

EFFECT OF COVID-19 ON SMALL AND MEDIUM-SIZED ENTERPRISES IN AMPARA DISTRICT, SRI LANKA

Ahamed Lebbe Abdul Rauf¹, Gnei Shihara Lani Mausudeen², Mohamed Nisthar Fathima Nishla Manazir³ & Najimudeen Thilsath Ahamed⁴

^{1,2,3&4} Development Oriented Research (DOR), Accelerating Higher Education Expansion and Development Operation (AHEAD), Faculty of Management and Commerce, South Eastern University of Sri Lanka.

Correspondence: alarauf@seu.ac.lk

ABSTRACT

The SMEs are expected to contribute more than 90 percent of overall businesses, nearly 50 percent of total jobs, and a substantial addition to the GDP of Sri Lanka's economy. The worldwide economy has been impacted by the Corona Virus (Covid-19) pandemic. Many active enterprises around the globe have dropped to their lowest level ever. This article aims to examine how small-scale business owners are affected by COVID-19 in their financial sector, business sector, demographic sector, and psychological sector. This study used questionnaires and SPSS statistical software for data analysis. According to the result, the agricultural sector's demand is under threat due to the uncontrolled situation. Farmers and fishermen really aren't subject to the restrictions of the countrywide curfew when carrying out their occupation. However, consumers' restrictions on travel have disrupted marketplace processes, causing commodity prices to bounce both high and low in pursuit of a balance between supply and irregular demand. According to this study, evidence has been found to date that there is a severe effect of COVID-19 on finance, business, demographic, and psychological factors observed in the manufacturing sector compared to the service sector of SME in Ampara District.

KEYWORDS: COVID-19, SME's, Financial, Demographic, Psychological

1. INTRODUCTION

The illness induced by SARS-CoV-2, a coronavirus that first surfaced in December 2019, is known as COVID-19. The World Health Organization deemed the COVID-19 to be a real worldwide pandemic because it is extremely contagious from person to person, primarily through respiratory droplets from coughing and sneezing (Abiad et al., 2020) Scientists and public health authorities are worried about the new coronavirus variation (Omicron) because it has an abnormally high number of mutations that make it more contagious and resistant to current vaccines.

In Sri Lanka, SMEs are expected to account for more than 90% of total enterprises, 45% of total employment, and a substantial addition to the Gross Domestic Product (GDP). The government has designated this industry as a priority area for development in order to create jobs and raise people's living standards. According to the Department of Census and Statistics (DCS) Economic Census 2013/14, the number of SME businesses is 1.017 million, employing roughly 2.25 million people. (National Policy Framework for Small and Medium Enterprises (SMEs) Development, 2016).

Small businesses are especially vulnerable because they are more concentrated in sectors that have been immediately impacted by the COVID-19 response measures (e.g., retail and services) and are usually more credit constrained than bigger companies (Cao & Leung, 2020; Kumar & Francisco, 2005). Importantly,

small businesses account for the vast majority of enterprises in the industry and hire a sizable proportion of the workforce (Humphries et al., 2020).

The primary issue that Small Scale Business Owners are facing is the alleged collapse of their supply chain as a result of lockdowns and curfews. As they grow, their maturity confronts a working cash issue because they do not accept payments for products provided, and other revenue sources have also declined. Raw material price increases due to restricted availability have also had an impact on their operations. Curfews and lockdowns have also put a burden on discretionary income, influencing the lucrative cycle. To halt the spread of this coronavirus, the government has imposed lockdowns and limitations, resulting in the irreversible closure of several small businesses. For this study, we selected three divisional areas in Ampara District: Kalmunai, Akkaraipattu, and Navithanveli.

In this paper, we examined how small-scale business holders are affected and then the implementation of phases to overcome it. The world witnessed the largest fall in the number of active businesses. Exploration shows that the impact of the epidemic on small business and workers have changed the overall business programs facing profitable imbalance. As a result, concentrating on how SMEs react to all pandemic issues made sense, particularly in the manufacturing and service sectors, which have been badly affected by lockdowns in most countries. However, effectively navigating these obstacles does not ensure a bright future. The government is eager to know what effect COVID-19 is having on SMEs as they battle with the reopening. As a result, this research on the effect on SMEs in Sri Lanka's Eastern Province may be relevant to other nations.

2. LITERATURE REVIEW

Dai et al. (2020) investigated the impact of COVID-19 on small and medium-sized businesses. Evidence from China's two-wave phone examinations that the evidence produced by this article provides a helpful guide for the difficulties that many nations will face as they reopen. The information was gathered through internet survey questionnaires and two sets of follow-up phone conversations. They begin by stating that finding answers to the problems confronting SMEs in developing nations COVID-19 is critical. Based on China's actions, the detrimental effect of lockdowns on Businesses in emerging countries is likely to be severe. Disruptions in logistics caused by lockdowns may strike farming businesses, comparable to beast granges, especially hard in developing countries, as seen in China.

Aladejebi (2020) seeks to investigate the impact and survival strategies of the Covid-19 crisis on small businesses in Nigeria. The primary goals of this research are to determine the impact of COVID-19 on SMEs, evaluate government efforts, and develop methods that SMEs can use to handle the impact of COVID-19 on their companies. Questionnaires were used to collect and evaluate data. They claim that the most significant monetary issues encountered by Businesses during the COVID19 epidemic were loan prepayment, hire/wage payment, and rent. External variables such as business, region, number of employees, and legal standing were found to have no effect on how COVID19 affected SMBs. The research found that the COVID19 Pandemic had a detrimental effect on small companies in general.

Fairlie (2020) investigates the COVID-19 effects in the second and third months following nationwide sanctum-in-place limitations in May and June 2020. The study answers whether there was a further conclusion of small companies or rather a partial response as small company owners attempted to restart or partly continue. Data was gathered using the Current Population Survey (CPS). That is something they start. Further permanent mass shutdown of small companies in the United States are likely to have a significant impact on worker job losses, increase income disparity, and add to a protracted recession. However, the health consequences of removing limits on business operations are unclear and cause worry, given that COVID-19 instances have been increasing over the summer.

This research by James and Navaneethkrishnan (2020) investigates the impact of Covid-19 on Small and Medium Enterprises Early Substantiation in Sri Lanka. The current research seeks to investigate the impacts of the COVID-19 epidemic on Sri Lankan SMEs. They conducted 14 telephone conversations,

and data were categorized using qualitative interviews from 14 accessible small and medium-sized businesses (SMEs). The research shows that the COVID-19 mitigating strategies and procedures have come at a high financial and human cost, and have severely harmed Sri Lankan SMEs. The COVID-19 epidemic is mentally taxing on both employees and Businesses.

The observed effects of the Covid-19 epidemic on Chinese Businesses were investigated by Lu et al. in 2020. They prove that due to a lack of materials for pandemic mitigation, workers' inability to return to work, interrupted force networks, and decreased demand, the majority of SMEs were unable to carry on with their operations. Numerous Businesses were also struggling with cash flow issues because they had to keep up with their colorful set expenses even though they were making little to no money. In order to aid SME survival and lucrative recovery from the catastrophe situation, suggestions regarding cash influx alleviation, work resumption, and spending stimulus are provided. These stresses on the survival of numerous SMEs have been increased by these delays in work resumption.

Using the marketing mix conception technique, Santhirakumar et al. (2021) identify the main profitable effects on MSMEs. The MSMEs who participated in this study's initial data gathering were In accordance with the Problem Faced Index (PFI), the decrease in product quality (340 from out 400), the increase in the price of raw materials (326 from out 400), the impact on the request (338 from out 400), and the decrease in client communication (340 from out 400) were first ranked in terms of product, price, place, and creation separately during the epidemic period. The research also suggested that creative government agencies and NGOs create mindfulness programs.

3. OBJECTIVE

The main objective of this research is to examine the effects of COVID-19 on small companies in the Ampara District of Sri Lanka. Its secondary goals are to find solutions to the crisis scenario that exists in the study region and to dismantle COVID-19's barriers; to examine the effects of COVID-19 on SMEs and the differences between these effects across the various SME sector categories.

4. METHODOLOGY

A mixed-method approach is used for this study, combining quantitative and qualitative research techniques. The data gathered from the questionnaire was analyzed using quantitative techniques. Through the Divisional Secretariat Offices, questionnaires were given to Small Scale Businesses in order to gather raw data. Semi-structured conversations and talks with the Divisional Secretariat and the relevant Samurdhi Officers of the Ampara District were conducted in order to gather the qualitative data. The data analysis was done using SPSS analytic software.

4.1 Data Collection

This study mainly included primary data through structured questionnaires and semi-structured interviews and discussions with the Divisional Secretariat and the related Samurdhi Officers of the Ampara District. All the questions in the questionnaire are structured ones with five alternatives and the responses. In this study, Small Scale Businesses are divided into Mainly 06 Parts in Study Area,

- ✓ Agriculture
- ✓ Industrial
- ✓ Fishing
- ✓ Livestock
- ✓ Marketing
- ✓ Training

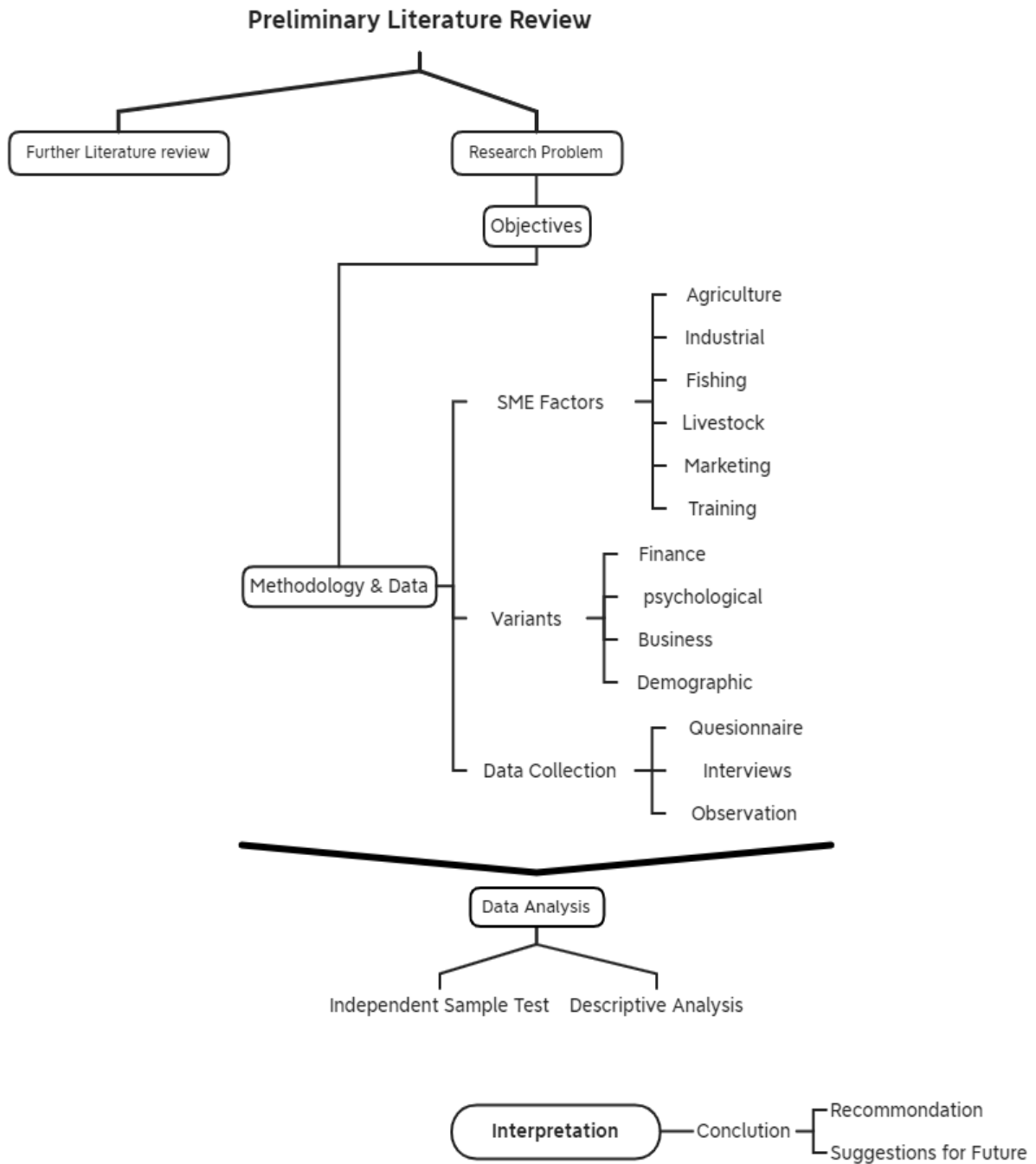


Figure 1: Methodological Framework
 Source: Author Constructed, 2021

Table 1: Constructs of the factors

Finance	Q1	Working Capital
	Q2	Credit Transaction
	Q8	Online Transaction
Psychological	Q9	Emotions
	Q10	House commitments
Business	Q3	Sales Volume
	Q7	Product Quality
	Q4	Purchase
	Q5	Marketing
	Q6	Raw Material
	Q11	Employment Impact
Demographic	Q12	Women Empowerment

Source: Author Constructed, 2021

4.2 Data Analysis

Data Analysis consists of 02 Parts to achieve the Objectives Completely,

1. Descriptive Analysis of the overall impact of COVID-19 on Small Scale Businesses.
2. Independent Sample Test: Impact of COVID-19 on small Scale Businesses in Ampara District.

5. RESULTS AND DISCUSSION

The Questionnaire was made available to the SME in the study area together 300 questionnaires were distributed directly to the SME's by a convenient sampling method. A questionnaire was prepared both in English and Tamil language. 226 of the 300 Questionnaires distributed yielded valid results, which were used for analysis.

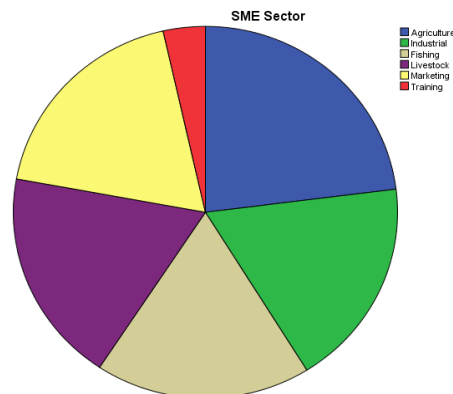


Figure 2: Types of SME's based on Respondents
 Source: Primary data

Table 2: Types of SME's
Source: Author Constructed 2021

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agriculture	52	22.7	23.0	23.0
	Industrial	41	17.9	18.1	41.2
	Fishing	41	17.9	18.1	59.3
	Livestock	42	18.3	18.6	77.9
	Marketing	42	18.3	18.6	96.5
	Training	8	3.5	3.5	100.0
	Total	226	98.7	100.0	

The majority of the samples surveyed were from agriculture 23 %, followed by industry and fisheries 18.1%, livestock and marketing 18.6% and the final training sector 3.5%.

The Sri Lankan government views SMEs as the foundation of the country's economy because they make up more than 75% of all businesses, account for 45% of all jobs, and account for 52% of GDP (National Policy Framework for SME Development, Ministry of Industry and Commerce, Sri Lanka; 2015). According to the table 2, we distributed questionnaires to selected Divisional areas Kalmunai, Akkaraipattu and Navithanveli in Ampara District. As we observed the majority of people involve in agriculture in the Ampara District. Not only Ampara District in Sri Lanka whole worlds SME sectors was affected by the COVID-19 due to lockdown and travel restrictions they were unable to conduct their business processes and emotionally they were very down at that time.

This study tries to analyze the effect of covid-19 on Small Scale business holders in different aspects, such as: Finance, psychology, demographic and in business sectors. These aspects were asked through different statements of questionnaires. The multiple response analysis used to count the overall effect of each aspect. Below tables give a summary of peoples responses on effect of covid-19 in their Small business.

Table 3: Effect of covid-19 in FINANCE
Source: SPSS Output

		Responses		Percent of Cases
		N	Percent	
FINANCE ^a	Strongly Agree	109	16.1%	48.2%
	Agree	195	28.8%	86.3%
	Neutral	250	36.9%	110.6%
	Disagree	62	9.1%	27.4%
	Strongly Disagree	62	9.1%	27.4%
Total		678	100.0%	300.0%

a. Group (3 Questions –Q1,Q2,Q8)

According to the table 3, 44.9 % (Strongly Agree and Agree) of SME respondents confirm that covid-19 impacts their finance, which means the working capital, credit transactions and online transactions questions included in the questionnaire. Also, 36.9% respondents show neutral responses in effect of finance .On the other hand 18.2 % do not have the same opinion because some of the SME doesn't have any capital for their business and also they don't have the knowledge to handle online transactions and some of them are fearful to get mortgages. For some of the aforementioned reasons, they may strongly disagree and disagree with the questionnaire.

Table 4: Effect of covid-19 in BUSINESS
Source: SPSS output

		Responses		Percent of Cases
		N	Percent	
BUSINESS ^a	Strongly Agree	153	13.5%	67.7%
	Agree	424	37.5%	187.6%
	Neutral	417	36.9%	184.5%
	Disagree	124	11.0%	54.9%
	Strongly Disagree	12	1.1%	5.3%
Total		1130	100.0%	500.0%
a. Group (5 Questions - Q3 ,Q4,Q5,Q6 ,Q7)				

Operations include the impact of COVID-19 on sales volume, purchasing, marketing, raw materials and product quality. According to the table 4, 51% (Strongly Agree and Agree) the majority of the respondents agreed that they were unable to conduct business and effected by covid-19. According to their point of view due to lockdown and travel restrictions and due financial crisis in Sri Lanka. Disrupting supply chains and contributing to significant delays in dispatch. This problem has been exacerbated by labor shortages and high consumer demand. With numerous items in shortage and the cost of shipping rising, prices are on the rise. 36.9% respondents were given neutral as we observed, some of SME's them provide services only to the customers (E.g. Tailors are constructing, modifying, altering, and repairing garments for the client's materials) so they have no issues such as quality of materials, purchases and they have a unique satisfied customer base for their service.

On the other hand 12.1 % disagree on effect of covid-19 on business. They mentioned that even though there are several problems, they do not change their product and service quality they provide because it will cause reduce the demand in the future for their product and service.

Table 5: Effect of covid-19 in DEMOGRAPHIC
Source: SPSS output

		Responses		Percent of Cases
		N	Percent	
DEMOGRAPHIC ^a	Strongly Agree	59	13.1%	26.1%
	Agree	145	32.1%	64.2%
	Neutral	224	49.6%	99.1%
	Disagree	23	5.1%	10.2%
	Strongly Disagree	1	0.2%	0.4%
Total		452	100.0%	200.0%
a. Group (Q11 ,Q12)				

Effect of covid-19 in Demographic consist of employment impact and women empowerment.

According to table 5, 45.2% of the SME's given their positive suggestion on the effect of covid-19. The overall impact of the COVID-19 crisis on the labor market at this time is limited. However, the impact varies vastly across sectors, occupations and population groups, with low-income workers being the hardest hit.49.6% are in intermediate opinion they mentioned lockdown and restrictions measures, which means that a lot of unemployed people are considered only inactive. Nevertheless 6.3% of SME's differ on this statement.

Table 6: Effect of covid-19 in PSYCHOLOGY
Source: SPSS output

		Responses		Percent of Cases
		N	Percent	
PSYCHOLOGY ^a	Strongly Agree	64	14.2%	28.3%
	Agree	148	32.7%	65.5%
	Neutral	209	46.2%	92.5%
	Disagree	30	6.6%	13.3%
	Strongly Disagree	1	0.2%	0.4%
Total		452	100.0%	200.0%

a. Group (Q9,Q10)

According to table 6, 46.9% of SME's confirm that covid-19 has an impact on their psychology. Majority of people mentioned that Anxiety and feelings of stress or anger as a result of the travel restriction and lockdown and people may be socially isolated and experience loneliness that can aggravate mental health. 46.2% of respondents were in a intermediate opinion . They have mentioned that pandemic situation creates an opportunity to spend time with their families and children to get closer and to get rid of all busy activities for some days. The rest of respondents 6.8 % disagree with the statement by their opinion.

Table 7: Reliability and validity test
Source: Author constructed, 2021

Reliability Statistics		Validity of Statistics					
Criteria	Cronbach's Alpha	N of Item	KMO Measure of Sampling Adequacy	Bartlett's Test of Sphericity	Sig.	Extraction	Variance
Finance	0.566	3	0.571	86.318	.000	Capital = .675 Credit Transaction=.690 Online Transaction=.307	55.750
Business	0.715	5	0.701	254.672	.000	Sales Volume =.689 Purchase =.691 Marketing =.631 Raw Material =.704 Product Quality =.760	69.469
Psychological	0.584	2	0.500	43.123	.000	Emotions =.709 House commitments =.709	70.945
Demographic	0.526	2	0.500	19.200	.000	Women Empowerment=.643 Employment=.643	64.346

Table 7 shows the results of the internal consistency evaluation. The intention of this measurement approach is to determine the validity and reliability of questions that are distributed among the participants. Cronbach's analysis was used to analyze the dependability of each factor in the reliability study. Cronbach's alpha values for Finance, Business, Psychological, and Demographic are 0.566, 0.715, 0.584, and 0.446, respectively. In this study, Cronbach's alpha is greater than 0.5. CA represent an acceptable level of internal consistency if the Cronbach's alpha value is within 0.5 to 0.7. When

conducting an exploration into how the variables explain each other, the KMO Measure of Sampling Adequacy of this study represents 0.571, 0.701, 0.500, and 0.500 for Finance, Business, Psychological, and Demographic respectively. Hence, it is plausible to conduct factor analysis because all the values are ≥ 0.5 . Therefore, the model is reliable to conduct the analysis.

Impact of Covid-19 in Finance consist of three questions which indicate overall variance of 55.75 %. The reliability statistics shows acceptable internal consistency between the components. Contain of five questions with Overall variance of 69.46 % indicate impact of covid-19 on business with an acceptable internal consistency. Impact of covid-19 Psychological component made by two questions .The Overall variance explained by this component is 70.94%.The reliability statistic shows acceptable internal consistency between the indicators of the component. The final component of the research, Impact of covid-19 on demographic factors consist of two questions that are closely related. The overall variance explained by this component is 64.34%. It indicates acceptable internal consistency between the components. It spotlight that all the components show good internal consistency. Therefore, the model is reliable enough to conduct the analysis.

According to the results of this poll, every SME firm in the various categories is investigating the impact of Covid-19 on Small Medium Enterprises. Agriculture, Industrial, Fishing, Livestock, Marketing, and Training are some of the industries that we work in.

Table 8: Impact of covid-19 on Finance across the SME sectors

		Impact of covid-19 on Finance ^a					Total		
		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree			
SME Sector	Agriculture	Count	26	46	55	12	17	156	
		% within SME_Sector	16.7%	29.5%	35.3%	7.7%	10.9%		
	Industrial	Count	17	36	47	9	14	123	
		% within SME_Sector	13.8%	29.3%	38.2%	7.3%	11.4%		
	Fishing	Count	20	34	49	7	13	123	
		% within SME_Sector	16.3%	27.6%	39.8%	5.7%	10.6%		
	Livestock	Count	25	32	44	14	11	126	
		% within SME_Sector	19.8%	25.4%	34.9%	11.1%	8.7%		
	Marketing	Count	16	39	47	17	7	126	
		% within SME_Sector	12.7%	31.0%	37.3%	13.5%	5.6%		
	Training	Count	5	8	8	3	0	24	
		% within SME_Sector	20.8%	33.3%	33.3%	12.5%	0.0%		
	Total		Count	109	195	250	62	62	678

Percentages and totals are based on responses.

a. Group(3 Questions –Q1,Q2,Q8)

Source: Author Constructed, 2021

Table 8 shows that the agriculture and livestock sectors strongly agree on the financial impact of COVID-19. We asked three questions about COVID-19's financial impact in this survey. Positive replies were received from 304 SME sectors (strongly agree & agree). They verified that COVID-19 has impacted them. We observed 250 neutral responses to 3 questions about the financial impact of COVID-19. They were in intermediate opinion on this statement. Furthermore, 19.8% of livestock firms disagreed (strongly opposed and disagreed) with COVID-19's financial consequences. In conclusion, 226 people responded to 3 questions, yielding 678 responses (678/3 = 226).

Table 9: Impact of covid-19 in business

		Impact of covid-19 on business					Total		
		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree			
SME Sector	Agriculture	Count	32	96	103	26	3	260	
		% within SME_Sector	12.3%	36.9%	39.6%	10.0%	1.2%		
	Industrial	Count	38	72	71	22	2	205	
		% within SME_Sector	18.5%	35.1%	34.6%	10.7%	1.0%		
	Fishing	Count	26	73	76	30	0	205	
		% within SME_Sector	12.7%	35.6%	37.1%	14.6%	0.0%		
	Livestock	Count	29	85	76	17	3	210	
		% within SME_Sector	13.8%	40.5%	36.2%	8.1%	1.4%		
	Marketing	Count	24	84	78	22	2	210	
		% within SME_Sector	11.4%	40.0%	37.1%	10.5%	1.0%		
	Training	Count	4	14	13	7	2	40	
		% within SME_Sector	10.0%	35.0%	32.5%	17.5%	5.0%		
	Total		Count	153	424	417	124	12	1130

Percentages and totals are based on responses.

a. Group(5 Questions - Q3 ,Q4,Q5,Q6 ,Q7)

Source: Author Constructed, 2021

The impact of COVID-19 on enterprises is highest among livestock, according to table 9, with 54.3 % (strongly agreed and agreed). At the same time, at 45.4 %, it is the lowest in the training industry. There are 577 positive responses (highly agreed and agreed) from all SMEs, indicating that COVID has a significant impact on their business activities.

Table 10: Impact of covid19 on psychology

		impact of covid19 on psychology					Total		
		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree			
SME Sector	Agriculture	Count	17	36	41	9	1	104	
		% within SME_Sector	16.3%	34.6%	39.4%	8.7%	1.0%		
	Industrial	Count	12	23	42	5	0	82	
		% within SME_Sector	14.6%	28.0%	51.2%	6.1%	0.0%		
	Fishing	Count	10	20	44	8	0	82	
		% within SME_Sector	12.2%	24.4%	53.7%	9.8%	0.0%		
	Livestock	Count	12	31	36	5	0	84	
		% within SME_Sector	14.3%	36.9%	42.9%	6.0%	0.0%		
	Marketing	Count	11	35	38	0	0	84	
		% within SME_Sector	13.1%	41.7%	45.2%	0.0%	0.0%		
	Training	Count	2	3	8	3	0	16	
		% within SME_Sector	12.5%	18.8%	50.0%	18.8%	0.0%		
	Total		Count	64	148	209	30	1	452

Percentages and totals are based on responses.

a. Group (Q9,Q10)

Source: Author Constructed, 2021

According to table 10, covid 19 has a greater impact on psychology in the Marketing Sector. Anxiety and feelings of stress and anger as a result of the travel restrictions and lockdown were mentioned by the majority of people. Even with Covid-19, the training sector has a lower impact, 31.3 percent in the context of the research in the psychological sector. Also, the percentages show that, with the exception of the fishing sector, all sectors have an impact of more than 50%. Because they are not conducting any business or providing any services during the pandemic season. It might consequence in psychological trauma.

Table 11: Impact of covid19 on Demographic

		impact of covid19 on Demographic						
		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total	
SME Sector	Agriculture	Count	17	28	56	3	0	104
		% within SME_Sector	16.3%	26.9%	53.8%	2.9%	0.0%	
	Industrial	Count	8	24	45	5	0	82
		% within SME_Sector	9.8%	29.3%	54.9%	6.1%	0.0%	
	Fishing	Count	8	27	42	5	0	82
		% within SME_Sector	9.8%	32.9%	51.2%	6.1%	0.0%	
	Livestock	Count	13	30	36	4	1	84
		% within SME_Sector	15.5%	35.7%	42.9%	4.8%	1.2%	
	Marketing	Count	12	32	35	5	0	84
		% within SME_Sector	14.3%	38.1%	41.7%	6.0%	0.0%	
	Training	Count	1	4	10	1	0	16
		% within SME_Sector	6.3%	25.0%	62.5%	6.3%	0.0%	
Total		Count	59	145	224	23	1	452

Percentages and totals are based on responses.

a. Group (Q11 ,Q12)

Table 11 shows that According to our findings, the covid-19 impact on business and demographic results has the greatest impact on the Marketing sector and the least impact on the Training sector. The impact of covid-19 on demographics in the livestock sector is 51.2 percent, which is similar to the result of the marketing sector. Altogether 204 positive responses (Strongly agree & Agree) on the impact of covid-19 on demographic.

6. CONCLUSION

Small and medium-sized enterprises play an important part in a country's socioeconomic elements and are regarded as the backbone of the economy. The world economy has suffered as a result of the covid-19 epidemic, with SMEs bearing the brunt of the damage. The biggest issue that Small Scale Business Owners face is the alleged breakdown of their supply chain as a result of lockdowns and curfews. The impact of covid-19 is substantial in the finance, business, demographic, and psychology sectors. According to the results of this survey, the majority of respondents strongly agreed that the impact of covid-19 had a substantial impact on their regular business activities.

Ampara district is mostly known for its agricultural industry, which includes paddy cultivation, crop production, livestock, milk and egg production, and meat production. Fishing is another source of revenue in the Ampara district's coastline area. We have chosen three divisional areas in Ampara District for this survey: Kalmunai, Akkaraipattu, and Navithanveli.

Regardless of whether businesses can continue operating, the COVID-19 epidemic has significantly disrupted the industry and their daily operations. Not only in Finance, Business but also the SME affected in psychologically. The majority of people reported anxiety and feelings of tension or anger as a result of the travel restrictions and lockdown, and people may become socially isolated and lonely, which can exacerbate mental health. Fear-based motivation can also lead to increased stress, which can have significant health repercussions.

The agricultural sector's demand is under threat as a result of the COVID-19 epidemic.. Farmers and fisheries really aren't subject to the restrictions of the countrywide curfew when carrying out their occupation. However, consumer's restrictions on travel have disrupted marketplace processes, causing commodity prices to bounce both high and low in pursuit of a balance between supply and irregular demand.

This article investigated the impact of Covid-19 on the financial sector, the business sector, the demographic sector, and the psychological sector of Small Scale Businesses.

REFERENCES

- Abiad, A., Arao, R. M., & Dagli, S. (2020). The economic impact of the COVID-19 outbreak on developing Asia.
- Aladejebi, O. (2020). Managing small businesses in Nigeria during covid-19 crisis: impact and survival strategies. *IOSR Journal of Business and Management*, 22(8), 24-34.
- Cao, S., & Leung, D. (2020). Credit constraints and productivity of SMEs: Evidence from Canada. *Economic Modelling*, 88, 163-180.
- Dai, R., Feng, H., Hu, J., Jin, Q., Li, H., Wang, R., ... & Zhang, X. (2021). The impact of COVID-19 on small and medium-sized enterprises (SMEs): Evidence from two-wave phone surveys in China. *China Economic Review*, 67, 101607.
- Fairlie, R. W. (2020). *The impact of Covid-19 on small business owners: Evidence of early-stage losses from the April 2020 current population survey* (No. w27309). National Bureau of Economic Research.
- Humphries, J. E., Neilson, C. A., & Ulyssea, G. (2020). Information frictions and access to the Paycheck Protection Program. *Journal of public economics*, 190, 104244.
- James, R., & Kengatharan, N. (2020). Exploring the effect of Covid-19 on small and medium enterprises: Early evidence from Sri Lanka.
- Kumar, A., & Francisco, M. (2005). *Enterprise size, financing patterns, and credit constraints in Brazil: analysis of data from the investment climate assessment survey* (Vol. 6). World Bank Publications.
- Lu, Y., Wu, J., Peng, J., & Lu, L. (2020). The perceived impact of the Covid-19 epidemic: evidence from a sample of 4807 SMEs in Sichuan Province, China. *Environmental Hazards*, 19(4), 323-340.
- Santhirakumar, S., Narmilan, A., & Puvanitha, N. (2021). The economic impact of Covid-19 on the micro, small and medium enterprise (MSME) sector in Batticaloa district, Sri Lanka.
- World Health Organization . (2021). *COVID-19 Strategic preparedness and response plan*. Geneva: Licence: CC BY-NC-SA 3.0 IGO.