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WORKING PAPER

**Impact of Pandemic on Firm Performance
in India across Size and Sectors:
A Study Based on Formal Enterprises**

**Akhilesh Kumar Sharma
Vanshika Jain**

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4 Vasant Kunj Institutional Area, New Delhi – 110 070

Phone: +91 11 3510 4511 | E-mail: info@isid.org.in | Website: <https://isid.org.in>

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Impact of Pandemic on Firm Performance in India across Size and Sectors: A Study Based on Formal Enterprises

Akhilesh Kumar Sharma and Vanshika Jain***

Abstract: COVID-19 pandemic impacted all spheres of economic activities, the restrictions marked a stop in the functioning of trade activities, businesses, national/international services. The functioning of economies came to a stop as nations imposed lockdown and restrictions on movement of goods and people across borders to contain the spread of pandemic. The present study attempts to quantify and analyse the impact of coronavirus pandemic on the micro, small and medium enterprises through a firm level study based on CMIE database using several parameters which can affect firm performance directly or indirectly. The study finds that besides the visible factors like age, size, sector, type of the firm there are several other factors influencing the individual firms. In aggregate sense, there is 'U' shape recovery in the performance of firms. However, in some sectors recovery had been slow and sales had not been reached up to the level of 2019-20, pre-pandemic level. Around one third firms are still struggling to revive and reach their pre-pandemic level. Among broad sectors, impact on manufacturing sector was more severe than the services sectors in terms of value of sales. However, in terms of activities, more firms engaged in service activities were affected by the pandemic. For building resilience, firms should focus increasing assets, asset use efficiency, profit, formal workers. It also indicates that smaller firms with low assets need more policy attention than the larger firms during post crisis revival. Various studies pointed out lack of government assistance in reviving demand side. Therefore, during economic crisis, such as pandemic induced economic disruptions, government should focus on increasing domestic demand for the revival of the economy.

Keywords: firm performance, sectoral impact, formal enterprises, MSMEs, resilience

JEL Classification: D22, L25

* Assistant Professor, Institute for Studies in Industrial Development, New Delhi, India.

** Research Associate, Institute for Studies in Industrial Development, New Delhi, India.

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For the complete working paper, please contact the author(s) at akhilesh@isid.org.in; aksbhu2608@gmail.com; & jainvanshika00@gmail.com

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