

HARYANA GOVERNMENT'S CONTRIBUTION FOR DEVELOPMENT AND LIBERATION OF MSMES DURING COVID 19

Ms. Pooja Rani

Assistant Professor, S.D. College Ambala Cantt
pooja.mphil@gmail.com

ABSTRACT

For the development of the country Priority and non priority sector plays an important role in the economic development of the country. COVID 19 has stopped the high speed of economic growth of entire world. The pandemic affected human life, shut down various businesses and brought world level recession and impact of this band time will definitely be seen in coming years on different sector with special reference to MSMEs. Micro, Small and Medium Enterprise are the backbone of India. They are the largest employment generator providing employment to more than 100 million people which covers 40 % Indian population. This discouraged and badly affected sector requires financial support. In Haryana context, Haryana government is providing developing, progressive and competitive environment for business. Under industrial and Investment Policy 2011, Haryana Government is providing financial assistance and incentives to business sector. According to business reforms action plan 2017, Haryana Government also got third rank in Ease of Doing Business. Haryana is the largest producer and exporter of basmati rice, software, food grains, two and four wheelers such as car and tractors. For providing competitive advantages to MSMEs, Enterprise Promotion Policy 2015 set up a flexible roadmap. Legal and political Environment of Haryana State has become favourable for doing businesses very smoothly. Under the guidance of RBI and Central Government, banks provides financial assistant in the form of reasonable interest rate loan to MSMEs. Government of India timely supports state governments to give financial assistance to priority and non priority sector. The present research paper considers the contribution of Haryana government in developing and rescuing MSMEs during COVID 19 pandemic.

Key words: - Economy, MSMEs, Contribution, COVID 19, Government

INTRODUCTION

MSMEs played very dynamic role in generating employment opportunities with low capital cost, in making rural areas more industrialised, in enhancing exports, in maintaining regional balances by giving more contribution in country's growth and income. Large scale industries are also get benefited from MSMEs because of producing raw material and supplementary products. Agriculture sector and industries both are the pillar and foundation of Indian economy. For enhancing state growth, Haryana government implemented Enterprises Promotion Policy. New version of Enterprises Promotion Policy for 2020 is in work in progress during COVID 19. A sufficient growth of Haryana seemed by Prime Minister Mr. Narendra Modi. Haryana state is now at self dependent stage. Now Haryana state is in the stage of becoming production hub and various foreign companies are now ready to invest their funds in various business of Haryana. In Haryana, a separate department has been created for promoting MSMEs. A target of 75 percent has been assured to youth for getting employment in private sector.

Government of India along with Reserve bank of India provides various rules and regulations and formulate policies to improve the contribution of banks in socio-economic development and to reduce NPA because high NPAs minimises the credit worthiness power of the banks. Due to the efforts of Haryana government MSMEs are able to generate employment, to make regional growth. In Haryana there are more than 11lakh MSMEs at present with the investment of Rs. 20,000 crores and with 10 lakh employment opportunity. They are paying contribution in metal, light, Scientific Instrument, Textile and food Processing Items. Major units of MSMEs are situated in Panipat, Faridabad, Ambala, Gurugram, Rohtak, Kaithal, Panchkula. Haryana government announced Enterprise Promotion Policy in 2015 to develop MSMEs under which financial incentives, market access, advanced technology and Infrastructure developments are included. Main aims of development of MSMEs are more employment opportunities, Regional development, Infrastructural developments. Public Sector Banks and Private Sector Banks are increasingly operating like a pure commercial organization with profit centre. They encounter unprecedented pressure to improve service quantity while progressively lowering their costs. At the same time they are expected to become

more accountable, customer focused and response to stake holders and Govt. They are the custodian of public money. According to a 2018 study, the MSME sector has a credit gap of around ₹26 trillion with 90% of this gap felt by micro and small enterprises. In March 2010, 17.3% of total bank credit was deployed to MSMEs but in March 2019 this had shrunk to 13.6%. Global crisis came in the year of 2008, affected the world wide economy very badly, it has become essential to strengthen the banking sector and financial institution because they were the main pillars of growth of the economy. Maintenance of quality of assets was the main target in front of all banks. Economic development of a country directly linked with the performance of banks. Growths of these sectors are highly related to economic growth because they provide employment opportunities. During the financial crisis, there was the shortage of demand of credit and banking sector was facing various problems for improving credit. Haryana government also launched “Timely Repayment Interest Subvention Scheme” in 2009. Pradhan Mantri Jan Dhan Yojna is also a good effort of Haryana government launched in August 28, 2014. Despite these, Haryana government also launched a “Enterprise Promotion Policy-2015” under the schemes of 'Digital India', 'Skilling India' and 'Make in India' to encourage investment in non-priority sectors. Under the supervision of chief Minister of Haryana Sh. Manohar Lal Khatter, Haryana state government also installed 'Ease of doing Business Scheme' in 2015, who made fabulous efforts in gaining third rank at national level and first rank at state level. (Sources: Department of Industrial Policy and Promotion Government of India). Haryana Government got capital receipts of Rs. 29689.43 crores in 2019-20 instead of Rs. 25950.98 Crores in 2018-19 in the form of loans recovery, borrowing and various capital inflows. In Haryana, the contribution of MSMEs in Gross domestic product of Haryana found 8 percent and they are providing employment to more than 8 crore people in Haryana. MSMEs surviving in Haryana have the capabilities to establish industries not only at national but also at international level due to their smart and hard working attitude. For the recovery of MSMEs from the harmful impact of COVID 19 Pandemic, Haryana state government announced new industrial Policy to provide main concentration MSMEs. Haryana Chief Minister announced about this policy in the” Vishal Laghu Udyahmi Sammelan” which was organised and supervised under the guidance of Laghu Udyog Bharti. Agriculture sector is the leading occupation for the Haryana population since its inception. Now farmers are

moving to small industrial sector due to shrinkage of land holding power. Haryana government is now promised to set up agro based industries to take full benefit of their people ability through opening skill development centres and training centres towards MSMEs. Under the supervision and guidance of central government, approximate 1700 obsolete laws have been abolished due to their lazy working speed. Various state governments especially Haryana government is also working on removing those outdated laws and rules which are contributing nothing for the growth of industrial sectors. As like agricultural sector, industries are also paying contribution in economic development in the form of employment generation and revenue earnings and large industries are incomplete and cannot survive without the help of MSMEs because MSMEs provide raw material or intermediate goods to large industries and on the basis of it, large scale production is possible. The contribution of small scale industries in Indian GDP is 8 percent and contribution of manufacturing sector is 45 percent and other sectors are contributing their share at 40 percent level. 3.5 crore entrepreneurs are operating their business at small level and providing employment to approximate 8 crore people. MSMEs are generating income and selling and marketing their products at National and international level and these sectors is the main source of generating foreign exchange reserves. COVID 19 pandemic discouraged these sectors a lot and many small industries went to shut down and cease to run their businesses. State Government is now committed to bring transparency in their working, to avoid corruption and to make them capable activities. Haryana government is now ready to provide the financial assistance of Rs. 1000 crore as collateral free security loan to make them financially healthy and self reliant. During COVID period, Haryana government announced “Haryana MSMEs Revival Interest Benefit Scheme” to those MSMEs to set up their units on or before March 15, 2020. Under this scheme, MSMEs are not required to pay interest on loan taken by them. They can use this amount to pay wages to their employees and to bear their expenses but the actual amount given to employees should not be more than Rs. 20000 per worker for a span of six months. Now entrepreneurs will be able to save the interest amount and use this amount to their livelihood needs. As like agriculture sector, industrial sectors play very important role in employment generation in economic development. For revenue generation and for arranging foreign exchange reserves, industrial sectors are the base of our country. “Enterprise Promotion Policy 2015” was

implemented to provide support to MSMEs which provided better results in the form of their development. New enterprise Promotion Policy 2020 was implemented by setting the target of “Vocal for Local” to make small and medium enterprises more self reliant. To provide support to Micro, small and medium enterprises, MSMEs department has been set up at Haryana state level.

Revised definition of Micro, Small and Medium Enterprises on the basis of Composition of investment and turnover announced by government of India.

Classification	Micro Units	Small Units	Macro Units
Investment	Less than 1 Crore	Less than 10 Crore	Less than 50 Crore
Turnover	Less than 5 Crore	Less than 50 Crore	Less than 250 Crore

Review of Literature

COVID 19 pandemic brought extreme hurdles and problems in front of entire world and affected various sectors specially MSME industries. Not only underdeveloped and developing countries even developed countries influenced from this disease. MSMEs are the providers of intermediate goods to large scale industries. During this harsh timing, 1.9% growth was found in Indian GDP. To see the struggle and enthusiasm of India, various countries such as US and Japan are ready to provide financial support in the form of the investment to India. By adopting leadership qualities, India will be able to save the economy and MSMEs too (Sowmya 2020).

During COVID 19, lockdowns stopped the working of MSMEs very badly in the form of decreasing demand, lack of raw material, financial scarcity, disturbed supply chain management process, declining in profits and revenues and migration of workers. This crisis affected small and medium industries to the great extent and many of them went shut down and facing the problem of low working capital. There is a need to make well planned strategies to control the harmful effect of this crisis in near future. Policy implications regarding MSMEs will definitely give support to MSMEs, protect the workers, grow up the economy and provide timely and regular technical and financial assistance for their recovery and growth (Shafi et. al.,2020).

Impact of COVID 19 crisis found not only the livelihood of people, regions and various

domestic and foreign countries but affected the economies of world and disturbed the functions of the businesses, trade, financial activities very badly. Apart from it, scarcity of personal protective equipments was found at international level. Due to this shortage, exports of personal protective equipments got banned. Uncertainly, demand of masks, gloves, googles when up at international level. World Health Organisation stated that 89 million medical masks, 1.6 million gloves, 76 millions medical gloves are needed. To cover up these demands at global level, more manufacturing and government support are required to increase the supply (Park et. al., 2020).

Lockdown brought scarcity of funds, stoppage of production, more unemployment and reduction in market shares of small and medium enterprises. Maximum units stopped their production and unable to utilise the full capacity of their potential due to this crisis. Government supports are required to their earlier recovery from the impact of financial crisis and COVID 19 pandemic (Rathore et. al., 2020).

The present paper analysed the effect of COVID 19 pandemic over different societies, regions, communities and whole economy. To minimise the harmful impact, Indian government took the decision to bring lockdown for the stoppage of harmful virus. Various sectors affected very badly in the form of stoppage of production, profits and revenues. Among primary, secondary and territory sectors, MSMEs found themselves in critical situation. India controlled this worst situation to the great extent because of better coordination between state and central government, follow up the advisories and instructions given by central ministry of health (Verma et. al., 2020).

Government support is required to control and minimise the harmful effect of this crisis over all sectors specially small and medium enterprises. Government support is remedial measures to save the small and medium units from recession period and is required to make them active in performing well in value chain system. Social distancing found a god solution to protect the lives of human being. By following it, production in industries can be run smoothly and from other side life can be saved. Financial assistance by government is required to pay wages and salary to labour classes and to maintain capital gain and profits earned by MSMEs in near future (Ozatay & Sak 2020).

Due to COVID 19, blacklist system blocked the business activities, life cycles of people,

mobilising of resources. Numerous entrepreneurs and MSMEs units found themselves in the situation of quarantine due to lockdown in china. Lockdown was an option to protect human lives but its harmful effects were seen on the production of MSMEs. Most of the countries followed rescuing policies to protect themselves from this crisis. In chine, MSMEs units adopted financial state subsidies to secure themselves. Many countries supplied goods and services directly to consumers without taking the help of intermediaries. These efforts reduce the stress raised due to this pandemic period (Zhengdong 2020).

The paper showed the impact of corona virus and negligence and mistakes performed in past period on Indian economy at different level. The results and outcomes of COVID 19 in India are becoming out of control day by day. Still, Indian economy realised the importance of socio economic factors. To overcome from this situation and to utilise the potential of young man power, strong political power and leadership qualities are required. Indian government should give more focus on making India as international hub in the field of service and manufacturing sector along with research and development concept. This paper also suggested quick, short run and long run remedial measures to save the entire economy from this harmful disease (Jakhotiya 2020).

Companies producing industrial products at national and international levels are facing the problems of stoppage of production, hindrance in supply chain process, migration of workers, lack of capital, markets and raw material. These industrial companies are now searching a better solution to maintain their production, to make them active, to minimise future risk. Planned risk managing strategies are required to reduce the harmful effect of slowdown due to lockdown and to restart the industrial production again and on continuous basis (Kapparashetty 2020).

Small and medium enterprises are facing tremendous problems such as shortage of manpower supply, migration of workers, reduction in the demand of SMEs products, underutilisation of their potential and capabilities, supply chain disruption etc. Central and state government continuously providing financial relief package for their immediate recovery in the form of providing collateral free loans, cut off interest rates, direct loan to SMEs by simplifying documentation formalities and be successful to some extent to procure them. Self motivational power and financial support by banking sectors, state

and central governments and regulatory bodies such as RBI is required to handle this harmful impact on SMEs (Arunanchalam & Crenstil 2020).

Objectives

The main aim of this paper is to study the various relief measures provided by Haryana state government to badly affected micro, small and medium enterprises during this pandemic for their earlier recovery and to bring them on right track.

Research Methodology

Present paper considers the secondary source to collect data related to different remedial measures announced by state government of Haryana. For this purpose new letters, research articles, reports of Ministry of MSMEs, periodicals are studied.

Contribution of Haryana Government during COVID 19 Pandemic

To maintain the importance and contribution of MSMEs Indian economy and to provide them secure platform and to run them on the right path, Haryana government announced various schemes. Through online mode, meeting was held between the representatives and members of MSMEs working in different districts with Chief Minister of Haryana regarding opening of new units, labour issues and growing environment for MSMEs. For opening new industries and for resolving labour issues, Haryana government announced onetime pass concept and analysis of various schemes and policies announced by other state governments. Haryana government also made application to central government regarding dispose off the employees state insurance charges related to 3 to 6 months. Haryana government also announced a scheme regarding payment of interest on loan to those MSMEs who are taking loan to pay salaries to their workers for the period of 6 months. To solve the banks related issues with MSMEs, redressal mechanism in the form of banks complaint information centres also opened. Apart from it, MSMEs also got benefited in the form of paying electricity bills without penalty, giving guarantee to MSMEs regarding loans taken from SIDBI rupees 4.75 per unit power rate fixed for agriculture base industries and providing housing facilities to labourers and their families. State government promised to restructure the bank loan given by MSMEs and under this scheme, assistance of 10 % working capital will be given by central government. While

availing long term loans from banks, rate of margin money minimised to 15 percent from MSMEs.

Members and representatives of Laghu Udyod Bharti Association and MSMEs made meeting with CM of Haryana to frame policies for their further development. To solve the issues of Haryana State Industrial and Infrastructure Development Corporation, a proposal to appoint a nodal officer was made. Government of Haryana is also solving the VAT funds issues related to 2017. Till April 2020, rupees 16.2 crore has been refunded to 1300 applicants. Financial assistance of rupees 1047 crore was provided to needed people by state government during lockdown. Haryana Corona Relief Fund also made to provide support to corona affected people. Under Sangarsh Senani Portal, 72000 people got registration during COVID 19.

1. Haryana MSMEs Revival Interest Benefit Scheme

Haryana government launched this scheme to provide benefits to workers and employees working in MSMEs who are unable to continue their jobs and works due to this pandemic and even employers are unable to pay wages and salary to them. It is a good effort made by government of Haryana in saving MSMEs during this pandemic. MSME units who are working before March 15, 2020 will get the benefit of 100% interest benefit on loans and this interest will be used to pay wages and salaries to employees but a limit of Rs. 20000 per worker is also imposed during six months.

2. Technological Assistance

Haryana government is also ready to provide technological assistance to MSMEs for further production at low cost and reasonable price. This assistance will provide support to MSMEs in producing better quality product.

3. Common Facility Centres

Deputy Chief Minister of Haryana announced to set up common facility centre for making MSMEs technologically empowered. These CFCs will be opened in MSMES cluster area in Sirsa and Panipat district for furniture and handloom and textile industries to enable MSMEs in adopting advanced technologies. A grant of

rupees 3.50 crores will be given to these two industries.

Current Status of CFCs and Infrastructural Development Projects in Haryana

In Haryana, there are total 36 (CFCs and ID projects. Out of these 8 are CFCs and 28 are ID Projects. Two CFCs are in completed form and others are work in progress. At present, 28 Projects are in completed form in Haryana state.

4. State Mini Cluster Development Scheme

Government of Haryana also launched state level Mini Cluster Development Scheme under which 25 projects having cost of rupees 65 cores are included and 140 common facility centres are giving benefits and assistance to more than 12000 MSMEs in Haryana state.

5. New Industrial Policy for MSMEs in Haryana

During 'Vishal Laghu Udyahmi Sammelan", Mr. Manohar Lal Khatter promised to formulate an industrial policy for the benefit of MSMEs. Promotion of agricultural based industries, removal of outdated law pertaining in Haryana state is the main targets of Haryana government.

Conclusion

MSMEs play very important role in the growth of entire economy by providing employment opportunities, providing raw materials to large industries, enhancing exports and by generating revenues. COVID 19 pandemic slow down the speed of MSMEs and affects their working activities very badly. Many of MSMEs are on shut down situation due to non availability of raw material, marketing facilities and shortage of manpower. For procuring them from this worst situation, Haryana state government is now very alert and active in controlling this harmful affects by providing various relief measures and financial assistance. Government of Haryana is providing financial, technical and online assistance to them so that they can manage themselves from this situation.

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