

# Real Income of the Small Business Owners: with Special Reference to Tinsukia District of Assam

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## Abstract:

Covid-19 pandemic was an unprecedented shock for the economy of the world as well as India and also for the Assam Economy. This paper aims to find out the impact of covid-19 is still in the economy or not. The paper tries to find out the impact of the pandemic on the real income of the small business owners of the readymade garments. The result of the study shows that still small business owners trying to recover their business. The real income of the business owners fall from Rs 1, 56, 622 to Rs 1, 27, 471.

**Keywords:** Impact, real income, Indian Economy, Assam economy, pandemic, small business owners.

## I. Introduction:

In 2019 the world has witnessed such an economic crisis which was never experienced before. In this year a new virus was identified among the human body which has taken away lives of lots people, which became pandemic from epidemic within a very short period of time and affected the whole world known as a Novel Corona Virus Disease. The world woke up to the perilous reality on the 11<sup>th</sup> March 2020 when the World health Organization (WHO) declared the virus as Covid-19 Pandemic. Originating from Wuhan, China, cases rapidly spread in Japan, South Korea, Europe, and United States as it reached global proportions (Mohammad et.al 2021). This is the first economic crisis triggered by a non-economic factor.

The impact of Covid-19 pandemic has two fold. One was the tragedy of human and the second was the economic impact in terms of loss of output caused by the restrictions such as lockdown imposed to control the spread of the virus. However, Covid-19 led to a massive shutdown of business in 2020 (Fairle and Fossen, 2022). Due the impact of the pandemic, economic activities came to a halt. As factories and Offices were temporarily closed, the production of goods and services declined. Supply chains were severely disrupted. The economic crisis induced by the pandemic marked by an autonomous concurrent and the global decline in demand and supply. The shocks to the real economy had spilled over into the financial and external sectors. In short, being a health crisis the pandemic has expanded into a global economic crisis. Like the other country India is also affected by the pandemic severely.

## A. Impact of Covid-19 on Indian economy:

Like the global economy Indian economy also faced multiple constraints. Covid-19 pandemic has lots of uncovered shortcomings in the world wide framework for which still the world economy is suffering from slowdown of economic activities. Same happens to Indian economy also. India's genuine GDP (Gross Domestic Product) exhausted to its base in more than six years during 2019-2020. India's development for one year from 2020-21 is gauged in the middle of 5.3% to 5.7%. India's GDP

development was 1.9% for 2020-2021. This is the least after India recorded development 1.1% in 1991-92 (Dr A.M.2021). If we see the GDP trend of Indian economy before Covid-19 and after Covid-19 we can easily catch the impact of Covid-19 on the Indian economy

**Table1: Trend of GDP Growth before Covid-19**

Growth over the Years (% y-o-y)	
Year	GDP
2014-15	7.4
2015-16	8.2
2016-17	7.1
2017-18	6.7
2018-19	6.8

Source: MOSPI

**Table 2: Trend of GDP after Covid-19**

Growth over the years (% y-o-y)	
2019-20	3.70
2020-21	-6.60
2021-22	8.95
2022-23	6.5(PE)

Source: [www.macroeconomicstrend.com](http://www.macroeconomicstrend.com).

### **B. Impact of Covid-19 on the Assam Economy**

The overall economic situation of Assam prior to the outbreak was similar to that of the country. Since 2017-18 the rate of growth of the state GDP has been declining and in the year 2019-20 estimated rate was 5.8 % which is 16% lower than the previous year. States' unemployment rate was 7.9% since 2017-18. (SITA,2020). Ultimately the overall economy of Assam was facing slowdown and the pressure of increasing unemployment and at such a time a new disaster came to the economy, i.e. the outbreak of Covid-19 in the form of lockdown has put further strains on the economy and therefore the impact of the pandemic was more severe.

#### **Significance of the study**

Many discussions and arguments are claiming that, all the effects of covid-19 on business will be changed with time. Nothing in business will be left unchanged with the passing of time. But, there are very few research works and studies that have shown the fall in real income focusing on the MSM enterprise owners. Though some research has been reported that, MSEM enterprise has witnessed a 20-25 % reduction in their earning. So, there is a very that, probability that the real income of these small business owners have changed in the post Covid-19 pandemic. Therefore, this paper aims to find out the

impairment of Covid-19 pandemic in real income of the small business owners focusing on the small store owners of the Tinsukia district of Assam.

## II. Literature review

In his paper, “Impact of covid-19: Micro, small and medium Enterprises in India, Pandemic shock of covid-19 and Policy Response: A Bird’s eye view” Krishnarajapet V. Ramaswamy pointed out that the traders across the country were highly depressed because of the very minimum footfall of consumers, considerable absence of employees and due to serious financial problems. Another important statement reflected in the study is that 50 percent of micro, small and medium enterprises were reported to have witnessed a 20-25 percent reduction in their earnings.

Fu, Jhanget.el (2020) in their paper, Introduction to the special section: ‘the impact of Covid-19 and post pandemic recovery: China and the world economy’ examined the dynamics mainly in relation to China and the world economy, and the response policies utilized for post pandemic recovery. And they found that China has observed V-shaped recovery in all areas of the economy with appropriate national and local stimulus policies, and its economic outlook in the next decade is optimistic digitalization played a crucial role in both short term and long term impact on China’s economic growth and sustainable digital transformation. Science, technology and innovation played an important role in controlling the pandemic and in resuming production, business work and social life, and will contribute to further growth in the post pandemic era and their effects would be maximized through international collaboration in innovation and investment.

S.Mahendra Dev and Rajeswari Sengupta (2020) conducted a study on “Covid-19 : Impact on the Indian Economy” where they analyzed the Indian economy in pre covid-19 period, and also have discussed the impact of the crisis on overall macro impacts, agriculture and rural activities, informal sector, MSMEs etc. They have specially focused on what Kind policy support is needed at the present scenario of post Covid-19.

Cuntz & Sahli (2021), in the paper entitled with Covid-19 Impact on Artistic Income tried to assess the impact of the pandemic on self-employed income among artistic residents in Germany. And they found that musicians and performing artists are among the most vulnerable groups.

D. Indrakumar has analyzed the impact of Covid-19, in his research work, “Covid-19 and Its impact on Micro, Small and Medium Enterprises in India”. In this research work discussion have been done on the impact of Covid-19 lockdown on MSME sector. And conclusion has been made that, “Make in India” policy has created a golden chance for India to grab the opportunity and make India a global manufacturing hub. But there is still no concrete report available about the growth and changes of income specially focusing on the MSMEs.

Fairlie & M.Fossen (2022) examined the early impact of Covid-19 on business sales of California. They examined the amount of losses using administrative sales tax data from the California department of tax and fee administration and they found out that average loss of taxable sales is 17% in the 2<sup>nd</sup> quarter of 2020 relative to the 2<sup>nd</sup> quarter of 2019 even though year over year sales typically has grown by 3-4%. They also found that sales losses were largest in business affected by mandatory lockdown such as accommodation, which lost 91 % where as online sales growth by 180%, drinking places, arts, entertainment and recreation. The results suggested that small business may need more support from

government and consumers to mitigate the strong shift to online vendors and the pandemic must be brought under control as a prerequisite to a full recovery.

### **III. Methodology of the Study**

The study is an attempt to examine the impact of Covid-19 in small business sectors specially the garment sector during the post pandemic period. For this purpose following objectives and methodology is adopted

#### **A. Statement of the problem:**

The impact of the pandemic on trade and business was most vulnerable sector. Among all the sector, a sector on which loss was highest but was less visible in the eyes of commons, the readymade garment sector of small business owners. Therefore the study aims to find the impact of covid 19 on the real income of the small readymade garments of Tinsukia District, a state of Assam.

#### **B. Objectives of The study:**

The main objectives of the study are –

- 1) To measure change in real income of the small business owners post Covid-19; focusing on the small clothing stores on Tinsukia district.
- 2) To understand the effects of the Covid-19 pandemic on their business.
- 3) To know the prospects and opportunities for the business Owners to recover the effects of the pandemic.

#### **C. Research questions:**

The research questions for the study are as followed-

1. Is there any change in the of the small business owner's real income during post Covid-19?
2. What are the prospects and opportunities for the development of their business, received so far after the covid 19 pandemic?

#### **D. Methodology:**

The research method that is used in this paper is descriptive in nature. The present study is based on both primary and secondary data. The primary data have been collected by personally interviewing the garment shopkeeper in the selected area through a structured questionnaire designed for this study. Secondary data have been collected from various published journals, government report and various websites of local, national and international importance.

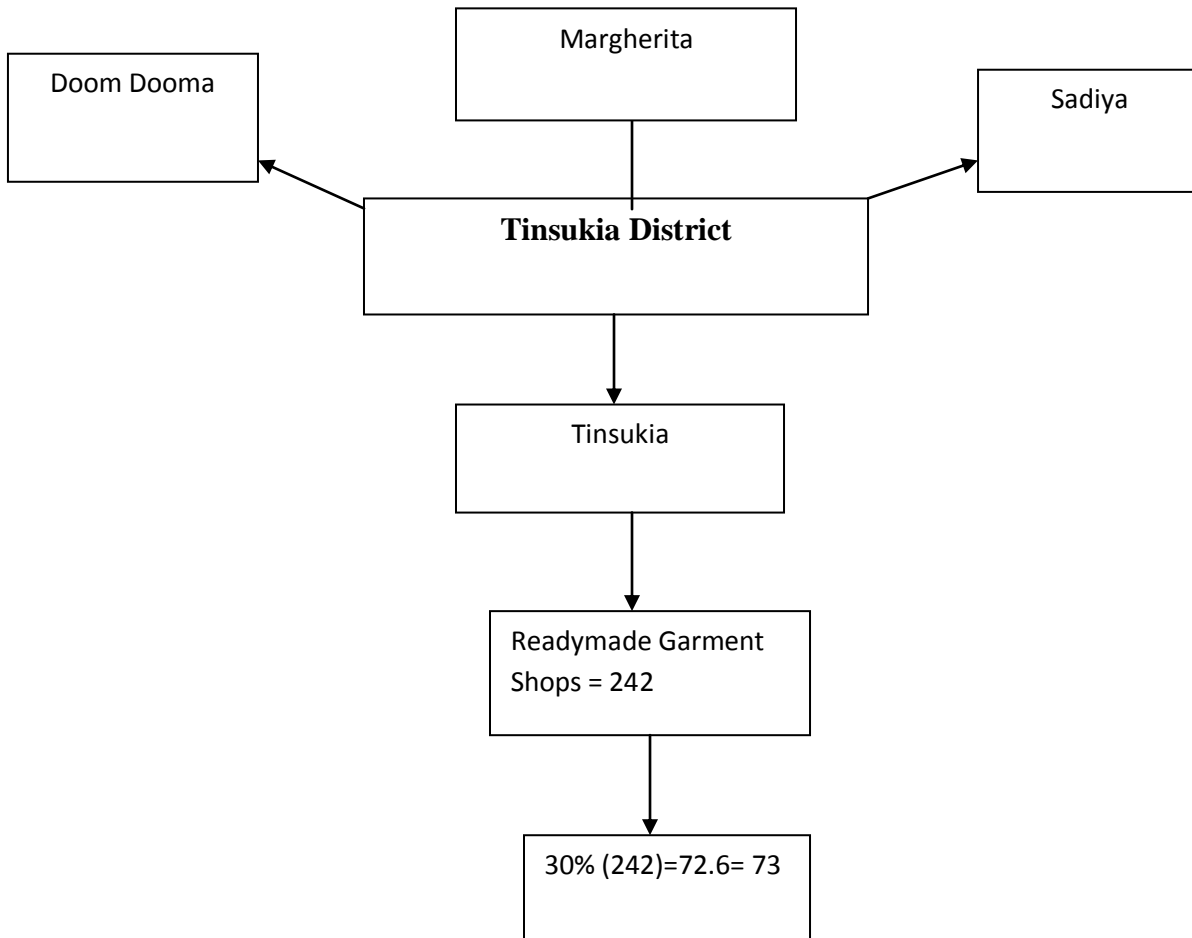
The period of the study is from November 2022 to 2023 January

#### **E. Sampling Technique:**

A purposive sampling technique is used to select the area, while selecting the district, block and the respondent shops a multistage and random sample technique was adopted.

### F. Sampling Design

At first Tinsukia district is selected purposively. Tinsukia is a district of Assam in the state of India. The district is further divided into four central development block namely Doom Dooma, Margherita, Sadiya and Tinsukia. Out of all these block Tinsukia block is selected purposively for the convenient of the study.



### IV. Discussion and analysis

This chapter includes the results and discussion of the study, which mainly includes the analysis of changes in real income of the small business owners in Tinsukia district. In this study attempts have been made to fulfil the objectives of the study i.e. to measure change in real income of the small business owners post Covid-19; focusing on the small clothing stores on Tinsukia district, to understand the effects of the Covid-19 pandemic on their business and also to Know the prospects and opportunities for the business Owners to recover the effects of the pandemic. Here the explorative and descriptive analysis has been conducted with the help of tables and diagrams.

**A. Socio-economic condition of the respondents**

In this study, the socio economic conditions of the respondents have examined. The socio economic factors such as gender, age, educational qualification of the respondents are explained below with the help of table and diagram.

**B. Gender distribution of the respondents**

The field survey under the study has shown that among the 73 respondents under the study, all of the respondents are male.

**C. Age distribution of the respondents**

The age distributions of the respondents are as followed-

Table3

Age limit	Percent
20-30	24.6
31-40	50.8
41-50	24.6

Source: Field survey

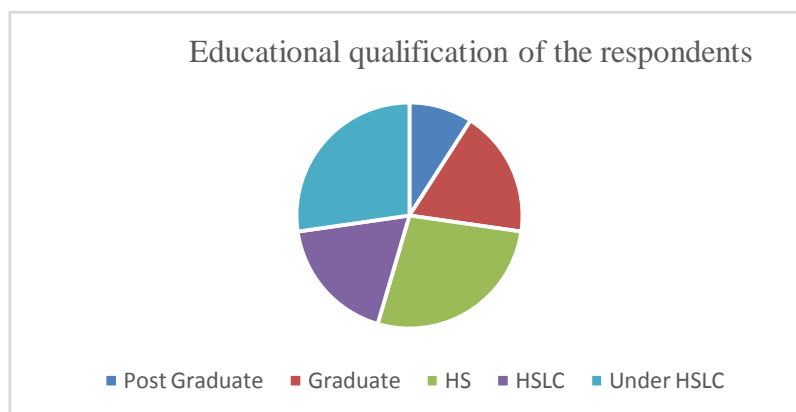
The above table shows that, among all the respondents majority of the people are from the age group of 31-40 with a percentage of 50.8. Again 24.6% respondents are from the age group of 20-30 and 41-50.

**D. Religion of the respondents**

In the study, the respondents belong to Hindu and Islam religion.

**E. Educational status of the respondents**

The educational qualification of the respondents plays an important role in analysing the sales, profits in business. And to utilise the opportunities to develop the business education plays an important role. The figure below shows the educational status of the respondents-



Source: Field survey

The above table reveals that among all the respondents, most of them have basic educational qualification. Only a few respondents are under HSLC. 27% have post graduation also.

**F. Real income of the respondents before Covid-19 pandemic**

The present study aims to find the real income of the respondents by using the formula of real income. The formula is given below

$$\text{Real Income} = \frac{w}{1 + \text{inflation}}$$

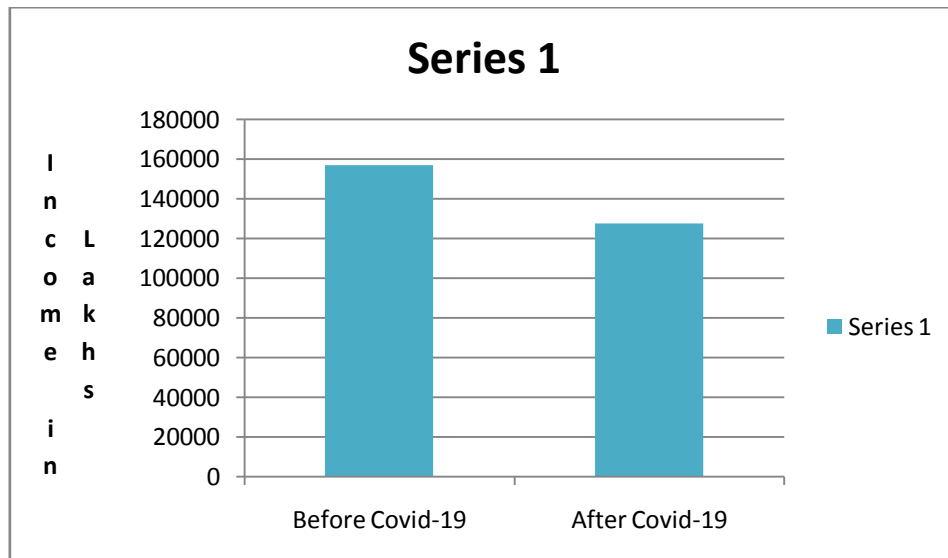
Where, w refers to the wage or daily earnings of the shopkeeper and the inflation rate is the rate of inflation of that period i.e. 2018-19. By using this method we find the real income at first, and then we calculate the average real income of the respondents. We found that before covid-19 the average annual real income was Rs1,56,622. This also reveals that most of the respondents have their income below taxable capacity.

**G. Real Income of the respondent after Covid-19**

After covid-19 we have noticed a sufficient fall in the real income of the respondent. The average real income of the respondent during post pandemic is 1,27,471. This shows that the average real income is falling by Rs 29,151.

The trend of the real income can be expressed through the diagram given below.

Figure-1



The diagram shows that after 4 years of Covid-19 people still suffering of losses in the business. The business is not recovered that’s why income is less than the income before the pandemic. This answer to our first question is that there is a change in the small business owner’s real income during post Covid-19 period. The change in real income is negative.

**H. Challenges faced by the Respondents:**

1. The prime challenge faced by the respondents is falling in the market demand.

2. There is a very few demand of the winter collection. This is due to the weather condition of the environment.
3. Sales declining than five- six years ago. This results in declining of revenue of the firm.
4. Standard of living has a downturn among most of the respondents.

#### **I. Prospects to grow the business:**

Here is a chance to grow the business within a short period of time if the ground level consumers' demand is increased. This is possible if government takes appropriate measurement. Moreover, there is a need to provide adequate financial support to the small business owners in the selected region.

#### **V. Summary and Findings of the Study:**

1. Most of the respondent's real income is declining day by day, which indicated that the purchasing power of the respondent and their family member has also reduced.
2. Expenditure on both necessary and luxurious items before Covid19 was less than the present expenditure. This is mainly due to rising prices of the necessary goods.
3. 70% of the respondent did not buy any luxury commodity after the pandemic. This is because they are still facing a downturn in their businesses.
4. The recovery process of the large scale industries is faster than the small one.
5. No respondents have any educational background relating to business administration.
6. Disguised unemployment was also seen in this sector.

#### **VI. Conclusion of the Study:**

Since income of the most respondent declining due to low demand and high prices and in such case rising prices of necessary goods is a major obstacle in the growth process of the business. Therefore government needs to provide more financial support to these small business owners. If appropriate measure is not taken at this time there is a vast chance the economy fall in the trap of recession.

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