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Lessons from the Pandemic: Strengthening Neighbourhood Self-dependency Through SMEs

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Abstract: The Covid-19 lockdown-induced supply side disruptions highlight the need for developing a robust manufacturing and agriculture production for each region. The Gandhian development approach and the concept of rural self-sufficiency emerge relevant in this context. The development approach based on the concentration of manufacturing and production in a few industrial hubs is weakening the small and medium enterprise sector, whose strength lies in catering and providing for the local markets and ensuring that the needs of the neighbourhood markets are taken care of. Strengthening SMEs and their capacity to produce and meet the needs of local-neighbourhood economies is critical to rebounding from the current crisis. In this context governments may consider introducing local manufacturing policies with a significant role for local government institutions to manage essential goods production by SMEs operating within its jurisdiction.

Keywords: SMEs; regional development; International trade; policies

1. SMEs, Covid-19 induced lockdown and supply chain disruptions

Small enterprises have an important role in economic development in terms job creation, manufacturing of goods, providing services as well as trade and commerce. Though there is a common perception about small and micro enterprises (SMEs) that they cater to the local markets and produce for the same, with the integration of markets and globalization, SMEs too moved into that bandwagon of global market paradigm. SMEs started thinking of producing and exporting to the global consumers and to the distant lands. However, often the success of such agenda was not smooth for all. Many have failed to reach out and market their globally for various reasons. Small enterprises, artisans and handicrafts and rural cottage industries have to face severe competition from the global supply chains and thereby significant shrinkage of their market size due to cheap supply of alternative goods from the global manufacturing hubs. Therefore, there has been slowdown of production and shrinkage of local small scale/cottage sector as a result



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of such huge competition from the large global players. Covid-19 induced lockdowns and resulting supply chain disruptions and can have its positive implications for SMEs and entrepreneurial prospects for ventures that cater to the local markets need to be evaluated in this context.

The present paper argues that the Covid-19 pandemic-induced lockdown worldwide underscores the need to revisit the current economic development approach, which is based on the concentration of manufacturing and production in a few industrial hubs. This approach is weakening the SME sector, whose strength lies in catering and providing for the local markets and ensuring that the needs of the neighbourhood markets are taken care of. Strengthening small enterprises and their capacity to produce and meet the needs of local-neighbourhood economies is critical to rebounding from the current crisis, creating more jobs and ensuring self-dependency for essential goods in each region. A balanced development and overall progress of all regions with a focus on essential goods production within each region seems to be the main takeaway from the Covid-19 pandemic.

Mahatma Gandhi believed that every region has its own specialization and its own resources. His concept of gram swaraj is the idea of self-reliant village economy. For him villages can be self-sufficient in the matters of their primary requirements. According to him, in the villages, the means of production of elementary necessities of life must be available to all. (Datta, n.d.; Phansalkar, 2018) With the cases of zoonotic diseases on the rise, it may be appropriate to revisit Gandhi's concept of Grama Swaraj and his development approach. There is a need to have more local self-sufficiency in every region with regard to essential food items and consumer goods (Gosalia, 1979). Probable supply chain disruptions, even if it occurs in the future, should not hamper normal life. The local production of fruits and vegetables, food processing units, consumer goods and essential medicines and many other products can be done within a region (Koshy, 2020).

1.1 About the study: objective, methodology and sources (Primary and Secondary)

This study is an attempt to review the performance of SMEs and entrepreneurs that cater to the needs of local communities and markets, which do not have much linkage with markets outside their region or the global market. Some of the aspects/questions that are being addressed are: How local enterprises and entrepreneurs respond to lockdowns; some of the challenges faced by them and strategies and approaches adopted by them and suggestions, particularly policy interventions, needed to strengthen local market driven SMEs. The inputs for the study have come from both primary as well as secondary sources. Primary sources/data and inputs in this study are derived from the discussions and interviews on web-online platforms, with entrepreneurs, SME managers, NGOs supporting artisans and handicrafts as well as SMEs. In addition, online discussions (webinars)



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on two occasions held with groups of entrepreneurs, NGO functionaries and experts also supplemented the study. Perceptions and opinions expressed by these entrepreneurs both at the one-to-one discussions that were held during pandemic days and the following two webinars are reflected in the paper. The secondary sources used in the study helped develop the context, background and other relevant statistics to supplement and strengthen the arguments.

1.2 How the paper is organized?

The present paper is divided into six sections. The first section is introduction and explains the study objective in brief, the research methodology adopted for primary research and other sources of data for the study. In the second part consist of the background and the context. The third section is the main part and presents the results of discussion conducted over a digital platform during lockdown days with a group of entrepreneurs, experts and NGO-associations that support the sector. It also consists of few case studies developed on the basis of interactions, discussions and data/information provided by them. The fourth section looks at Strategies and approaches to strengthen SMEs, rural cottage sector. And in the fifth section there are cerin suggestions and recommendations. And the final and the sixth part is conclusion.

2. Self-dependent neighbourhood markets vs global market

With governments around the world imposing lockdown and social distancing, the post- COVID-19 pandemic world has to accept the role of small enterprises in ensuring the smooth supply of essential commodities during all kinds of emergencies and the need for developing a self-dependent neighbourhood economy rather than global supply chain driven operations and import dependence. While MSMEs compete for a share in the global market, it is critical that products and services are available for local consumption. During the Covid-19 induced lockdown, local markets in several regions around the world faced shortages due to supply chain disruptions, particularly in areas where little manufacturing and agriculture cultivation happens. Across the global value chain, from manufacturers and distributors, down to consumer- and packaged-goods companies and retailers alike, all faced its fall out and consequences. (Felix, et al., 2020)

When the pandemic induced lockdown hit hard, there was a need for production and locally manufactured good are available in each of the local markets in each region. There has been a serious challenge to village cottage and micro industries,

various handicrafts and artisan enterprises from the global giants, who have access to markets. Thereby decline of these rural enterprises in fact contributed to migration of rural workers to urban construction sector and industrial hubs. In the seasons of pandemic, which may be more frequent in the upcoming days as points out in the UNEP report (2020), there is a strong case for developing a robust manufacturing base with a focus on essential goods and items that people consume on a day to day basis, essential products, consumer goods and food and beverages.

2.1 Supply chain disruptions: need to focus on local self sufficiency

The Covid-19 lockdown-induced supply side disruptions highlight the need for developing a robust manufacturing and agriculture production for each region or locality. The Gandhian development approach and the concept of rural self-sufficiency emerge relevant in this context. (Bhuimali, 2004; Gosalia, 1979) A more decentralized manufacturing strategy is the need of the hour, which calls for reducing dependency on global manufacturing hubs. Similar lockdowns can happen again, where there can be major disruptions in supply chains. While interdependence between different regions of the world will remain, local self-reliance with regard to consumer goods, essential medicines and food products need to be strengthened.

Although the lockdown proved to be a boon for e-Commerce businesses, orders were often delivered late. In many cases, e-commerce companies even refused to accept orders. If the supplier is in the same region or trucks and couriers were still in operation, the delivery was smoother. But when the product had to arrive from another region/state or country, there was a major disruption in delivery. In some cases, interstate- intra-regional truck movement too was affected.

Here comes the need for strengthening local self-reliance. Village micro and cottage industries as well as small enterprises contribute by way of supplying goods to the local markets, but they often encounter several challenges in their operations: lack of demand, competition from cheap imported products, high labour costs and power disruptions are just a few (Koshy, Time to revisit MSME Reservation policy, 2020)

2.2 High dependency on global manufacturing hubs

There is a high level of manufacturing concentration in certain pockets of the world. For instance, China leads the world in terms of manufacturing output, with over \$2.01 trillion in output, followed by the United States (\$1.867 trillion), Japan (\$1.063 trillion), Germany (\$700 billion), and South Korea (\$372 billion) (West & Lansang, 2018). The Covid-19 pandemic has exposed the practical issues related to

such high concentration of manufacturing in a particular region alone. During the time of emergencies these become more evident, more so during the kind of shortages witnessed during the lockdown. In case of the Indo-China economic relationship, India depends heavily on China for the supply of a wide range of products—from simple ones like nails/tacks and umbrellas—to sophisticated electronic products and pharmaceutical intermediates. (Dhar & Rao, 2020) The following table shows the dominance of China, US and Japan in the global manufacturing output.

Table1: Top 10 manufacturing destinations

Country	Manufacturing Output (USD in billions)	Percent of National Output	Percent of Global Manufacturing
China	\$2,010	27%	20%
United States	1,867	12	18
Japan	1,063	19	10
Germany	700	23	7
South Korea	372	29	4
India	298	16	3
France	274	11	3
Italy	264	16	3
United Kingdom	244	10	2
Taiwan	185	31	2

Source: UNCTAD 2015; Brookings Report, Global manufacturing scorecard

The supply shock that started in China in February and the demand shock that followed as the global economy shut down exposed vulnerabilities in the production strategies and supply chains of firms just about everywhere. Temporary trade restrictions and shortages of pharmaceuticals, critical medical supplies, and other products highlighted their weaknesses. (Shih, 2020) A more decentralized manufacturing strategy that aims to reduce dependency on global manufacturing hubs is the need of the hour.



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3. Discussions and case studies: Post COVID-19 development approach with focus on local self-sufficiency: Strengthening local industries and local jobs/income generation

Primary data and inputs were derived from two group discussions dated 27 August 2020 and 27 September 2020 with entrepreneurs in agrotech, IT/Digital technology, artisans SME stakeholders and NGOs working for rural artisans. This was followed by set of interviews with select entrepreneurs and different stakeholders of small industries catering to local markets. A total of ten people were interviewed who were either entrepreneurs/ SME managers or NGO/associations that support the entities. Their responses helped in understanding the general trend, approach and perceptions in the sector.

3.1 Highlights of the focussed group discussions

Following is a highlight of the focused group discussion held with entrepreneurs, SME stakeholders, NGOs that support artisans and handicraftsmen who highlighted various issues:

3.1.2 Rural economies to benefit from returning migrants

Covid-19 induced lockdowns forced a large number of migrant workers to return to their villages from urban and industrial sites that they were employed in. With the intensification of restrictions during the lockdown, workers had to remain in their abode with little space, facilities and often limited ration. And as they remained indoors for many days, they were determined to get back to their villages at any cost. However, with no trains or buses or any form of transport to get back to their villages, they launched an exodus on foot for several thousand kilometers.

3.1.3 Efforts to restore their former livelihood

The exodus of these workers and their arrival in the villages forced them to restart their former livelihood options, particularly in cottage industries. With workers returning to their villages from the industrial hubs and cities, many started taking steps to restore their previous avatars as artisans, farmer, farm-workers and agro-farm support solution providers.

3.1.4 Handicrafts, handloom and agriculture

Kishore Chatter, who is associated with an NGO called New Culture Society, which is working among weavers-communities and Bamboo workers in Sambalpur, Odisha, said these villagers who returned were formerly weavers, artisans, handicraftsmen, potters and such other entrepreneurs involved in cottage industries.



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He opined that there would be a revival of rural manufacturing activities. Kishore also, stated that there is now a strong feeling among these workers to stay back in their villages. They suffered during the lockdowns, particularly during their exodus on foot, covering thousands of kilometers.

3.1.5 New development paradigm

C.K Vishwanath said the crisis has indeed forced people to think about a new development approach. They now believe that the little money and food they can produce at home is better than living in urban slums or at labour camps of construction companies. It is being reported that most of these workers who returned home during the lockdown period would stay back in their village doing activities like fishing, agriculture in their own farms or of others as well as by restarting their traditional livelihood options, like weaving or bamboo work. These artisans and weavers were mainly working in the urban construction sites. They migrated to cities looking for better income. But often they ended up in the construction sector as unskilled construction workers. Life for them is harsh and they prefer to restart their traditional vocation.

3.1.6 IT and digital transformation in Rural economy

Kalesh Prasad, a Rural IT company founder observed that there has been a significant growth in demand for IT and digital solutions from small and micro ventures, trading companies to setup a e-commerce platform, e-learning apps for schools and help to set up video streaming or such other digital solutions needed for a digitally driven market, especially after the lockdown

3.1.7 Returning migrants to expand local economies

Migrants who returned to their home state Kerala from the middle east-Gulf countries during the lockdown ventured into poultry, fish farming, honey bee, food processing and organic farms. There is a significant growth in interest in agro-tech businesses from educated youth according to Akhil Raj of Arya Aggrotech solutions, an agriculture and technology solutions firm based in Kerala, India.

3.1.8 Development is self-sufficiency in terms of food, clothing, housing

The crisis created by the lockdown can be a blessing in disguise for millions of unemployed youth, women and others. The rural Indian economy, as well as the vast South Asian region needs more jobs and this can only happen with the rise of crafts and artisans. These activities can accommodate and engage thousands of workers. According to Vignesh Jha who participated in the discussion, development is self-sufficiency in terms of food, clothing, housing, agro-equipment and income to meet additional emergencies. The rural economy can accommodate a vast

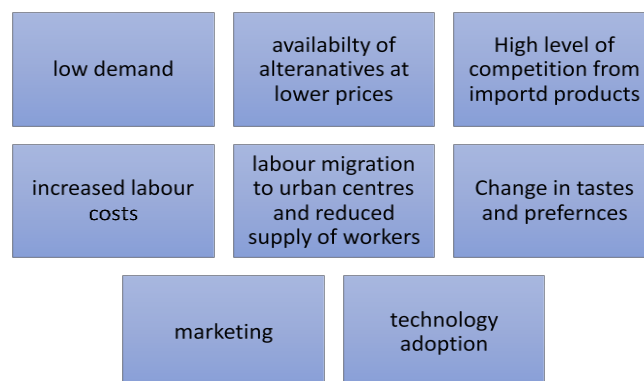
number of people and meet their basic requirements as well as produce for other markets as well.

3.1.9 Challenges faced by cottage industries and handicrafts sector

These rural entrepreneurs (craft and artisan segments) face a number of challenges, according to the participants of the focused group. Though they can produce for their immediate needs, they should also be able to sell at regional markets and now everything is connected through digital and online platforms. What they need is demand for their products, according to Vignesh Jha. Many of the products of these artisans are aesthetically appealing, colourful and of immense use in our daily lives, but they lack the appropriate tools, digital marketing expertise and strategy to market.

3.1.10 Digital platforms and digital marketing to connect with the buyers globally

Village micro and cottage industries as well as small enterprises contribute by way of supplying goods to the local markets, but they often encounter several challenges in their operations. Hundreds of traditional arts and crafts have vanished. According to Vignesh Jha who promoted an online platform call “WE the Artisans (Ham-Shilpakar)” approximately nine hundred and fifty traditional crafts are on the verge of collapse, which used to provide jobs for a large number of workers, sectors that use labour intensive technologies such as handloom, handicrafts, pottery, wooden toys, metal-based for instance Aranmula mirror; Leather jute-based crafts, Banarasi and Sambalpuri silk works, pottery, leather sandals and shoes of Kolhapur& Jaipur. There are both demand and supply factors for the decline of traditional village industries, leading to lack of employment opportunities in each region, villages as well as growing dependency of each region for essential products to industrial-manufacturing hubs. Following are some of the factors that cause a decline in rural industries and self-sufficiency:



It is a reality that there has been a steady decline in demand over a period of time for products of traditional-labour intensive sectors. The labour-intensive technologies used in cottage-rural industries make their products more expensive. The higher prices of these labour-intensive products make them unattractive. The cost of production per unit is higher compared to mechanised-technology intensive sectors. Tastes and preferences of consumers has also been changing as the younger population demand better designs and more trendy products. In addition to that cost of labour is another aspect. And labour migration to urban industrial hubs also contributed to the decline in traditional industries. Technology adoption has been very slow and these entrepreneurs used to find it difficult to market their products beyond a regional market.

3.2 Case studies: Locally market driven SMEs experiencing revival

Each of the sectors has their own unique characteristic, and the challenges vary. In the following section some of the cases of local market driven entrepreneurial ventures are explored and how they performed and responded to the scenario in the aftermath of the lockdowns. These case studies are based upon interactions with entrepreneurs, SMEs, NGOs and associations of micro enterprises. Discussions were conducted in September-October 2020. Following are the sectors covered, subcategory and key highlights:

Broad Sector	Sub category	Highlights
IT/Digital technology business	Web designers;	Significant growth in business and profit despite lock down
	IT products	
	Computers/laptops	Demand for new website creation by businesses
	Products for work from home	Boost in digital transformation effort by
Agriculture/Agri-tech	Agri-tech-farming (Technology intensive agriculture)	Agriculture and farming sector witnessed growth
	Agri-E-retailers	Technology intensive farming and startups providing technology options to farmers came up

Handloom(Cottage Industry)	Weavers	Slow recovery of activities by weavers and those cottage industries in this sector, particularly during the lockdowns
Handicrafts and Artisans		This is an area that has significant potential. Social media marketing is a tool that they use to reach out.
Environmental services/Waste Management	E-Waste management	Digital adoption leading to enhanced consumption of electronic goods/computers/laptops/android. This would lead to more business opportunities in e-waste

3.2.1 IT/ Digital technology SMEs

Information and communications technology solutions became significantly important during the Covid-19 induced lockdown days. As part of the study, discussions were conducted with five IT-digital technology solution providers. Three of them were entrepreneurs offering web designing solutions in rural India. All the three noted that they experienced significant growth both in terms new clients as well as profit they could earn. New website and an android app development were the main activity to be conducted. Their clients were rural enterprises, educational service providers like schools & training institutes and e-commerce ventures. In addition to these three entrepreneurs, two IT firms from urban centers also responded and according to them, despite the initial silence, there was significant growth in demand for their services particularly for video streaming, webinar products, app development and e-learning portal development.

3.2.2 Agriculture, Agro-tech and technology intensive farming

Rural India has witnessed a revival in agriculture activities. Technology graduates turning to agri-tech has been a trend for some time. As part of the study, a detailed discussion was held with an agro-tech firm, Arya Agro-tech solutions. During the lockdown days, Arya Agri-tech solutions, which is also a technology solutions



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provider for farmers, started cultivation using high-tech methods. They have started delivering agriculture produces on the basis of online orders that they received in places near to Kozhencherry, a small town in the Pathanamthitta district of Kerala, India. The Arya Agro-Tech venture was launched by a team of technology graduates and they focus on smart farming as they think that is the only way to make farming a sustainable and profitable activity for farmers. They provide farmers with marketing support and procures vegetables after evaluating farms for good agricultural practice (GAP). According to them lockdown has made them expand and enabled them to popularise farming as a entrepreneurial opportunity to many youth.

3.2.3 Handloom sector

The handloom sector used to be labour intensive sector and weavers are mainly from the weaker sections. They used to make clothes for household needs as well as for meeting the needs of the village, and their markets used to be limited. However, there has been a decline in the number of active units due to various reasons such as low productivity, low income, low wages, lack of social protection are other issues. According to volunteers at New Culture Society, Sambalpur, Orissa, there has been not much activity in the sector as youngsters find the income from this traditional activity too low to sustain themselves. As a result of which migration to industrial hubs by the youth seeking jobs in the cities. According to Mr. Bal Kishore of the society, with the Covid-19 pandemic and closure of construction sector in the cities, these youth have now started coming back. Along with agriculture, fishing and other occupations that they can involve in for income generation, they have also re-started weaving activities thus there is a slow and gradual revival of the handloom sector. However, the sector needs critical support from the government agencies with regard to marketing and finance for procuring raw materials says Mr. Kishore. Some of the challenges that they traditionally face is competition from lookalikes, and similar designs from large textile sector are bringing down the cost of original weaver made products.

3.2.4. Artisans/potters/handicraftsmen

While there is no sector that is unaffected either positively or negatively, handicraft sector is also not an exception. According to Vignesh Jha, marketing their products has been a challenge and social media platforms will have a significant role to play in marketing and reaching out to the customers. The Indian handicrafts industry is fragmented, with more than seven million regional artisans. Metalware, woodware, hand printed textiles, embroidered goods & shawls, carpets and bamboo products are a few of the select sectors. Traditionally, the ability to respond to the market demand is limited for them according to Harpreet Alhuwalia, entrepreneur and



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founder of Earthern Creations, Noida, near Delhi. Her work is focused among potters from across India. It has been estimated that over 40 lakhs rural potters still work with the help of conventional pottery wheels. Of the 15 lakhs traditionally skilled potters, about 95% are involved in the work of conventional red local pottery. During the pandemic, they found it extremely challenging to find a way to market their products. While the products have demand in overseas markets, the artisans do not get much benefit from the exports and remain poor. According to Harpreet Ahulwalia, technology, better designs and responding to market demands are crucial.

According to Kishore Chatter, often artisans and rural industries have only limited resources, knowledge, finance and experience. “They have only their bamboo and few products made with those resources”. Though it will be a significant aspect and mission to connect them with the rest of the affluent markets globally, it will not be that easy to achieve this task. How to market their well-made products; How will they deal with digital market and e-commerce technologies are all a challenge for them. But how to tide over this crisis is critical for them. If no one buys their products survival will be difficult. They need finance, mentoring as well as critical marketing support. We the Artisans the digital platform initiated by Mr. Vignesh Jha, who has taken initiative in this regard to set up and promote this platform said in order to serve the local markets and other distant markets, digital marketing tools and online platforms are essential. In this platform “artisans can post their products (with image, size, colour and product description and price) so that those interested can order them online”. This particular venture called took shape in response to the pandemic, according to Mr. Jha.

3.2.5. E-Waste Management

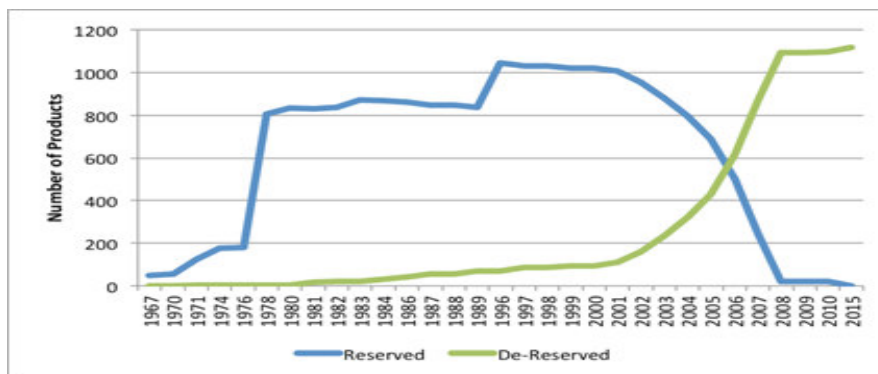
Waste management particularly Electronic Waste management is yet another sector that is particularly emerging relevant in the post-pandemic days. Amar Singh Yadav CEO & Founder of *Aseries Envirotek* India Pvt. Ltd says protecting environment and focusing on a green oriented development agenda is critical for sustainability. The venture A series has witnessed good business during the pandemic. In addition to e-waste management services and consultancy in the field A-series focus on providing assistance on Extended producer responsibility (EPR) for manufacturers in the electronic segment. He says with the rise in use of computer and digital tools and products, there is going to be significant proliferation of e-waste, which creates tremendous opportunities for e-waste and environ-tech companies in India in the coming days.

4. Strategies and approaches to strengthen SMEs, rural cottage sector

4.1 Reservation of products for manufacturing in small scale sector

It is critical for the sector to get all possible assistance. The small industries need to be protected. In this context, it is appropriate to mention the reservation policy that existed till recently for production within small scale industries. The Industries (Development and Regulation) Act which statutorily comprised a reservation policy covering products for exclusive manufacture in the MSME sector, which was provided for in the Act. The Reservation policy was meant to ensure the increased production of consumer goods within the MSME sector. (DC-MSME, GOI, n.d.) Introduced in the year 1967 with 47 items, the list gradually expanded to include more than 800 items. This policy had a legal backing when the Industries Development and Regulation Act 1951 was amended in March 1984, empowering the Government to reserve items. Policy of reservation has contributed in the growth of SME sector, employment and promotion and encouragement to new enterprises and a culture of entrepreneurship. This policy was helpful and acted as a protective measure for the sector and helped large scale enterprises and corporates from encroaching into the MSME space. As a result of improved balance of payment situation, India was under obligation to remove quantitative restrictions (QRs) by 1st April 2001. (DC-MSME, GOI, n.d.) India removed QRs on over 700 items in 2001 after it lost a case in WTO against the US which had challenged these restrictions on import of large number of industrial and agricultural items. (Economic Times, 2010) Keeping up with the trend of liberalization and reforms, the government abolished the Small Scale Sector Product Reservation Policy by 2015 (DIPP, 2015). The figure below shows how the policy of reservation and then de-reservation in the small scale sector evolved.

Figure: Policy of SSI product reservation and de-reservation





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Note: Data for 1967 through 1989 taken from Table 6.3 in Mohan (2002). Data for 1996 onward taken from various publications of the Government of India, Ministry of Micro, Small, and Medium Enterprises (Source: Martin et.al 2017)

However, with the changing scenario, with the need to create more jobs locally and develop local self-sufficiency, there is a need to protect small enterprises that cater to the local markets. The need to revisit reservation policy emerges more so in the context of strengthening the local manufacturing base and empowering and helping SMEs to sustain themselves. The time has come to reintroduce a reservation policy for exclusive manufacturing in the MSME sector, with a focus on labour intensive technologies, to ensure local self-sufficiency and employment generation.

4.2. Role of local government institutes

Local government institutions (LGIs) can also play a role in this context and encourage small enterprises to make for their regions so as to make goods available for local communities. In this context, governments have to revisit their policies on protecting MSMEs. With the small-scale sector primarily catering to local markets and regions, local government institutions and regional authorities such as grama panchayats and municipal governments can play a better role in protecting and promoting micro, small and village industries.

4.3. Support to digitalization and adoption of technology and particularly IT

It is important for local manufacturing industries to enhance their productivity. Appropriate technology adoption is critical. Also, digital platforms such as that of Hum Shilpakar, is also important for local manufactures to operate in a digitally driven environment.

5. Suggestions for protecting SMEs

- A new broad list of products needs to be identified for small scale sector manufacturing, that must be brought under reservation for exclusive manufacturing. Each local government in the region may be given authority to identify and decide upon products that are essential for that particular region, from that broad list.

- Each local government or regional authority may be authorized to formulate policies, promotional programmes, incentives and support for these lists of sectors/products which are in demand and needed for that region.
- Central government MSME schemes and programmes for the sector must be routed through LGIs in order to ensure better implementation.
- Technology relevant for the region and industries suited for the locality, with potential for job creation needs to be identified and encouraged at the local level.
- Mandatory procurement policy for retail shops from local manufactures: A reservation policy for retail shops in the region to procure and sell a certain percentage of products manufactured within that Panchayats or in the area falling under that particular regional government.

5.1 This approach will have the following advantages

- More jobs within region itself
- Products that are in demand are promoted, therefore their availability is ensured.
- Mandatory procurement requirement from local manufacturers will ensure demand for local manufacturing industry.
- When people can find jobs within the region/local areas, migration in search of employment may come down
- Less global supply chain exposure and dependency on essential supplies from other destinations

To conclude

Strengthening SMEs and their capacity to produce and meet the needs of local-neighbourhood economies is critical to rebound from the current crisis. While MSMEs compete for a share in the global market, it is critical that products and services are also available for local consumption. The Covid-19 lockdown induced supply side disruptions highlight the need for developing a robust manufacturing and agriculture production for each region or locality. The Gandhian development approach and the concept of rural self-sufficiency emerge relevant in this context. Governments could consider introducing a local manufacturing policy with significant role for local government institutions to manage essential goods production for SMEs operating in its jurisdiction. Further, such a policy will ensure uninterrupted trade and availability of goods for consumption even when major disruptions occur.



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