



Survey to Assess the Impact of COVID-19(MSME sector)

Preliminary Findings

20/10/2020

Department of Census and Statistics

Ministry of Finance

1. Introduction

The global crisis of COVID19 pandemic made Sri Lanka to go on a lockdown in the middle of March this year. While there was a curfew imposed in the country the government sector institutions except the essential services like public health was instructed to work online. The Department of Census and Statistics commenced working online to cater to the data needs of the country. The DCS was able to publish annual survey report on Construction Industry and the report of Trade and Services and the monthly releases Index of industrial production, Consumer Price Index and Producer Price Index etc. during the time of lockdown. DCS as the main data provider to the country had work for providing statistics related to the economic situation in the country. Therefore, The Industry trade and services division was entrusted with a task of measuring the impacts to the economy. The division started studying the methodology of measuring the economic impacts of the COVID19.

The division had several online meetings for finalizing the methodology and started preparing the questionnaire for data collection. After, the curfew was relaxed and the offices started physically function and the questionnaire was finalized. There was a meeting with the District heads to finalise the methodology. It was decided to go for a web-based data collection and the field officers attached to the D.S offices to cover the SMEs. The district officers undertook the assignment and gave priority to this activity and started working for selecting samples and collecting data from the businesses without even concerned of their own risks. This is the first time the district statisticians were allowed to do sampling which prevented the non-response issues from the enterprises. At the same time, the ICT division of the department prepared the web- based data collection system to get the data from large enterprises. The data collected from the SMEs by the field officers were uploaded to this system by themselves.

DCS was successful in SME data collection and the large enterprises invited for data sharing poorly responded to the survey. Reminders were sent and they were reminded through BOI and various approaches made were not resulted favourably. Therefore, DCS decided to release the impacts on SMEs as a preliminary stage and looking for new data sources to access in measuring the impacts on large scale enterprises.

I acknowledge the dedicated service of the Industry trade and services of the DCS for conducting this survey. My appreciations go to the Addl. Director General, Mr P.M.P. Anurakumara, Ms. U. Maheswaran, Director, for their initiative and guidance to do the survey. My special thanks to Mr. HS.L.R. Ranatunga, Deputy Director, Mr. J.S.N.P. Darmawardena Senior Statistician, Ms.K.A.S.P. Kodikara, Statistician, S.S.Opanayake Statistical Officer for their effort behind the survey process. My sincere thanks to the staff of district offices and the staff of Industry Trade and Services division who dedicatedly engaged in data collection and editing coding and cleaning the dataset for analysis for this nationally important task.

2. Methodology

Coverage

Table 2.1: MSME Definition derived from Economic Census Listing Database - 2013

Major Economic Sector	SME Group	Criteria (No. of Persons Engaged)
Industry and Construction	Micro	1 - 4
	Small	5 - 24
	Medium	25 - 199
	Large	200 & Above
Trade	Micro	1 - 3
	Small	4 - 14
	Medium	15 - 34
	Large	35 & Above
Services	Micro	1 - 4
	Small	5 - 15
	Medium	16 - 74
	Large	75 & Above

Large scale establishments were excluded for this study due to inadequate response.

3. Impact on Revenue

Revenue of a business activity is the income generated from its normal business activities, usually from the sale of goods and services to customers. Therefore it is important to analyze the impact of revenue losses due to COVID 19 lockdown period. Chapter 3 focuses on revenue.

Table 3.1: Total Revenue of Firms: First 5 months in 2019 and 2020 (Rs. Mn)

Activity	January		February		March		April		May	
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Mining and Quarrying	3,847	3,919	3,957	3,787	4,012	1,949	3,520	328	3,315	836
Manufacturing	54,884	55,709	52,208	50,340	57,403	34,300	55,107	17,991	50,609	27,105
Construction	5,293	4,885	4,535	4,652	5,113	2,272	4,522	479	4,467	1,167
Trade	126,182	131,571	124,135	126,516	134,264	84,410	145,381	43,318	123,581	64,243
Services	59,715	59,915	58,296	56,969	60,686	31,683	60,425	7,307	57,028	13,606
Transport and storage	23,515	23,675	23,300	22,812	24,090	12,527	24,932	2,032	23,102	4,604
Supply of accommodation and food service activities	15,072	15,338	14,766	14,501	15,345	7,660	14,761	915	13,179	2,568
Information and communication	1,289	1,443	1,099	1,140	1,319	837	1,025	253	1,657	501
Financial and insurance activities	5,032	5,036	4,814	4,947	4,631	3,763	5,382	2,234	4,612	2,935
Real estate activities	1,416	1,323	1,446	1,332	1,425	251	1,366	117	1,405	163
Professional, scientific and technical activities	1,806	1,751	1,724	1,565	1,936	812	1,800	137	1,767	461
Administrative and support services	2,360	2,006	2,210	1,932	2,251	871	1,919	210	2,058	262
Education	2,479	2,530	2,478	2,414	2,605	968	2,306	110	2,343	181
Human health and social services activities	1,843	1,882	1,813	1,805	1,948	1,162	1,813	305	1,950	705
Arts, entertainment and recreation	1,138	1,151	1,190	1,175	1,352	664	1,295	4	1,164	222
Other service activities	3,765	3,780	3,455	3,348	3,785	2,170	3,825	990	3,790	1,004
Total	249,920	256,000	243,130	242,265	261,478	154,615	268,954	69,424	239,000	106,957

The table 3.1 reveals the comparison of estimated revenue between 2019 and 2020 with the duration from January to May. Significant deduction of revenue is observed from March to May between 2019 to 2020 for almost all the sectors.

Table 3.2: Percentage Change of revenue for the first 5 months in 2020 with respect to the corresponding months in 2019

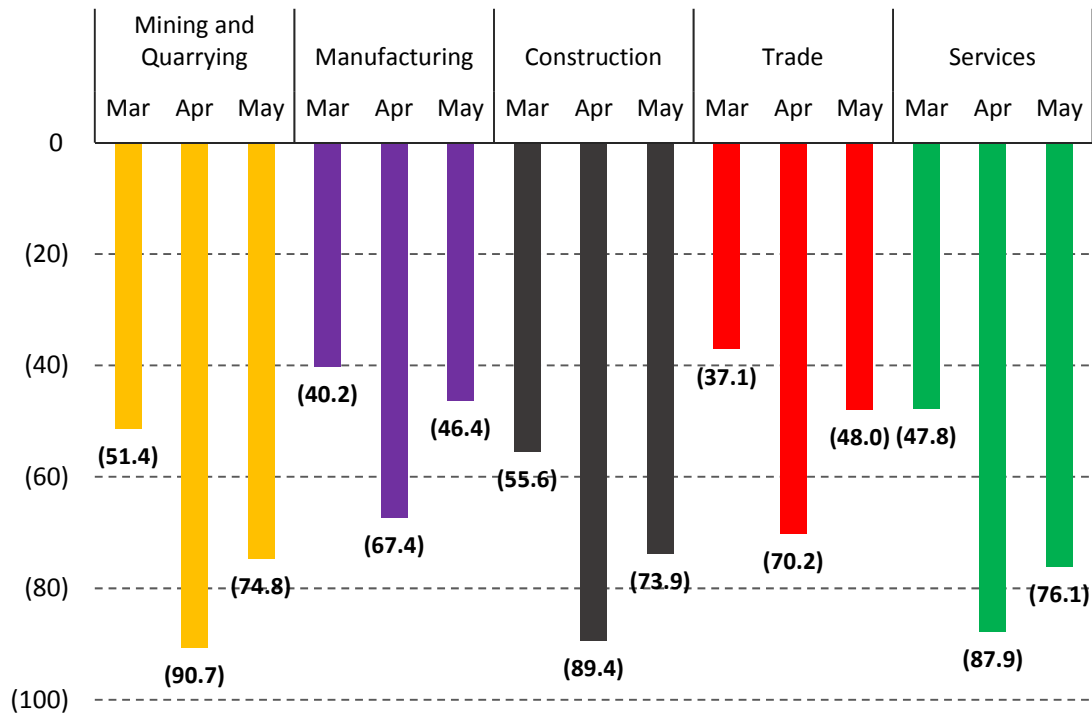
Activity	Jan	Feb	Mar	Apr	May	During Lockdown Period (Mar - May)
Mining and Quarrying	1.9	(4.3)	(51.4)	(90.7)	(74.8)	(72.3)
Manufacturing	1.5	(3.6)	(40.2)	(67.4)	(46.4)	(51.3)
Construction	(7.7)	2.6	(55.6)	(89.4)	(73.9)	(72.9)
Trade	4.3	1.9	(37.1)	(70.2)	(48.0)	(51.8)
Services	0.3	(2.3)	(47.8)	(87.9)	(76.1)	(70.6)
Transport and storage	0.7	(2.1)	(48.0)	(91.9)	(80.1)	(73.3)
Supply of accommodation and food service activities	1.8	(1.8)	(50.1)	(93.8)	(80.5)	(74.8)
Information and communication	11.9	3.7	(36.5)	(75.3)	(69.8)	(60.6)
Financial and insurance activities	0.1	2.8	(18.7)	(58.5)	(36.4)	(37.9)
Real estate activities	(6.6)	(7.9)	(82.4)	(91.5)	(88.4)	(87.4)
Professional, scientific and technical activities	(3.0)	(9.3)	(58.1)	(92.4)	(73.9)	(74.8)
Administrative and support services	(15.0)	(12.6)	(61.3)	(89.1)	(87.3)	(79.2)
Education	2.1	(2.6)	(62.9)	(95.2)	(92.3)	(83.4)
Human health and social services activities	2.1	(0.5)	(40.4)	(83.2)	(63.8)	(62.5)
Arts, entertainment and recreation	1.2	(1.2)	(50.9)	(99.7)	(81.0)	(77.2)
Other service activities	0.4	(3.1)	(42.7)	(74.1)	(73.5)	(63.4)
Total	2.4	(0.4)	(40.9)	(74.2)	(55.2)	(56.8)

Overall revenue drops in MSME sector reported 0.4, 40.9, 74.2 and 55.2 percent from February to May in 2020 with respect to corresponding months in 2019. Irrespective of the months there was 56.8 percent revenue drop was seen during the lockdown period. April in 2020 reported the highest drop since Whole Island was locked down during that period.

Among the main sectors, Construction sector has faced the highest damage on revenue losses (72.9%) followed by Mining and quarrying (72.3%) during lock down period. Manufacturing sector has reported 51.3 percent, which is a low percentage compared with other sectors. That was due to leading manufacturing companies has not covered for the study.

Considering the subsectors under services sector Real estate activities, Education, Arts, entertainment & recreation, Administrative and support services, Professional, scientific and technical activities and Supply of accommodation and food service activities had had around 75 percent of revenue drop during lockdown period.

Figure 3.1: Percentage Change of revenue for the first 5 months in 2020 with respect to the corresponding months in 2019



Change %

According to the figure 3.1, April month has recorded more or less 90 percent of revenue losses for Mining and quarrying, Construction and Services sectors. Manufacturing sector has shown low degree of damage comparing with above sectors for each month of lockdown period. Since the coverage of this study aimed to MSME sector, highly affected large scale manufacturing firms such as apparel sector was not counted here.

Trade sector also among the comparatively low damaged sectors. Under the Micro scale firms, retail shops were in operation during the lockdown period. Therefore they had least damage.

Considering the pattern shown in all the sectors, there were huge revenue drops from March to April. After that it can be seen a slight recovery. During May several areas of the country was opened for usual routings.

4. Impact on Employment

A significant contribution is made by the Micro Small & Medium Enterprises (MSME) to the socio-economic Development of the country. Many persons engaged in the informal employments belong to micro and small scaled businesses need to earn an income to feed themselves and their families. Because most of them cannot go for relying on income replacement or savings. The state of employment, not working and staying home, implies that they are losing their jobs and their livelihoods. Therefore it is important to analyze the impact of employment during to COVID 19 lockdown period.

Table 4.1: No. of Persons engaged during the first 5 months in 2020

Activity	Jan	Feb	Mar	Apr	May
Mining and Quarrying	38,090	37,952	21,454	3,316	9,025
Manufacturing	440,925	434,162	275,854	101,885	166,048
Construction	31,228	31,265	19,016	4,553	7,649
Trade	561,763	559,485	367,010	147,948	255,009
Services	837,575	833,280	502,664	118,367	238,968
Transport and storage	433,715	432,555	256,569	59,228	125,722
Supply of accommodation and food service activities	159,272	157,356	99,937	20,593	49,454
Information and communication	9,883	9,887	6,092	1,913	3,209
Financial and insurance activities	14,463	14,456	10,436	4,679	8,181
Real estate activities	6,607	6,602	5,546	3,725	3,987
Professional, scientific and technical activities	18,687	18,413	10,538	1,905	6,693
Administrative and support services	15,516	15,214	9,856	3,604	4,917
Education	75,164	75,012	37,123	3,358	3,799
Human health and social services activities	26,868	26,848	16,817	4,348	8,194
Arts, entertainment and recreation	10,336	10,283	6,133	308	1,320
Other service activities	67,064	66,654	43,617	14,706	23,492
Total	2,747,156	2,729,424	1,688,662	494,436	915,667

The table 4.1 shows that the estimated total number of persons engaged in MSME sector from January to May 2020. In January there was any sign of locking down the country. Hence the usual routine were in operation in January. Since then, it can be clearly seen the drop of persons engaged in employments.

Table 4.2: Percentage (%) Change of No. of Persons engaged for the months from February to May with respect to January 2020

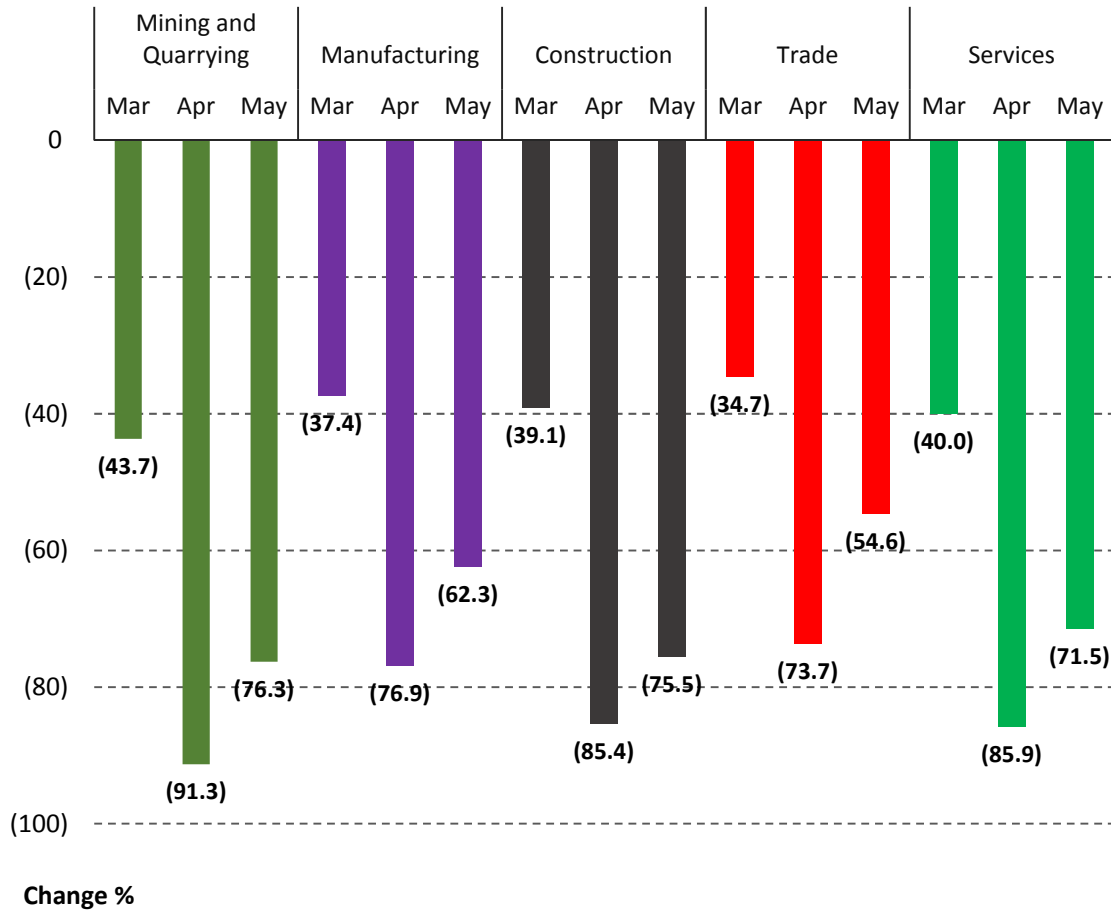
Activity	Feb	Mar	Apr	May	During Lockdown Period (Mar - May)
Mining and Quarrying	(0.4)	(43.7)	(91.3)	(76.3)	(70.4)
Manufacturing	(1.5)	(37.4)	(76.9)	(62.3)	(58.9)
Construction	0.1	(39.1)	(85.4)	(75.5)	(66.7)
Trade	(0.4)	(34.7)	(73.7)	(54.6)	(54.3)
Services	(0.5)	(40.0)	(85.9)	(71.5)	(65.8)
Transport and storage	(0.3)	(40.8)	(86.3)	(71.0)	(66.1)
Supply of accommodation and food service activities	(1.2)	(37.3)	(87.1)	(68.9)	(64.4)
Information and communication	0.0	(38.4)	(80.6)	(67.5)	(62.2)
Financial and insurance activities	(0.0)	(27.8)	(67.6)	(43.4)	(46.3)
Real estate activities	(0.1)	(16.1)	(43.6)	(39.7)	(33.1)
Professional, scientific and technical activities	(1.5)	(43.6)	(89.8)	(64.2)	(65.9)
Administrative and support services	(1.9)	(36.5)	(76.8)	(68.3)	(60.5)
Education	(0.2)	(50.6)	(95.5)	(94.9)	(80.4)
Human health and social services activities	(0.1)	(37.4)	(83.8)	(69.5)	(63.6)
Arts, entertainment and recreation	(0.5)	(40.7)	(97.0)	(87.2)	(75.0)
Other service activities	(0.6)	(35.0)	(78.1)	(65.0)	(59.3)
Total	(0.6)	(38.5)	(82.0)	(66.7)	(62.4)

The drop of persons engaged in their usual employments in February with respect to January 2020 was only 0.6 percent. After that it became 38.5 percent, 82 percent and 66.7 percent for the months of March, April and May related to January respectively.

Among the main sectors, more than two third of Persons engaged in Construction activities and Mining and quarrying activities in January has not engaged in working during lockdown period. As percentages those drops were reported as 66.7 percent and 70.4 percent respectively.

Considering the subsectors under services sector; Education (80.4%), Arts, entertainment & recreation (75.0%) has shown remarkably high degree of drop of person's engagements during lockdown period.

Figure 4.1: Percentage (%) Change of No. of Persons engaged for the months from February to May with respect to January 2020



According to the figure 4.1, April month has recorded more or less 85 percent of low person's engagements for Mining and quarrying, Construction and Services sectors. Since the coverage of this study limited to MSME sector, highly affected large scale manufacturing firms are not included here.

Trade sector also among the low damaged sectors comparatively. Under the Micro scale firms, retail shops were in operation during the lockdown period. Therefore they had least damage.

5. Annexure

Table 5.1: Total Revenue of Firms: First 5 months in 2019 and 2020: **Micro Scale Establishments** (Rs. Mn)

Activity	January		February		March		April		May	
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Mining and Quarrying	1,452	1,435	1,552	1,406	1,546	778	1,363	69	1,318	255
Manufacturing	23,237	23,709	22,402	21,669	23,996	12,759	24,623	3,124	23,191	6,606
Construction	833	757	867	752	826	433	809	54	797	140
Trade	94,665	98,934	93,901	94,991	101,682	61,941	108,487	29,708	93,159	46,908
Services	46,704	46,881	45,923	45,112	48,015	24,816	48,571	5,655	45,721	10,657
Transport and storage	22,193	22,325	22,017	21,469	22,708	11,639	23,654	1,687	21,832	4,404
Supply of accommodation and food service activities	9,526	9,722	9,413	9,504	9,737	4,623	9,774	668	8,937	1,878
Information and communication	850	883	831	846	850	560	787	177	818	318
Financial and insurance activities	2,821	2,750	2,756	2,843	2,821	2,195	2,974	1,527	2,720	1,565
Real estate activities	634	673	611	620	656	214	616	117	644	136
Professional, scientific and technical activities	1,558	1,495	1,513	1,321	1,646	699	1,560	123	1,554	418
Administrative and support services	1,333	1,102	1,347	1,054	1,341	531	1,248	83	1,329	106
Education	1,699	1,741	1,671	1,693	1,884	693	1,644	74	1,630	119
Human health and social services activities	1,462	1,495	1,425	1,459	1,540	957	1,473	239	1,597	558
Arts, entertainment and recreation	1,104	1,112	1,103	1,138	1,259	635	1,258	4	1,126	197
Other service activities	3,523	3,584	3,237	3,165	3,574	2,071	3,583	955	3,534	957
Total	166,891	171,716	164,644	163,930	176,064	100,726	183,854	38,610	164,187	64,566

Table 5.2: Percentage Change of revenue for the first 5 months in 2020 with respect to the corresponding months in 2019: **Micro Scale Establishments**

Activity	Jan	Feb	Mar	Apr	May	During Lockdown Period (Mar - May)
Mining and Quarrying	(1.16)	(9.39)	(49.69)	(94.97)	(80.65)	(75.10)
Manufacturing	2.03	(3.27)	(46.83)	(87.31)	(71.52)	(68.55)
Construction	(9.09)	(13.27)	(47.58)	(93.36)	(82.45)	(74.46)
Trade	4.51	1.16	(39.08)	(72.62)	(49.65)	(53.78)
Services	0.38	(1.77)	(48.32)	(88.36)	(76.69)	(71.12)
Transport and storage	0.60	(2.49)	(48.75)	(92.87)	(79.83)	(73.81)
Supply of accommodation and food service activities	2.05	0.97	(52.52)	(93.16)	(78.98)	(74.89)
Information and communication	3.82	1.82	(34.14)	(77.55)	(61.10)	(57.60)
Financial and insurance activities	(2.52)	3.15	(22.18)	(48.66)	(42.47)	(37.77)
Real estate activities	6.13	1.40	(67.45)	(81.05)	(78.90)	(75.80)
Professional, scientific and technical activities	(4.05)	(12.73)	(57.51)	(92.15)	(73.08)	(74.25)
Administrative and support services	(17.39)	(21.71)	(60.43)	(93.32)	(92.02)	(81.93)
Education	2.47	1.32	(63.22)	(95.47)	(92.71)	(83.80)
Human health and social services activities	2.26	2.40	(37.84)	(83.74)	(65.08)	(62.22)
Arts, entertainment and recreation	0.73	3.25	(49.58)	(99.68)	(82.48)	(77.25)
Other service activities	1.72	(2.21)	(42.06)	(73.33)	(72.92)	(62.77)
Total	2.89	(0.43)	(42.79)	(79.00)	(60.68)	(60.82)

Table 5.3: Total Revenue of Firms: First 5 months in 2019 and 2020: **Small & Medium Scale Establishments** (Rs. Mn)

Activity	January		February		March		April		May	
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Mining and Quarrying	2,394	2,483	2,405	2,381	2,465	1,171	2,157	259	1,997	581
Manufacturing	31,647	32,001	29,806	28,671	33,407	21,542	30,484	14,866	27,417	20,499
Construction	4,460	4,128	3,668	3,901	4,288	1,839	3,712	426	3,670	1,027
Trade	31,517	32,637	30,234	31,525	32,582	22,469	36,894	13,610	30,422	17,335
Services	13,011	13,035	12,373	11,857	12,671	6,867	11,853	1,652	11,307	2,949
Transport and storage	1,322	1,350	1,284	1,343	1,382	888	1,278	344	1,270	200
Supply of accommodation and food service activities	5,546	5,616	5,353	4,996	5,608	3,036	4,987	247	4,242	690
Information and communication	439	560	268	294	469	277	238	76	840	183
Financial and insurance activities	2,211	2,286	2,057	2,104	1,810	1,568	2,408	707	1,892	1,370
Real estate activities	781	650	835	712	769	38	750	0	760	27
Professional, scientific and technical activities	247	256	211	244	290	112	240	14	212	43
Administrative and support services	1,027	905	863	877	910	341	671	127	729	156
Education	779	789	808	721	721	275	662	35	714	63
Human health and social services activities	381	387	388	346	408	204	341	66	353	147
Arts, entertainment and recreation	34	40	87	37	92	29	38	0	38	24
Other service activities	242	196	218	183	212	99	243	35	257	47
Total	83,029	84,284	78,485	78,335	85,413	53,888	85,100	30,814	74,813	42,391

Table 5.4: Percentage Change of revenue for the first 5 months in 2020 with respect to the corresponding months in 2019: **Small & Medium Scale Establishments**

Activity	Jan	Feb	Mar	Apr	May	During Lockdown Period (Mar - May)
Mining and Quarrying	3.7	(1.0)	(52.5)	(88.0)	(70.9)	(70.5)
Manufacturing	1.1	(3.8)	(35.5)	(51.2)	(25.2)	(37.3)
Construction	(7.4)	6.3	(57.1)	(88.5)	(72.0)	(72.6)
Trade	3.6	4.3	(31.0)	(63.1)	(43.0)	(45.7)
Services	0.2	(4.2)	(45.8)	(86.1)	(73.9)	(68.6)
Transport and storage	2.1	4.6	(35.7)	(73.1)	(84.2)	(64.3)
Supply of accommodation and food service activities	1.3	(6.7)	(45.9)	(95.0)	(83.7)	(74.9)
Information and communication	27.6	9.5	(40.8)	(68.0)	(78.2)	(62.4)
Financial and insurance activities	3.4	2.3	(13.4)	(70.6)	(27.6)	(37.2)
Real estate activities	(16.9)	(14.7)	(95.1)	(100.0)	(96.5)	(97.2)
Professional, scientific and technical activities	3.4	15.6	(61.2)	(94.1)	(79.8)	(78.4)
Administrative and support services	(11.9)	1.6	(62.6)	(81.1)	(78.6)	(74.1)
Education	1.2	(10.7)	(61.9)	(94.6)	(91.2)	(82.6)
Human health and social services activities	1.5	(11.0)	(49.9)	(80.7)	(58.2)	(62.9)
Arts, entertainment and recreation	16.8	(57.7)	(68.8)	(99.1)	(35.7)	(67.9)
Other service activities	(18.9)	(16.2)	(53.2)	(85.7)	(81.6)	(73.5)
Total	1.5	(0.2)	(36.9)	(63.8)	(43.3)	(48.0)