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Study of Economic Impacts of Lockdown on Small Businesses in the city of Pune, Maharashtra, India

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ABSTRACT

The year 2019-20 has been very challenging for the entire world. The impact of the pandemic, the virus name COVID -19 has an unpredictable and serious impact of the lockdown on small trade and business. The small business man and the trader, whose lively hood is depended on the daily work or daily income bases, showing their concern about the survival in the pandemic situation, many of the small businesses were restricted due to social distancing and have to shift their businesses according to the demand of the urgent need of people and earning. This paper provides the analysis of the impact of the lockdown situation on the small businesses in the city of Pune. Over all the paper contributes to our understanding of the monetary impact of COVID - 19 on the common people.

Introduction

Covid-19 has been the world shaking Pandemic of the century. Starting with China in January in 2020, it has widely spread within no time in the corners of the world at large. Developed as well as underdeveloped economies, densely populated as well as sparsely populated nations have been trapped by this pandemic over last one and a half year. Besides medical research to find out vaccination as an effective solution over this situation, a number of steps like social distancing, compulsory use of masks and time and again use of sanitization are some of the tools made mandatory by the government of India.

The effects of Covid -19 have harshly affected the civic life all around. Total

lockdown, implementation of Section 144 (Curfew situation) were adopted as measures by the Government through the local bodies for months together. The public and private transport came to a standstill situation affecting human civic life. Except for very essential services, the trade and commerce of small and big businesses, schools and colleges, entertainment centers and hotels, religious places and personal get-togethers for marriages and other family functions came to a total shut down for months together. The present research paper is focus on the economic impacts of lockdown on small businesses in the various parts of the city of Pune.

Need for Research

The impacts of world wide pandemic situations were so sudden and unpredictable that have caused unbelievable repercussions on various parts of civic as well as social life. Particularly the business activity had come to a standstill for number of days in the different parts of the nation. The Central as well as State Government has taken stringent actions like application of Section 144 (Total Curfew, Total Lockdown, Partial Lockdown) all over the nation. The state of Maharashtra has also been badly affected over last one and half year.

We being commerce teachers have curiosity to understand the impacts of lockdown situation locally, in the various parts of the city of Pune, particularly on the small businesses. In fact, as yet the Covid-19 situation is not under total control. The State Government with the District Collectorate has been trying out different solutions to come out of the situation. On one hand survival of human beings all over is the prime motive but re-establishing civic life like transportation, working of trade and commerce and the movement of human beings in normal situations has to be balanced out. Perhaps, for well established medium and large scale businesses and industries it might not be so difficult to survive and pull on for few months also; but for tiny/ small businesses like street hawkers and peddlers it has been the worst experience. Hence the importance of the present research.

Research Methodology

For the purpose of this research paper, the following research methodology has been adopted:

Primary Data: In order to understand this living burning problem of studying the economic impacts of lockdown it was essential to collect Primary Data. For this purpose the questionnaire method has been adopted.

Secondary data on Covid -19 is widely available through media and Government Publications over last several months. Suitable part confined to our present research paper has been referred to. Hence, the Government notifications, statistics on Impact of Covid – 19 through Print, electronic and social media has been compiled for this research paper.

Review of related Literature

Impact of Covid – 19 on various businesses

Tilak, P., Deshmukh, M., Phadke, S., & Hakim, S. S. K. A survey on online examination during COVID 19 pandemic: Perception of Management Students. Mentioned in her research paper that The need of applying management principles in all aspects of life has long been stressed to management students. In today's world, an

individual's emotional quotient is valued just as much as his or her academic talents. The epidemic of COVID 19 has taught everyone the value of adaptability, flexibility, efficiency, and multitasking.

Kandalgaonkar, S. R., & Harchekar, J. (2018). Impact of technology on retail grocery business of pune. The essential needs of human life have long been acknowledged as food, shelter, and clothing. Food supplies are seen as the most crucial commodities in both developed and emerging countries, and in years of severe shortages, inhabitants must rely on other nations, even importing the same, to survive.

The COVID-19 epidemic in Somaliland has prompted numerous businesses and retailers to close, causing unanticipated disruptions in various industry sectors. Short-term difficulties confront retailers and brands, including those relating to health and safety, supply chain, workforce, cash flow, consumer demand, sales, and marketing (Donthu & Gustafsson, 2020).

Coronavirus illness 2019 has had a large economic impact in addition to its influence on public health. Just a few weeks after the outbreak, the pandemic had already caused major disruption among small enterprises; around 25% of businesses had temporarily closed, and nearly all of these closures were related to COVID-19 (Bartik et al., 2020). Various well-known brands in many industries are going to go bankrupt if consumers stay at home and economies shut down as a result of the COVID-19 (McKee & Tucker, 2020). This isn't only affecting the economy; it's affecting the entire society, which has resulted in significant changes in how firms and customers behave (Donthu & Gustafsson, 2020).

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Hypothesis

For the purpose of this research paper the following hypothesis has been framed.

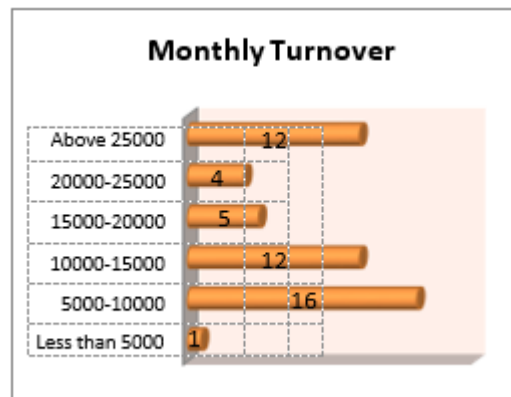
- Lockdown has affected adversely, the business activity in the city of Pune.
- Small Businesses in Pune have suffered an unusual situation including winding up of the business.

Data Collection and Analysis

For the purpose of this research the data given below has been collected covering the following areas: Bhavani Peth, Katraj, Lavale, Khadakwasla, Maharshinagar, Swargate, Hinjewadi, Wanowrie, Hadapsar, Alandi, Bibwewadi, Parvati, Narhe and Kondhwa.

1a). Type of your business – A majority of respondents have undertaken the business of Vegetable Vending & Selling Food Items. Some other businesses under the scope were Skills Based Services, Retail, Providing assistance to Big Businesses, Stationery and a few other.

1b). Monthly turnover of your business –

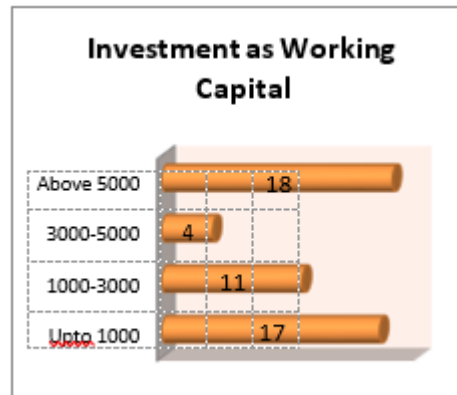


The overall range of Monthly Turnover of the respondents for this research was from Less than Rs. 5000/- to Above Rs. 25000/- however, majority of respondents fall between the range of Rs. 5000/- to 10,000/-

2. Description of the place of business – Most of the respondents operate their business at a place owned by them while the others run their business at a rented place or temporary place by the roadside or have small shops or have a handcart.

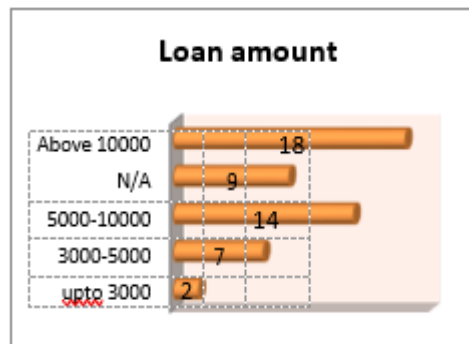
3a. & 3b. Approximate amount of investment – Majority of respondents have to invest in fixed capital to run their business using tables, chairs, utensils, etc. however, majority of respondents have to invest an amount of above Rs. 5000/- as working

capital.



4(a). Do you take loans for investing in business? – Having a small business and given the lockdown situation, a majority of the respondents have to avail loans to run their business.

4(b). How much loan do you take for business investment? -



To run their business, a majority of the respondents require loan facility amounting above Rs. 10000/- . Their requirements of other groups range from Rs. 3000/- to Rs. 10000/-

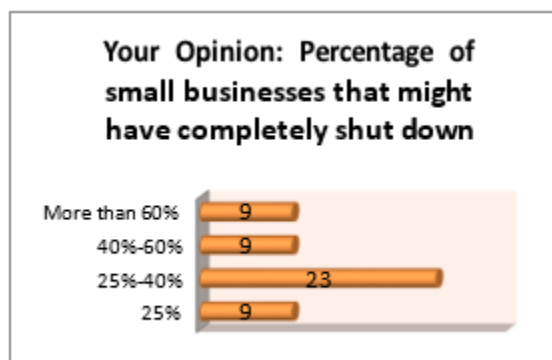
5. For how long were you out of business due to lockdown? – Owing to the situation due to lockdown, a majority of respondents had to keep their business shut for a time span of more than 5 months. Overall the respondents have stated that they had to keep their businesses shut for about 1 month to more than 5 months and only a small group of respondents were able to partially run their business.

6. Did you find an alternative to your business during the lockdown? - A majority of respondents tried to find an alternative to their business during lockdown as they couldn't run their business but were not able to get any. Other group of respondents managed to find and opted for an alternative to their business during lockdown.

7. Was there an alternative to total lockdown? – Majority of respondents of this research fall under the category of essential services and were able to run their business for few hours daily as per the timings allotted by the Government.

8. What help do you expect from the Government for small businesses? -

Majority of respondents have opined that they expect financial help from the Government in the form of Subsidy. Some other groups have opined that cheap loan schemes or reduction in taxes or a permanent place of their own for running their business would be of help to them.

9. According to you, what must be percentage of small businesses that must have completely shut down due to lockdown? –

As per majority of the respondents, there is a probability of about 25% to 40% of the Small/Tiny businesses being completely shut down to the lockdown situation. Overall opinion of the respondents ranges from 25% to more than 60% of businesses being completely shut down.

10. How long will it take for the economy to come back to normalcy? –

According to majority of respondents, the economy of the nation might take at least 6 months to regain normalcy.

Main Findings and Conclusion

- Majority of the type of business undertaken was vegetable vending & selling food items.
- Majority of the respondents have monthly turnover in the range of Rs. 5000/- to 10000/-
- Majority of the respondents operate from their own house or a small owned area as business place.
- Majority of them require loan amounting between Rs. 5000/- to 10000/- only to run their business.
- Majority of the respondents have made investments in fixed assets like furniture, tables, vehicle, etc.
- Majority of the respondents expressed that, yes they need the support of Loan facilities while expressing about their expectations.
- Majority of the respondents expressed that they need working capital of up to Rs. 1000/- only. Another group feels that it is little over Rs. 5000/-
- Majority of the respondents expressed that their business activity had come to a standstill for more than 5 months due to lockdown situation.
- Majority of them tried for alternative employment but could not get it.
- Majority of the respondents feel that, business units were allowed to remain open for at least few hours regularly with proper crowd control.

- A majority of respondents have opined that the Government should come forth by extending cheap loan facilities for the Small business units.
- Majority of the respondents feel that 25% to 40% of Small/Tiny businesses might have completely shutdown during the period of Lockdown.
- It has been expressed by the majority of respondents that it will take a period of 6 months to one year for regaining normal business situations after lifting up of the lockdown.

Proof of the Hypothesis

On the basis of the analysis of the Primary data and the opinions expressed by the Trade Associations in Pune the hypothesis stands to be proved.

Future of the research

Similar Research can be undertaken about the impacts on salaried class, big businesses, trading organizations in the city of Pune.

Selected Bibliography

- GRs by the Government of Maharashtra
- Notifications by the Healthcare Department, Government of Maharashtra
- Notifications by the District Collector, Police Commissioner, Pune
- Press releases by the Trade Associations and
- New items Published in the Standard Newspapers in Pune