COVID-19 Enterprise Response Research:
A resurvey of closed enterprises

November 2020
Acknowledgements

This research endeavor was possible with the generous support of the Bill & Melinda Gates Foundation.

We are grateful to the field operations team at LEAD for their undeterred support in conducting this survey. We would also like to thank the respondents for taking the time to participate in the survey, during a challenging time.
LEAD AT KREA UNIVERSITY

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Between June-July 2020, LEAD at Krea University surveyed 2,083 women in Madhya Pradesh, Bihar, Chhattisgarh and Odisha to understand the impact of the COVID crisis and lockdowns on women-led enterprises in rural India.

In November 2020, we re-surveyed 205 enterprises that previously reported business closures in round 1 of the survey to document how many women-led businesses had recovered since June-July.

This survey was completed between 21 November - 29 November 2020.

To see findings from Round 1 of the COVID Enterprise Response Research, please [click here](#).
Key Insights

Recovery in business outlook
73.2% of women-led businesses (that reported permanent closures in round-1) have reopened

Improved income levels
58.4% of businesses have reported an improvement in income levels from round-1

Trading enterprises fare better on recovery
70% are wholly operational and note greater improvements in income vis-à-vis others

Festive season encouraged businesses to reopen
More than 25% of enterprises reported improved demand in the festival season was a key motivating factor for businesses to reopen. 91% of businesses reported a less profitable Diwali season this year as compared to last year.

73.2% still missing support
Nearly three-quarters of businesses did not receive any external support (NGOs, SHGs, Govt) to restart their businesses
Resurvey components

- Status of operations and recovery timelines
- Income improvement
- Profile of recovering enterprises
- Causal factors
Status of Operations

We see recovery across states, with many enterprises back to pre-covid levels of activity.

While 39% of enterprises were wholly operational by November 2020, and an additional 33.7% were partially operating their businesses:

27.3%
Of businesses were still not operational

97.3%
Enterprises that reopened continued the same business activity as before
24% of permanently closed businesses reopened within a month or two of the first unlock measures (June-July). However, many businesses (26.8%) did not reopen even after 6 months.

Significant proportion of enterprises in the services and trading sectors were fully functional - 74% each.
- Trading enterprises were the highest to report fully functional as well – 70% were wholly operational at present, whilst most service or production enterprises were still partly operational (55.56% for both).
Recovering businesses – Income improvement & who is recovering

58.4% enterprises reported an improvement in their income between the two rounds of the survey.

Have you noted an improvement in your income since we last spoke to you? (n=149)

- Yes (n=87) 41.6%
- No (n=62) 58.4%

How much business have you had this Diwali as compared to last year? (n=149)

- Much lower 60.4%
- Slightly lower 22.8%
- Same as last year 2.0%
- Slightly better 4.7%
- Much better 2.0%
- Zero / no business 8.1%

1. For those whose income had improved, Mean monthly income was INR 4199.93 and median monthly income was INR 3000.
2. Most businesses expectedly reported much lower business this Diwali as compared to last Diwali (60.4%).
Recovering Businesses – Causal relationships and reopening

73% women responded that they did not receive any external support (NGOs, SHGs, Govt) to restart their businesses

Did you receive any external help (NGOs, SHGs, Govt.) to restart your business? (n=149)

- No (n=109) - 73.2%
- Yes (n=40) - 26.8%

All factors you think contributed in restarting your business?

- Improvement in demand - due to festivities: 25.0%
- Easing of unlock restrictions: 18.0%
- Feeling motivated (entrepreneurial spirit): 17.0%
- Received financial support to restart: 16.0%
- Long time had passed, had to restart anyway: 9.0%
- Improvement in demand - generally: 8.0%
- Received support from family and friends to restart: 7.0%
- Took support from govt / govt schemes: 0.0%

Top 3 responses / Most-common responses to help received:
1. Help from SHGs
2. No help received as such, had to restart business to meet expenses
3. Help from family and friends
About STREE:

In 2018, through the National Rural Economic Transformation Project (NRETP), the Ministry of Rural Development (MoRD) and the World Bank collaborated to build on the learnings from DAY-NRLM and pilot a new generation of economic initiatives including high-growth entrepreneurship models in 13 low-income states of India. The project aims to support about eighty thousand rural enterprises by June 2023.

To further propel NRLM’s vision of creating a robust enabling entrepreneurial ecosystem for women in rural India, a technical assistance program, Solutions for Transformative Rural Enterprises and Empowerment (STREE) was incepted in 2019. The STREE program is spearheaded by LEAD at Krea University and is supported by the Bill & Melinda Gates Foundation.

Follow us on Twitter @LEADatKrea

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LEAD is a part of IFMR Society with strategic oversight from Krea University.

www.ifmrlead.org
ANNEXURES

- Sample structure, response rates
- Respondent profiles
Data quality, Sample and Responses

- Our sample comprises entire of female respondents. Both rounds of survey included women-led micro or small enterprises.

- We contacted all 239 enterprises that reported permanent closures in part 1 of our study (June-July 2020), out of a total of 2083 enterprises.

- We were able to reach 85% of the sample that reported permanent closures (205 of 239) in our resurvey.

- Of the 205, most of the survey responses were recorded for women reporting an operational business at the time of the resurvey i.e., n = 149 enterprises.
**Profile of enterprises (n=205)**

<table>
<thead>
<tr>
<th>Location</th>
<th>MP</th>
<th>Bihar</th>
<th>CH</th>
<th>OD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restart</td>
<td>5</td>
<td>100</td>
<td>93</td>
<td>7</td>
</tr>
<tr>
<td>Restart</td>
<td>2</td>
<td>86</td>
<td>59</td>
<td>3</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Type of enterprise</th>
<th>Individual</th>
<th>Group</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>82.4%</td>
<td>17.6%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Nature</th>
<th>Service</th>
<th>Trading</th>
<th>Production</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>47.8%</td>
<td>33.2%</td>
<td>19%</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Age of respondent</th>
<th>Min</th>
<th>Mean</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>20</td>
<td>35</td>
<td>65</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Age of business</th>
<th>2020</th>
<th>&lt;= 2 yrs</th>
<th>3-5 yrs</th>
<th>6-10 yrs</th>
<th>10+ yrs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2.4%</td>
<td>31.2%</td>
<td>30.3%</td>
<td>17.6%</td>
<td>18.5%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operational (n = 149)</th>
<th>Wholly operational</th>
<th>Partly Operational</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>53.7%</td>
<td>46.3%</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Top 3 occupations</th>
<th>Tailoring</th>
<th>Ladies Store</th>
<th>Kirana</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>36.6%</td>
<td>10.7%</td>
<td>8.3%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Premise</th>
<th>(Co) Owner’s home</th>
<th>Owned premise</th>
<th>Rented Premises</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>65.4%</td>
<td>21.5%</td>
<td>13.2%</td>
</tr>
</tbody>
</table>