive aid from an NGO or international organization 6 Sell possessions (cattle, jewellery, tools, vehicle...) 7 Start farming, keeping animals, fishing, Hunt, gather wild foods to produce food for family 8 Temporarily migrate back to the original home place 9 Permanently migrate back to the original home place 10 Look for another job/earning occupation 11 Find another job/earning occupation 12 Spend savings to cover living expenses 13 Take up work under MGNREGA 8888 Others (specify)
Others (specify).	

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D7. Did you face any harassment to continue in your job after the lockdown was lifted in June 2020?	1 Yes D8 2 No D9 9999 Can't say/Don't know
D8. If yes, what kind of harassment? Please explain. <i>Multiple responses possible.</i>	1 Long working hours 2 Overtime without pay 3 Job was on alternate days, but I was not called every alternate day 4 Delayed wages/ payment for many days/ weeks 5 Employer stopped paying salary/wages 6 Employment terminated without any prior intimation 7 Employer forced me to come to workplace irrespective of risk of COVID-19 spread 8 Employer misbehaved 8888 Others (specify)
Others (specify).	
D9. Have you applied for or are you currently receiving any aid from government programmes to support you during the COVID-19 lockdown? <i>Multiple responses possible.</i>	1 Cooked meals 2 Free ration or increased ration under 'Pradhan Mantri Gareeb Kalyan Yojana' 3 Unemployment insurance under 'Atal Beema Vyakti Kalyan Yojana' 4 Allowed to withdraw up to 75 per cent of your balance in the fund or three months' wages 5 Allowed partial withdrawals under National Pension Scheme 6 Access to WORKERS HELPLINE for any wage related grievances 7 INR 500 transfer in woman family members' Jan Dhan Yojana account 8 Free LPG cylinders under PMUY 9 Any cash/money that the State Government has given as part of COVID-19 lockdown relief? 10 Support from other State government Schemes 8888 Others (specify) 9999 None of the above
Others (specify).	

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D10. Are you a member of any trade union/ labour association/workers organization?	1 Yes D11 2 No Go to end of questionnaire 9999 Don't know
D11. What is the name of the union/association?	
D12. Did you receive any support from them during the COVID-19 lockdown?	1 Yes D13 2 No Go to end of questionnaire 9999 Don't know
D13. What support did you receive? <i>Multiple responses possible.</i>	1 Arranged food and other support during the COVID-19 pandemic 2 Access to health services 3 Financial support 4 Advised on use of precautions for COVID-19 prevention 5 Negotiated with employer for back wages 6 Ensured safety precautions in workplace 7 Enabled orderly engagement of workers on alternate days 8888 Others (specify)
Others (specify).	

### E – references of other interviewees

E1. Could you please share phone numbers of your workers with us? We would like to know what challenges they are facing due to the coronavirus pandemic and what support they require to continue working with you successfully.	
Name of worker 1	Contact No. of worker 1
Name of worker 2	Contact No. of worker 2
Name of worker 3	Contact No. of worker 3
Name of worker 4	Contact No. of worker 4
Name of worker 5	Contact No. of worker 5
Thank you for your time. The survey ends here.	

**(READ)**

***This is the end of the survey.***

Thank you very much for taking the time to participate in this study.

As I mentioned at the beginning, we are surveying a large number of people across three states and will only report findings across large groups. Your individual information will not be released.

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Final Draft

**Situation analysis on the COVID-19 pandemic's impact on enterprises and workers in the formal and informal economy in India**

**In-Depth Interview – Labour Department**

Duration of the interview: 20 minutes

**General Guidelines to be followed:**

- This discussion guide serves as a checklist for the interviewer, so that she/he does not miss out on any important area of discussion.
- At the outset, briefly share the research purpose with details of the sites for data collection and the method to be followed. Give time for any clarifications that may be sought.
- Explain the ethical procedures being followed.
- The process of consent is outlined below.
- Record the interview if the respondent agrees.
- Ask all questions in an informal manner and keep the flow of the conversation while interviewing.
- The main questions may have sub-questions that may be asked if required. The main questions indicate the most important ones for which we need the response. The sub-questions could be asked if the responses from the interviewee are cursory. Judgment to be used on where to use and where not to use the sub-questions.
- The sub-questions highlighted in grey may be asked if the respondent is willing to give adequate time for the interview and is not rushing through the interview.

**Section A: Recruitment and Consent**

Name of interviewer(s)		
Date of Interview		
Name of the Interviewee		
Age		Sex
Designation		
In position since (year)		

**Introduction**

READ) My name is \_\_\_\_\_ and I am calling on behalf of Development Solutions. We are engaged to undertake a study to assess the impact of the COVID-19 lockdown on enterprises and workers in the formal and informal economy, with the support of the International Labour Organization (ILO). The study will enable ILO in designing policy responses and in discussions



with various stakeholders for the revival of the local economy and developing sector-specific strategies for recovery.

The interview would take about 20 minutes. Your responses would be confidential. However, you are free to not answer any question or stop the interview at any point. We would not mention your specific name or designation in any of the documents that would result from this study. We may quote some details from this interview; however, as said above, we would not mention your name.

We request your consent and would record your verbal consent in this sheet.

Questions	Responses	Codes
Do we have your consent to proceed with the interview?	Yes	1
	No >> [Go to A 3]	
Interview start time	[Enter in hh:mm, 24-hour format]	
Reason for refusal	No time, too busy	1
	Need to take permission from their superior	2
	Suspicious about the purpose of the survey	3
	Rescheduled the interview	4
	Directed us to another official in the department	5
	Others (specify)	8888

**[Warm up, Understanding their Priorities, Key roles, and responsibilities of the department]**

1. With respect to the labour working in MSMEs in addition to addressing aspects such as minimum wages, social security and so on, are there any other aspects that engages the attention of the department? If yes, what are these aspects?
2. Does the department also address the issues faced by the informal workers working in the registered formal enterprises and informal workers in unregistered informal units?
  - a. For instance, does the department focus on any labour-related issues of street vendors?
  - b. If yes, what aspects does the department focus on?
3. Does the department involve the trade unions and employers' organization to deliberate on the issues related to labour?
  - a. If yes, on what aspects are they involved?
  - b. What is the mechanism for involving them?
  - c. How frequently does this happen?
  - d. If not, any specific reason for not involving them?

► **Situation analysis on the COVID-19 pandemic's impact on enterprises and workers in the formal and informal economy in India**

**[Views on the impact of the COVID-19 pandemic on the labourers]**

4. What has been the most significant impact of the COVID-19 pandemic on the labourers working in the MSME enterprises in both, formal and informal enterprises, or MSMEs in your district/state?

**Probe:**

	Registered enterprises	Unregistered enterprises (in particular, home-based enterprises and own-account units)
Labourers were laid off, which type/category? In which type of enterprise and sector?		
Non-payment of wages and salaries		
Reduction in wages and salaries		
Migrant labour went back to their hometown.		
Any increase in child labour		
Accommodation and transport		
COVID-19 infections		
Harassment of women workers		

5. Is there any specific issue that the women labourers faced?
- a. If yes, please elaborate your response.
6. Has there been any improvement in the conditions of labourers, with the relaxations and opening of enterprises?
- a. If yes, what are the improvements, in your view?
- b. If no, what is the reason?

**Probe:**

- If MSMEs are not employing all the labourers as the enterprises are producing below capacity.
- Are MSME owners seeking a reduction in wages or in the mode of employing labourers?
- Working hours.
- Terms of employment – contractual/casual?

**[Views on the scope of current efforts within the department and coordination with others]**

7. Given some of the challenges that the labourers may be facing, post the lockdown, I would like to know if any of the following challenges exist in your district. And, if yes, how is the department addressing them?

**Probe:**

- ▶ Payment of wages during lockdown that may have been withheld by the employers.
  - ▶ Ensuring social distance and protection for the labourers
  - ▶ Grievances due to delayed or reduced payment of wages, etc.
  - ▶ Longer working hours
  - ▶ Denial of work
  - ▶ Discrimination and harassment, specifically of women labourers
8. To address some of the challenges faced by the labourers at present, has the department organized any meetings with trade unions or the employers' organizations?
- a. If yes, when and on what aspects?
  - b. If no, any reason why this has not been attempted?

**[Suggestions]**

9. What challenges is your department facing in addressing the labour issues arising due to the COVID-19 pandemic?
10. Labour laws cover workers in formal enterprises. Any suggestions on how the working conditions of those working in the MSMEs be improved?

**Final Draft**

**Situation analysis on the COVID-19 pandemic's impact on enterprises and workers in the formal and informal economy in India**

**In-Depth Interview – District Industries Centre**

Duration of the interview: 30 minutes

**General Guidelines to be followed:**

- ▶ This discussion guide serves as a checklist for the interviewer, so that she/he does not miss out on any important area of discussion.
- ▶ At the outset, briefly share the research purpose with details of the sites for data collection and the method to be followed. Give time for any clarifications that may be sought.
- ▶ Explain the ethical procedures being followed.
- ▶ The process of consent is outlined below.
- ▶ Record the interview if the respondent agrees.

► **Situation analysis on the COVID-19 pandemic's impact on enterprises and workers in the formal and informal economy in India**

- Ask all questions in an informal manner and maintain the flow of the conversation while interviewing.
- The main questions may have sub-questions that may be asked if required. The main questions indicate the most important ones for which we need the response. The sub-questions could be asked if the responses from the interviewee are cursory. Judgment to be used on where to use and where not to use the sub-questions.
- The sub-questions highlighted in grey may be asked if the respondent is willing to give adequate time for the interview and is not rushing through the interview.

**Section A: Recruitment and Consent**

Name of interviewer(s)		
Date of Interview		
Name of the Interviewee		
Age		Sex
Designation		
In position since (year)		

**Introduction**

(READ) My name is \_\_\_\_\_ and I am calling on behalf of Development Solutions. We are engaged to undertake a study to assess the impact of the COVID-19 lockdown on enterprises and workers in the formal and informal economy, with the support of the International Labour Organization (ILO). The study will enable ILO in designing policy responses and in discussions with various stakeholders for the revival of the local economy and developing sector-specific strategies for recovery.

The interview would take about 30 minutes. Your responses would be confidential. However, you are free to not answer any question or stop the interview at any point. We would not mention your specific name or designation in any of the documents that would result from this study. We may quote some details from this interview; however, as said above, we would not mention your name.

We request your consent and would record your verbal consent in this sheet.

	Questions	Responses	Codes
A1	Do we have your consent to proceed with the interview?	Yes	1
		No >> [Go to A 3]	
A2	Interview start time	[Enter in hh:mm, 24-hour format]	
A3	Reason for refusal	No time, too busy	1
		Need to take permission from their superior	2
		Suspicious about the purpose of the survey	3
		Rescheduled the interview	4
		Directed us to another official in the department	5
		Others (specify)	8888

**[Warm up, understanding their priorities, key roles, and responsibilities of the department]**

1. With respect to the MSMEs, what are the key areas that the DIC is responsible for?

a. What do you see as the department's role in?

Technical knowledge	
Skill development	
Marketing support for products	
Provision of sheds and other support	
Access to finance	
Support for handicrafts	
Enabling access to raw materials	
Support in ensuring compliance with various rules and regulations	
Registration of MSMEs	
Access to various MSME Schemes	

2. Do you have a register/list of all MSMEs in the district?

a. If yes, how many MSMEs are in the list/ register?

b. How many are women-owned?

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- c. Can we get a breakup of the MSME enterprises by sectors and size (if not, then probing should ask about which one dominates)?
- d. If no, then, who maintains such a list/ register and why?
- e. What role have the DICs played in helping the MSMEs to respond to the COVID-19 pandemic?
3. Did the DIC involve the owners/MSME associations to address the issues faced by them during the COVID-19 pandemic?
  - a. If yes, on what aspects are they involved?
  - b. What is the mechanism for involving them?
  - c. How frequently does this happen?
  - d. If not, any specific reason for not involving them?
4. Did the DIC/department provide support to informal (non-registered units) and own-account enterprises during the COVID-19 pandemic?
  - a. If yes, what is the support that the department provides?

**[Views on the impact of the COVID-19 pandemic on the MSMEs and the formal and informal units]**

5. What has been the most significant impact of the COVID-19 pandemic on the MSMEs in the formal and informal economy in your district?

Aspects	Formal/ registered MSME Units	Informal MSMEs enterprises (including home-based)	Additional questions
Permanent closure of many enterprises due to the COVID-19 lockdown			Any specific sector/ industry that is more affected and why?
Temporary closure of enterprises during the lockdown			
Disruption in supply chains			Is the disruption in supply chain specific to any industry/sector?
Logistics			
Raw materials short supply or high inventory			
Cancellation of orders			
Inability to export products or lack of orders			
Conflicts in workplaces			
Lay-offs			
Wage cuts			

Aspects	Formal/ registered MSME Units	Informal MSMEs enterprises (including home-based)	Additional questions
Increase in working hours			
Cash flow issues			
Increased debt among owners			
Increased risk of informality			
Unavailability of skilled labour or labour not coming to work			
Risks due to the COVID-19 pandemic			

6. How many enterprises are owned by women in your DIC?
  - a. Are these units— micro, small or medium?
  - b. Do women own enterprises across industries/ sectors or are there specific sectors in which there are more women-owned units? If yes, please tell us which sector.
7. Is there any specific issue that the women-owned MSMEs faced?
  - a. If yes, please elaborate your response.
8. Has there been any improvement for the MSMEs with the relaxations and easing of containment measures?
  - a. If yes, what are the improvements, in your view?
  - b. If no, what is the reason?

**Probe:**

- ▶ If MSMEs are producing below capacity due to non-availability of raw materials or supplies, or access to finances?
- ▶ If availability of labour is a constraint?
- ▶ Containment measures.

**[Views on the scope of current efforts within the department and coordination with others]**

9. In your view, can the new classification of MSMEs help them quickly recover from the COVID-19 pandemic-related losses in your state?

**Probe:**

- ▶ Provide an opportunity for the enterprises to expand and grow
- ▶ Enable to leverage the benefit of scale
- ▶ Enable quality exportable products.

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- Reduce in informal enterprises
  - Enable better compliance of rules and regulations
10. Have the MSMEs been able to access the various Schemes and support provided by the Government,<sup>59</sup> especially the Atma Nirbhar initiative?
- a. If yes, what are the specific Schemes that are in demand in your district/state, and why?
  - b. How many have accessed and from which district/cluster and sector?
  - c. How many were women-owned enterprises?
  - d. Is there any specific scheme/support that is not in high demand? If yes, which ones and what is the reason?
11. In addition to the Schemes of the Government of India, did the DIC/department undertake any specific scheme or measure for the enterprises in the district/state?
- a. If yes, request you to provide details of the initiatives.
  - b. Were any specific measures initiated to address the cash flow/ financial challenges faced by the units?
  - c. Were the associations involved in these initiatives?
  - d. What has been the response of the MSME enterprises to these initiatives?

**[Suggestions]**

12. In your view, are the various measures that have been started, adequate to address the challenges faced by the units?
13. If not, what more can be done to support MSMEs in recovery, especially the micro- and small-sized units, in your district/state?
- a. What more could be done by the Industries Department?
  - b. What more could be done by other actors, such as owners/enterprises, banks, and others?

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<sup>59</sup> The various Schemes for the MSMEs include:

- Changing the MSME definition: To enable business expansion.
- Collateral-free Automatic Loans: to meet operational liability and buy raw material and restart the business till 31 October 2020.
- Subordinate Debt for stressed MSMEs: those whose non-performing assets (NPA) are stressed will be eligible to avail this opportunity.
- Equity infusion through Fund of Fund: to enable MSMEs to increase their size and capacity and encourage listing in the stock exchange.
- Limits on Global tenders: up to 200 crore rupees, to overcome unfair competition from foreign companies.
- Marketing and Liquidity help: e-market linkage for MSMEs as a replacement for trade fairs and exhibitions.
- 2,500 crore rupees in Employees' Provident Fund (EPF): support for businesses and workers for 3 more months, up to August 2020.
- Reduction in statutory Employees' Provident Fund contribution: to 10 per cent each from existing 12 per cent for the subsequent three months, for workers not eligible for 24 per cent EPF support under the Pradhan Mantri Gareeb Kalyan Yojana Package.



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In-Depth Interview – District Industries Centre

Duration of the interview: 30 minutes

General Guidelines to be followed:

- ▶ This discussion guide serves as a checklist for the interviewer, so that she/he does not miss out on any important area of discussion.
- ▶ At the outset, briefly share the research purpose with details of the sites for data collection and the method to be followed. Give time for any clarifications that may be sought.
- ▶ Explain the ethical procedures being followed.
- ▶ The process of consent is outlined below.
- ▶ Record the interview if the respondent agrees.
- ▶ Ask all questions in an informal manner and keep the flow of the conversation while interviewing.
- ▶ The main questions may have sub-questions that may be asked if required. The main questions indicate the most important ones for which we need a response. The sub-questions could be asked if the responses from the interviewee are cursory. Judgment to be used on where to use and where not to use the sub-questions.
- ▶ The sub-questions highlighted in grey may be asked if the respondent is willing to give adequate time for the interview and is not rushing through the interview.

Section A: Recruitment and Consent

Name of interviewer(s)	
Date of Interview	
Name of the Interviewee	
Age	Sex
Name of the union	
Designation in the union	
Since how long have they been an office bearer of the union	

Introduction

(READ) My name is \_\_\_\_\_ and I am calling on behalf of Development Solutions. We are engaged to undertake a study to assess the impact of the COVID-19 lockdown on enterprises and workers in the formal and informal

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economy, with the support of the International Labour Organization (ILO). The study will enable ILO in designing policy responses and in discussions with various stakeholders for the revival of the local economy and developing sector-specific strategies for recovery.

The interview would take about 30 minutes. Your responses would be confidential. However, you are free to not answer any question or stop the interview at any point. We would not mention your specific name or designation in any of the documents that would result from this study. We may quote some details from this interview; however, as said above, we would not mention your name.

We request your consent and would record your verbal consent in this sheet.

	Questions	Responses	Codes
A1	Do we have your consent to proceed with the interview?	Yes	1
		No >> [Go to A 3]	
A2	Interview start time	[Enter in hh:mm, 24-hour format]	
A3	Reason for refusal	No time, too busy	1
		Need to take permission from their superior	2
		Suspicious about the purpose of the survey	3
		Rescheduled the interview	4
		Directed us to another official in the union	5
		Others (specify)	8888

**[Warm up, understanding their priorities, key roles, and responsibilities of the union]**

1. [Specific to the state] In which industries/sector is the union active?
2. [If not mentioned, please ask] Does your union organize/ work with the labourers in the MSMEs and informal labourers?
  - a. If yes, in which locations in the state, is your union active with MSMEs and informal labourers?
  - b. If yes, does the union work with any sector/ industry or labour groups. (for instance, construction workers, rag pickers, etc.)
3. How many members are there in your union?
  - a. Of them, what is the proportion of women members?
  - b. Of the members, what would be the proportion of members who work in MSME enterprises?
  - c. Of the members, what would be the proportion of informal labourers?

4. Specific to the unorganized/informal labourers and the labourers in MSME units, what are the key issues that the union takes up?

**Probe:**

- ▶ Organizing labourers
- ▶ Minimum wages for the labourers
- ▶ Working hours
- ▶ Social security – PF, ESIC

**[Views on the impact of the COVID-19 pandemic on the labourers]**

5. Specific to the unorganized/informal labourers and the labourers in MSME units, what has been the most significant impact of the COVID-19 pandemic?

Probe responses specific to MSME enterprises and informal units

	MSME units	Informal enterprises
Retrenchment of labour		
Non-payment of wages and salaries		
Reduction in wages and salaries		
Migrant labour going back to their hometown.		
Non receipt of Government entitlements (JAM)		
Increase in incidence or risk of child labour, forced labour, trafficking		

6. Among the unorganized/informal labourers and MSME workers, is there any specific impact of the COVID-19 pandemic on the women workers?

**Probe:**

- a. Since enterprises are operational at 50 per cent capacity are men preferred more than women?
  - b. Any instances of sexual harassment to provide work to women?
  - c. Wages for women are much less than that paid to men.
  - d. Any instances of delayed payments specifically to women?
  - e. Harassment of informal/own-account (self-employed) women from creditors/money lenders?
7. Is there any other specific impact of the COVID-19 pandemic on labourers?
- a. Increased illness
  - b. Increase in debt
  - c. Selling of household items
  - d. Labourers returning to their hometowns as there was no job.
  - e. Many own-account (Self-employed) enterprises closed

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8. Of your members, at present how many are working and how many are yet to go back to work

Current status	MSME units		Informal enterprises	
	Male	Female	Male	Female
Working				
Not working				

9. With relaxation in lockdown, and increased economic activities in recent times, has there been any improvement in the conditions of labourers?
- If yes, what are the improvements, in your view?
  - If no, what is the reason?

**Probe:**

- Are MSMEs not employing all the labourers as the enterprises are producing below capacity?
- Since social distance has to be observed, is only 50 per cent of the labour engaged.
- Are MSME owners seeking a reduction in wages or in the mode of employing labourers?
- Are enterprises making labourers work for longer hours
- Presence of discrimination in terms of engagement on grounds of age, gender
- Incidence of verbal and physical abuse by supervisors/management.

**[Views on the scope of current efforts by the union]**

10. Is your union currently involved in addressing any of the issues faced by the labourers?
- If yes, what are the issues?

**Probe:**

- Payment of back wages during the lockdown.
- Ensuring minimum wages after the lockdown.
- Ensuring social distance and protection for the labourers through campaigns or any other methods.
- Counselling on aspects of domestic violence.
- Access to Government entitlements?
- Inputs in policy formulation.
- Supporting workers to be organized for collective bargaining.

**[Suggestions]**

11. Are you aware of the measures taken by the Government to support/enable recovery of the MSME & informal units?
- If yes, could you outline some key measures of the Government?
  - Are these measures adequate to address the challenges faced by the workers?

Challenges	Adequate	Not adequate	Reasons
Reduced job availability			
Reduced income			
Increased health expenditure			
Increased debt			
Preventing child labour			
Preventing forced labour			
Access to social protection			
Harassment of women workers			

- If the measures are not adequate in your view, what additional measures are required?

Challenges	Additional measure required from Government
Reduced job availability	
Reduced income	
Increased health expenditure	
Increased debt	
Preventing child labour	
Preventing forced labour	
Access to social protection	
Harassment of women workers	

- What more could be done by your union to address the above aspects? Please elaborate your response.

Challenges	Measures that the union could do
Reduced job availability	
Reduced income	
Increased health expenditure	

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Challenges	Measures that the union could do
Increased debt	
Preventing child labour	
Preventing forced labour	
Access to social protection	
Harassment of women workers	

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**Situation analysis on the COVID-19 pandemic's impact on enterprises and workers in the formal and informal economy in India**

**In-Depth Interview - NGO/CSO**

Duration of the interview: 45 minutes

**General Guidelines to be followed:**

- This discussion guide serves as a checklist for the interviewer, so that she/he does not miss out on any important area of discussion.
- At the outset, briefly share the research purpose with details of the sites for data collection and the method to be followed. Give time for any clarifications that may be sought.
- Explain the ethical procedures being followed.
- The process of consent is outlined below.
- Record the interview if the respondent agrees.
- Ask all questions in an informal manner and keep the flow of the conversation while interviewing.
- The main questions may have sub-questions that may be asked if required. The main questions indicate the most important ones for which we need a response. The sub-questions could be asked if the responses from the interviewee are cursory. Judgment to be used on where to use and where not to use the sub-questions.
- The sub-questions highlighted in grey may be asked if the respondent is willing to give adequate time for the interview and is not rushing through the interview.

Section A: Recruitment and Consent	
Name of interviewer(s)	
Date of Interview	
Name of the Interviewee	
Age	Sex
Designation	

## Introduction

(READ) My name is \_\_\_\_\_ and I am calling on behalf of Development Solutions. We are engaged to undertake a study to assess the impact of the COVID-19 lockdown on the enterprises and workers in the formal and informal economy, with the support of the International Labour Organization (ILO). The study will enable ILO in designing policy responses and in discussions with various stakeholders for the revival of the local economy and developing sector-specific strategies for recovery.

The interview would take about 45 minutes. Your responses would be confidential. However, you are free to not answer any question or stop the interview at any point. We would not mention your specific name or designation in any of the documents that would result from this study. We may quote some details from this interview; however, as said above, we would not mention your name.

We request your consent and would record your verbal consent in this sheet.

	Questions	Responses	Codes
A1	Do we have your consent to proceed with the interview?	Yes	1
		No >> [Go to A 3]	
A2	Interview start time	[Enter in hh:mm, 24-hour format]	
A3	Reason for refusal	No time, too busy	1
		Need to take permission from their superior	2
		Suspicious about the purpose of the survey	3
		Rescheduled the interview	4
		Directed us to another person in the organization	5
		Others (specify)	8888

## Questions

### [Warm up, understanding their priorities]

1. What are the key priorities/ issues addressed by your organization?
2. What is the geographic presence of the organization?
  - a. In how many districts/states does the organization work?
3. On which issues does your organization work?

Probe (only if necessary) --- though probing may not be needed

- a. Collectivization of Self-employed/own-account enterprises, which sell goods/ services.
- b. Organization of Informal enterprises, which are not registered with the Government.

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- c. MSMEs.
  - d. Organization and advocacy of the rights of Informal labourers, those who are not supported by any labour legislation, social security regulation, or collective agreement.
  - e. Organization and advocacy for the rights of Formal labourers, those who are covered by a labour legislation, social security regulation, or collective agreement.
  - f. Organization and advocacy for the rights of street vendors, shops, traders.
4. If yes, please describe the work you do.

**[Responses to be gathered for each aspect separately]**

**[Views on the impact of the COVID-19 lockdown]**

5. Among the constituency/groups your organization works with, who were affected most due to the lockdown and why?

**[Probe: If the NGO works with any of the following ask which specific sector/ group was more affected and why?]**

- i. Informal labour – labour from which sector/ industry /women versus men, type of labour – casual, contract, daily wager.
  - ii. Formal labourers - labour from which sector/ industry /women versus men/ type of labour – casual, contract, daily wager.
  - iii. Informal enterprises/MSME enterprises– which industry/ sector.
  - iv. Home based workers.
  - v. Home based enterprises.
  - vi. Vendors.
  - vii. Shops and establishments.
  - viii. Traders.
6. What was the specific impact on this group/sector?

**[Responses to be gathered for the specific group/constituency that the NGO works with]**

- For labourers (both formal and informal) probe on following aspects:
  - Reduced job availability
  - Reduced income
  - Labourers forced to go back to their hometown
  - Increased debt
  - Inability to access social protection Schemes
  - Inability to access rations
  - Any specific issues of women labourers
  - Discrimination



- ▶ COVID-19 infection risk
- ▶ Accommodation
- ▶ Transport
- ▶ Working hours
- ▶ Lay-offs
- ▶ For enterprises (both formal and informal) including shops and establishments, vendors - probe on the following aspects:
  - ▶ Permanent closure of many enterprises due to the COVID-19 lockdown – which sectors and size?
  - ▶ Temporary closure of enterprises due to the lockdown
  - ▶ Disruption in supply chains
  - ▶ Cash flow issues
  - ▶ Debt
  - ▶ Conflicts in workplaces
  - ▶ Lay-offs
  - ▶ Wage cuts
  - ▶ Risks due to the COVID-19 pandemic
  - ▶ Cancellation of orders

**[Support provided by the CSO during lockdown]**

7. Did your organization address any of these issues?
  - a. If yes, what aspect did it address?
    - i. **Probe on the following aspects for those working with formal/informal enterprises including vendors, shops, and establishments**
      - ▶ Access to credit/loan facilities
      - ▶ Enabling the enterprises to defer payments for electricity and other charges
      - ▶ Access to cash/food and other support for informal unit owners
      - ▶ Organizing them for advocacy and campaign
      - ▶ Crowd sourcing/ provisioning of fund to support informal enterprises
      - ▶ Any other
    - ii. **Probe on the following aspects for those working with formal/informal labourers**
      - ▶ Provision of food/other daily needs
      - ▶ Access to cash/loan for daily needs
      - ▶ Enabling them to access government Schemes
      - ▶ Enabling their transportation back to the hometown

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- Grievance redressal
- Any other
- b. What was the scale of the efforts?
- 8. In your interventions did you interact with any of the following
  - i. Trade unions/ workers associations
  - ii. Employer associations
  - iii. Owners of informal enterprises
  - iv. Government agencies
- b. If yes, on what aspects did you interact?
- c. If no, what is the reason?

**[Support provided by the CSO post the lockdown]**

9. After the lockdown was lifted, and the economic activities were resumed did you provide any support? If yes, what support did you provide?

**For those who work with informal/formal enterprises probe on following aspects:**

- Raising the awareness of the enterprises on following the government guidelines on preventive measures to reduce exposure and risks.
- Enabling them to manage work shifts and rotate staff to minimize persons at work site
- Support in addressing supply chain/ market issues
- Conveying/advocating their issues to the Government
- Enabling access to Government support/facilities at banks and other institutions
- Negotiate compensation from buyers
- Access to social protection Schemes
- Any other?

**For those who work with informal/formal workers probe on following aspects:**

- Payment of back wages during the lockdown
- Ensuring minimum wages after the lockdown
- Ensuring social distance and protection for the labourers through campaigns or any other methods.
- Grievance redressal
- Skill training
- Alternate livelihood opportunities
- Access to Government support
- Any other?

**[Government interventions – awareness, perception & assessment]**

10. What are the measures of the Government to address the challenges of the COVID-19 pandemic in the workplaces?

**Probe on the following:**

- ▶ Inspection of equipment, especially when the companies restarted their operations.
- ▶ Physical distancing of at least one metre at all times.
- ▶ Use of face covers/masks to be mandatory.
- ▶ Frequent hand washing and/or use of alcohol-based hand sanitizers.
- ▶ Respiratory etiquettes to be strictly followed.
- ▶ Self-monitoring of health by all and reporting any illness at the earliest.
- ▶ Any other.

11. What are the challenges in enforcing these measures at the workplaces?

12. **[For those working with MSME units]** What are the key measures or support that the Government has provided to revive the enterprises?

**The list below is the support provided by the Government, but this is largely for the formal MSME units. To be asked only with those who work with formal MSME enterprises and to ascertain if they are aware of the measures of the Government.**

- ▶ Changing the MSME definition: To enable business expansion.
- ▶ Collateral-free Automatic Loans: to meet operational liability and buy raw material and restart business till 31 October 2020.
- ▶ Subordinate Debt for stressed MSMEs: whose non-performing assets (NPA) are stressed will be eligible to avail this opportunity.
- ▶ Equity infusion through Fund of Fund: to enable MSMEs to increase their size and capacity and encourage listing in the stock exchange.
- ▶ Limits on Global tenders: up to 200 crore rupees to overcome unfair competition from foreign companies.
- ▶ Marketing and Liquidity help: e-market linkage for MSMEs as a replacement for trade fairs and exhibitions.
- ▶ 2500 crore rupees in Employees' Provident Fund (EPF) support for businesses and workers for 3 more months: up to August 2020.

13. **[For those working with informal units]** Are there any measures or support that the Government has provided to revive the enterprises?

**The list below is an indicative list of support for informal workers. To be asked only with those who work with informal enterprises and workers and to ascertain if they are aware of the measures of the Government.**

- ▶ Svanidhi for street vendors
- ▶ Shramik Setu – online portal and app for migrant workers to access Government benefits

► **Situation analysis on the COVID-19 pandemic's impact on enterprises and workers in the formal and informal economy in India**

- Gareeb Kalyan Rozgar Yojana
  - Any other?
14. Which government measures do you consider most relevant in minimizing the effect of the COVID-19 crisis on MSME units/ informal enterprises/ labour?
15. Do you think enough was done to address the challenges faced by MSME units/ informal enterprises/ labour?
- a. If not, in your view, what more needed to be done?
  - **Probe: for those working with labourers on whether the following challenges exist and what could be done. These include increased working hours, lay-offs, work without pay, wage cuts, increased casualization of contractualisation of jobs.**

**[Recommendations for the future]**

16. What long-term impacts do you expect because of the COVID-19 pandemic by the MSMEs/informal enterprises/ labourers
17. In your view, what more could be done to prevent such shocks from recurring or affecting the MSME units/ informal enterprises/ labour?
- a. What more could be done by the government departments?
  - b. What more could be done by the labour welfare organizations/owners/ entrepreneurs/ industry and CSOs?
18. Any other feedback/ recommendations.

**Final Draft**

**Situation analysis on the COVID-19 pandemic's impact on enterprises and workers in the formal and informal economy in India**

**In-Depth Interview - MSME Associations**

Duration of the interview: 60 minutes

**General Guidelines to be followed:**

- This discussion guide serves as a checklist for the interviewer, so that she/ he does not miss out on any important area of discussion.
- At the outset, briefly share the research purpose with details of the sites for data collection and the method to be followed. Give time for any clarifications that may be sought.
- Explain the ethical procedures being followed.
- The process of consent is outlined below.
- Record the interview if the respondent agrees.
- Ask all questions in an informal manner and keep the flow of the conversation while interviewing.

- ▶ The main questions may have sub-questions that may be asked if required. The main questions indicate the most important ones for which we need a response. The sub-questions could be asked if the responses from the interviewee are cursory. Judgment to be used on where to use and where not to use the sub-questions.
- ▶ The sub-questions highlighted in grey may be asked if the respondent is willing to give adequate time for the interview and is not rushing through the interview.

Section A: Recruitment and Consent	
Name of the interviewer(s)	
Date of Interview	
Name of the Interviewee	
Age	Sex
Designation	<div style="border: 1px solid black; margin-bottom: 2px;">President</div> <div style="border: 1px solid black; margin-bottom: 2px;">Secretary</div> <div style="border: 1px solid black; margin-bottom: 2px;">Treasurer</div> <div style="border: 1px solid black; margin-bottom: 2px;">Member</div> <div style="border: 1px solid black; margin-bottom: 2px;">Others (specify)</div>
In position since (year)	

## Introduction

(READ) My name is \_\_\_\_\_ and I am calling on behalf of Development Solutions. We are engaged to undertake a study to assess the impact of the COVID-19 lockdown on your business with the support of the International Labour Organisation (ILO). The study will enable ILO in designing policy responses and in discussions with various stakeholders for the revival of the local economy and developing sector-specific strategies for recovery.

The interview would take about 60 minutes. Your responses would be confidential. However, you are free to not answer any question or stop the interview at any point. We would not mention your specific name or designation in any of the documents that would result from this study. We may quote some details from this interview; however, as said above, we would not mention your name.

We request your consent and would record your verbal consent in this sheet.

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	Questions	Responses	Codes
A1	Do we have your consent to proceed with the interview?	Yes	1
		No >> [Go to A 3]	
A2	Interview start time	[Enter in hh:mm, 24-hour format]	
A3	Reason for refusal	No time, too busy	1
		Need to take permission from their superior officer	2
		Suspicious about purpose of survey	3
		Rescheduled the interview	4
		Directed us to another person in the association	5
		Others (specify)	8888

## Questions

### [Warm up, introduction and understanding the enterprise/business nature & activity]

1. When was this association formed?
2. What is the geographical area from which members are enrolled?
  - a. District
  - b. State
3. How many members are there in your association?
  - a. Can we get a breakup of the members by sector/ industry/location?
  - b. How many women members?

### [Views on the impact of the COVID-19 lockdown]

4. Of the MSMEs who are your members, which sector or industry was affected the most due to the lockdown and why?
5. What was the impact on your members due to the COVID-19 lockdown?

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Aspects	MSME Units	Additional questions
Permanent closure of many enterprises due to the COVID-19 lockdown and how many?		<ul style="list-style-type: none"> <li>▶ Any specific sector/ industry that is more affected and why?</li> <li>▶ What would be the proportion of enterprises closed that were small?</li> <li>▶ Approximately how many people would they have employed?</li> </ul>
Temporary closure of enterprises during the lockdown and how many?		
Disruption in supply chains		<ul style="list-style-type: none"> <li>▶ Is the disruption in supply chain specific to any industry/sector?</li> <li>▶ What proportion of your members were affected by this?</li> <li>▶ Are there any challenges in supply chain faced by your members in now? If yes, what challenges and are there specific industries which face them?</li> </ul>
Inability to export products or lack of orders		<ul style="list-style-type: none"> <li>▶ What proportion of your members export?</li> <li>▶ Are exports still an issue even after lockdown is lifted? If yes, what are the issues that they face?</li> </ul>
Conflicts in workplaces		
Lay-offs		<ul style="list-style-type: none"> <li>▶ Was any specific group of employees affected by the lay-offs? For instance, were more women laid off than men? If yes, why?</li> <li>▶ Are all labourers of your members covered by social security benefits?</li> <li>▶ If not, approximately what proportion of the employees would be covered?</li> <li>▶ What are the social security benefits that are provided to the employees?</li> </ul>
Wage cuts		<ul style="list-style-type: none"> <li>▶ The Government had recommended payment of wages for the period of lockdown. Were your members able to pay? If yes, what proportion of members paid the wages?</li> <li>▶ If not, what were the challenges?</li> </ul>
Increase in working hours		
Cash flow issues		
Increased debt among owners		

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Aspects	MSME Units	Additional questions
Unavailability of skilled labours or labour not coming to work		<ul style="list-style-type: none"> <li>► What proportion of your members still face challenges in labour availability, after the lockdown has been lifted? And why?</li> <li>► Are there any specific industries that are facing issues? If yes, why?</li> <li>► What proportion of your members depend on labour from other states? Is the labour from other states still an issue after the lockdown has been lifted? If yes, why?</li> </ul>
Risks due to the COVID-19 pandemic		

6. Has there been any specific challenges that the women-owned enterprises faced?

- a. If yes, what challenges and what were the reasons for these challenges?

**[Support provided by the association during lockdown]**

7. Did your association provide support to address any of the challenges?

- a. If yes, what aspect did you address?

- Probe on the following aspects
- Access to credit/ loan facilities
- Enabling the enterprises to defer payments for electricity and other charges
- Addressing issues related to labourers
- Lobby with the government
- Lobby with customers/corporates
- Any other

8. In your interventions did you interact with any of the following

- i. Other MSME associations
- ii. Trade unions/ workers associations
- iii. Employer associations
- iv. Owners of informal enterprises
- v. Government agencies

- b. If yes, on what aspects did you interact. List top three interventions by your association and its result.

- c. If no, what is the reason?



**[Support provided by the association post the lockdown]**

9. After the lockdown was lifted, and the economic activities were resumed did the association provide any support? If yes, what support was provided?
- ▶ Raising the awareness of the enterprises on following the government guidelines on preventive measures to reduce exposure and risks.
  - ▶ Enabling them to manage work shifts and rotate staff to minimize persons at the work site.
  - ▶ Support in addressing supply chain/ market issues.
  - ▶ Addressing export related issues.
  - ▶ Enabling them to register in UAM.
  - ▶ Conveying/advocating their issues to the Government.
  - ▶ Enabling access to Government support/facilities at banks and other institutions.
  - ▶ Enabling them to address the cash flow/ financial challenges.
  - ▶ Orientation/ training to members to adapt to the new challenges.
  - ▶ Any other?
10. What has been the response of the members to these initiatives.
11. Has there been any specific coordination between your association, the Government, MSME units, corporates/ MNEs/customers— to address the challenges faced? Please describe it.

**[Government interventions – awareness, perception & assessment]**

12. What are the measures of the Government to address the challenges of the COVID-19 pandemic in the workplaces?

**Probe on the following:**

- ▶ Inspection of equipment, especially when the companies restarted their operations
  - ▶ Physical distancing of at least one metre at all times.
  - ▶ Use of face covers/masks to be mandatory.
  - ▶ Frequent hand washing and/or use of alcohol-based hand sanitizers.
  - ▶ Respiratory etiquettes to be strictly followed.
  - ▶ Self-monitoring of health by all and reporting any illness at the earliest.
  - ▶ Any other?
13. What are the challenges faced by the members in enforcing these measures at the workplace?
14. What are the key measures or support that the Government has provided to revive the enterprises?

**The list below is the support provided by the Government. The checklist is to ascertain if they are aware of the measures of the Government.**

- ▶ Changing the MSME definition: To enable business expansion.

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- Collateral-free Automatic Loans: to meet operational liability and buy raw material and restart business till 31 October 2020.
  - Subordinate Debt for stressed MSMEs: whose non-performing assets (NPA) are stressed will be eligible to avail this opportunity.
  - Equity infusion through Fund of Fund: to enable MSMEs to increase their size and capacity and encourage listing in stock exchange.
  - Limits on Global tenders: up to 200 crore rupees to overcome unfair competition from foreign companies.
  - Marketing and Liquidity help: e-market linkage for MSMEs as a replacement for trade fairs and exhibitions.
  - 2500 crore rupees in Employees' Provident Fund (EPF) support for businesses and workers for 3 more months: up to August 2020.
15. Have the MSMEs been able to access the various Schemes and support provided by the Government, especially Atma Nirbhar initiative?
- a. If yes, what are the specific Schemes that are in demand by your members, and why?
  - b. Of your members, how many have accessed these Schemes?
  - c. How many women members have accessed these Schemes?
  - d. Is there any specific scheme/support that is not in high demand? If yes, which ones and what is the reason.
16. Which government measures do you consider most relevant in minimizing the effect of the COVID-19 crisis for your members?
17. Do you think enough was done to address the challenges faced by your members?
- d. If not, in your view, what more needed to be done?
18. Was the association involved in the formulation of any policy for the MSMEs? If yes, please provide the details of the involvement.

**[Recommendations for the future]**

19. What long-term impacts do you expect because of the COVID-19 pandemic by the MSMEs?
20. How long would it take for the members to get back to pre- COVID-19 pandemic level?
21. In your view, what more could be done to prevent such shocks from recurring or affecting the MSMEs?
- e. What more could be done by the government departments?
  - f. What more could be done by the association?
  - g. What more could be done by the labour welfare organizations/owners/ entrepreneurs/ industries and CSOs?
22. Any other feedback/ recommendations.

## Annexure -III List of stakeholders

### Government

Department	Name & Designation
Department of Labour - Government of Maharashtra	Mr Ashok L. Doke, Deputy Labour Commissioner, (Thane)
Department of Labour – Government of Tamil Nadu	Mr E. Venkatesan, Assistant Commissioner Labour, (Coimbatore)
	Ms P. Sumathi, Joint Commissioner Labour, (Chennai)
Department of Labour – Government of Uttar Pradesh	Mr B. K. Rai, Deputy Labour Commissioner, (Lucknow)
	Mr Dharmendra Kumar Singh, Deputy Labour Commissioner, (Agra)

### Directorate of Industries

District Industries Centre, Pune	Mr Sadashiv Survase, Joint Director, Industries
District Industries Centre, Lucknow	Mr Manoj Chourasia, Deputy Commissioner
District Industries Centre, Agra	Mr Sharad Tandon, Deputy Commissioner

### Trade unions

Hind Kamgar Sangathan (INTUC), Pune	Mr Kailash Kadam, Working President
Bharatiya Mazdoor Sangh (BMS), Thane	Mr Anil Dhumane, State President
All India Domestic Workers Union	Mr Babli Rawat, General Secretary
Indian National Trade Union Congress, Tiruppur	Mr T.V. Xavier, General Secretary
Bhartiya Mazdoor Sangh (BMS), Coimbatore	Mr R. Gopal, District President
Bhartiya Mazdoor Sangh (BMS), Lucknow	Mr Anil Upadhayay, President
Indian National Trade Union Congress, Lucknow	Mr Ashok Singh, Vice President
Uttar Pradesh Grameen Mazdoor Sangathan, Agra	Mr Tularam Sharma, President

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## **Civil society organizations**

National Hawker Federation, Kolkata	Mr Saktiman Ghosh, General Secretary
Aajeevika Bureau, Mumbai	Mr Raghav Mehrotra, Development Executive Centre for Migration and Labour Solutions
Social Awareness and Voluntary Education (SAVE), Tiruppur	Ms A. Viyakula Mary, Executive Director
Self Employed Workers and Vendors, Agra	Mr Abhinay Prasad, Secretary
Asangthit Kamgar Adhikar Manch, Lucknow	Mr Sanjay Pratap Singh, President

## **MSME Associations**

Laghu Udyog Bharti (LUB), Maharashtra	Mr Govind Lele, All India General Secretary
Thane Small Scale Industries Association, Thane	Mr Sandeep Parekh, Vice President
Tiruppur Exporters' Association, Tiruppur	Mr Raja M. Shanmugam, President
Tamil Nadu Small and Tiny Industries Association, Chennai	Mr Amburajan S., President
Indian Industries Association (IIA), Lucknow	Mr Pankaj Kumar, President





International  
Labour  
Organization

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