

Coronavirus Sends Income for Russia's Entrepreneurs to Lowest Level On Record

Russians' income from business activity has fallen to a century low.

August 03, 2020



Many of Russia's small businesses have felt abandoned during the pandemic. **Vyacheslav Prokofyev / TASS**

Russians' earnings from business activity crashed to their lowest level this century during the second quarter as the coronavirus pandemic battered the country's small and medium-sized businesses.

Data from Russia's federal statistics service Rosstat showed that just 3.5% of all household income came from so-called 'entrepreneurial activity,' a classification which covers money earned by small business owners as well as some rental income and other royalties. The share of such earnings in the overall income mix was down from 5.9% in the first quarter of the year, setting a new record for the lowest level ever seen since data started being published in 2000, news site RBC [reported](#).

The fall amounts to a 300 billion ruble (\$4 billion) hit to Russia's entrepreneurs and business owners, who are still reeling from the pandemic and have frequently [complained](#) about insufficient support from the Kremlin.

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The pandemic has accelerated a long-term decline in business earnings, which contributed as much as one in every seven rubles earned by Russians at the start of the century.

Meanwhile, welfare payments reached their highest ever share of income during the quarter, jumping to 21.8%, as the Kremlin dished out bonus payments to medical staff and special payments to families with young children at the height of the pandemic.

More than 40% of Russians say their income has fallen since the start of the coronavirus outbreak. As the government exerted heavy pressure on firms not to fire staff, using both threats of increased labor inspections and incentives such as cheap loans which can be written off if businesses maintain their headcount at 90% of pre-crisis levels, companies have largely resisted mass layoffs and instead cut back staff hours, wages and bonus payments.

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