

# **The effect of Covid-19 pandemic on financial performance of Indian SMEs: Comparative evidence from manufacturing, service and pharmaceutical sector**

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## **Abstract**

**Objective of the study:** Covid -19 has severely damaged the nation economy all over the world. SMEs sector has tremendously suffered due to outbreak of Covid-19 (2020). The present research attempts to analyse the effect of covid-19 pandemic on financial performance of manufacturing sector, service sector and pharmaceutical sector of Indian SMEs, through a comparative study. The study has undertaken four financial performance indicators; total revenue, operating profit, net profit ratio and lastly liquidity. The analysis tools used pandemic.

**Design & methodology:** For the purpose of the study, 100 listed Indian SMEs have been selected for two years (2019-20 & 2020-21). The sample SMEs have divided into three parts; for the present study are average values, changes in average values and percentage change in average values of different financial performance indicators during the study periods.

**Findings:** The present comparative study found that the pandemic (Covid-19) has negatively affected both the manufacturing & service sector (excluding pharmaceutical sector) SMEs. However, pharmaceutical sector has performed well & less affected sector. Manufacturing sector SMEs have the most affected sector rather than service sector SMEs (excluding pharmaceutical sector). Only pharmaceutical sector SMEs have generated a positive abnormal return during covid period and improved its financial performance.

**Practical implication:** The present study added valuable practical implication for managers, policy makers of SMEs. The sector wise covid impact reveals a clear picture before managers and helps to frame a sound strategy to minimize the negative shock arises from covid pandemic.

**Key words:** *Covid-19, Indian listed SMEs, Manufacturing sector SMEs, Service sector SMEs (excluding pharmaceutical sector), pharmaceutical sector SMEs.*

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