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Research Article

Impact of COVID-19 on Household income and Consumptions in Jos Metropolis, Nigeria

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Abstract

The impact of the COVID-19 virus pandemic on human health and the world economy cannot be over-emphasized. Globally, about 227,947,138 people were infected with the virus, 204,639,320 recovered and 4,686,470 death recorded. In Nigeria, there are about 199,538 Coronavirus confirm Cases, 188,427 recovered, 2,619 deaths recorded, and a strong recession expressed in a drop of -16% in its economic growth rate for 2020. This study examined the impact of COVID-19 on household income and consumption in Jos Metropolis, Nigeria. This study employed a survey research design. 258 households were randomly selected and participated in this study. A questionnaire design was administered to each household that participated in the studies as an instrument for data collection. The study used Multiple Regression analysis was used to analyze the data collected with the aids of SPSS version 23. The result indicated that COVID-19 has a negative and statistically significant impact on Household income and Consumptions in Jos Metropolis, Nigeria. The study recommended that palliative should be provided to various households to cushion the negative impact on income and consumption of households and it should be properly monitored to avert diversion. The COVID-19 preventive measures need to be seriously enforced to prevent the diseases from the further spread and to prevent another total lock down in the economy.

Keywords: COVID-19, Household income, Household Consumptions, Multiple Regression analysis.



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1.1 Introduction

Over the years, man has been affected by severe epidemics and pandemics of infectious diseases. These epidemics have exacted a terrible toll, and some have changed the course of history. The successive waves of the plague, the Black Death, killed 50% or more of European populations during the Middle Ages, and smallpox and other imported infectious diseases allowed the rapid European conquest of the Americas by virtually wiping out many native populations. Not all epidemics are restricted to specific geographical regions; those that spread worldwide are designated pandemics. And pandemics are not restricted to humans. Plant and animal virus pandemics have the potential to disrupt agriculture and the food supply in the world. Two notable, widespread viral pandemics of the last century, the 1918 influenza and acquired immune deficiency syndrome (AIDS), had devastating consequences. Coming at the end of World War I, with millions of displaced persons, the absence of antibiotics to cure secondary bacterial infections, and insufficient healthcare resources, the 1918 influenza pandemic killed tens of millions of people. 76 million people have been infected with HIV and about 33 million people have died of HIV/AIDS. Globally, 38.0 million people were living with HIV at the end of 2019. AIDS, caused by the human immunodeficiency virus, was similarly lethal before being brought under relative control by highly effective antiretroviral drugs (WHO, 2020).

Coronaviruses are a group of viruses belonging to the family of Coronaviridae, which infect both animals and humans. Human coronaviruses can cause mild diseases similar to a common cold, while others cause more severe diseases (such as MERS - Middle East Respiratory Syndrome and SARS – Severe Acute Respiratory Syndrome). A new coronavirus that previously has not been identified in humans emerged in Wuhan, China in December 2019. WHO on December 31, 2019. On January 30, 2020, the WHO declared the COVID-19 outbreak a global health emergency. On March 11, 2020, the WHO declared COVID-19 a global pandemic. In this writing, there are more than 226 million confirmed cases of COVID-19 globally and nearly 5 million deaths. However, more than 202 million recovered from the disease (Gwaison, Apeh & Gwaison, 2021)

In Nigeria, we have over 199,538 confirmed cases, 2,619 deaths, and over 188,427 recovered from the disease (as of September 14, 2021) with the numbers increasing every day. As the disease spreads, isolation centers, quarantine centers, PPE, hospital equipment, and hospitalisation needs grow so rapidly that they overwhelm our nation's healthcare system. This would be catastrophic because while COVID-19 may be getting all the news coverage, Nigeria is plagued by other diseases like Cholera, hepatitis, malaria, AIDS, Lassa Fever and so on which also require sufficient resources to treat. Plateau State is the 5th worst-hit state out of 36 states and federal capital territory in Nigeria. The state had 9,274 confirmed cases, 65 cases currently on admission in health facilities, 9,146 were discharged and 63 death was recorded as of 16th September 2021(Gwaison, Apeh & Gwaison, 2021)

The impacts of the Corona Virus Disease 2019 (COVID-19) pandemic on socio-economic variables are shaping up into catastrophic unless something drastic is put in place to control the widespread of the pandemic in the world. For instance, according to a recent World Bank report, COVID-19 impact has pushed more than 70 million

additional people into extreme poverty by the end of June 2020 from the initial pre-COVID-19 figure of 595 million individuals globally (Mahler, Lakner, Aguila & Wu, 2020). The report viewed the number of people pushed into extreme poverty under two (2) different scenarios, namely the baseline



projection and the downside projection. The projection under the baseline presumes that the pandemic will be stationary or remains at an expected level. In contrast, activities are expected to pick up before the end of the year. Subsequently, using the International Poverty Line (IPL) of US\$1.90 daily, the projection estimated more than 70 million individuals to be destitute (Mahler et al., 2020).

On the other hand, the downside projection assumed the pandemic to persevere for a more extended period than expected thereby forcing the maintenance or lockdown conditions to continue or to resurface again, which will subsequently result in exposed businesses to quit and a sharp decline in vulnerable household's consumption (Mahler et al., 2020). At the same time, financial stress would immediately set in among the low-income and middle-income nations of the world (Mahler et al., 2020). While an estimated 71 million people are expected to be pushed into extreme poverty under the baseline projection, that of downside projection estimated about 100 million people. This, therefore, translate into global economic growth contraction of 5 percent under baseline projection and 8 percent under the downside projection (Mahler et al., 2020).

Lakner, Mahler, Negre, and Prydz (2020) stresses that uncertainty is eminent in 2021 and beyond, even with the expected increase in global economic productivity estimated at 4 percent due to the COVID-19 pandemic. Poverty estimates show that there would be no changes between the number of people in extreme poverty in 2020 and 2021 majorly due to the growth rates in countries that warehouse more than one-third of the world's poorest like Nigeria, India and the Democratic Republic of Congo (Lakner et al., 2020). The predicted per capita Gross Domestic Product (GDP) in the three countries are estimated at -0.8 percent, 2.1 percent, and 0.3 percent, while the rate of population growth is 2.6 percent, 1 percent, and 3.1 percent respectively (Mahler et al., 2020; Lakner et al., 2020). Subsequently, COVID-19 pandemic has cast doubt, whether the world would achieve one of the Sustainable Development Goals (SDGs) which is eradicating or reducing the level of extreme poverty by 3 percent in the world by the year 2030 (Lakner et al., 2020; Sumner, Hoy & Ortiz-Juarez, 2020)

According to the International Monetary Fund (IMF) oil, which is the main export commodity of the country has fallen sharply due to low demand globally due to COVID-19 pandemic. While conflict among the member of the Organization of the Petroleum Exporting Countries (OPEC) especially, Russia and Saudi Arabia are further compounding the problem (IMF, 2020). Conflict alone resulted in one of the recent falls in the price of Brent crude oil witnessed in over 30 years by about 24 percent from US\$34/barrel to US\$25.7/barrel. Nigerian oil export is expected to decline by more than US\$26 billion, which will subsequently affect the fiscal and external position of the country (IMF, 2020). The country's economy is estimated to contract by 3.4 percent in 2020, an indication of about a six percentage points drop amid pre-COVID-19 projection, thereby creating a wide margin in the fiscal and external financing in the country (IMF, 2020).

Nigeria's economy is expected to plunge into a severe recession never seen in the last four decades in 2020 (World Bank, 2020). In the best-case scenario using baseline, the country's economy is predicted to contract by 3.2 percent in 2020 under the assumption of an average oil revenue price of US\$30 per barrel annually. In the same vein, the spread of COVID-19 will reduce drastically by the end of the second quarter of 2020 and subsequently continue in the 3rd quarter as well. This will result in a 5-percentage points reduction in the pre-COVID-19 growth projection prediction by 2.1 percent. By implication, the predicted recession will be costlier than the 2015-2016 recession by almost twice and the deepest since the 1980s (World Bank, 2020). In the same vein, NBS (2020) estimated the



country's recession to be -4.4 percent averagely in 2020. However, it should be noted that the growth of the economy is highly uncertain and depend on the economy and the oil price recover which is currently caused by a conflict between Russia and Saudi Arabia and the impact of COVID-19 lockdown. Country's failure to control the spread of the pandemic domestically will inflict a significant problem on the already drained healthcare system in the country, which will subsequently result in a spike in disease and death rate, specifically among the low-income households and vulnerable in the community (World Bank, 2020; Singh & Chauhan, 2020).

The impact of COVID-19 in terms of the human cost in Nigeria will elevate much higher than loss of life, especially, as the economy contract, while the per capita income as well drop. The pandemic is expected to push extra five (5) million people to leave under poverty as against the pre-COVID-19 projection. For instance, about 83 million people were living below the poverty line nationally, which translate into four (4)

people out of every ten people in the country, with millions living just above the poverty line, leaving them vulnerable to falling into the poverty trap, once a shock happens like COVID-19 pandemic. Over 75 percent of the country's poor are residing in the Northern part of the country. At the same time, a large chunk depends solely on agriculture for their daily bread as compared to the population living in the Central and Southern parts of the country where there is a high concentration of jobs (World Bank, 2020). According to Andam et al. (2020) Nigeria suffered a loss of US\$ 16 billion due to COVID-19 lockdown, with chunk amount coming from services sector.

Agriculture is the predominant activity and a source of employment among the populace in the country especially people residents in a rural location (Andam et al., 2020). The agricultural activities have been seriously affected by the impact of COVID-19 as a result of various measures to mitigate the spread of the pandemic. Globally agricultural resilient was tested by COVID-19, which saw a drop of about 20 percent in the prices of agricultural commodities. According to Andam et al. (2020) Nigeria has suffered a loss in output production during lockdown estimated to be around 13.1 percent, which translate into US\$1.2 billion loss. Other sectors of the economy severely affected by the impacts of COVID-19 include manufacturing industry, education, financial, healthcare and pharmaceutical, hospitality, tourism and aviation, information technology, media, research and development, real estate and housing (Nicola et al., 2020). COVID-19 impact can also be traced socially; for instance, there was an increase in domestic violence during the lockdown period and an increase in the poverty rate among the households in Nigeria.

The impacts of COVID-19 on households' consumption in Nigeria will be dire, together with an immediate health crisis, the tendency of reducing the household's income generation is exceptionally high. Leaving households unable to meet up with essential consumption requirements, thereby affecting the household's food security status (Mukhtar, 2020a; Mukhtar, Mukhtar, Kamaruddin, and Applanaidu, 2018a; Mukhtar et al., 2018b). Subsequently, this means one in every two households are expected to reduce food consumption, to cope up with the COVID-19 pandemic. COVID-19 pandemic will bite harder on the household located in urban, than those in rural due to high dependency of income from services. This call for government programs and assistance to help the poor households in the country (World Bank 2020).



The world is presently facing enormous challenges due to COVID-19 and getting to know about the COVID-19 and its devastating impacts, especially on socio-economic activities of various households in the world. The pandemic has been linked to the imminent recession never seen before in the last 20 years in Nigeria in general and specifically Kano, which has witnessed poverty on a proportionate scale, a high rate of unemployment, specifically among the youth, and high prices in stable food. Consequently, the pandemic trends of affecting every variable associated with socio-economic activities of households in the study area. The scale of the devastation when combining with the COVID-19 pandemic is better imaged.

2.1 Empirical Review of Literatures

Several studies were conducted on the impact of COVID-19 on household income and consumption, which were presented below.

COVID-19 pandemic is expected to have an overwhelmingly negative impact on socio-economics variables directly relating to households. According to Collivignarelli et al. (2020), the impacts of the COVID-19 pandemic on households are dynamic and vary from one household to another. Messner (2020) on the other hand, noted that the pandemic's impact is more significant among the low-income households and has a profound negative impact among the poor communities, especially where the population is highly dense, which can affect the social distance measure. Since the COVID-19 is now a pandemic affecting the world, scholars are investing time and resources to discover the impacts the pandemic has in their society and a measure of reducing impacts to the minimum level.

Mukhtar (2020) assesses the impacts of the COVID-19 pandemic on households' socio-economic activities in Kano, Nigeria. A location that is already facing severe challenges in terms of high poverty rate, unemployment, and other social and economic difficulties. The study used a primary source of data, collected among a sample of 426 respondents that constitute household heads drawn from the three (3) regions in Kano using the stratification method involving four stages. Descriptive analysis was used to analyze the data collected from the respondents. Findings reveal that the COVID-19 pandemic has significant negative impacts on the socio-economic activities of the households in Kano. Furthermore, the finding indicates that a large number of household respondents have divergent views of whether COVID-19 is real or otherwise, despite a broader awareness concerning the virus and preventive measures about the virus. The findings furthermore reveal serious negligence among the households on social distancing, facemask application and physical and social isolation. COVID-19 pandemic has exposed government effort in the healthcare system in the study area. Besides government measures related to socio-economic to assist the poorest in society that suffered from the loss of income during the imposed lockdown through palliative has been marred with a lot of irregularities.

Martin, Markhvida, Hallegatte, and Walsh (2020), investigated the socio-economic impacts of COVID-19 on household consumption patterns and poverty. Using San Francisco Bay Area, and microeconomic model to evaluate the impact of social distancing on household socio-economic variables like income, savings, consumption, and poverty. Finding reveals that the moment an individual witnessed a drop in income, then savings are then used to sustain consumption. At the same time, recover necessitates households to save to replace the already depleted savings to the initial level pre-COVID-19.



Buheji et al. (2020) examine the degree to which the COVID-19 pandemic influences socio-economic impact on world poverty, using integrative Literature Review (LR). The study identified how difficult and challenging it is to observe social isolation or lockdown measures put in place to control the spread of the COVID-19 pandemic. The study, therefore, suggested an immediate plan to reduce the COVID-19 pandemic impact on the livelihood and socio-economic activities among low-income families.

Awofeso and Irabor (2020) examine the assessment of the Nigerian government response toward the COVID-19 pandemic impact on socio-economic conditions of the citizen, using secondary data. Findings from the study reveal a correlation between the pandemic and low socio-economic livelihood in the country. Government palliatives to reduce the negative impact of the COVID-19 pandemic are grossly considered highly futile due to poor coordination, high human rights infringements as well as insufficient fiscal policy.

3.1 Methodology

This study employed a survey research design. This research technique was used due to its suitability in the study since the study is in nature. 258 households were randomly selected and participated in this study. The questionnaire was designed and administered to 258 participants which were randomly selected using simple random sampling techniques in the study area. The questionnaire was validated by experts in economic research. The Cronbach Alpha method was used to determine the reliability of the questionnaire. 0.912 Reliability coefficient realized indicates that the questionnaire design was reliable. The study used descriptive statistics such as percentages were used to describe the socio-demographic information of respondents while the multiple regression analysis was used to test the three hypotheses with the aids of SPSS version 23 software.

3.1.1 The Study Area

The study area is Jos metropolis, Nigeria. It is in the northern zone of Plateau State. It lies within latitudes 9°45'00"N to 09°57'00"N and longitudes 8°48'00"E to 8°58'00"E. Jos is the administrative capital of Plateau State. The study covered parts of Jos North and Jos South Local Government Areas (LGAs). Jos North and South have a population of 429,300 and 306,716 respectively based on the 2006 National Census. Jos metropolis covers an area of 249.7km². At an altitude of 1,217m (3,993ft) above sea level, Jos enjoys a more temperate climate than much of the rest of Nigeria. The climate is the wet and dry type classified as tropical rainy climate and characterized by a mean annual rainfall of 1,250mm, peaking between July and August. The mean annual temperature is about 22°C but mean monthly values vary between 19°C in the coolest month of December and 25°C in the hottest month, April. The city of Jos is the largest settlement in Plateau State. It owes its origin to the introduction of tin mining on the Jos Plateau and railway lines linking it with Port Harcourt and Lagos, thus bringing the area into the orbit of the world economy. The tin mining led to the influx of migrants, mostly Hausas, Igbos, Yoruba's and Europeans who constitute over half of the population of the town, making it a highly cosmopolitan. It shares boundaries to the West with Kaduna State, to the North with Bauchi State, to the Southern part with Barkin- Ladi Local government Plateau State, and to the East with Riyom Local government Plateau State. Jos metropolis is a multi-cultural and multi-ethnic area and the main ethnic groups include Berom, Anaguta, and Afizere. The area has a rich cultural heritage in its diverse religious practices i.e. Christianity, Islam, African traditional religion, cultural festivals, and culinary among others. Hausa is a major language spoken by the majority of the people due to the influence of the Hausa people.



Farming is the major occupation in the area and agricultural production is mostly at the subsistence level. Non-farming activities of the people in the State include mining and civil service with the majority of the government worker engaging in part-time farming.

4.1 Result Presentation

4.1.1 Analysis of Responses

258 (Two Hundred fifty-eight) respondents were used for the study. This involved selected respondents from Jos metropolis, Plateau State Nigeria who could read and write. The questionnaires distributed are summarized in Table 1 below

TABLE 1: Analysis of Responses from the Questionnaire

Items	No. of Respondents	Percentage (%)
Questionnaire distributed	258	100
Questionnaire retrieved	254	98.45
Un-retrieved Questionnaire	4	1.55
The questionnaire used in the analysis	250	96.90
Unable questionnaires	4	1.55

Source: Field Work, 2021

In all, 258 questionnaires were administered to the respondents of Jos metropolis, Plateau State Nigeria. From the total questionnaires distributed, 254 (98.45%) were retrieved while 4 (1.55%) were not retrieved because every effort to collect them from the respondents failed. 4 (1.55%) of the retrieved questionnaires were unable because they were not scored properly by the respondents. Therefore, 250 (96.90%) of the total questionnaire were used in the analysis of this study.

Table 2 revealed that 67.2% of the respondents were male, while 32.8% were female. This implies that the majority of the respondents were male who is the breadwinners of the family. The findings revealed that 10.0% were aged 20-30 years, 11.2% were 31-40 years, 34.8% were 41-50 years, 29.6% were 51-60 years and 14.4% were 61 years and above. This means the majority of the respondents were between 41-50 years, they are at the peak of their productive age. More so, 27.6% of the respondents are single, 59.6% are married and 12.8% are divorce. This means the majority of the respondents were married and are exposed to the reality of the economy.



4.1.2 Descriptive Analysis

Table 2: Socio-Demographic Variables of the Respondents

Statement of Items	Frequency	Percentage (%)
Gender:		
Male	168	67.2
Female	82	32.8
Total	250	100.0
Educational Qualification		
SSCE	45	18.0
ND/NCE	72	28.8
HND/B.Sc	81	32.4
Postgraduate	34	13.6
Others	18	7.2
Total	250	100.0
Marital Status		
Single	69	27.6
Married	149	59.6
Divorce	32	12.8
Total	250	100.0
Age Range of Respondents		
20-30 Years	25	10.0
31-40 years	28	11.2
41-50 Years	87	34.8
51-60 Years	74	29.6
61 Years and above	36	14.4
Total	250	100.0
Occupation		
Farmers	91	36.4
Businessmen/women	66	26.4
Artisans	32	12.8
Civil Servants	59	23.6
Applicants	2	.8
Total	250	100.0

Source: Field Work, 2021

The findings further revealed that 18.0% of the respondents had SSCE, 28.8% had ND/NCE, 32.4% had HND/B.Sc, 13.6% had post-graduate degrees and 7.2% had others qualifications like adult education, trade test results, and Islamic education. The majority of the respondent had ND/ NCE and HND/B.Sc. This implies that most of the respondents have a tertiary level of education which will help them to respond appropriately to the questionnaire. Lastly, the results revealed that 23.6% were employed as civil servants, 26.4% were businessmen/women, 12.8% were Artisans, 36.4% were farmers and 0.8 % were unemployed applicants. The implication of this is that most of the respondents were self-employed (farmers and businessmen), while very few were employed with the government (civil servants).



4.1.3 Test of Hypothesis

Regression was used to determine the impact of COVID-19 on household income and consumption in Jos Metropolis, Nigeria.

Hypothesis 1: COVID-19 pandemic has no significant impact on household income in Jos Metropolis, Nigeria.

Table 2: Multiple Regression analysis between COVID-19, household income, consumption, and poverty

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.347	.028		47.979	.000
Household income	-.170	.057	-.464	-2.986	.003
Household consumption	-.262	.050	-.699	-5.203	.000
Poverty	.118	.026	.293	4.460	.000

Source: Authors computation 2021(SPSS version 23)

The regression model explains that the COVID-19 pandemic has a negative relationship with household income. An increase in the COVID-19 pandemic by a unit would lead to a proportionate decrease of -0.170 units in household income and vice versa.

The correlation coefficient of -46.4% indicates an average negative relationship between the COVID-19 pandemic and household income. The P-value was 0.003 which was less than 0.05 means that the P-value is statistically significant at the 5% level. Since t-cal (-2.986) is outside our acceptance region (+/- 1.96), we, therefore, reject the null hypothesis and uphold the alternative hypothesis. That is, there is a significant impact of the COVID-19 pandemic on household income.

Hypothesis 2: COVID-19 pandemic has no significant impact on household consumption in Jos Metropolis, Nigeria.

The regression result in table 3 indicated that the COVID-19 pandemic has a negative relationship with household consumption. An increase in one unit of the COVID-19 pandemic would lead to a proportionate decrease of -0.262 units in household consumption and vice versa. The correlation coefficient of -69.9% indicates a strong negative relationship between the COVID-19 pandemic and household. The P-value was 0.000 which was less than 0.05 means that the P-value is statistically significant at the 5% level. Since t-cal (-5.203) is outside our acceptance region (+/- 1.96), therefore we reject the null hypothesis and uphold the alternative hypothesis. That is, there is a significant impact of the COVID-19 pandemic on household consumption.

Hypothesis 3: COVID-19 pandemic has no significant impact on poverty in Jos Metropolis, Nigeria.



The regression result in table 3 shows that the COVID-19 pandemic has a positive relationship with poverty. An increase in one unit of COVID-19 pandemic would lead to a proportionate increase of 0.118 units of poverty and vice versa. The correlation coefficient of 29.3% indicates a weak positive relationship between the COVID-19 pandemic and poverty. The P-value of 0.000, means that the P-value is statistically significant at a 5% level. Since t_{cal} (4.460) is outside our acceptance region (± 1.96), Therefore we reject the null hypothesis and uphold the alternative hypothesis. That is, there is a significant impact of the COVID-19 pandemic on poverty.

5.1 Discussion of findings

The parameter estimate showed that the COVID-19 pandemic relates negatively with household income and was found statistically significant. This is true since the lockdown in 2020 many businesses were seriously affected, individuals lost their jobs and some firms were permanently closed. This will affect the income of the household negatively. Another serious issue is the high rate of inflation that reduces the purchasing power of the consumer. The obtained result is similar to the works of Messner (2020) which all concluded that the pandemic's impact is more significant among the low-income households and has a profound negative impact among the poor communities, especially where the population is highly dense, which can affect the social distance measure.

The parameter estimate of the COVID-19 pandemic showed that it relates negatively to household consumption and was found statistically significant. This is true because a reduction in household income entails fall household consumption. The obtained result is similar to the works of Martin, Markhvida, Hallegatte, and Walsh (2020), which all concluded that the moment an individual witnessed a drop in income, then savings are then used to sustain consumption. At the same time, recover necessitates households to save to replace the already depleted savings to the initial level pre-COVID-19.

However, a positive and significant relationship was found to exist between the COVID-19 pandemic and poverty in Nigeria. The higher the COVID-19 pandemic, the higher the poverty level in the household. This is true since a fall in household income leads to an increase in poverty. The finding is in agreement with Buheji et al. (2020) which all concluded that it is difficult and challenging it is to observe social isolation or lockdown measures put in place to control the spread of the COVID-19 pandemic. Since COVID-19 pandemic impact on the livelihood and socio-economic activities among the low-income families.

6.1 Conclusion and Recommendations

Plateau state seem to have flattened its COVID-19 curve going by the recent case recorded by the State, with an average of one (4) of COVID-19 case for August 2021, which the State recording less 10 cases in the whole month (NCDC, 2021). However, the State government's efforts in terms of fighting the pandemic have left much to be desired in the first wave. The State government should therefore make adequate provisions for the third wave of the pandemic, more especially as there is some approved vaccine going on for the virus presently. The study concludes that the COVID-19 pandemic had a negative and significant impact on household income and consumption in Jos metropolis, Nigeria.



Based on the findings of this study, the following recommendations were made

The COVID-19 preventive measures need to be seriously enforced to prevent the diseases from the further spread and to prevent another total lock down in the economy.

The palliative that government promise should be provided to various households to cushion the negative impact on income and consumption of households and it should be properly monitored to avert diversion.

Fighting COVID-19 pandemic is all about sacrifice in its totality and there is the need for the public to embrace the new normal of "COVID Safety First". Therefore, both government and the citizen in the State must sacrifice and follow the preventive measures religiously

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Research Article

An Analysis of Growth Of MSME's in Uttarakhand

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Abstract

MSMEs continue to be the backbone of the economy for countries like India where the problem of unemployment is steadily escalating and the agriculture land holdings continue to shrink. The State of Uttarakhand in India is looking at sustainable and inclusive industrial growth as it faces an acute problem of migration from the hilly terrain to the plains due to lack of employment and business opportunities. The purpose of this paper is to comprehensively analyse the growth and performance of MSMEs and to explore the reasons responsible for hindering their growth. A descriptive study was conducted with the help of secondary data and is based on extensive review which significantly contributes in directing the stakeholders to take appropriate measures for speedy development of the region



Keywords: MSME, unemployment, business opportunities, migration

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1.1 Introduction

In this tough global business environment micro Enterprises have survived and even flourished therefore ,in recent time the micro Enterprises sector is emerging as an option of supporting business environment of any developed and developing economy (Munoz 2010). In the present time all developed and developing countries are facing unemployment, unequal distribution of wealth, income and economic fluctuations, etc. therefore , micro enterprises has emerged as an economic growth engine in all the nations of the world. . Development of micro Enterprises can help to create immediate employment opportunities at lower investment level therefore micro Enterprises have emerged as a real bone for the poor (Jerinabi 2009). Micro enterprises are also called small businesses. In the present time world's all developed and developing Nations are adopting the various programs of micro enterprises development for creation of self - employment opportunities and economic development. During this economic environment, in the mid 1970 Dr. Yunus introduced Holistic development strategy by linkage micro enterprises to micro finance concept in Bangladesh. After the success of the development strategy in Bangladesh, world -wide it was considered micro enterprises are the best way to generate employment opportunities and overall economic growth. Since 1980, various development agencies and developing and developed nation had been started various micro enterprise development programs and after 1990 microenterprise have been become the synonyms of economic development in all the countries of the world. The World Bank has been actively engaged micro enterprise development since 1990 e as it approved roughly 49 project between 1989 and 1993 that aims to improve the living standards of low-income people and just under half of these incorporated micro enterprise development programme (Websler et al 1996).

MSMEs are said to be highly innovative , having high growth potential and a a major contribution to economy as a whole but the growth and performance of MSMEs could not be assessed accurately due to the sector comprising of more unorganised an unregistered sector rather than registered. Micro, small and medium enterprises are also facing various challenges that are uncommon to the large scale companies and multinational companies like lack of finance, marketing , skilled labour, technology , infrastructure and so on. In an endeavour to promote , develop and enhance competitiveness of the sector, Government of India enacted a single comprehensive legislation the MSME Act 2006 and also the NDA government has committed to boost micro ,small and medium enterprises by invoking slogan like “make in India’.

1.2 Objectives

- 1) To analyse the growth and development of MSME’s in Uttarakhand.
- 2) To examine problems faced by MSME’s in respect of availability of raw materials, finance, skill-promotion and capacity-building, labour and marketing strategies.
- 3) To study policies of Uttarakhand and investigate various bottlenecks emerging out in the policy and suggest appropriate guidelines for strengthening the MSME’s in Uttarakhand.

2.1 Review of Literature

Lalroluahpuia (2016)- The paper “Study on the Performance of Msmes in Lunglei District, Mizoram”, tried to find out the role and performance of micro, small and medium scale Enterprises in Lunglei district, Mizoram It was observed in the study that the small scale and medium scale industries in India can make a



significant contribution to achieve social and economic objectives such as labour absorption, eradication of poverty, reducing regional imbalances, ensuring equitable distribution of national income, rural development and growth of various development activities Singh et al, (2016)-The paper “Entrepreneurial Commitment, Organizational Sustainability and Business Performance of Manufacturing Msmes: Evidence from India”, was an attempt to understand the motivation of micro, small and medium enterprises towards organisational sustainability in such a competitive environment. Conceptual Framework was developed to test the link among entrepreneurial commitment, organisational sustainability and business performance. Structural equation modelling and other standard statistical analysis have been used to analyse the data collected through questionnaire survey from 262 manufacturing micro, small and medium enterprises in India. The study findings highlighted that organisation sustainability emerged as a driving source of motivation to improve the business performance among manufacturing micro small and medium enterprises in India.

In addition, there is significant mediation effect of organisational sustainability on entrepreneurial commitment and business performance. Muriithi (2017)- The paper “African Small and Medium Enterprises (SMEs) Contributions, Challenges and Solutions”, was based on empirical evidence and current research on small and medium scale Enterprises worldwide with the major focus on African small and medium scale enterprise and how to improve their operations and profitability It was observed that the African government have to put more efforts t and come up with practical rather than theoretical solution because of small and medium scale Enterprises alarming rate of failures and solutions Upadhyay and Kushwaha (2017)- The paper “Growth of MSMEs in India: Its' Performance and Future Prospects”, highlighted the performance of Indian micro, small and medium enterprises and also forecasts the future trend. The research design was analytical research design. The data required for the present study had been collected from secondary sources It was observed that micro, small and medium enterprises not only help in industrialization of rural and backward areas but also they play a crucial role in providing large-scale employment opportunities at reasonably lower capital cost than large scale industries.

Thereby ensuring more impartial distribution of national income, resources, wealth and thus reducing the regional imbalances. Economically this sector has strengthened the regions of the country and helps in achieving the self-reliance in every aspect of life. It also eliminate the imbalances between rich and poor. Molefe, et al (2018)- The paper “A Comparative Analysis of the Socio-Economic Challenges Faced by SMMEs: The Case of the Emfuleni and Midvaal Local Municipal Areas”, tried to identify and compare the main socio-economic challenges faced by SMEs in two local areas within the Vaal Triangle region. The study used quantitative research approach and a cross-sectional research design through means of the survey method. A total of 198 SME owners that resided in both the Emfuleni (ELM) (n=100) and Midvaal (MLM) (n=98) local municipal areas were surveyed. Data analysis involved the use of descriptive statistics, cross-tabulations and chi-square tests. The study revealed that managerial and economic challenges were the biggest challenges faced by SMEs which include: lack of skilled labour, insufficient business training and local economic conditions.

The findings of the study provide valuable insight towards fostering an enabling environment for SME development on local levels. Virk and Negi (2019)- The paper “ An Overview of MSME Sector in India with Special Reference to the State of Uttarakhand”, performance of micro, small and medium sector of India was highlighted by last annual report by government of India that is annual report of 2017 to 18 The study of observed that MSMEs have the potential to act as a catalyst of growth and does social crisis So



observed that the Uttarakhand State should drive for MSME penetration across all the 13 districts to ensure an overall development of the state. Also, the Uttarakhand government needs to provide adequate support to the MSME to develop to its full potential in the state. Batola et al (2020)- The paper “Growth and Performance of Small and Medium Scale Enterprises in Women Entrepreneurship Development (A Case of Uttarakhand)”, studied the impact of type of industry, age of entrepreneur and form of Organisation on women entrepreneurial development in Uttarakhand. The study basically included the small and medium scale women entrepreneurs of Uttarakhand from Dehradun, Haridwar, Nainital, Udham Singh Nagar and Haldwani and the sample size for the study comprises of 300 women entrepreneurs chosen according to stratified random sampling. Cross-sectional bivariate analysis was performed to determine the impact of various factors on the growth and performance of women entrepreneurship development. It was observed from the study that women are unaware of latest technological developments and market trends.

3.1 Research Methodology

The study area selected to accomplish the objectives of the paper is Uttarakhand State.

Sample and Data Type

- In this study we have used secondary data due to time limitation from different sources.
- Descriptive in nature
- Both qualitative and Quantitative

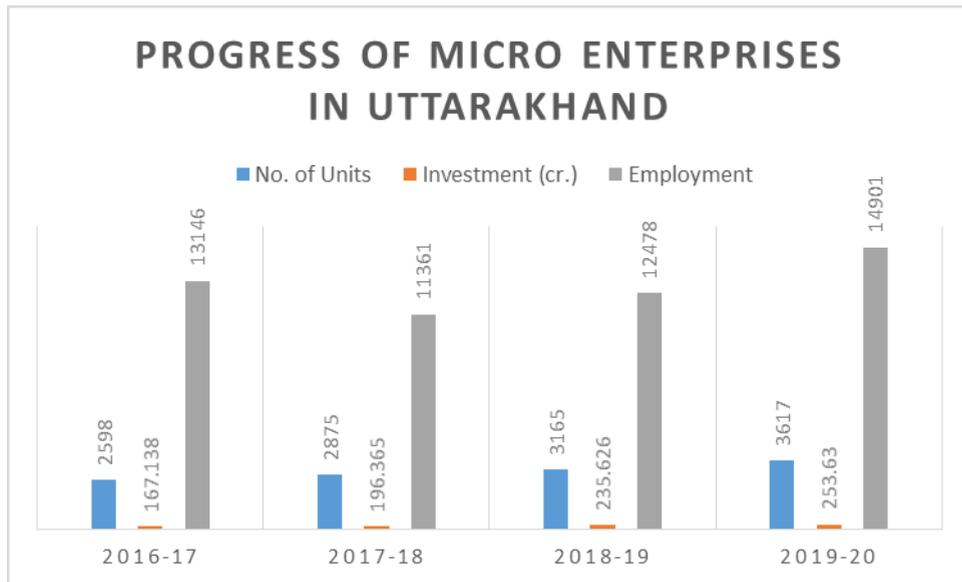
Sources of Data

- Industries Department Uttarakhand
- National sample survey organization
- PHD Chamber of commerce and industry
- Confederation of Indian Industry
- KVIC reports
- Directorate of Industries



4.1 Findings

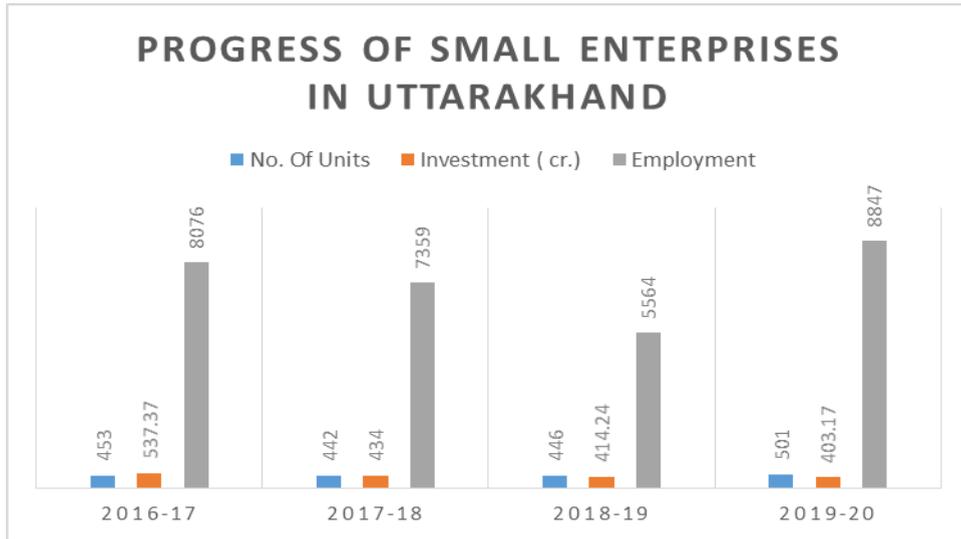
Figure 1. Progress of Micro Enterprises in Uttarakhand



Source- Directorate of Industries, Dehradun, Uttarakhand

In Uttarakhand there exists maximum number of registered micro enterprises. The figure shows an increasing trend of micro enterprises over the years with investment and employment.

Figure 2. Progress of Small Enterprises in Uttarakhand

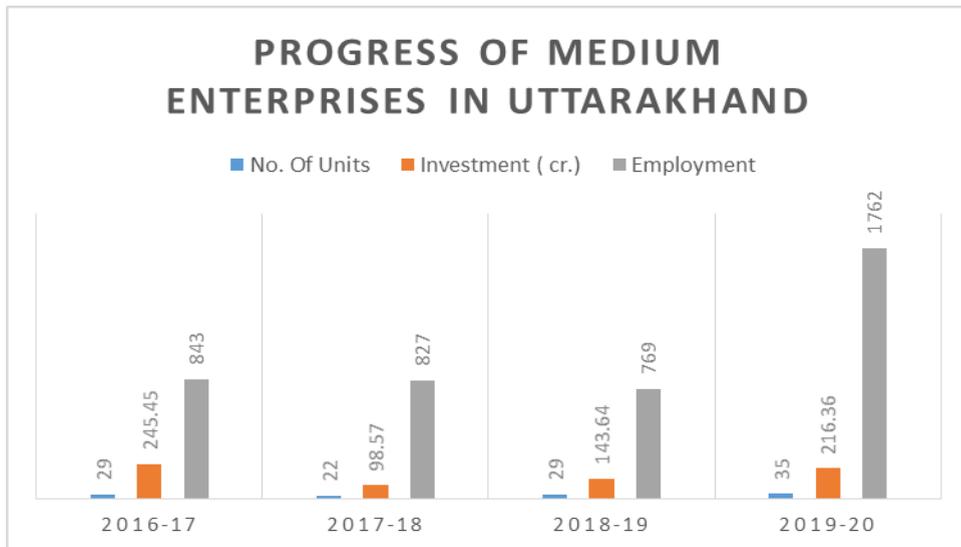


Source- Directorate of Industries, Dehradun, Uttarakhand

As compared to registered micro enterprises, small enterprises are less in number in Uttarakhand. The figure shows an increasing trend in employment status of small enterprises in Uttarakhand.

As compared to registered micro enterprises, small enterprises are less in number in Uttarakhand. The figure shows an increasing trend in employment status of small enterprises in Uttarakhand.

Figure 3. Progress of Medium Enterprises in Uttarakhand

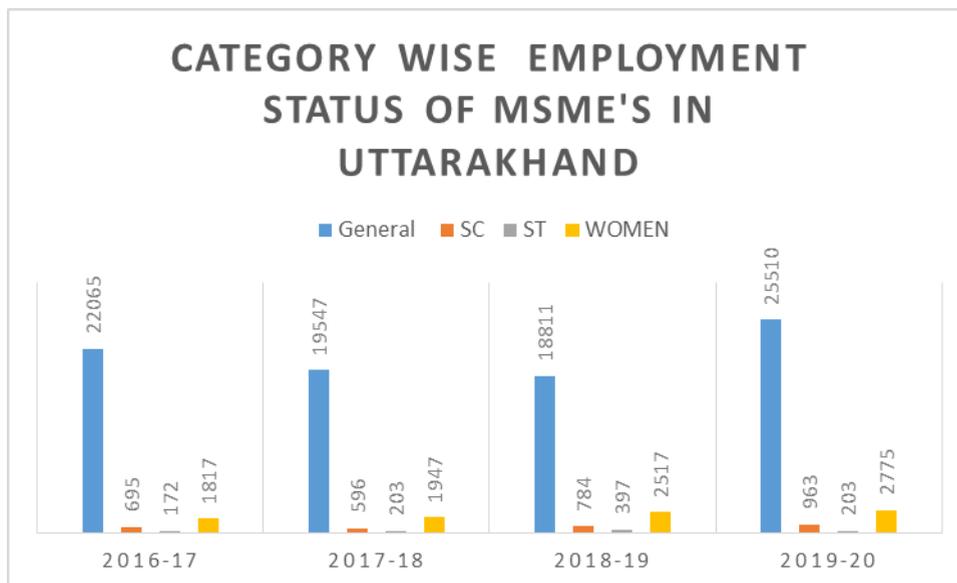


Source- Directorate of Industries, Dehradun, Uttarakhand



Uttarakhand is having very less number of registered medium enterprises but still over the years the employment is increasing.

Figure 4. Category wise Employment status of MSMEs in Uttarakhand



Source- Directorate of Industries, Dehradun, Uttarakhand

The figure shows that general class people are more employed in MSME sector followed by women in Uttarakhand.

The table shows the performance of prime minister's employment generation programme in Dehradun from 2016-17 to 2019-20.

Table 1. Evaluation of Prime Minister's Employment Generation Programme in Dehradun

Years	Nos. of Prj. received	MM Involve (in lakh) On received	Nos. of Prj. sanctioned	MM (in lakh) on sanctioned	Nos. of Prj. Disbursed	MM (in lakh) on disbursement
2016-17	453	904.29	96	206.52	87	168.8
2017-18	1046	1779.23	207	401.19	102	195.95
2018-19	787	1504.6	160	363	213	442.01
2019-20	588	1280.01	125	297.71	155	320.29

Source- PMEGP e- Portal



4.1.2 Problems faced by MSME's in Uttarakhand

UTTRAKHAND has been facing some crucial problems since last few decades that are responsible for hindering the performance of khadi village institutions in the state. Some of them are mentioned below;

- There is a problem of effective marketing and selling in the state due to uneven geographical factors.
- Inadequate Infrastructure
- Lower technology levels
- The industries are heavily weighed down by the rules and regulation imposed on them. Investment in the khadi and village sector
- Shortage of energy leading to high energy cost is also an issue.
- Problems of storage, designing, packaging and product display
- Youth of the state lacks in proper skill development and training.
- Lack of proper research and development is also an issue.

5.1 Conclusion

The share of Uttarakhand to the total tourist in India (domestic tourist) has increased in past few years while in case of foreign tourist, the growth is almost stagnant, where majorities are domestic tourists. Statistics portrays a gloomy picture of state tourism development and also shows that there is a lot of potential for developing this sector. The infrastructure facility currently available is very poor after several years of creation of the state and despite the potential of all kinds of tourism, the state is not able to attract tourists because of the poor tourism infrastructure. The accommodation facilities and local transport needs improvement. In 2006, Uttarakhand has only 8.4 tourist rent houses per million tourists, 102.5 hotels and guest houses per million tourists and 337 beds available for every million tourists. MSMEs that are related to the items of expenditure in the tourism sector should be encouraged. More tourism based MSMEs will be established, more employees will be needed thus the local residents will get employment in service sector. More MSMEs will lead to more competition and thus better facilities for the tourists. Abundant and stronger tourism MSMEs with better services and facilities, will prove as a strong pillar in state's revenue stream. Better services and facilities will attract more tourists to the state and tourists would love to revisit the place again and recommend others too. This generated revenue can be channeled by the government into other streams such as social welfare.

6.1 Recommendations

Availability of Data

There is no data which shows the percentage contribution of tourism on MSMEs, it should be made available. Data should be made available for the revenue generated from tourism.



Infrastructural development

Investments in tourism infrastructure may include development of both tourism as well as civic infrastructure. Also involves provision of tourist information bureaus and websites for providing requisite tourist information. Efforts towards enhancement of overall transport infrastructure in the form of good quality roads, rail network, airports, availability of tourist vehicles etc. may also be strengthened in order to improve the overall infrastructure. There is less number of beds per million people. Steps should be taken to increase and improve accommodation facilities.

Human resource development

Provision of additional training institutes, enhancing capacity of existing ones along with introduction of short term courses providing specific skills directed at hospitality and travel trade sector employees may be required for catering to the increased manpower and skill requirements. Rural youth may be provided vocational training through special institutes to provide them employment opportunities.

Marketing programs

Collaborative marketing efforts may be required for promotions. Focused branding and promotional campaigns may be designed. Involvement of local travel trade partners may be encouraged. Trips to involved destinations, informative sessions, financial support and incentives may be provided. A greater number of domestic tourism events and road shows may be organized in order to offset seasonality of tourist inflow. Events may be based on innovative themes of music, dance, sports, food, fruits, handicrafts, Indian culture and traditions, Indian villages, festivals etc.

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Research Article

Analysis of Impacts of COVID-19 Pandemic on Low/Middle Income People and Micro Level Business

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Abstract

The COVID-19 pandemic has not only prompted a major health crisis, but also has gravely wounded the world economy with serious consequences impacting all communities and individuals. This focus of this paper is on the massive impact on microeconomic level. According to a data from CRISIL, unemployment rate has been increased to 26% and almost every country has seen their GDP growth going to negative. COVID-19 has spurred on a number of already visible trends magnifying some obstacles to development, but has also opened up new opportunities for development and also it has been seen that some sector has been grown up enormously such as startups through online platform, some household business, pharmacy sector, online video meeting, work from home etc. Emerging from the natural environment and paralyzing our societies and our economies, the coronavirus disease demonstrates the interdependence implicit in the Sustainable Development Goals. Covid-19 has also shown to strengthen the public health system to meet continued challenge and also possible such challenge arising in the future. The needs of proper health infrastructure with updated equipment and protection gears must be adequately met. It also indicates to be self-reliance. This therefore calls for the concerted efforts on the part of all the stakeholders, more importantly the government to adopt a policy-mix that can adequately manage the health crisis on the one hand and the livelihood on the other, keeping in mind their long term effects on accumulation of financial, physical and human capital.



Keywords: Pandemic, Sector, COVID

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1.1 Introduction

1.1.1 History of Global Pandemics

It's obviously true that transmittable diseases have definitely molded mankind's set of experiences and will change in the future too. In this way, the present COVID-19 episode will not be the last pandemic and thusly inspect authentic perspective and flare-up of such pandemics and thusly nations will actually want to take better prudent for any conceivable emergency later on. Truth to be told, pandemic or pestilence suggests an unnecessary far and wide of illness in a geological region. One of the key reasons identified with event of such pandemic is moving toward agrarian networks where there is a successive human-animal creature association. Also, fast expansion in international trade is one of transmission instrument of such pandemics and hence epidemics such as Malaria, Influenza, Smallpox, Leprosy and Tuberculosis widespread across the globe.

Name	Time period	Type	Death toll
Antonine plague	165-180	Either smallpox or measles	5 M
Japanese smallpox	735-737	Variola major virus	1 M
Plague of Justinian	541-542	Yersinia pestis bacteria/ Rats, fleas	30-50M
Black Death	1347-1351	Yersinia pestis bacteria/ Rats, fleas	200 M
New World Smallpox	1520-onwards	Variola major virus	6M
Great Plague of London	1665	Yersinia pestis bacteria/ Rats, fleas	100000
Italian plague	1629-1631	Yersinia pestis bacteria/ Rats, fleas	1M
Cholera Pandemics	1817-1923	Cholera bacteria	1M+
Third Plague	1885	Yersinia pestis bacteria/ Rats, fleas	12M
Yellow Fever	Late 1800s	Virus/mosquitos	1-1.5 Lacs
Russian Flu	1889-1890	H2N2	1M
Spanish Flu	1918-1919	H1N1 virus/Pigs	40-50M
Asian Flu	1957-1958	H2N2 virus	1.1M
Hong Kong Flu	1968-1970	H3N2 virus	1M
HIV AIDS	1981-Present	Virus/Bats	25-35M
Swine Flu	2009-2010	H1N1 virus/Pigs	200000
SARS	2002-2003	Coronavirus/Bats	770
Ebola	2014-2016	Ebola virus/wild animals	11000
MERS	2015-Present	Coronavirus/Bats, camels	850
COVID-19	2019-Present	Coronavirus	45.5M(ongoing)

Sources: visual capitalist (2020)

Above data indicates, there was huge number of death due to world-wide pandemics. The main reason behind this is that, there was a traditional myth on spirits and gods inflicted such diseases and therefore there is no recovery from such diseases. Hence, such traditional myths and unscientific opinions led to catastrophic results accounting for millions of deaths. However, gradual improvement in education and healthcare sector has significantly reduced the death rate related to current pandemics and also occurred in the recent past.²



1.1.2 Origin of COVID-19 and Current Situation

A new coronavirus disease, now known as COVID-19, was first identified in Wuhan, People's Republic of China (PRC), in early January 2020. From the information known at this point, several facts are pertinent. First, it belongs to the same family of coronaviruses that caused the Severe Acute Respiratory Syndrome (SARS) outbreak in 2003 and the Middle East Respiratory Syndrome (MERS) outbreak in 2012. Second, the mortality rate (number of deaths relative to number of cases), is probably in the range of 1%–3.4%, significantly lower than 10% for SARS and 34% for MERS, but substantially higher than the mortality rate for seasonal flu, which is less than 0.1%. Third, even though it emerged from animal hosts, it now spreads through human to human contact transmission.

The world woke up to an unsafe reality on the 11th March, 2020 when the World Health Organization (WHO) announced Novel coronavirus (COVID-19) as a pandemic. Starting from Wuhan, China, cases quickly spread to Japan, South Korea, Europe and the United States as it arrived at worldwide extent.³ The pandemic caused by COVID-19 has created a shock and awe among us all, putting two-thirds of the global population under lockdown. Humanity, Knowledge & Science stands challenged, posing socio-economic and political risks for the whole world. The worldwide spread of the pandemic resulted in unfathomable economic fallouts, zero economic activity, disruption of supply chains networks, falling global demands, supply gluts leading to price fall, loss of trust and confidence, and fear of a gloomy future.

Since the outbreak of the coronavirus disease of 2019 (COVID-19), more than 4.5 million people have lost their lives and it is still continuing due to the pandemic, and therefore the global economy is predicted to contract by a staggering 4.3% in 2020. Many jobs have already been lost, many livelihoods are in danger and an estimated additional 130 million people are going to be living in extreme poverty if the crisis persists according to the data. These are grim gores that react the immense challenges and human suffering caused by this pandemic. Neither is an end to COVID-19 yet in view. In many countries, the amount of latest COVID-19 cases is rising at an alarming rate and the second wave is already took many lives in India and other countries. Much uncertainty remains about how and when the pandemic will run its course, but the unprecedented economic shock generated by the global health emergency has already sharply exposed the worldwide economy's pre-existing weaknesses, severely setting back development progress round the world.⁴

Amidst the slowing down of the Chinese economy with interruptions to production, the functioning of global supply chains has been disrupted. Organizations across the world, independent of size, that are subject to inputs from China have begun encountering withdrawals underway. Transport being restricted and surprisingly limited among nations has additionally eased back worldwide financial exercises. In particular, some frenzy among purchasers and firms has misshaped common utilization designs and made market abnormalities. Worldwide monetary business sectors have likewise been receptive to the progressions and worldwide stock lists have plunged¹.

1,2 <https://www.visualcapitalist.com/history-of-pandemics-deadliest/>

3 www.elsevier.com/locate/resconrec

4 Impact of the COVID-19 Pandemic on Trade and Development: Transitioning to a New Norm, UN publication 2020



The failure to control the COVID-19 pandemic has had far reaching impacts on the global economy, with global GDP falling by 3.3 percent in 2020. Even with the global economy projected to grow by 6 percent in 2021, recovery will depend on equitable distribution of the vaccine globally. Failure to do so could cost the world economy up to \$9 trillion, according to the International Chamber of Commerce, with the costs born equally by wealthy and poor countries, causing more economic devastation than the 2008 financial crisis.⁵

Figure 1- Asia GDP Projection as of April 2020

Country	Outlook Estimates and Latest Projections		Difference from Jan 2020 World Economic Outlook Estimates	
	2020	2021	2020	2021
 Thailand	-6.7	6.1	-9.2	2.6
 Brunei	1.3	3.5	-3.4	-0.1
 Cambodia	-1.6	6.1	-8.4	-0.6
 Indonesia	0.5	8.2	-4.4	3.2
 Lao PDR	0.7	5.6	-5.8	-1.1
 Malaysia	-1.7	9	-6.2	4.1
 Myanmar	1.8	7.5	-4.5	1.5
 Philippines	0.6	7.6	-5.7	1.2
 Singapore	-3.5	3	-4.7	1.3
 Vietnam	2.7	7	-3.8	0.5
 China	1.2	9.2	-4.8	3.4
 India	1.9	7.4	-3.9	0.9

Source IMF, World Economic Outlook database

Under this scenario, it is timely important to examine the economic impacts of COVID-19. Hence, the current study examines the economic impacts of COVID-19. More specifically, the study presents both Macro and microeconomic impact on Gross Domestic Production (GDP) and employment, tourism sector, low/middle income people and also the pressure on financial market. Apart from that, the paper also predicts the increasing patterns of poverty under present pandemic situation.

2.1 Methodology

2.1.1 Data and Information

The entire study is based on secondary data and information from various sources such as Asian Development Bank, UN conference on trade and development, World Bank annual report, WHO report, Indian Tourism Development Authority, Regional bank of India and also from other recognized sources and websites. Apart from that, Household Income and Expenditure Survey were used to project the impact of COVID-19 on poverty.



2.2.2 Analytical Scenarios

The study mainly employs a descriptive analysis which utilizes tables, charts and graphs to accomplish the objectives of the study. Especially, ADB (2020) database, World Bank group annual report, *COVID-19: Challenges for the Indian Economy - Trade and Foreign Policy Effects*, ASEAN-India Centre (AIC) - Engineering Export Promotion Council of India (EEPC) is used to calculate the impact of COVID-19 on GDP and unemployment.

3.1 Macroeconomic impacts

The continuous COVID-19 episode is influencing economies through various channels. COVID-19 has direct effects on health, such as increased morbidity and mortality in the short-term and medium-term, as well as diversion of healthcare spending toward addressing COVID-19 impacts. Aside from wellbeing impacts, notwithstanding, the COVID-19 pandemic has critical financial impacts. These includes sharp decreases in homegrown utilization in episode influenced economies as individuals' versatility is controlled, bringing about extreme decreases in business sales, as well as in investment spending as the outbreak prompted less optimistic views on future business activity declines, and some of the time even end, in the travel industry and business travel because of border closures, overflows of more fragile interest to different areas and economies through trade and production and supply-side disturbances to production and trade, which are distinct from demand-side shocks gushing out over through trade and production linkages.

Since the beginning, governments have been forced to impose containment measures of various levels of stringency, which have restricted mobility and domestic activity. Within the region, the stringency of containment measures and the decline in mobility were relatively high in South Asia, largely reflecting India's strict lockdown measures. With people staying at home, private consumption dropped sharply.

The GDP growth is a major indicator of the macroeconomic impact of any type of shocks either economic or otherwise. According to ADB's report of 6 March 2020 there were only about 86,000 cases worldwide. Most of these cases were recorded in the People's Republic of China (PRC), which accounted for 93% of the total. The study considered a range of scenarios, from which estimates of global and regional losses were generated. This initial assessment produced, estimated global impacts of \$77–\$347 billion, or 0.1%–0.4% of global GDP. Two thirds of the impact fell on the PRC, where the outbreak had been concentrated thus far. According to *Asian Development Outlook, April 2020*, global cases then had reached 500,000, with Europe accounting for 50%, US 20%, the PRC 15%, and the rest of the world 15%. Updated scenarios produced larger estimates of global losses of \$2.0–\$4.1 trillion, or 2.3%–4.8% of global GDP.

These two initial assessments were generated from ADB's Multi-Regional Input-Output Tables (MRIOT). Again ADB's study upgraded the estimates of global economic impacts to between \$5.8 trillion (6.4% of global GDP) and \$8.8 trillion (9.7% of global GDP). At that time, the PRC had contained domestic transmission and accounted for just 2% of the over 4 million global cases. In June 2020's study suggested a global impact of between \$6.1 trillion and \$9.1 trillion relative to a no-COVID baseline, equivalent to a loss of 7.1%–10.5% of global GDP. About 22% of the global loss accrues to developing Asian economies, where the impact is estimated at between \$1.3 trillion and \$2.0 trillion, or 5.7%–8.5% of developing Asia's GDP. Released in December 2020, study estimated the global losses to be 5.5%–8.7% of world GDP in



2020 and 3.6%–6.3% of world GDP in 2021. The corresponding losses for developing Asia amount to 6.0%–9.5% of regional GDP and 3.6%–6.3% of regional GDP in 2020 and 2021, respectively (Abiad et al. 2020c).⁶

As stated earlier, (Abiad et al. 2020c) assessed the extent of worldwide losses to be between \$4.8 trillion and \$7.4 trillion or 5.5%–8.7% of global GDP in 2020 and between \$3.1 trillion and \$5.4 trillion or 3.6%–6.3% of global GDP in 2021 (Figure 2). The same study also finds that about 27%–30% of the global losses accrue to developing Asian economies, where the impact is estimated at \$1.4 trillion–\$2.2 trillion in 2020, equivalent to 6.0%–9.5% of regional GDP, and \$0.8 trillion–\$1.5 trillion in 2021, equivalent to 3.6%–6.3% of regional GDP. Compared to developing Asia, losses in the US are slightly smaller in absolute terms and in terms of shares of GDP in both years. Meanwhile, estimated losses in Europe are larger than in developing Asia both in absolute terms and as a share of GDP.⁷

Figure 2: Estimated global and regional losses due to COVID-19 (Relative to no COVID baseline)

	2020					
	GDP (%)			GDP Loss (\$ billions)		
	Better	Baseline	Worse	Better	Baseline	Worse
World	-5.5	-7.2	-8.7	4,757	6,165	7,441
Developing Asia	-6.0	-7.8	-9.5	1,394	1,818	2,211
<i>Central Asia</i>	-9.3	-11.9	-14.2	34	43	51
<i>East Asia</i>	-4.6	-6.0	-7.4	761	999	1,223
<i>Southeast Asia</i>	-8.6	-10.9	-12.7	253	320	374
<i>South Asia</i>	-10.0	-13.2	-16.3	343	453	560
<i>The Pacific</i>	-7.0	-8.7	-9.6	2	3	3
United States	-4.9	-6.4	-7.8	1,038	1,349	1,634
Europe	-7.9	-10.2	-12.2	1,488	1,913	2,285
Rest of the World	-3.6	-4.6	-5.6	836	1,084	1,310
	2021					
	GDP (%)			GDP Loss (\$ billions)		
	Better	Baseline	Worse	Better	Baseline	Worse
World	-3.6	-4.9	-6.3	3,108	4,234	5,407
Developing Asia	-3.6	-4.9	-6.3	844	1,148	1,470
<i>Central Asia</i>	-6.2	-8.6	-11.1	23	31	40
<i>East Asia</i>	-2.4	-3.3	-4.2	402	547	698
<i>Southeast Asia</i>	-6.1	-8.4	-11.0	178	246	322
<i>South Asia</i>	-7.0	-9.4	-11.8	240	322	406
<i>The Pacific</i>	-3.8	-5.6	-7.8	1	2	3
United States	-3.3	-4.5	-5.8	696	947	1,212
Europe	-5.1	-7.0	-9.0	956	1,311	1,697
Rest of the World	-2.6	-3.5	-4.4	612	828	1,027

Source: The impact of COVID 19 on developing Asia: The pandemic extends to 2021, ADB brief 159, manila²



In India the second advance estimate (SAE) that were released by the National Statistical Office (NSO) in February 2021 revealed that aggregate demand, measured by real GDP, contracted by 8.0 per cent in 2020-21 (Figure 3). This is the first contraction experienced since 1980-81 and the severest ever. In fact, the contraction was of the order of 15.9 per cent in the first half of 2020-21 under the full brunt of the lockdown imposed to curb the transmission of COVID-19.⁸

Figure 3: real GDP growth(India)

Component	(Per cent)				
	2016-17	2017-18	2018-19	2019-20	2020-21
1	2	3	4	5	6
I. Total Consumption Expenditure	7.8	7.1	7.4	5.9	-7.1
Private	8.1	6.2	7.6	5.5	-9.0
Government	6.1	11.9	6.3	7.9	2.9
II. Gross Capital Formation	3.7	10.8	9.7	2.3	-12.9
Fixed Investment	8.5	7.8	9.9	5.4	-12.4
Change in Stocks	-48.8	68.3	27.2	-39.7	-3.5
Valuables	-18.6	40.2	-9.7	-14.2	-38.0
III. Net Exports					
Exports	5.0	4.6	12.3	-3.3	-8.1
Imports	4.4	17.4	8.6	-0.8	-17.6
IV. GDP	8.3	6.8	6.5	4.0	-8.0

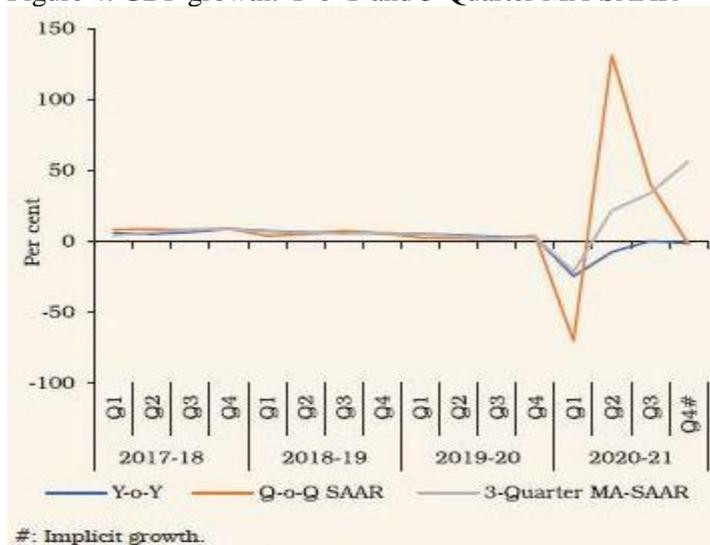
Source: NSO

Progressive restoration in demand conditions was evident with a sharp rebound in seasonally adjusted annualized growth rate (SAAR) in Q2:2020-21, indicating a recovery in momentum. This was sustained in the next quarter as well, reflected in an uptick in the three-quarter moving average (MA-SAAR) of GDP in Q3:2020-21 (Figure 4).

⁷ The impact of COVID 19 on developing Asia: The pandemic extends to 2021 ,ADB brief 159



Figure 4: GDP growth: Y-o-Y and 3-Quarter MA-SAAR



#: Implicit growth.

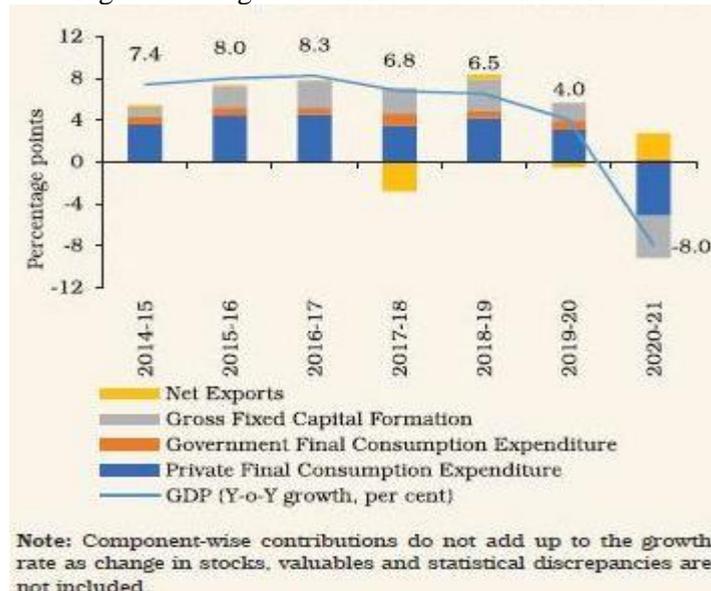
Source- NSO and RBI staff estimates³

Underlying the vicissitudes in aggregate demand conditions in 2020-21 were compositional shifts among constituents. Private final consumption expenditure (PFCE) registered a contraction for the first time in the past four decades (Figure 5). Government final consumption expenditure (GFCE) continued to provide support to aggregate demand; however, its contribution waned in 2020-21 as stress mounted on government finances. Gross fixed capital formation (GFCF) recorded a contraction, primarily due to prevailing uncertainty and the imposition of lockdown. There was a marked contraction in the external sector too; however, with imports declining sharper than exports, overall net exports made a positive contribution to aggregate demand. The contraction in GDP outpaced the retrenchment in gross value added (GVA) at basic prices on account of Food Corporation of India (FCI) food subsidies being reflected on the Union Budget.

⁸ RBI annual report 2021



Figure 5: Weighted Contribution to GDP Growth



Source: NSO

According to the recent National Statistical Office (NSO) data, India's Gross Domestic Product (GDP) growth contracted by 23.9% in the first (April-June) quarter of 2020 compared to the same period (April-June) in 2019.

- It is the sharpest contraction since India started reporting quarterly data in 1996.
- Gross Value Added (GVA) growth rate also declined by 22.8% in the first quarter of this financial year.



3.2 Sector Wise Data:

Construction, manufacturing, trade, hotels and other services and mining were the worst-hit sectors, recording contractions of 50.3%, 39.3%, 47.0% and 23% respectively (Figure 7).⁹

Figure 7: Quarterly estimates of GVA

INDUSTRY	CHANGE OVER PREVIOUS YEAR	
	April-June 2019-20	April-June 2020-21
Agriculture, forestry & fishing	3.0%	3.4%
Manufacturing	3.0%	-39.3%
Construction	5.2%	-50.3%
Trade, hotels, transport, communication & services related to broadcasting	3.5%	-47.0%
Public administration, defence & other services	7.7%	-10.3%
Gross Value Added (GVA)	4.8%	-22.8%
Gross Domestic Product (GDP)	5.2%	-23.9%

Source- NSO and Dristiias.

For a self-sustaining GDP growth trajectory post-COVID-19, a durable revival in private consumption and investment demand together would be critical as they account for around 85 per cent of GDP. In view of the limited share of government consumption demand in GDP (at around 13 per cent in 2020-21), a rebound in private demand is essential to sustain the recovery. Typically, post-crisis recoveries have been led more by consumption than investment; however, investment-led recoveries can be more sustainable and can also lift consumption in parts by better job creation. In either case, private demand plays a pivotal role. In this context, the turning points in the growth cycle, determined by identifying the local maxima and minima - using the first and fourth quartiles of GDP growth, i.e., the lowest 25 per cent and the highest 25 per cent of the growth are examined. Additionally, a few censor rules are applied, such as eliminating back to back minima or maxima and ensuring that there is at least a one quarter gap between maxima and minima. These additional censor rules help to cleanly identify turning points in the GDP cycle.

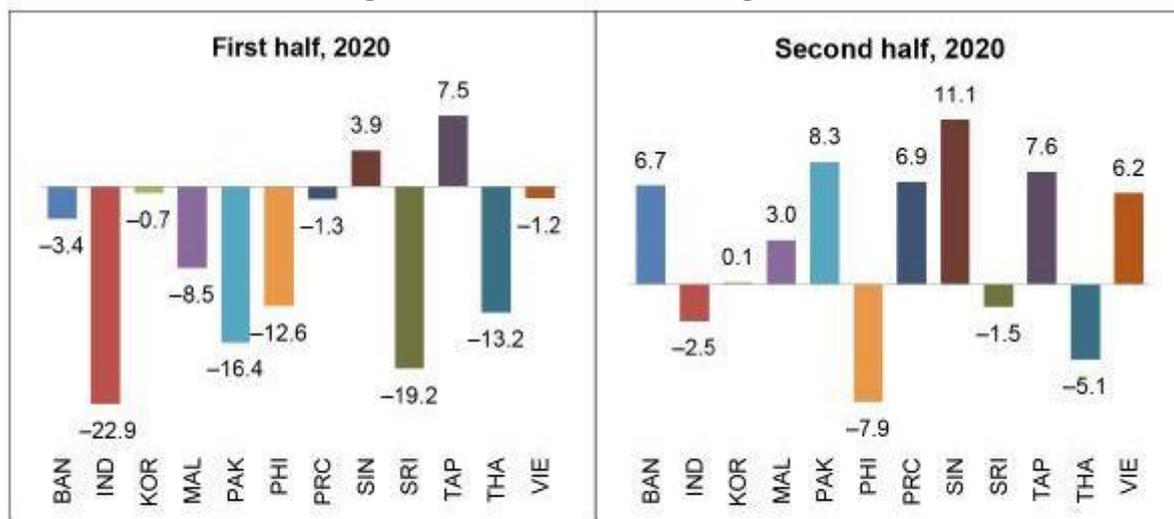
4

Early in the pandemic, production in nonessential industries basically ground to a halt as authorities forced business closures, stopped public transportation operations, and limited the mobility of people and goods. On the whole, manufacturing production indices shrank in many regional economies in the first half of 2020, with India, Pakistan, the Philippines, Sri Lanka, and Thailand recording contractions exceeding 10% (Figure 6, left panel). In the second half of 2020, manufacturing in most economies recovered.

⁹



Figure 6: Growth in Manufacturing Production (% , Y-o-Y)



BAN = Bangladesh; IND = India; KOR = Republic of Korea; PAK = Pakistan; PHI = Philippines; PRC = People's Republic of China; SIN = Singapore; SRI = Sri Lanka; TAP = Taipei, China; THA = Thailand; VIE = Viet Nam.

Notes: Second half figure for Bangladesh is up to November. Figure for the PRC refers to value added of industry (in real terms).

Source: ADB staff calculation from CEIC Data Company and Haver Analytics

The above statistics reveal that COVID-19 and the consequent lockdown imposed significant economic cost. Almost all indicators show that the growth has either slowed down significantly or have become negative. Later on it has been seen that there is a sharp recovery after government's COVID response and economy boost packages.

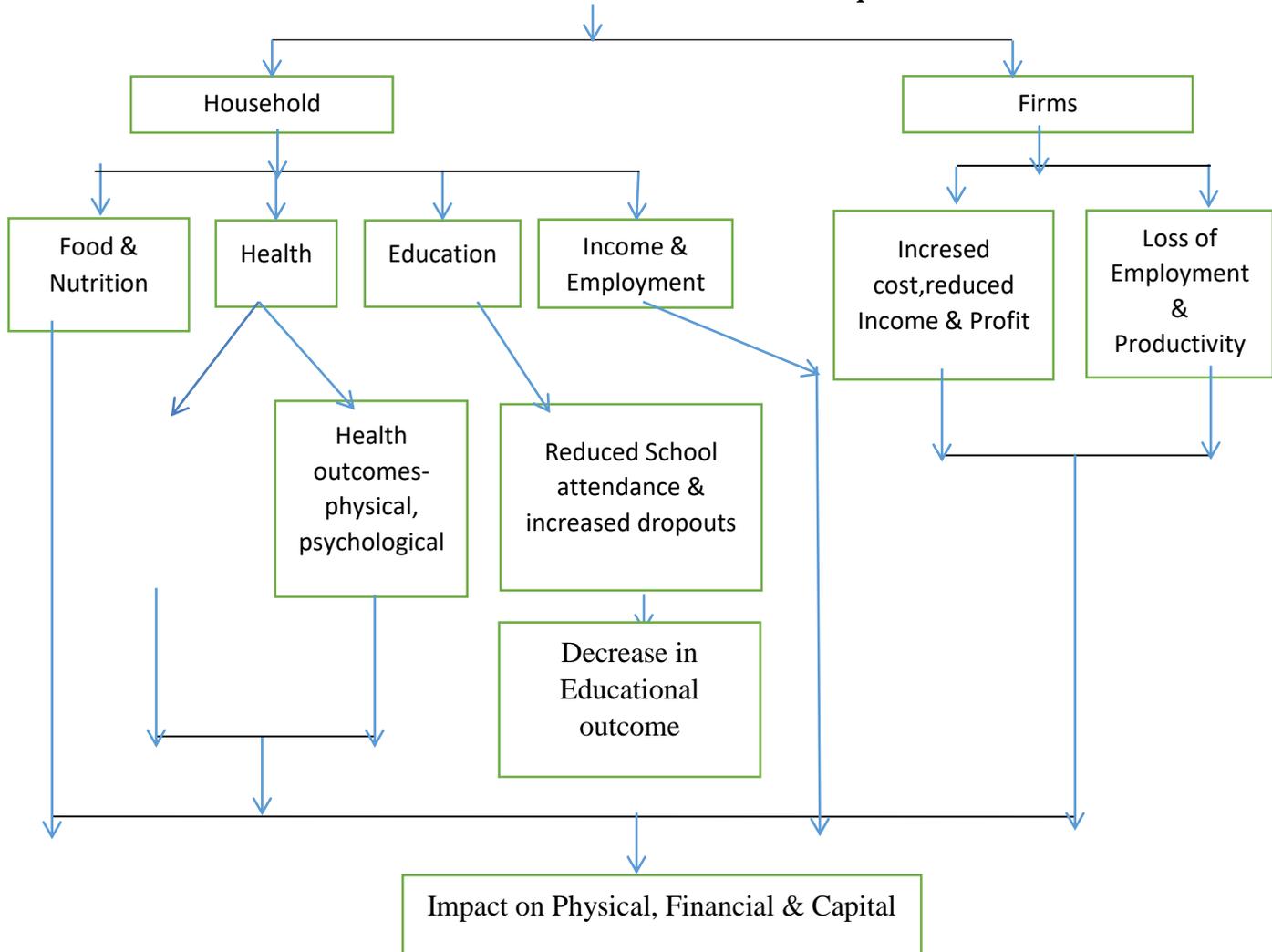
4.1 Microeconomic impact of covid-19

Currently, it is difficult to properly assess the economic consequences of COVID-19 at household level and firm levels. This is due to the inability of conducting household survey which has restrained the possibility of carrying out research in this particular area of knowledge. In this section, the paper discusses possible microeconomic consequences based on recent literature available at national and international levels.

The microeconomic consequence of COVID-19 can be experienced at household level and at the firm level. At household level, the major effect will be on food security, health, education and labor market. At firm level, the businesses will suffer from increasing cost, reduced income, profit, and loss of productivity in the workplace.



A framework for the microeconomic consequences of COVID-19



The impact of the disease on society and economy can be witnessed from the lockdown of cities all over the world, labor mobility restrictions, travel bans, airline suspensions, and most importantly slowdown of the economy.

Microenterprises and SMEs comprise the foundation of the worldwide economy, representing more than 66% of business internationally and for 80 to 90 percent of work in low-income nations (ILO, 2020a). They are additionally among one of the weakest groups to pandemic-related shocks.

The pandemic has altered the business environment for microenterprises and SMEs and significantly reduced market demand for their products and services. At the sectorial level, supply and demand stagnation has been seen in many industries. Microenterprises and SMEs are major players in non-essential services.

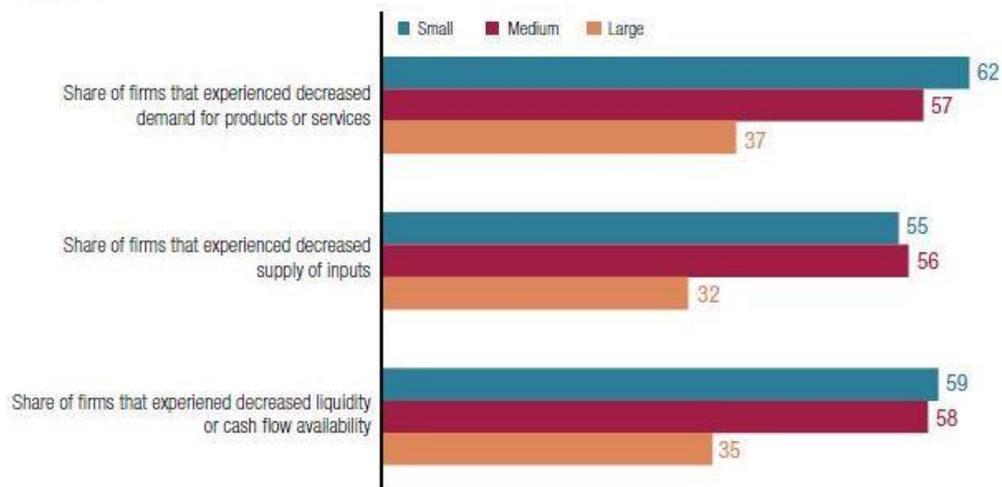


The definition of such services varies by country, but they're generally recreational businesses, like accommodation, catering, entertainment and tourism. Such services are the sectors most suffering from restrictions on movement and confinement measures. Additionally, many microenterprises and little businesses are within the informal economy, which has been severely suffering from the pandemic.

A high proportion of microenterprises and SMEs has experienced heavy losses (that one third feared they would be out of business within one month) in revenue, and many such enterprises are out of operation due to confinement measures.¹⁰

Whether the shutdown will be temporary or lead to business closure or bankruptcy depends on the duration of confinement measures and the resilience of firms. Cash is vital during a crisis. Without timely external support, cash holdings largely determine the destiny of firms. An analysis of data from SMEs in 11 countries in Africa, Asia and Europe shows that, compared with large firms, more small firms have experienced a decrease in demand for products or services, in supply of input and in liquidity or cash flow availability as a result of the pandemic.⁵

Figure 7: impact of pandemic on firms,selected indicators(%) 2020



Source UNCTAD, based on data from enterprise surveys (www.enterprisesurveys.org)

The pandemic has also led to significant job and income losses, with negative consequences for microenterprises and SMEs. The rapidly rising levels of job losses among such enterprises highlight a severe unemployment crisis at the global level. ILO estimates show a worldwide decrease of working hours equivalent to 400 million full-time jobs for the second quarter of 2020.

Initial International Labour Organisation (ILO) estimates point to a significant rise in unemployment and underemployment in the wake of the virus. Based on different scenarios for the impact of COVID-19 on global GDP growth, preliminary ILO estimates indicate a rise in global unemployment of between 5.3

¹⁰ Organization for Economic Cooperation and Development (OECD), 2020



million (“low” scenario) and 24.7 million (“high” scenario) from a base level of 188 million in 2019. The “mid” scenario suggests an increase of 13 million (7.4 million in high income countries). Though these estimates remain highly uncertain, all figures indicate a substantial rise in global unemployment. For comparison, the global financial crisis of 2008-9 increased unemployment by 22 million.

Labour supply is declining because of quarantine measures and a fall in economic activity. At this point, a preliminary estimate (up to 10 March) suggests that infected workers have already lost nearly 30,000 work months, with the consequent loss of income (for unprotected workers). Employment impacts imply large income losses for workers. Overall losses in labour income are expected in the range of between 860 and 3,440 billion USD (Figure 8). The loss of labour income will translate into lower consumption of goods and services, which is detrimental to the continuity of businesses and ensuring that economies are resilient.

Figure 8: estimated decline in labour income and increase in extreme/moderate working poverty

Income group	Low	Mid	High
Labour income (US\$ billion)	-860	-1,720	-3,440
Extreme and moderate working poverty (millions)			
World	8.8	20.1	35.0
Low income	1.2	2.9	5.0
Lower-middle income	3.7	8.5	14.8
Upper-middle income	3.6	8.3	14.5

Source- ILO

Based on past experience and current information on the COVID-19 pandemic and insights from previous crises, a number of groups can be identified:

- Those with underlying health conditions and older people are most at risk of developing serious health issues.
- Young persons, already facing higher rates of unemployment and underemployment, are more vulnerable to falling labour demand, as witnessed during the global financial crisis.
- Older workers can also suffer from economic vulnerabilities. After the MERS outbreak, older workers were found to be more likely than prime-age individuals to experience higher unemployment and underemployment rates, as well as decreased working hours.
- Women are over-represented in more affected sectors (such as services) or in occupations that are at the front line of dealing with the pandemic (e.g. nurses). The ILO estimates that 58.6 per cent of employed women work in the services sector around the world, compared to 45.4 per cent of men. Women also have less access to social protection and will bear a disproportionate burden in the care economy, in the case of closure of schools or care systems (ILO, 2018).¹¹
- Migrant workers are particularly vulnerable to the impact of the COVID-19 crisis, which will constrain both their ability to access their places of work in destination countries and return to their families.



These short-term economic impacts can translate into reductions in long-term growth. As the health sector soaks up more resources and as people reduce social activities, countries invest less in physical infrastructure. As schools close, students lose opportunities to learn (hopefully briefly) but more vulnerable students may not return to the education system, translating to lower long-term earning trajectories for them and their families, and reduced overall human capital for their economies.

The tourism industry is the worst affected due to the COVID crisis, internationally. Until the COVID-19 outbreak, the travel and tourism sector had been a major source of revenue and jobs for many Asia and the Pacific economies. In 2019, the sector accounted for 9.8% of GDP, 9.6% of total employment (equivalent to 182.2 million jobs), and \$547.7 billion in international visitor spending (WTTC 2020). As border closures were implemented both within and across countries, domestic and international tourism took a huge dive. Some countries saw international tourist arrivals drop by 90%–100%. The World Tourism Organization (UNWTO,2020) estimations depict a fall of 20–30 per cent in international tourist arrivals. Considering that international tourism receipts account for more than 25% of GDP in a few of developing Asia's economies, such as Maldives and Palau, before the pandemic, the drying up of international visitors would be devastating to these economies. Surveys conducted by the International Air Transport Association (IATA) suggest that even after travel restrictions are lifted, most travelers will wait several months to a year or more before resuming travel.

The abrupt fall in tourist arrivals, the resulting demand plunge in the tourism sector, and negative spillover effects through industry linkages have caused millions of job losses and economic hardships and wiped out many firms, especially the micro-, small-, and medium-sized enterprises (MSMEs) that had catered to tourists or in related industries. Reduced employment and incomes, increased uncertainty, and renewed flare-ups of outbreaks in various countries will all hamper the recovery in this important industry as well as its closely associated sectors. These figures too are based on present circumstances and are likely to increase or decrease in future. Expectedly, the effect of COVID-19 on aviation has prompted a thump on impact on the travel industry, which are these days massively reliant upon air travel.

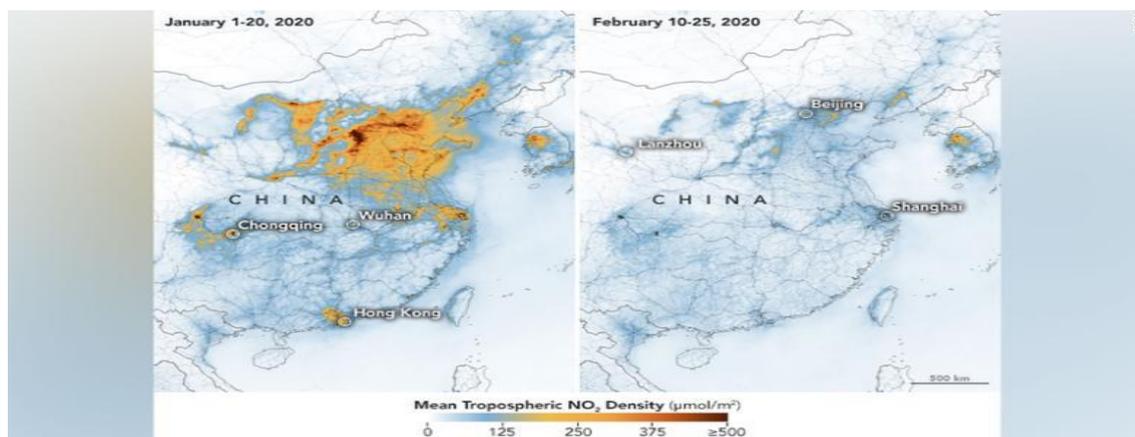
For example, the United Nation World Tourism Organization UNWTO (2020) detailed a 22% fall in worldwide the travel industry receipts of \$80 billion out of 2020, relating to a deficiency of 67 million global appearances. Contingent upon how long the movement restrictions and boundary terminations last, current situation demonstrating showed falls under 58% to 78% in the appearance of worldwide travelers; however the standpoint remains gigantically dubious. The persistent presence of the movement limitations could put between 100 to 120 million direct the travel industry related positions in danger. Right now, COVID-19 has delivered the area most noticeably awful in the chronicled examples of worldwide the travel industry since 1950 with an inclination to stop a 10-year time of supported development since the last worldwide financial downturn (UNWTO, 2020). The retail and local vendors, shops and food stalls, daily wages workers and daily basis income business have badly affected by this lockdown, border closure and less demand situation.

Above data and facts shows that how deeply COVID-19 has affected every economy and livelihood of low/middle income people and MSMEs in every sector.



4.2 Some positive aspects of COVID-19

- The requirement of social distancing, lockdowns and different measures because of the COVID-19 pandemic has driven customers to increase web based shopping, web-based media use, web communication and teleconferencing, and streaming of videos and films. This has brought about spikes in business-to-consumers (B2C) sales and an increase in business-to-business (B2B) e-commerce. The increase in B2C sales is particularly evident in online sales of medical supplies, household essentials and food products.
- Internet and mobile data services demand has also increased.¹²
- The pandemic has made it clear that e-commerce can be an important tool/solution for consumers. E-commerce can also support small businesses and, by making economies more competitive, be an economic driver for both domestic growth and international trade.
- The⁶ pandemic has highlighted the importance of digital technologies in general, but also several vulnerabilities across the world.
- Improvements in air quality- Due to the COVID-19-induced lockdown, industrial activities have dropped, causing significant reductions in air pollution from exhaust fumes from cars, power plants and other sources of fuel combustion emissions in most cities across the globe, allowing for improved air quality (Le Quéré et al., 2020; Muhammad et al., 2020).¹³



Satellite images released by NASA and the European Space Agency

- The satellite images have detected significant decreases in nitrogen dioxide over China during lockdown.
- Reduction in environmental noise- alongside the air pollution, Environmental noise, particularly road traffic noise and industrial noise has been reduced to almost zero level, resulting in declination of problem affecting the health and well-being of several millions of people including distortion in

¹² <https://www.wto.org/>

¹³ <https://edition.cnn.com/2020/03/01/world/nasa-china-pollution-coronavirus-trnd-scni/index.html>

¹⁴ <https://www.thehindu.com/sci-tech/energy-and-environment/lockdown-due-to-covid-19-how-our-waterbodies-are-cleaner/article31518267.ece>



sleep pattern, annoyance, and negative impacts on the metabolic and cardiovascular system as well as cognitive impairment in children.

- Increased cleanliness of beaches and rivers- The pandemic has clearly benefited our natural resources, bird, animal, and plant life. The endangered River Dolphin was seen frolicking in the now-pollution-free rivers, the quality of water in many rivers and lakes have improved and many waterways in many countries are clean too.¹⁴
- Decline in primary energy use- we have seen during COVID-19 lockdown period the oil demand across the globe had been declined to a great extent and oil prices have declined to a record low. Global electricity demand declined by >20% during full lockdown restrictions, with a corresponding spillover effect on the energy mix. However, there was a decline for all other sources of electricity including gas, coal and nuclear power (IEA, 2020).
- Boost in digitalization- The covid-19 situation has given a boost to the digital platform such as, E-commerce, mode of E-payment etc. Also one can share his/her knowledge in e media for self-sustainability. The survival and thriving of many small business restaurants during the lockdown period depended on whether they had a digital resilience, via online platforms. Due to increase of online video conferencing travel cost has sharply declined.
- Work from home- This pandemic has given us a feature as work from home, though it has many advantages but it has shut many local food stalls outside corporate office, cab facilities, guards and security systems of offices.
- As pandemic has threatened health issues severely, the health sector business has grown up **enormously**.

4.3 Induced Policies and reforms to strengthen and boost the economies

- With the pandemic's rapid spread into developing countries, the World Bank Group is working hard to deliver support to clients. Since the start of the COVID-19 crisis, the Bank Group has committed over \$157 billion to fight the impacts of the pandemic. Provided from April 2020 to June 2021, it includes over \$50 billion of IDA resources on grant and highly concessional terms.¹⁵ World Bank goals of ending extreme poverty and promoting shared prosperity.
 - a. Save lives.
 - b. Protect the poor and most vulnerable.
 - c. Ensure sustainable business growth and job creation.
 - d. Strengthen policies, institutions and investments for rebuilding better.
- The World Bank announced that it is providing over \$4 billion for the purchase and deployment of COVID-19 vaccines for 51 developing countries.¹⁶
- IFC is providing \$8 billion in fast-track financial support to existing clients to help sustain economies and preserve jobs during this global crisis, which is hitting the poorest and most vulnerable countries the hardest.¹⁷
- The Covid-19 pandemic has brought an opportunity for India to be self-reliant for which govt have announced a Rs 20 lac crore package which is 10% of India's GDP. The economic package will cover different aspects of the economy including Agriculture, MSMEs, Industries, Common Man, laborers and different vulnerable sections of the economy.
- In the March 2020 meeting, the RBI noted that macroeconomic risks brought on by the pandemic, both on the demand and supply sides, could be severe and there was a need to do whatever



necessary to shield the domestic economy from the pandemic. Therefore the repo rate was cut to 4.40 per cent.¹⁸

- In May 2020, the Indian government announced the Atmanirbhar Bharat package (ANB 1.0). To sustain the recovery, further into the year, they also rolled out two more Atmanirbhar Bharat packages (ANB 2.0 and ANB 3.0). Total financial impact of all Atmanirbhar Bharat packages including measures taken by RBI was estimated to about 27.1 lakh crores which amounts to more than 13% of GDP. The PMGKY, the three ANB packages, and announcements made later were like five mini-budgets in themselves. The Atmanirbhar Packages accelerated pace of structural reforms. Redefinition of MSMEs, Commercialization of the Mineral Sector, Agriculture and Labour Reforms, Privatization of Public Sector Undertakings, One Nation One Ration Card, and Production Linked Incentive Schemes are some of the notable reforms carried out during this period. Faceless Income Tax Assessment, DBT and Financial Inclusion are the others.⁷
- PM AtmaNirbhar Swasth Bharat Yojana, has been launched with an outlay of about ` 64,180 crores over 6 years. This will develop capacities of primary, secondary, and tertiary care Health Systems, strengthen existing national institutions, and create new institutions to cater to detection and cure of new and emerging diseases. This will be in addition to the National Health Mission.

5.1 Recommendation and Conclusions

As the incomes of individuals fall sharply, they reduce consumption. When consumption falls sharply, businesses stop investing. Since both of these are voluntary decisions, there is no way to force people to spend more and/or coerce businesses to invest more. Therefore under these circumstances, there is only one engine that can boost GDP, that is the government.¹⁹

- Only when the government spends more — either by building roads and bridges and paying salaries or by directly handing out money, can the economy revive in the short to medium term.
- If the government does not spend adequately enough then the economy will take a long time to recover.

The Indian Government can also adopt the measures suggested by McKinsey Global Institute in which an additional 3.5 % of the GDP can be raised by the government. This includes:

- Global Shift: Global trends such as digitization and automation, shifting supply chains, urbanization, rising incomes and demographic shifts, and a greater focus on sustainability, health, and safety can become the hallmarks of the post pandemic economy.
- Higher Productivity through Privatization: Privatization of 30 or so of the largest state owned enterprises to potentially double their productivity.
- Government also had a focus on privatization under the Atmanirbhar Bharat Package.

15 <https://www.worldbank.org/en/news/factsheet/2020/02/11/how-the-world-bank-group-is-helping-countries-with-covid-19-coronavirus>

16 <https://www.worldbank.org/en/news/press-release/2021/06/30/world-bank-financing-for-covid-19-vaccine-rollout-exceeds-4-billion-for-50-countries>

17 https://www.ifc.org/wps/wcm/connect/news_ext_content/ifc_external_corporate_site/news+and+events/covid-19

18 RBI Report



- Improvement in Infrastructure: India needs to unlock supply in land markets to reduce land costs by 20-25%, enable efficient power distribution to reduce commercial and industrial tariffs by 20-25%; and improve the ease and reduce the cost of doing business.⁸
- Efficient Financing: Streamlining fiscal resources can deliver USD 2.4 trillion in investment while boosting entrepreneurship by lowering the cost of capital for enterprises by about 3.5 percentage points.

Policy responses should focus on two immediate goals: Health protection measures and economic support on both the demand and supply-side.

- First, workers and employers and their families should be protected from the health risks of COVID-19. Protective measures at the workplace and across communities should be introduced and strengthened, requiring large-scale public support and investment.
- Second, timely, large-scale and coordinated policy efforts should be taken to provide employment and income support and to stimulate the economy and labour demand. These measures not only cushion enterprises and workers against immediate employment and income losses, but they also help prevent a chain of supply shocks (e.g. losses in workers' productivity capacities) and demand shocks (e.g. suppressing consumption among workers and their families) that could lead to a prolonged economic recession.

There should be a policy to properly integrate the returnee migrants into the labour force, for example, by providing them subsidized loans for carrying out entrepreneurial activities such as commercial farming and small and medium enterprises. The adoption of commercial farming can also be crucial to address the problem of food insecurity and stimulate further employment.

Development of Information Communication and Technology (ICT) infrastructure in the schools, colleges and universities is a must so that online teaching-learning activities may be carried out during the periods of epidemics/pandemics. Since there are many students who do not have ICT facilities at homes, the local and provincial governments with the support of government should provide either a free or a subsidized ICT facilities to the children in poor and marginalized households.

Lastly COVID-19 has shown us the current status of health infrastructure of different developing countries. Even the developed country's health infrastructure has shaken up to handle the situation during this pandemic. Talking about the situation in India we have seen the pathetic situation during the second wave of COVID-19, where the health infrastructure had been totally collapsed. Thus the government should focus seriously to strengthen its health infrastructure for the future aspects



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Research Article

The Impact of Covid 19 on Women Micro Enterprises in Coastal Karnataka

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Abstract

Micro enterprise is a small business activity which utilizes the local resources, indigenous skills and small amount of capital. A very small business model formed by the women through their limited capital to generate income and also to demonstrate their leadership qualities. Micro enterprises can be effectively managed by the women especially after forming the Self Help Groups. These groups are informal in nature and people who are belong to economically and socially weaker section of the society. Micro enterprises are instrumental in reducing the poverty and enhancing the team work, group decision making and also to produce the wealth for the members. Utilisation of local resources and providing the employment to the rural youths and reducing the regional imbalances are basic motto of the self-help group. This paper focuses on the impact of Covid 19 on the micro enterprises run by the women entrepreneurs. The study was conducted in the coastal districts of Karnataka.



Keywords: Micro enterprise, Self Help Groups, Covid 19, women entrepreneurs, indigenous skills.

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1.1 Introduction

Women entrepreneurship is the business activities where the women gather the required resources, assume the risks and provide the jobs to the people. Entrepreneurship makes the women more creative, economic independent and empowered.

Definition: The government of India (1984) defined woman entrepreneur as "an enterprise owned and controlled by a woman having a minimum financial interest of 51 per cent of the capital and giving at least 51 per cent of employment generated in the enterprise to women" (Begum 2020).

‘‘Women who innovate or adopt business activity are called women entrepreneurs’’- J Schumpeter

Importance: Women entrepreneurs are contributing to the household income and also generate employment which will develop the economy. Entrepreneurs are contributing to the development of the economy and also to reduce the poverty of the country. Women are taking up the entrepreneurial activities to strengthen their financial stability and to increase the family income. The entrepreneurial initiatives also helpful in increasing the assets of the family. There are numerous promotional initiatives by the Government, which motivates the women to take up entrepreneurial activities. Many NGOs are front-runners in providing the training and also assisting in getting the financial supports. Women are also desire to enjoy the social status, respect and recognition in the society, through undertaking entrepreneurial activities.

1.2 Objectives:

The objectives of the study are:

1. To understand the importance of enterprise to the members of SHGs
2. To study the various micro environmental factors affecting the business of women entrepreneurs.
3. To suggest suitable remedies to tackle the issue.

2.1 Review of literature

Indrakumar (2020) in his research identified the ill effects of Covid 19. The pandemic created uncertainty, unemployment, and reduction in the output and the loss of business for the entrepreneurs.

Minaketan Behera (2021) has mentioned the problems caused by the Covid 19. There are problems like migration of labourers, problems in the supply chain, cash crunch, reduction in the profits. The entrepreneurs are not in a position to make the payment on time.

3.1 Methodology

Primary data was collected from the members of Self Help Groups. 100 respondents were selected from the three districts of coastal Karnataka. 40 respondents each from DK and Udupi District and 20 respondents from Uttar Kannada District, Convenience sampling technique was used. Opinions were collected through structured interview format.



4.1 Findings

4.1.1 Micro factors: There are numerous microenvironment factors which affects the women entrepreneurs. Micro factors involve the factors of resources availability and its usage which will have the impact on enterprise individually.

4.1.2 Problems or the Issues of Women Entrepreneurs: The women entrepreneurs are facing the number of problems. The pandemic has created uncertainty and also loss of earnings due to the lockdown. The major issues which the women entrepreneurs faced in the coastal districts are:

Distribution channel and Suppliers: Entrepreneurs needs to collect the raw materials for their production. There are many types of home industries, which produce the products like pickle, papad, masala powders, confectionaries etc, which requires raw materials, women entrepreneurs need to collect the raw materials like tender mangoes, dal, jiggery, and chilies. These raw materials are located in different geographical areas. For e.g to prepare Appemidi pickle the entrepreneur need to visit the places like Sirsi, Ripponpet, where the quality Appimidi (a kind of tender mango used to prepare pickle) is available. The lockdown has restricted the entrepreneurs to visit these places. It was the month of March to May ,the raw materials were available in the market. There was no weekly market due to pandemic. The entrepreneurs cannot visit the farm where the raw materials were available. There was restriction for the public transport facilities. Bus was the mode of transportation for these entrepreneurs to visit the market. There was no own vehicle facilities the entrepreneurs. The large scale manufacturers can afford to have a strong distribution or supply chain network.

Entrepreneurs used to get the orders from hotels, caterers, the lockdown has a negative impact on the business as these hotels, caterers had only parcel services and there was no much social gathering. The public movement was restricted; there was no melas, mandis, weekly market. Women entrepreneurs especially from the rural areas had the poor distribution channels; they used to depend on the public transport facilities.

Employees: The women entrepreneurs are using more of human resources than the machines. The human resources are employed to prepare products like, pickle, papad, masala powders. But in the formal sectors there are more number of machines which are used to prepare papad, pickle etc. These machines can produce more output and quality can be maintained. But the lockdown situation created huge problems to the employers. The migrant employees returned to their native places and there was huge shortage of manpower. The production was affected and could not meet the demands of their clients.

Competition: The progress of improvement ceases nearly at the point where the competition ends (William Hazlett). The healthy competition among the entrepreneurs is good for the customers, as it offers better quality, good service. Competition also gives scope for innovation, research and development. The women entrepreneurs especially in the rural area are not in a position to give tough competition to companies belongs to the formal sectors. The entrepreneurs belongs to formal sectors can invest more on infrastructure, supply chain and distribution, promotion, innovation, research and development. There is a need for uniqueness in the quality, marketing, production.



Due to low investment on research and development, poor distribution strategy, ineffective marketing communication restricted the entrepreneur to reach more customers.

Media: Every entrepreneurs wants publicity for their products and services. The large companies can spend the money for advertisement. They have consultants who will design the ad copy to reach the mass. These companies can prepare ad copies in different languages to reach different customers who are scattered in different geographical locations. Television, radio, newspaper, magazines, social media like facebook, YouTube are media which the medium and large scale companies are effectively using to reach the unreached. Unfortunately there is a lack of awareness about these media among the women entrepreneurs especially in the rural area. There is lack of digital literacy and in the rural area there are network (connectivity) issues. The entrepreneurs in the urban areas are making the use of social media; they also trying to reach the audience through developing apps. There is door to door delivery in the urban area which can be introduced in the rural area also. The entrepreneurs need sufficient training with respect to the usage of social and digital media.

5.1 Recommendations

Easy and hassle free loans: The Government both State and Central government should provide the loan facilities and should create the awareness about the various schemes available to the women entrepreneurs especially in the rural area. Financial institutions should reduce the paperwork and provide the loans to the needy.

Training: There is lack of awareness among the women entrepreneurs regarding the e-banking, online business etc. They should be trained so that they can generate the business by using the internet.

Skill enhancement: Entrepreneurs requires good communication, marketing skills. They should be given training regarding the various softskills. Training is also required about the availability of various media. Training can be given by the experts about the usage of social media.

6.1 Conclusion

From the interview, it was observed that the women entrepreneurs were adversely affected by the pandemic. Covid 19 created the loss of revenue, reduction in the profit. There is reduction in the income of the people as there is lockdown. Entrepreneurs cannot visit the market or they cannot get the chance to communicate with customers physically. Women entrepreneurs are not well versed with the modern technology, they are very new to the online mode of business. The pandemic has reduced confidence of these entrepreneurs; they lost many customers during the lockdown. It is very big challenge for the entrepreneurs to gain the lost customers. They need to be trained to use the technology especially mobiles phones to have the continuous contact with the customers. Government and NGOs should take initiatives to train these entrepreneurs. It may regarding the development apps for generating orders and supplying the goods and services, skill enhancement training through which the entrepreneurs can communicate fluently with urban customers along the rural customers. The corporate companies should come forward to help these women entrepreneurs in developing the strategies for marketing, finance and operations. They should consider this as a corporate social responsibility towards the empowerment of women. The real India is in rural India. If the rural people are empowered then our nation will progress.



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Research Article

Microeconomic Resilience Practices in Entrepreneurship during Pandemic: A Study of Pokhara, Nepal

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Abstract

Local economic system was highly affected due to pandemic. Due to Covid019 spread in wider level, most of entrepreneurs were highly impact in first and second lockdown at Pokhara, Nepal. Social support and personal support preparedness initiatives are too low with envision of pandemic. Lack of enough saving, weak social support system, lower social protection policy, and lack of recovery packages to entrepreneurs, they were in crises. This study finds out what has been going on in self-sustaining practices aftermath of long lockdown, how the local supporting factors has been contributing on scaling up local entrepreneurship to bounces back after economic shocks and stresses. Is there any social protection mechanism and policy exist in local to provincial level, how existing professional groups, local cooperatives, existing financial institutions, and corporate houses has been supported to revive their entrepreneurs in tourism sector? Open-ended questionnaire, observation, key informant interviews, case studies, and in-person based discussion method were applied in this study. Content analysis of existing finding, logistic regression and available study results facilitate to draw conclusion of study. The findings of the research indicate that contribution towards the professional based formal supporting group was highest, followed by self-saving capacity and least from state agencies on building socioeconomic resilience. This study concludes that social safety nets and social protection towards entrepreneurship in the area have not been as effective as expected in the pandemic.



Keywords: Informal support, socio-economic justice, social support system, safety nets, pandemic, resilience.

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1.1 Background

The episode of novel coronavirus named COVID-19 has distributed the local and national economy crises and is spreading universally. The advancement of the disease and its financial impact is exceedingly uncertain, which makes it troublesome for policymakers to define a suitable macroeconomic arrangement response at the local to national level. The world health organization declared the Covid-19 as a global pandemic on the 11th of March 2020 (Kenyon 2020). While spreading of virus, the human movement and human induce trade and business is badly break down due to its higher speediness of transmitting capacity and chronic characteristics. It seems with infected of high Covid-19 spread around the globe, which could impact more in trade and local business, which is highly depend on tourism and human movement.

“While nearly all spheres of life have been affected by the pandemic and the resulting socioeconomic impacts, the focus of this report is on the pandemic’s massive consequences for trade and development” (Development 2020). Whereas about the all circles of life have been influenced by the widespread and the coming about socioeconomic impacts due to pandemics. This study is rounding among of pandemic situation, impact on tourism based, and other enterprenures, their own social protection and supporting practices, state socioeconomy recovery polices and program, and enterprenures are being baounce back in study area. Moving along with the travel and tours associated business is being hard to survive due to low traveler movement, low socioeconomic support practices in trade institusions, and lack of policies of state. This study paper try to dig out how the Covid019 widespreads has impact into the local enterprise business including in the hotel and tourism, and small budgeted entrepreneurs in Pohara, Nepal. There is impact on national and provinical economic impact and including in hotel, tourism, and small shops due to low human mobility. Due to disturbance of Covid-19 has had real and unbalanced results on helpless economic situation of trade and business particularly in Pokhara (study area).

“The longer-term responses are even more important. Despite the potential loss of life and the possible large-scale disruption to a large number of people, many governments have been reluctant to invest sufficiently in their health care systems, let alone public health systems in less developed countries where many infectious diseases are likely to originate” (Fernando 2020, p.25). The immidiate and long-term impact is seems of Covid019 in travel, tourism and hotel management due to human movement is very low. The affect of this health emergency could affect in long run due to lower coverage of vaccination to whole population, and the single person can chance to spread to others. Having of lower economic conditions and loan-based business being more impacted due to low transaction. Which lead to business loss, and enterprenures could harldy manage their monthly installments to the bank. Which was being more fragility in business sectors in study area. Social support sytem was not in satisfactory level and socioenconomic recovery plan of state was also in low level.

1.2 Conceptual background

After of Covid019 spread all over the globe, its impact was being spread into multiplier domain. Business, especially the tourism was affected too negatively due to band of human mobility and stop all travel mode. Tourism base business-like travel, tracking, and hotel services are devastatingly affected due to lock down.

“The negative effects have ranged from a severe contraction of GDP in many countries to multi-dimensional environmental and social issues across the strata of society. In many respects, socio-economic activities came to a halt as: millions were quarantined; borders were shut; schools were closed; car/airline, manufacturing and travel industries crippled; trade fairs/sporting/entertainment events cancelled, and



unemployment claims reached millions while the international tourist locations were deserted” (T. Ibn-Mohammeda 2020, p4). May Portuguez et al. (2020) explain the Covid-19 pandemic has had an uncertain impact on the global economy, especially for entrepreneurs and small and medium- sized enterprises that have suffered significant consequences. However, resilience has emerged as an entrepreneurial skill that allows companies to adapt and grow stronger in the face of challenges. Therefore, this paper conducted a literature review to identify that factors that comprise resilience to strengthen training programs for entrepreneurial skills.

“The emergency has as of now changed into a financial and labor showcase shock, affecting not as it were supply but to request. All businesses, in any case of measure, are confronting genuine challenges, particularly those within the flying, tourism and neighborliness business, with a genuine risk of critical decays in income, bankruptcies and work misfortunes area. Maintaining trade operations will be especially troublesome for little and more, especially into tourism” (ILO), 18 March 2020, p. 2). During these pandemic, tourism base business is heavily impacted, its being negatively effects from household income to local GDP with to multi-dimensional economic environment and impacted into social domain. The pandemic has raised the economic uncertainty and impact on the local, especially for small entrepreneurship base economy contributors.

The small and midium sized enterprises & informal economic sector are in crises due to long lockdown, low human mobility and limited financial transaction oppourtunities. Farah et al. (2021) explains the Covid019 is a global heath issues and econmice unfolding simultaneously in unpredicted situaion. Which has been devastatingly affecting into employment and socioeconomic status from rural to urban setting. These crises is rapidly exacerbating with socioeconomic and health enequalities including contributing on economic crises in developing world. Lossing of job markets are common, limitizing of market leads into to limited production and limited human movement directly impacting on enterprenureship and self business motives.

The enterprenureship is a crucial drivers of sicioeconomic factors in community. Which is essential growth engine for social development. It promotes the essentail innovation of local and self enterprenureship based on local setting and global demand. Wright and Kelley (2020) explains the government are responding to pandemic are quite more effective for bounce back to normal for local enterprenures. When the local enterprenures received financial support from government it is quite more easy on their business sustain or recovery. Actually the enterprenures are expecting on their socio-economic recovery support from local state, development partners, and financial instituions. Due to Covid19 the local oppourtunity and its contributions are being limited in local setting and local enterprenures are being partial to their service and economic drives. The promotion of local enterprenureship can contribute into economic development and capital formulation in local level. Which can mainly make a major drivers for societal run. The central approach of promotion and establishment of local enterprenureship can make a difference in local community and support to financial regularize in local market.

The global scale of pandemic making socioeconomic fragility in local to global context. Which has been directly impact into private, and public microeconomic environment, and finally its highly impacting on debt cycle from enterprenureship to market, market to financial instituions, and financial instituions to nations GDP. Which is finally enfluencing into global economic order. Takahashi and Guelich, (2020) define the Japan and Thailad government were financial support to enterprenears, direct support with enabling policies, like; reduce taxes, address their demand throuh government program, enline with post-school enerprenuearlal education, internal market dynamics, enabling environment on local market



opening, and vocational training to newly entrepreneurs. They are trying to convert this pandemic as working opportunity, due to these pandemic the working time, travel for meeting is being more adjustable due to virtual learning and meeting, and finally adding IT literacy is quite high.

Its time for global collective engagement for fight against this economic fragility, contribute into local financial strengthening, run for financial order, and do small do able economic contribution. Through the social support among of entrepreneurs, social protection fund and revolving fund from government, banking debt provision without control or based on zero interest loan for reviving local entrepreneurship, contribute for local economy and contribute into sustain socio-economic order.

Covid-19 has appear when the developing world are already struggling for betterment of socioeconomic status. Many nations had trying to reach sustainable economic destination and tried to find better way on prosperity. The recent pandemic badly confronted before the socioeconomic struggling line Infront of developing world. Diego et al. (2020) explain the dramatic changes in economic due to Covid-19 people behaviour, and public institutions. They revive the adapting and changing situation of business models and how it become too quickly. The lockdown reflected the major negative role on socioeconomic consequences, decreasing on saving and further investment.

Social capital, social safety nets and state policies on social protection can play a vital role on entrepreneurship recovery in pandemic. May Portuguez et al (2020) define the resilience capacity are contributing on local entrepreneurship. The entrepreneurship is collective action of human relationship, social capital, social protection, social safety nets and strategic management. These factors can contribute to scaling up entrepreneurship enabling in market and contribute to make social capital formulation. Which is crucial on crises management as like pandemic.

Sigala (2020) defines the COVID-19 impacting on local entrepreneurship and tourism, which is impacting on local to global economic movement. When human movement is band for internal and international movement, absolutely impacted on economic impact in local entrepreneurship like tourism-based economy. Tourism-based economy can contribute directly into strengthening of local economy with widely using of local resources. Due to Covid-19 impact local entrepreneurship, tourism-based economy and associate business are badly affected.

Based on the above discussion, most of the entrepreneurs trying to protect recent jobs, trying stable enterprises and their workers. It seems entrepreneurs trying to towards sustainable and resilient entrepreneurship. Most of the previous literature has escaped to study of the Covid-19 impact on entrepreneurship, financial constraint in their own business, especially on socioeconomic resilience context. Some were explained about the individual in social support practices, and characteristics of social support. But, none of explain about the social support system among of entrepreneurs, and how they are alive even in this pandemic, what are the major supporting factor to sustain their entrepreneurship in this complex situation. This study will try to find out on remaining finding in context of Nepal in Pokhara. Mainly this study will find out the social support system, social protection mechanism among of entrepreneurs in study area, and how the professional groups as like local cooperatives, relatives, and state agency has been supporting to entrepreneurs for sustain their business in this pandemic.



1.3 Objectives and methods

During this study the author had tried to find out the major socio-economic constraint trends and what are the major supporting factors in socioeconomic recovery during and aftermath of the pandemic. For collecting of information and data, we had applied qualitative research methodology in this research and all primary data collection from field. During the information gathered by talking directly to the responders based on open-ended questionnaire and used observation in the natural setting. In this research, researcher is a key instrument for information gathering via observation, and directly interviewing the responders. Used purposive sampling for sample collection from entrepreneurs list of Pokhara. The total sample size of the google survey was fixed nearly 31, among of 19 are hotel & resort owner and staff, 3 are Spa & Restaurant, 3 dairy product, 2 fast food entrepreneurs, 3 from fruit & vegetable shop and 1 travel agency entrepreneurs. Listed respondents were first prepared based on records of those who have their own entrepreneurship recorded in around of Pokhara, Nepal. The data collection strategy was focus on in-depth analysis of economic status, supporting mechanism, social support system (practice), and social protection policies based on entrepreneurs, financial institutions, and state.

Through this qualitative & quantitative base research; it facilitates or explore the issues, tried to collect previous finding from literature review on build further insights, take depth interview, collect case analysis and do small focus group discussion which support on collect answer of research questions in descriptive mode. Telephone interview and questionnaire tools will used in same responders for data triangulation. In this study the author tried to generalize common understanding of real-world practices, link with experiences, tie-up with real ground knowledge about the reflection of support behaviors, difficulties of social support structure and tried to share their reforming ways. Major source of information stored in notebook, regular communicate with entrepreneurs. The all responded interviews were transcribe and do thematic analysis in qualitative analysis and logistic regression was done in quantitative analysis.

1.4 Theoretical Framework

This study is primarily based on conservation of social resources: social support resource theory. Freedy and Jhon (2016), explain the social support theory was derivative from based on general stress model termed conversation of resource theory (CoR). Author added further; building rich and strong bonding situation in community and person, who can cope existing shocks & stresses, could support to needy people based on the existing available social resources. The shocks and stresses are not in form of origin as ancient period, but it is also occur in changing order in recent period so we must be prepared for future shocks, stresses, and uncertainties in social, psychological and biological world.

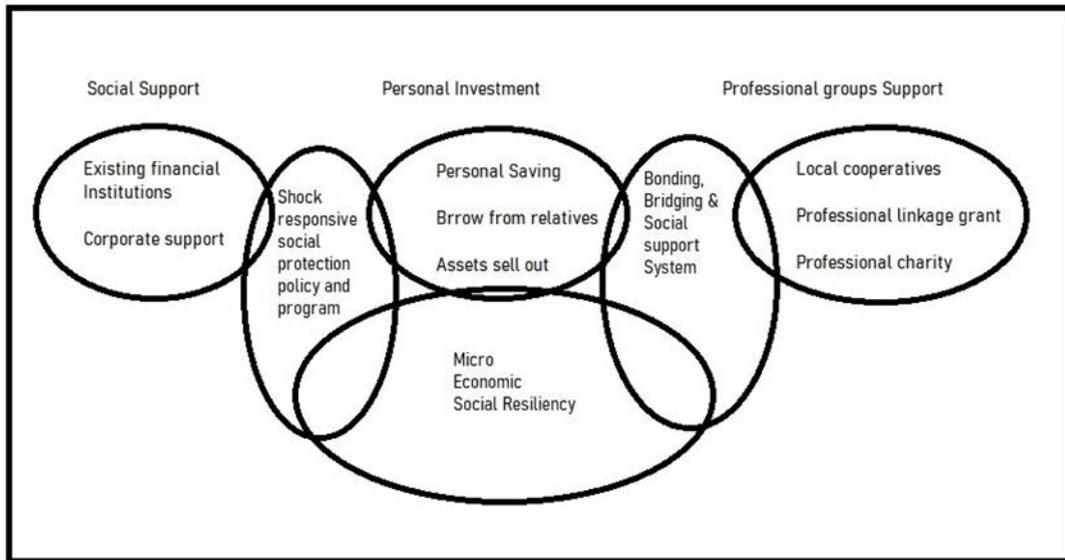
Our daily intervention, socioeconomic activities, risk assessment and anticipation capacity can contribute into building resilience capacity. Holtzman and Delongis (2017) describe the personal performance and social relationship plays an important role on social support as building of coping capacity. The social relationship, especially on social support, building coping strategies and effective support system contribute into building resilience. We can elaborate the major socioeconomic resilience integration in this study as follows;

1.5 Conceptual Framework of Microeconomic Resilience

Social support is the supporting level from the people, professional community, and policy backup towards vulnerable and needy community. These supports can be emotional, tangible or intangible. Social support could be measure from assistance mode and frequency to the needy community, or the degree of support



can be providing who are in integrated in the social network. These supports could be beginning from differ sources, such as friends, relatives, neighbors, professional community or from institutions. Every entrepreneurs have their basic resilience capacity, it could be multiply if they can manage their saving capacity, added professional support agency, if get financial support from local cooperative and financial institutions, if they get social protection with envision of future risk, and high level of bonding-bridging among of entrepreneurs.



The personal and social relationship among of professional community can make differences on shocks and stresses management along with shocks responsive preparedness in affected communities. The specific nature of the stress, shocks and uncertainty can make differences the level of vulnerability. The engagement in social supporting factors, communities and response can contribute on coping capacity to needy people during the crises. The social support reduces the effect of the shocks and stresses via supportive activities to others. The supportive activities can enhance coping capacity of subject.

2.1. Result and discussion

The economic growth and impact of the regular shocks such as pandemics are seeming to be an interrelated phenomenon. During the normal period, industrial production, tourism, travel, farm production, and market service were easily operated. In the aftermath of the Covid-19 pandemic, most of the normal services are being either slowdown or shutdown due to state prohibitory orders, shut down and purposely making social distancing to reduce the spread of the virus. Due to a long period of lockdown, most of the service providers were shut down and almost they were bankrupt due to no trade. After of long-time shutdown in entrepreneurship, the economic shocks and stresses have been mounting. People's socio-economic condition was being fragile; who were especially engaged in tourism-based entrepreneurship. In the aftermath of the second lockdown, most of the tourism-based, others entrepreneurship, and local service providers have been trying to scale up their services in partial mode. Due to the heavy pressure of staff



management and their benefits, most hotels are going to be weak and hardly they could be sustaining themselves in the recent socioeconomic condition in Pokhara, Nepal. Most responders are belonging to hotel tourism entrepreneurs, and the rest are restaurant owners, Spa service providers, fast food owners, fruit shop & juice making owners, and dairy producers. Among all responders, hotel base entrepreneurs are major service providers in the study area including the majority on 30 to 40 years of age group,

2.2 Entrepreneurship being affected during to Pandemic

Among the responder, entrepreneurs responded more than 97% of responders said their entrepreneurship was being affected due to Covid-19 in this pandemic. Hotel, restaurant, trekking, Spa, and travel agency was badly affected due to low movement of local and international tourist. The dairy product and fruit store were partially affected during these pandemics.

“From the first lockdown, we had completely shut down my hotel. We were hopeful on open soon and our trade will be normal after of first quarter. But unfortunately, our trade was shut down for nearly 12 months. During this period, the bank has repeatedly asked us for installment payment, and we had requested for consideration as an adding these interests into the capital loan. Still, our hotel is loose, we must manage our staffing and pay to them on monthly basis and all these expenses are at a negative rate. If we could not get a low base rate of loan in interest or get recovery fund from government or not get subsidy from financial institutions, definitely we have to either shut down or consider another option” (Case one: Owner of Hotel Barahi, 42).

Most of the entrepreneurs were invested for Visit Nepal 2020 with the borrowing of heavy loans from banks & cooperatives and they were seeming on the heavy loose. Hotel owners share their opinion on the local government haphazardly did lockdown. They added further on lockdown should be on partial or should be on cluster approaches. Due to prompt lockdown, they could not manage properly their staffing, loan management with financial institutions, and even could not close properly. Due to the rush shut down, they faced many losses on damaged assets and in loan installment. (Case two: The Nepali Khana owner (25) added his further opinion);

“The lockdown decision of the local authority seems too impractical. We cannot properly manage and shut down our internal management. Due to lockdown our stored food items were waste and cannot dump in the correct places, which also affect my storeroom and we reinvestment to repair the aftermath of lockdown. We lost our most professional staff and they are out of contact now, now we are investing on new staffs who are low professional and we should do retrain them. Which is also a big loss for us in our business”.

2.3 Major socioeconomic support

The socio-economic status among entrepreneurs was in a critical situation due to their lower capital formulation and saving capacity. Due to the pandemic the economic-based shocks and stress were mounting. Entrepreneurs can be recovering from the recent economic shock and stresses, which depend on how they have their saving, supporting factors from own saving and credit cooperatives, professional supporting groups, other financial institutions, and states social recovery plan and policies. Economic resilience can define in several ways but in this study, these terms are used only to the ability to recover capacity from the pandemic shocks and stress.



Only 14% of respondents were response on received social support, especially from their local cooperatives and professional saving groups. The remaining 86% of responders have not received any social support during this pandemic. Among of 14% responders, there are 80% of responders have been engaged in small budget base business and the remaining responders have engaged in huge investment. The major social supporting groups are local cooperatives and professional groups of entrepreneurships.

Among of respondents, 23% said they were running their enterprise in this pandemic based on their savings of the bank, and cooperatives. 63% of respondents have added their loans from cooperatives, relatives, and financial institutions (banks) on the socioeconomic recovery package. 14% of respondents were sold out their other property and invested in to retain their existing entrepreneurship.

Based on the above discussion, most of the entrepreneurs are in crisis due to this pandemic. They have tried to wake up from the first lockdown crises and again badly affected by the second wave of this pandemic. Most of the entrepreneurs are waiting for socioeconomic recovery grants support from financial institutions and the government. While entrepreneurs were trying to revive their services, some of the financial institutions were supported by their initiations. The financial intuitions were considered waiting for their monthly installment including deducted the monthly installment rate, some were added additional loans for recovery package, and state agencies has planning to lunch socio-economic recovery plans to migrated workers, local entrepreneurs and going to lunch socioeconomic recovery package to enterprise recovery from the pandemic. 85% of responders were responded on the financial institutions were supported in recovery through the loan, 10% of respondents were said the local government was supported on their enterprise recovery and the rest of 5% were said the provincial authority has started to support the enterprise recovery.

Due to the first time of the pandemic attack, lack of proper readdressed policy on the pandemic, and lack of proper funds and anticipatory actions, the local and provincial authority has been unable to support in large coverage on socioeconomic recovery package. According to of new fiscal policy of the provincial policy and planning commission of Gandaki province, Nepal, has going to support local entrepreneurs through the recovery package in this fiscal year.

2.4 Further backup plan for reviving enterprise

Entrepreneurs were standing with enough defensive own back-up for recovery through their savings, trades, and business capacity. They have been shown their bounce-back capacity for recover quickly from the effect of an advanced incident. They have been trying to recover quickly as soon as possible, trying to reduce the pandemic shocks and stresses, and trying to anticipation further shocks prepared. Among the respondents 45.71% said they have planned to add personal loans from existing financial institutions, 17.14% said they have planning to sell out their property, 14.29% planning to invest own their savings, 11.42% planning to borrowing loans from relatives, and saving groups, and 11.42% have no further idea.

Find nearly 12% of respondents expecting support from their professional support agency on further reviving of their enterprises. The professional bonding, bridging, and support mechanism were looking strong among small enterprise holders with compare of huge investors in the study area. 14% & above of respondents share they have their savings and they could invest in the further recovery process of their trade



and business. It seems, most entrepreneurs had had their saving culture, anticipation capacity, and the idea of future crises management in their capacity. More than 45% of respondents were shared they do have not any alternatives and they are going to add the loan budget from the nearest financial institutions and expecting on lower EMI rates. Nearly 40% of responders were well known about the socio-economic recovery plan of the state, 48.57% responders were said ‘no’, and 11.43% responders were having no idea on receiving socio-economic support package of states.

During this study, most of the local entrepreneurs have their supporting expectations from financial institutions and state authorities. Among of respondents, 17.14% were expecting on deduction in existing loan interest rate, 14.29% expecting lower interest rates in further loan, 31.43% respondents were expecting a socioeconomic recovery plan, grants, and policy-based support from the state, 11.43% expecting financial recovery package from state authority, 14.29% expecting on zero or negative interest base recovery package from the bank, and, 11.43% expecting support on loan polices and recovery package to entrepreneurs. The economic impact such as long-term shocks and stress on local entrepreneurs will be heavy. They have been struggling to retain their profession and somehow trying to pay their monthly installment. But their effort is countless, the reviving Covid-19 another waves, lockdown, deduction in internal and international tourist movement affecting into local entrepreneurs in study area.

2.5 Logistic Regression of professional group support and self-saving capacity contributing into building social resilience

Calculation Summary

Sum of X1 = 5
Sum of X2 = 26
Sum of Y = 23
Mean X1 = 0.1429
Mean X2 = 0.7429
Mean Y = 0.6571
Sum of squares (SSX1) = 4.2857
Sum of squares (SSX2) = 6.6857
Sum of products (SPX1Y) = 2.2143
Sum of products (SPX2Y) = 3.9143
Sum of products (SPX1X2) = 0.2857
Regression Equation = $\hat{y} = b_1X_1 + b_2X_2 + a$
b1 = $((SPX1Y)*(SSX2)-(SPX1X2)*(SPX2Y)) / ((SSX1)*(SSX2)-(SPX1X2)*(SPX1X2)) = 13.69/28.57 = 0.479$
b2 = $((SPX2Y)*(SSX1)-(SPX1X2)*(SPX1Y)) / ((SSX1)*(SSX2)-(SPX1X2)*(SPX1X2)) = 16.14/28.57 = 0.565$
a = $MY - b_1MX_1 - b_2MX_2 = 0.66 - (0.48*0.14) - (0.57*0.74) = 0.169$
$\hat{y} = 0.479X_1 + 0.565X_2 + 0.169$

Above table shows, the professional support groups (0.479) and personal saving capacity (0565) added the value into building of entrepreneur’s resilience capacity. Its shows without of professional groups support and entrepreneurs saving capacity the constant resilience capacity level in each entrepreneur is 0.169. When entrepreneurs get professional groups support, they could be multiplying their resilience capacity by 0.479 times and could multiply 0.565 times by when they add saving capacity respectively. Its support to explain on the minimum resilience capacity is existing with local entrepreneurs and it could be multiplying when they get additional social support from differ supporting structures.



Above stated social support resource theory by Freedy and F. Jhon (2016) social support theory which was derivative from based on general stress model termed conversation of resource theory (CoR). Which was seems more relevant to this study. Though this theory, this study was link with social support based on local avialable resource and interlink with personal capacity, professional supporting practices, financial institutions support, and social recovery support of state. Which has been contributing in buildingn resilience capacity of local entrepreneurs in study area. The social support and social protection especially find into individual and social context.

The federal government, provincial authority, and local governance structure also can support to sustain or recover of local business from social recovery package to entrepreneurs. If the provincial and local state would like to ensure socio-economic sustainability and financial regularity at local level, state authority should start to make social protection policy and should provide recovery grant to local enterprenures with professional alternates and do enabling environments.

Social support, and social protection is crucial drivers for execute in risk situation, crises management, and manage uncertainty to entrepreneur's community. It could be execute based on social interaction and relationship among of professional society or from shocks responsive state policy and plan. The social support can be effective in promotional action of coping capacity and can help to reducing effect of shocks & stresses in uncertainty. Through these study evidence showing the social support measures can contribute on reducing shocks, stresses and uncertainty of target people and the ability of interpersonal resources making more resilient to subject, which is directly impact on wellbeing.

3.1 Conclusion

After the first lockdown, the local entrepreneurs tried to retain their trade and business based on their savings. They have been standing with these adverse effects of pandemic shocks and trying to absorb the business losses. Already tried to bounce back from personal saving, sold-out property, already added additional loan from existing financial institutions, borrowing personal loan from relatives, and waiting for recovery policies, programs, and budget from local & provincial state. Social support can be a useful tool for shock-responsive coping action. Individual and enterprise action should be interrelated with an understanding of the underlying causes of risk, building coping capacity, enhancing anticipation capacity, and envisioning future risk capacity which can contribute to the future pandemic management capacity of individuals and institutions.

Through these pandemic and economic losses, the entrepreneurs learned to lessen to build social support mechanisms at the local level, enhance professional-based groups for bonding and bridging practices, which could make a difference during crises response. Personal savings makes difference during crises and microeconomic entrepreneurs an easy to cope with crises compare to big investment-based entrepreneurs. The professional groups base support and personal saving with anticipatory action, and shock preparedness can make difference for entrepreneurs' sustainability. Shocks preparedness, anticipatory budget for future risk management, negative interest base socioeconomic recovery package from financial institutions are major tools for retaining entrepreneurs for pandemic recovery. The socioeconomic enhancement, microeconomic stability, market and value chain efficiency, financial governance, and social cohesion among entrepreneurs are major foundations for the building of future microeconomic resilience.



This study only considers as current absorptive capacity of individuals (entrepreneurs) on responding to the pandemic among entrepreneurs, did not consider the remaining capacity of resilience. Due to limited study of Pokhara, Nepal which might not represent the whole microeconomic resilience experiences at different places in pandemic-affected entrepreneurs' communities. But this study can be a foundation for further studies of the microeconomic resilience practices of Nepal. The further researcher can explore the issues which have not been considered in this research.

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