The Economic Impact of Covid-19 on the Micro, Small and Medium Enterprise (MSME) Sector in Batticaloa District, Sri Lanka

Santhirakumar. S¹., Narmilan. A² and Puvanitha, N³

¹Lecture, Department of Economics & Statistics, Faculty of Arts and Culture, South Eastern University ²Lecture, Department of Biosystems Technology, Faculty of Technology, South Eastern University ³Lecture, Department of Agriculture, Hardy, Sri Lanka Institute of Advanced Technological Education

ABSTRACT

Micro, Small, and Medium Enterprises (MSMEs) play an important role in the growth and stabilization of the Sri Lankan economy. The outbreak of coronavirus disease-2019 (COVID-19) has severely affected national and global economies. Various MSMEs are facing different issues with a certain degree of losses during the COVID-19 pandemic period. Therefore, the main objective of this study was to identify the major economic impacts on MSMEs through the marketing mix concept (4Ps) method. This study was conducted with the use of primary data collection from the MSMEs, who were based in the Batticaloa District in Sri Lanka from August to September 2020. According to the outcomes of the Problem Faced Index (PFI), reduction of production (340 out of 400), price of raw materials increased (326 out of 400), impact on the market (338 out of 400), and reduction of customer communication (340 out of 400) were first ranked in production, price, place, and promotion respectively during the pandemic period. In addition to that, the study recommended, the NGOs and local government bodies should create awareness and support to the MSMEs via the arrangement of seminars and training programs on overcoming this critical situation in the country.

Keywords: 4Ps, COVID-19, Economic impact, Micro-Small-Medium Enterprises, Problem Faced Index, Sri Lanka

1. INTRODUCTION

The Covid-19 coronavirus outbreak is a human tragedy affecting millions of people in this world. The outbreak also imposed negative impacts on the global economy, industries, corporations and small and medium enterprises (SMEs). Consequently, economists predict the slowing down of economic activity momentum started from March 2020 onwards without a specific ending date (Segal and Gerstel, 2020). COVID-19 has since spread worldwide presenting one of the most serious global health crises in history, with high socio-economic costs. While the health impacts are directly through contagion, the economic impacts are largely a consequence of the preventive measures adopted by the respective governments to curtail its spread. Key measures adopted by most countries to curtail the spread include the closing of their frontiers and partial or complete lockdowns of economies which among other things, have seen the temporary closure of businesses, schools, and social services.

Small and medium-sized enterprises (SMEs) provide development nerves to the fabric and corner of the economy (Kalpande, *et al.*, 2015). Micro Small & Medium Enterprises (MSME) plays an important role in the socio-economic development of a country. In general, MSMEs are considered as the backbone of an economy contributing 52% to the GDP.

According to the 2013/14 Economic Census of the Department of Statistics and Censuses (DCS), the number of establishments in the SME sector is 1,017 million, which provides sustenance for almost 2,255 million people in the non-agricultural sector. (Gunawardana, 2020). The distribution of MSMEs in the country concerning the four categories Micro with 935,736 (91.8%), Small, 71,126 (7.0%) Medium 1%, and Large 0.2%. The total MSMEs sector represents 99.8% of the total establishments in the country (Gunawardana, 2020). As per the Ministry of Industry and Commerce, (Ministry of Industry and Commerce, Sri Lanka, 2020), the contribution of the MSME sector in Sri Lanka is a driver of change for inclusive economic growth, regional development, employment generation, and poverty reduction in the country. With the globalization trend, the SME sector is not merely seen as a sector for "protection and promotion" but, more importantly as a driving force for "growth and development" (National Policy Framework Report, 2019). Understanding the significance of the sector, the government of Sri Lanka continuously resources and regulates the growth of the MSME sectors fostering Micro Small and Medium Enterprises to grow into Medium and Large enterprises and large enterprises to grow into the global arena in competitive advantage (Wijayasiri, 2016). The daily wage earners (persons engaged on a casual basis) (CBSL, 2020), were identified as the most affected category within the MSME sector, where the government offered several relief measures for their sustainability through the pandemic. With the impact of the COVID-19 pandemic in Sri Lanka, few districts were not affected whose economical activities begun with the lift of curfew where the agriculture sector was able to continue without much difficulty affecting positively the overall country's condition. Main subsectors which got affected by the pandemic in terms of MSME's are the Tourism industry, Apparel sector, Footwear and leather sector, processed food industry, handloom, and handicraft industry and other industries such as rubber and plastics, wood-based industry, and ceramic manufacturing (Ministry of Industry and Commerce, Sri Lanka, 2020).

The marketing mix is considered to be one of the most important aspects of the marketing process. It plays a significant role in creating value and satisfaction for the customer. In particular, the marketing mix or 4Ps (product, price, promotion, and place) operates as the main forces when it comes to meeting the demands of the customer and creating a long, profitable relationships with them. The traditional theoretical framework about the implementation of marketing-management process activities is based on the concept of the marketing mix (Festa, Cuomo, Metallo, and Festa, 2016). The importance of this study is based on the significant role of the marketing mix (product, price, place, and promotion) in achieving a competitive advantage for the SME sector. Hence, it is vital to understand the real-time impact of the COVID-19 pandemic on the MSME sector of Sri Lanka and to be gathering knowledge on the relief measures and governmental plans to mitigate negative circumstances while improving the effects of advantages arising from the concurrent opportunities.

2. OBJECTIVE

The main objective of the study is to identify the major economic impacts on MSMEs through the marketing mix concept and to understand the relief measures offered by the government and new opportunities in the sector.

3. LITERATURE REVIEW

Working, shopping or getting around - the COVID-19 crisis has fundamentally changed many things. COVID-19 has rapidly affected our day-to-day life, businesses, disrupted the world trade and movements. Identification of the disease at an early stage is vital to control the spread of the virus because it very rapidly spreads from person to person. The COVID-19 global pandemic which started as a health crisis, has become an economic and a 'human crisis,'. As governments across the globe closed international borders, abandoned transport systems, and took steps to lockdown their population to contain the pandemic, economic activities have faltered, global and regional value chains have been disrupted, millions of people have lost their jobs, with many of them facing hunger and falling into extreme poverty. Moreover, the socio-economic impact is much more severe given the vast proportion of population in these countries living at the margins, fragmented coverage of social protection, pervasive informality in economic activities and employment, and wide gaps in public health infrastructure. Millions of workers have been rendered jobless, inequalities have been accentuated and the crisis is likely to reverse years, if not decades, of gains in poverty reduction, undermining the progress made by the subregion towards achieving the Sustainable Development Goals (SDGs) (ESCAP UN, 2020).

Haleem *et al.*, 2020, this article highlighted that most of the countries have slowed down their manufacturing of the products. Due to this pandemic, there are many economic impacts on MSMEs such as slowing of the manufacturing of essential goods; disrupt the supply chain of products; losses in national and international business; poor cash flow in the market and significant slowing down in the revenue growth. Furthermore, there are many social impacts on MSMEs such as service sector is not being able to provide their proper service; undue stress among the population; social distancing with our peers and family members; and closure of the hotels, restaurants and religious places.

Vaikunthavasan *et al.*, 2019 discussed the product-based problems such as SMEs have limited resources, they have adopted traditional based and mostly manual productions with very few innovated technological equipment. Further SMEs have not applied any innovative or creative production methods. In addition, most of the SMEs are micro enterprises, they haven't any research and development on customers, product advancement and product innovations. Furthermore, explained the pricing problems like high cost of labor, raw material and other cost of production. Due to this SMEs impose low margin and have high price, consequently decrease in demands for products. Floating exchange rate leads risk in foreign export income of SMEs. In case of problems in promotion such as SMEs have been using few media to disseminate information, because of high cost of advertising and promotion and poor support of media to convey the message about product or services of SMEs. So, there is low awareness about the product or services of SMEs. Further most of the SMEs are technology back in disseminating information, they fail to create web site and use social networking.

Gunawardan, 2020 the study underlined the main issue faced by the Micro and Small enterprises is the breakdown of their supply chain due to lockdowns and curfew. Also, the majority of them face working capital the problem as they do not receive payments for goods supplied and other income sources also have declined. Price escalation of raw material due to limited availability also has affected their operations. The curfew and lockdowns also have imposed constraints on disposable income affecting the economic cycle.

MINISTRY OF LABOUR

29

Kirushanthy, 2015 carried out to understand the main causes of the business failure of SMEs in Batticaloa district that mentioned above mentioned challenges. The challenges for the development of MSMEs are financial capital, infrastructure, employment opportunity, greater utilization of machinery, equipment and raw materials and intellectual and skill employees, sub-contracting with formal and informal sectors.

Kapurubandara, 2006. this study mainly focused that the SMEs in developing countries fall behind with adoption due to barriers, both internal and external, prominent and inherent in a developing country as cultural, infrastructure, political, social, and legal and regulatory Barriers. Interpretation of preliminary internal barriers: such as the lack of skills required and the lack of awareness of any return on investment.

Gamage, 2003. The main problems that small and medium enterprises encounter, especially during the start-up phase, deal with the lack of financial resources and also with administrative barriers in terms of bureaucracy.

Thus, there are many bottleneck of continuing the MSMEs in many places before and during the COVID-19. Even through vulnerable entrepreneurs involve to produce the good and services. This study is going to focus the major issues which are identified from the entrepreneurs and analysis with the marketing mix or 4Ps (product, price, promotion, and place) to investigate the major challenges among other issues.

4. METHODOLOGY

4.1 Study Area and Sampling

The Batticaloa District is one of the most attractive places on the island such as a beautiful lagoon, longest beach, flora wildlife, and historical sites, and agricultural-related production. those are gifted with several environmental asserts highly potential to involving these MSMEs. Moreover, in the last three decades, many women households lost their lives and assets. As a result, those women households are encouraging to make revenue and assert to reduce the poverty and generate family income. Many NGOs and government organizations are working in this area. This study was carried out with the use of primary data collected from the MSMEs sector in the Batticaloa District. The polite survey conducted with entrepreneurs and other related filed officers to define the 4ps issues and using a questionnaire survey randomly selected 350 respondents (The following formula was used to determine the samples size (n); n = N*X / (X + N - 1), where, $X = Z\alpha/22 *p*(1-p) / MOE2$, and $Z\alpha/2$ is the critical value of the Normal distribution at $\alpha/2$ (e.g. for a confidence level of 95%, α is 0.05 and the critical value is 1.96), MOE is the margin of error, p is the sample proportion, and N is the population size (Daniel, 1999) from August to September 2020. The questionnaire had already been tested for its reliability and validity and verified by interviewing the 10 respondents in the region (who are not part of the sample studied). The data were collected in the respondents' questionnaires in their local language.

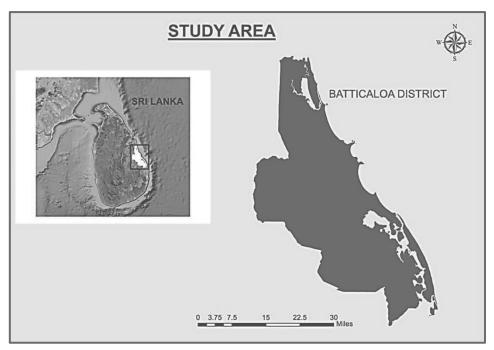


Figure 1: Mapping of Study Area

4.2 Measurement of Problem Faced Index (PFI) in the MSMEs during the pandemic period

Sixteen problems were selected based on the 4P concept and previous studies to measure the problem level in the MSMEs sector. The respondents were asked to show their responses as strongly agree, agree, neutral, disagree, and strongly disagree against each problem according to their extent of problem faced during the COVID-19 period. The weighted score of the five responses was assigned as 0, 1, 2, 3, and 4 respectively.

The Problem Faced Index (PFI) of each of the problems was measured using the following formula: $PFI = 4 \times Fv + 3 \times Fh + 2 \times Fm + 1 \times FI + 0 \times Fn$

Where.

Fv = Number of respondents who faced very high problem (Strongly agree)

Fh = Number of respondents who faced high problem (Agree)

Fm = Number of respondents who faced medium problem (Medium)

FI = Number of respondents who faced low problem (Disagree)

Fn = Number of respondents who faced no problem at all (Strongly disagree)

To make a comparison among the problems during the pandemic period on MSMEs, a rank order of problems was constructed in descending order. PFI ranged from 0 to 400, where 0 indicated no problem at all, and 400 indicated very high problems faced (Rashid & Islam, 2016).

5. DATA ANALYSIS AND FINDINGS

Data collected from the respondents were analyzed and interpreted by the objectives of the study. The analysis of data was performed using statistical treatment with SPSS (Statistical Package for Social Sciences) computer program, version 25.

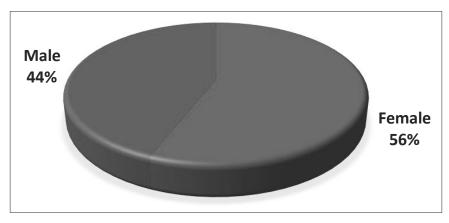


Figure 2: Gender Distribution

5.1 Demographic Characteristics

5.1.1 Gender

The female entrepreneurs are higher than male entrepreneurs. Because most of the women's head households, who are valuably involving these kinds of self-employment work for their livelihood activities. It will generate family income. Apart from that, they can utilize their skill with the human resource in the home environment. Eventually, males, who are supporting male enterprise work (Santhirakumar, 2010). Most of them are at home especially females during the lockdown. There was no much labor migration from place to place. The increase in the female labor force participation in MSME business may also be attributable to improving economic incentives in employment and policies favoring the employment of women. Also, the combined effects of increased years of schooling, access to family planning services, improved maternal and child care, leading to arise in the average age at marriage, have allowed women to take advantage of the increased employment opportunities (Latif, 2011)

5.1.2 Age

The age categories, which are showing a large number of entrepreneurs age between 30 and 50 compared with other categories. Households are very keen to participate in this field. Moreover, they are getting many supports not only from government organizations but also NGOs to develop micro, small, and medium enterprise training, tools and equipment, and other facilities from time to time.

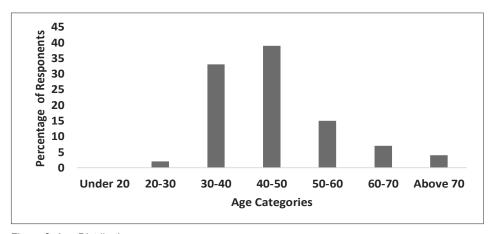


Figure 3: Age Distribution

5.1.3 Experiences

Experience is another important economic factor in MSMEs in the country. In this study area, MSMEs' activities are continuing from generation to generation. According to the study, around 50% of respondents have 10 years to 15 years of experience in their field. Most of them are experts in this field apart from that they can try to adapt the new technology for their respective livelihood activities, for example, rice flour and handicraft items. Some of them are newly engaging in this field due to their poor income background and motivation from other entrepreneurs. Why does an individual take the personal, social, and financial risks that are associated with starting up a new venture? Individuals decide to engage in an entrepreneurial activity because of different (combinations of) motivations. Generally, a distinction is made between positive factors that 'pull' and negative situational factors that 'push' people into entrepreneurship (Shapero and Sokol, 1982; Gilad and Levine, 1986). Examples of 'pull' motivations are the need for achievement, the desire to be independent, and social development possibilities. 'Push' motivations may arise from the exit from or risk of unemployment, family pressure, and/or dissatisfaction with the present situation in general. In this paper, we investigate whether individuals, who report being motivated by pull start-up factors and individuals who report being motivated by push start-up factors, are different concerning the factors that influence their entrepreneurial engagement and failure.

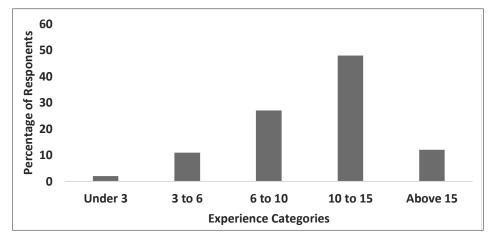


Figure 4: Experience of Respondents

5.1.4 Income Source

Mostly (around 51%), entrepreneurs are involving not only one production or services but also other production and services. Which depends on their skill, knowledge, and experiences. Moreover, the size of the family, the season of years, availability of time, etc.

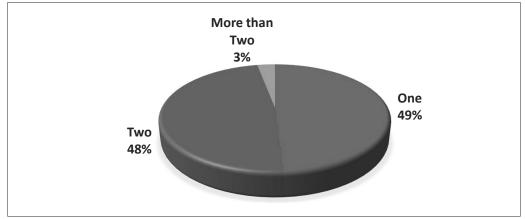


Figure 5: Income Source

5.1.5 Family Income

Entrepreneurs' family income almost lay frequently between 10,000LKR and 20,000LKR per month compared with other categories of income level. The amount of income ranges is fluctuating depending on 4ps (Production, price, place, and promotion) and uncertainties. The main issue faced by the Micro and Small enterprises is the breakdown of their supply chain due to lockdowns and curfew. Also, the majority of them face working capital the problem as they do not receive payments for goods supplied and other income sources also have declined. Price escalation of raw material due to limited availability also has affected their operations. The curfew and lockdowns also have imposed constraints on disposable income affecting the economic cycle (Gunawardan, 2020).

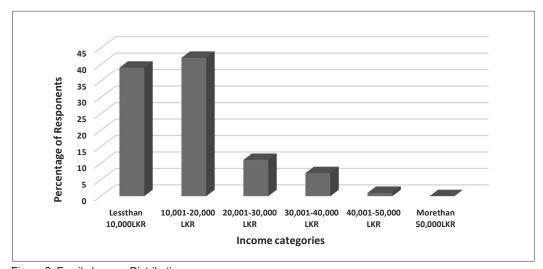


Figure 6: Family Income Distribution

5.1.6 Family Size

Human capital is an important factor in this field. The entrepreneur activities, which participate mostly in family members because of reducing the explicitly cost its' mean that if increasing input costs like labor that would raise out final production. That is one of the reasons family members and relatives involve and not expect labor charges among the family group work and production. If the entrepreneur has a lack of family members sometimes the cost of production increases. Generally, in most rural areas, the size of the family member is a little higher than in other parts of the areas.

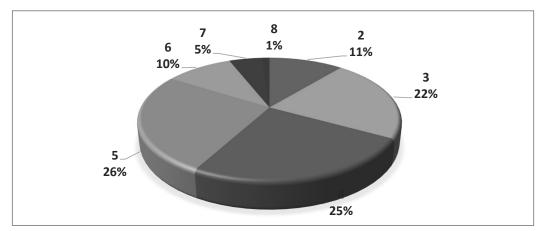


Figure 7: Family Size

5.1.7 Educational Level

Considerably, this study area is a large number of the women head households, who have completed primary level education (around 40%) but those who are very keen on MSME production and continuing their activities to maintain family income compared with other levels of education. Some other educated entrepreneurs, who are involving MSME production whenever they get free time like part-time work.

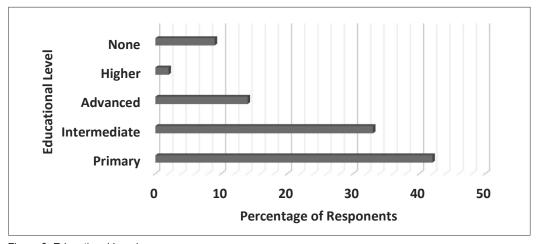


Figure 8: Educational Level

5.1.8 Business Sector

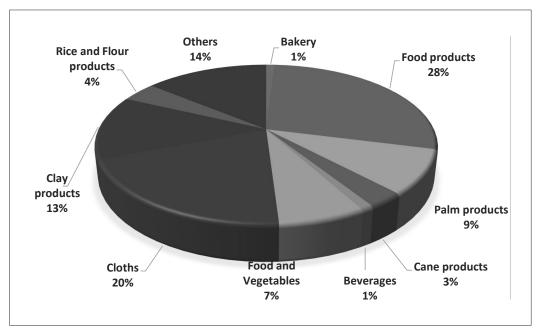


Figure 9: Types of MSMEs

According to the information, 28% of respondents were doing their MSME in the field of production of food. Then 20%, 13%, 9%, 7%, 4%, 3%, 1%, and 1% of respondents were categorized under cloths, clay products, palm products, cultivation of crops, rice and flour products, cane products, bakery, and beverage production sector respectively. Although there are many households involving MSMEs as their livelihood activities in this area this study is highlighting major MSME items, which are mostly affected during the lockdown. While the food products MSME is affected significantly much higher than the other business due to maintaining the social distance and supply chain. In addition to that, the government announced that there is no barrier to produce for bakery items that are why bakery enterprise did not affect significantly during the pandemic period. Interestingly, some entrepreneurs spent their time on handicraft production at home during the lockdown.

5.2 Problem Faced Index (PFI) in the MSMEs during COVID 19 pandemic period

4Ps and their factors were selected from secondary data collection techniques through government and non-government organizations related to MSMEs and previous studies related to MSMEs. According to the information obtained from NGOs, mentioned reduction of production, depletion of raw materials, price of raw materials increased, price of final products increased, impact on market place, impact on transportation, government regulations and impact on online business were major challenges due to COVID-19 in Batticaloa District Sri Lanka. Furthermore, Kirushanthy (2015) carried out to understand the main causes of the business failure of SMEs in Batticaloa district that mentioned above mentioned challenges. The challenges for the development of MSMEs are financial capital, infrastructure, employment opportunity, greater utilization of machinery, equipment and raw materials and intellectual and skill employees, subcontracting with formal and informal sectors (Gamage, 2003). The main problems that small and medium enterprises encounter, especially during the start-up phase, deal with the lack of financial resources and also with administrative barriers in terms of bureaucracy (Kapurubandara and Lawson, 2006). The SMEs

in developing countries fall behind with adoption due to barriers, both internal and external, prominent and inherent in a developing country as cultural, infrastructure, political, social, and legal and regulatory Barriers. Interpretation of preliminary internal barriers: such as the lack of skills required and the lack of awareness of any return on investment (Kapurubandara & Lawson, 2006).

5.2.1 Problem Faced Index on Production

Based on PFI in production in Table 01, it was observed that reduction of production during pandemic ranked first followed by uncertainty, storage problem, depletion of raw materials, and maintenance of machinery. The product makes up the first element of the marketing mix and affects the other three elements of the mix due to its nature and attributes. The product can vary in terms of its attributes and features based on the dissimilarity of the target markets in terms of the variance of the needs and wants that make up the market components and the marketing environment (Mathieu, 2001). In the SME context, the sum of features and attributes of a product or service is the cornerstone for the customer's satisfaction and loyalty. To build a profitable relationship with customers, the enterprise must provide products of good quality and high performance which are consistent with the needs and wants of the customers in such a way as to generate customer satisfaction.

	The extent of the Problem						
Impact on Production	Strongly Agree (4)	Agree (3)	Medium (2)	Disagree (1)	Strongly Disagree (0)	Index	Rank
Reduction of production	65 x 4	20 x 3	10 x 2	0 x 1	5 x 0	340	1
Uncertainty	58 x 4	18 x 3	10 x 2	9 x 1	5 x 0	315	2
Storage problem	40 x 4	38 x 3	17 x 2	0 x 1	5 x 0	308	3
Depletion of raw materials	38 x 4	27 x 3	10 x 2	20 x 1	5 x 0	273	4
Maintenance of Machinery	25 x 4	31 x 3	19 x 2	15 x 1	15 x 0	246	5

Table 1: Impact on production

5.2.2 Problem Faced Index on Price

Based on PFI in price in Table 02, it was observed that the Price of raw materials increased during pandemic ranked first followed by the price of final products increased. The price is the second element in the marketing mix concept. It is affected by the purchasing power of the customer and is considered to be the critical element in the buying decision. Price can be defined briefly as the amount the consumer must exchange to receive an offering (Singh, 2012). Various factors affect the pricing strategy of an organization, including the cost of materials, product differentiation, competition level, market share, and the customer's perceived value of the product (Davenport & Harris, 2007).

	The extent of the Problem						
Impact on Price	Strongly Agree (4)	Agree (3)	Medium (2)	Disagree (1)	Strongly Disagree (0)	Index	Rank
Price of raw materials increased	50 x 4	31 x 3	14 x 2	5 x 1	0 x 0	326	1
Price of final products increased	42 x 4	33 x 3	10 x 2	8 x 1	7 x 0	295	2
Price of final products decreased	20 x 4	27 x 3	17 x 2	23 x 1	13 x 0	218	3

Table 2: Impact on Price

5.2.3 Problem Faced Index on Place

Based on PFI in place in Table 03, it was observed that Impact on the marketplace during pandemic ranked first followed by the impact on transportation, government regulations, and reduction of middlemen. The place can be defined as the mechanism through which goods and services are moved from the provider or manufacturer to the consumer (Goi, 2009). The place is one of the marketing mix elements and includes distribution channels, warehousing facilities, modes of transportation, location, assortment, convergence, logistics, and inventory control management (Singh, 2012). The distribution channels comprise all those activities that contribute to the delivery of the product or service to the customer. These channels help the organization to promote, sell, and distribute its goods to final buyers, such as resellers, physical distribution firms, marketing services agencies, and financial intermediaries (Kotler & Armstrong, 2012). The implementation of marketing strategies does not depend on achieving production objectives, price-fixing, or promotion only. It is also associated with a successful distribution process that allows the organization to meet the availability goal of providing the product in the right place and at the right time.

	The extent of the Problem						
Impact on Place	Strongly Agree (4)	Agree (3)	Medium (2)	Disagree (1)	Strongly Disagree (0)	Index	Rank
Impact on market place	58 x 4	27 x 3	10 x 2	5 x 1	0 x 0	338	1
Impact on transportation	50 x 4	31 x 3	14 x 2	5 x 1	5 x 0	326	2
Government regulations	42 x 4	35 x 3	13 x 2	6 x 1	4 x 0	305	3
Reduction of middle mans	37 x 4	27 x 3	16 x 2	12 x 1	8 x 0	273	4

Table 3: Impact on place

5.2.4 Problem Faced Index on Promotion

The main objective of the promotion process is to identify the firm and its products or services for the target market and to increase the level of purchasing. The brand establishment and brand name are based on the promotion process. Based on PFI in promotion in Table 04, it was observed that the Reduction of Customer communication and relationship during pandemic ranked first followed by the impact on online business, effects on the direct advertisement and impacts on value added products. Promotion is one

of the most powerful elements in the marketing mix. It means to communicate and persuade the target market by identifying the needs of the target segment to buy the company's products. The promotion concept includes all marketing activities used to inform, persuade, and remind the target market about a firm and its products or services, in such a way as to build a favorable image in the mind of the customer (Sidhanta and Chakrabarty, 2010). In the same context, Kotler and Armstrong (2012) defined promotion as human activities based on a communication process that can be directed via personal selling points or indirectly via advertising messages through the media.

	The extent of the Problem						
Impact on Promotion	Strongly Agree (4)	Agree (3)	Medium (2)	Disagree (1)	Strongly Disagree (0)	Index	Rank
Reduction of Customer communication	58 x 4	27 x 3	12 x 2	3 x 1	0 x 0	340	1
Impact on online business	49 x 4	31 x 3	14 x 2	6 x 1	5 x 0	323	2
Effects on direct advertisement	41 x 4	40 x 3	10 x 2	4 x 1	5 x 0	308	3
Impacts on value-added products	36 x 4	27 x 3	23 x 2	9 x 1	7 x 0	280	4

Table 4: Impact on promotion

6. CONCLUSION AND RECOMMENDATIONS

This study found that the Problem Faced Index (PFI) method with MSME with '4Ps' the reduction of production during pandemic ranked first. Because The effects on business continuity, labor force, revenues, and occupational health and safety have been, and continue to be, devastating. The uncertainty ranked second due to the complete lockdown led to various issues ranging from shrinkage of exports, cessation of production, non-availability of manpower, The uncertainty of consumption, and liquidity squeeze in the market as well. The storage problem ranked third because the entrepreneurs had a lack of storage during this lockdown. The depletion of raw materials recorded in fourth due to the somehow the entrepreneurs manage the raw material with low production. The maintenance of machinery laid in the last rank because the mostly rural workers are not that dependent on the types of machinery even though they did not utilize the machinery for the production during the lockdown. The 4P concept to measure the problem level in MSMEs sector impacts of COVID-19. The price formation mostly affected suddenly increased material input prices due to the curfew. It means that there is no movement from district to district. The impact of the places ranked the first market place, for example, daily and weekly market facilities. Moreover, there is no other exhibition and maintain the social distance that was difficult to make good rape with producers and consumers' satisfaction during the lockdown period. The impact of promotion was recorded in the first reduction of customer communication due to the lack of access to meet both producers and buyers directly. Most of them did not adopt social media for advertising.

This study recommended initiating several activities like; Relaxing conditionality and interest rate on loans of micro and small enterprises; Channeling funds through microcredit agencies rather than formal banking channel; Separate loan schemes for return migrants, women entrepreneurs, youth; Online platforms for

selling local level produces for urban dwellers should be promoted with the help of local level NGOs; Local level government representatives, NGOs, local youth can help to keep the supply chain of agricultural production operations while strengthening the link with urban consumers; Increase budgetary allocation in the social sector for education and skill development.

REFERENCES

Central Bank report-2019. [online] Available at: https://www.cbsl.gov.lk/en/publications/ economic-and-financial- reports/annual reports/annual-report-2019> [Accessed 17 November 2020].

ESCAP UN. (2020). COVID-19 and South Asia: National Strategies and Subregional Cooperation for Accelerating Inclusive, Sustainable and Resilient Recovery. https://www.unescap.org/sites/default/files/South Asia Covid-19 Paper_5.pdf.

Gamage, A. S. (2003). Small and Medium Enterprise Development in Sri Lanka: http://www.esbaeurope.org/AReview. Meijo University, Faculty of Business Management, Nagoya, Japan.

Gunawardana, P.D. (2020). The impact of COVID 19 to *SME sector in Sri Lanka*, UN DESA/DSDG, Sri Lanka.

Haleem, A., Javaid, M., & Vaishya, R. (2020). Effects of COVID-19 pandemic in daily life. Current Medicine Research and Practice. https://doi.org/10.1016/j.cmrp.2020.03.011

Kalpande, S. D., & Gupta, R. C. (n.d.). *Study of SMEs for TQM Implementation- SWOT* Analysis. International Journal of Engieenering and Industrial Management 2, 167–177.

Kapurubandara, M and Lawson, R. (2006), Barriers to Adopting ICT and ecommerce with SMEs in Developing Countries: An Exploratory study in Sri Lanka, School of Computing and Mathematics, University of Western Sydney.

Kirushanathy, K. (2015). Factors contributing to the failure of the Small, Medium scale Enterprises: A survey-based study in Manmunai North Divisional Secretariat Division Batticaloa District, Proceeding of International Conference on contemporary Management, (ICCM) pp 471-486.

Kotler, P., & Armstrong, G. (2012). Marketing: An introduction. New Jersey: Prentice Hall. 11th ed., pp. 29-42.

Latif, A., Suhail, M Nazar & Shah, N. (2011). Women Entrepreneur in Small Medium Enterprises (SMEs) and their Contribution on Sustainable Economic Development in Sindh', Journal of Sustainable development.

Mathieu, V. (2001). Product services: From a service supporting the product to a service supporting the client. Journal of Business & Industrial Marketing, 16, 39-61. nomic-and-financial-reports/annual reports/annual-report-2019> [Accessed 17 November 2020].

Rashid, S.M.M., & Islam, M.R, (2016). Problems faced by farmers in application of e-Agriculture in Bangladesh. Journal of Agricultural Economics and Rural Development, 3(1): 079-084.

Segal, S., & Gerstel, D. (2020). The Global Economic Impacts of COVID-19, Critical Questions, Center for Strategic and International Studies (CSIS). Retrieved from https://www.csis.org/analysis.

Shapero, A., & Sokol, L., (1982). The social dimensions of entrepreneurship, in: C. Kent, D. Sexton, and K. H. Vesper (eds.), The Encyclopedia of Entrepreneurship, Englewood Cliffs, NJ: Prentice-Hall, 72-90.

Sidhanta, S., & Chakrabarty, A. (2010). Promotional mix and corporate performance-an empirical study. Paradigm, 14, 97-102.

Singh, M. (2012). *Marketing mix of 4P's for competitive advantage*. Journal of Business and Management, 3(6), 40-45.

Vaikunthavasan, S., Velnampy, T. & Rajumesh, S. (2019). *Exploring the Problems and Challenges of Micro, Small and Medium Enterprises in Northern Province*. Business and Management Horizons, 7(1), p.89.

Wijayasiri, Janka. (2016). *Role of Sri Lanka SMEs in trade*. Daily Newspaper article 30/11/2016 (http://www.dailynews.lk/2016/11/30/business/100590).