

Recovery steps for enterprises in the backdrop of COVID-19

Recent Annual Reports on Micro, Small and Medium Enterprises (MSMEs) indicate that the sector contributes approximately 30% of India's GDP, and based on conservative estimates, employs around 50% of industrial workers. Over 97% of MSMEs can be classified as micro firms (with an investment in plant and machinery less than ₹25 lakh), while 94% are not registered with the government. These MSMEs are uniformly spread across rural and urban areas and are equally represented in the manufacturing, trade and services sectors.



Out of the 63 million micro, small and medium enterprises in India, approximately only 8 million are run by women i.e., 12.6%. Women own a **little over 20 percent** of all micro, small and medium businesses across India compared to nearly 80 percent among men in financial year 2021. This percentage fell further due to the COVID-19 pandemic, which has affected women disproportionately, as they bare more household work and responsibilities in addition to their businesses. Moreover, female-dominated small-scale enterprises such as tailors, dressmakers, petty shopkeepers, barbers and beauty-parlor owners as well as domestic help and part-time workers witnessed relatively high volatility as compared to other sectors. The gendered effect of the lockdown was evident as male employment fell by 30% of its pre-lockdown level, while female employment fell by 43%.

The most recent lockdown has substantially disrupted the operations of these MSMEs as they are almost exclusively dependent on the cash-economy, which has been severely hit by the lockdown. Additionally, the restrictions on the physical availability/presence of workers, and on the availability of raw materials and transport infrastructure crucial to the value chains of MSMEs, have been significantly impacted.

To ensure that MSMEs are able to sustain themselves during these difficult times, the Government of India has introduced benefits and schemes that can be availed of, in addition to pre-existing schemes such as MUDRA, Stand-Up India and Credit Guarantee Scheme, etc. These schemes are listed below:

Schemes and Benefits

- Atal Bimit Vyakti Kalyan Yojana individuals who have lost their jobs/employment, will be granted compensation in the form of cash deposited in their bank accounts for three months from the date of unemployment. Only individuals who have subscribed to the Employees State Insurance (ESI) scheme can avail of this.

To apply, log on to: [ESIC](#)

- Launched by Mr. Nitin Gadkari, the idea behind MSME Ideas Portal is to facilitate venture capital investors to connect with businesses. This portal will also act as a central repository to explore the schemes offered by the central and the state government, to the growing MSMEs during these times of crisis.

To apply, log on to: [MSME | SSI | Udyog Adhaar Registration Services \(msme-gov.org\)](#)

Interest provisions and loans

- Slashed interest rates and increased limits on Non-Performing Assets (NPAs) to prevent insolvency being triggered.
- The government offered payments from the government's share of the Employee Provident Fund (EPF) to avoid layoffs.
- Several banks introduced purpose loans at reduced rates for up to 10-20% of firms' working capital limits.
- As a means of bringing some relief to the MSME sector, the Finance Minister has announced a rise in the threshold of default to Rs. 1 Crore, from the existing Rs. 1 lakh to prevent the triggering of insolvency proceedings.

Returnable grant opportunities or Debt

- **SIDBI SAFE** - In response to the need of the hour i.e., to fight Corona Virus on all fronts, the Small Industries Development Bank of India (SIDBI) has launched the SAFE (SIDBI Assistance to Facilitate Emergency response against Corona Virus) scheme. The scheme is a financial assistance programme for MSEs that are engaged in the manufacturing of products, or offer services related to fighting the novel coronavirus. Link: [https://sidbi.in/files/pressrelease/Press-Release_SIDBI-launches-SAFE-\(SIDBI-Assistance-to-Facilitate-Emergency-response-against-Corona-Virus\)-scheme.pdf](https://sidbi.in/files/pressrelease/Press-Release_SIDBI-launches-SAFE-(SIDBI-Assistance-to-Facilitate-Emergency-response-against-Corona-Virus)-scheme.pdf)

To apply: [Online Loan Application \(sidbi.in\)](#)

- **SIDBI SAFE PLUS** - SIDBI has launched this scheme to provide emergency working capital to MSMEs producing goods and services that are directly related to fighting the coronavirus,. Link: <https://sidbi.in/files/banners/SAFE%20PLus%20-%20One%20Pager.pdf>

To apply: [Online Loan Application \(sidbi.in\)](#)

- **DST CAWACH** - The Centre for Augmenting WAR with the COVID-19 Health Crisis (CAWACH) is an initiative by the National Science & Technology Entrepreneurship Development Board (NSTEDB), the Department of Science and Technology (DST), Government of India. Given the impact of COVID-19 globally and in India, the need of the hour is to support R&D efforts and end any further damage to the economy. The Department of Science and Technology (DST), Government of India is supporting innovations offering comprehensive solutions.



To apply: [CAWACH - ISBA](#)

- **SIDBI CSAS** - SIDBI recognises the operational and financial challenges being faced by start-ups, and endeavors to provide financial assistance and stability via its Covid-19 Startup Assistance Scheme ('CSAS'). This scheme will aid innovative startups that have

demonstrated the ability to adapt to the economic impact of Covid-19. Link: https://sidbi.in/files/announcements/SIDBI_CSAS-Scheme_Details.pdf

To apply: [Covid-19 Startup Assistance Scheme - SIDBI Fund of Funds \(sidbivcf.in\)](https://sidbivcf.in)

Grant Opportunities

- **Action COVID-19 Team (ACT)** – ACT has set-up a Rs. 100 Crore grant corroborated by India’s start-up community, to give wings to ideas that could combat COVID-19 with immediate effect. ACT is seeking capital-efficient, scalable solutions from NGOs and innovative startups, which need an initial seed grant to fight the spread of the pandemic. Link: <https://actgrants.in/>

Subsidy

- **Pradhan Mantri Garib Kalyan Anna Yojana:** Over 80 Crore beneficiaries under the National Food Security Act (NFSA), are provided an additional ration of 5 kgs of wheat or rice per person and 1 kg of pulses per household every month, free of cost. This is over and above their regular entitlement under the Public Distribution System (PDS), which includes 35 kgs of food grains per month to households eligible under Antyodaya Anna Yojana (AAY), and 5 kgs of food grains per person per month to Priority Household (PHH) beneficiaries, at a subsidised cost of Rs. 2 per kg of wheat and Rs. 3 per kg of rice. During the last three months, several states provided the entire quota of ration free of cost to the NFSA beneficiaries, along with the additional free ration under PMGKAY.

To apply: [Pradhan Mantri Garib Kalyan Package \(PMGKP\) | National Portal of India](#)

- **Cash transfers:** The Government of India announced the largest cash transfer scheme in the history of the country, whereby Rs. 30,000 Crore would be transferred into Womens’ Jan Dhan accounts as well as over Rs. 5,000 Crore into linked LPG connections to help in sustaining nutrition and financial security during the pandemic.

To apply: [Pradhan Mantri Jan-Dhan Yojana | Department of Financial Services | Ministry of Finance \(pmjdy.gov.in\)](#)

Equity

- **Omidyar Network India Rapid Response Funding** – Omidyar Network India has announced a call for proposals of rapid response funding, to tackle the challenges posed by Covid-19 and its consequential socio-economic impact. They are committing Rs. 7.5 Crore (\$1 million) to this initiative. Link: <https://www.omidyarnetwork.in/blog/omidyar-network-india-announces-rapid-response-funding-for-covid-19-commits-rs-7-5-Crore-us-1-million-towards-solutions-focussed-on-next-half-billion>

To apply: [Rapid Response Funding Initiative to address the Covid-19 crisis: Omidyar Network India commits Rs 10.75 crore \(US \\$1.4 million\) towards initiatives focussed on ‘next half billion’ | Omidyar Network India](#)

- **Bexley Advisors Covid-19 Action Fund (BACoAF)** – The Bexley Advisors Covid-19 Action Fund is designed as a bridge to capital for innovators on the frontlines of the pandemic, who are co-creating solutions for the biggest challenge we have faced as a

nation. The Fund collects entries on a rolling basis and shares them with participating VCs and investors every week.

To apply: [BACoAF: COVID Action Fund](#) | [Bexley Advisors](#)

According to the World Bank, the adverse economic impact of the pandemic is expected to have pushed 88 million more people into extreme poverty in 2020. The UN Women report put the number at approximately 96 million people, out of which 47 million are women and girls. The pre-pandemic female poverty rate in South Asia was projected at 10% in 2021, but is now expected to reach 13% and by 2030, it is estimated that 18.6% of the world's poor women and girls will be living in South Asia, up by 2.8 percentage points from pre-pandemic projections. In 2022, there will be 118 women in poverty for every 100 men globally, rising to a possible 121:100 by 2030, according to UN Women.

