



A study on the digitization drive among MSMEs of India during Covid 19 pandemic and the challenges addressed

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Abstract

The entire world has witnessed a big blow in terms of the way human beings have lived till now due to the unprecedented times arising out of outbreak of COVID 19 pandemic leading to economic slowdown in many countries including India. One of the major hits due to this economic slowdown in India is MSME sector which is adversely impacted due to ongoing pandemic. In the process the digitization drive among the MSME owners during continuous lock-downs and spread of pandemic has taken a complete turnaround in its obligatory and effective implementation by various MSMEs during this time to sustain their businesses according to the need of the hour. Many MSMEs who were doing business traditionally have completely changed their view about digitization and its importance in these tough times of new normal way of doing business.

The outbreak of pandemic is a turning point for MSMEs towards digital transformation in India. At the same time the study also discusses on the challenges faced by MSMEs due to COVID 19 pandemic in terms of their financial sustainability, new way of doing business, the way forward for MSMEs to migrate from traditional way of doing business to digitization and other multiple challenges the MSME sector in India has to address in these tough times.

Keywords: MSMEs, digitization, covid 19 pandemic, challenges of MSMEs

Introduction

It is very clear from the reliable research reports that MSMEs (Micro, Small and Medium Enterprises) sector of India accounts for significant contribution to Indian economic growth in terms of its role in providing considerable products, services, exports, employment, GDP growth etc., of our country.

Whereas the outbreak of COVID 19 pandemic in the world and as well as India has lead MSME sector face hardships and challenges to survive in this unprecedented times arising out of continuous lock-downs and waves of COVID 19 spreading across the country. Hence there is a serious need to understand on how MSMEs are going to buy, sell and operate during these tough times to sustain in the business by adopting the newer challenges the sector has to face to regain its prominence in the economic development of the country.

It is very clear from whatever is happening around us that digitalization is no more an option for MSMEs in India due to changing consumer behavior in going online in their preference of buying and making payments. It is the need of the hour that, MSMEs have to re-imagine the way the business is done to come back strongly with digitalization as their primary business strategy for doing business.

At the same time MSMEs are facing several challenges in the pandemic era as many businesses are bound to undergo losses due to restrictions in its operations due to the new normal life which has evolved due to COVID crisis. Many MSMEs in these difficult times have faced the brunt of the situation without preparing for such a sudden economic disruption. Some of the major challenges MSMEs are facing are liquidity crunch, Demand slump, unexpected recovery costs, Supply chain issues etc.,

Going digital suddenly as a choice by MSMEs is not easy

especially for MSMEs of India. As per the CISCO report MSMEs in India stands at 9th rank as far as the digital maturity is concerned in the Asia specific region. There are many challenges ahead of MSMEs to adopt to emerging digitalization needs viz., lack of expertise, lack of resources, lack of affordability etc.,

While digitization will enable MSMEs to recover faster from the downfall in business encountered by this sector during this pandemic there are several challenges the MSMEs have to overcome to successfully come out this crisis.

Drive towards digitization by MSMEs of India as an outcome of COVID 19 pandemic

Although MSMEs are undergoing a challenging environment to recover from the business downturn and sustain in business the initiative of government in the recent years towards encouraging MSMEs for digitization (Digital MSME Scheme 2017), Make in India, Atmanirbhar Bharat etc., have complemented the MSMEs with this turning point for MSMEs to go digital in this current scenario of COVID 19 pandemic when more and more consumers are going online in their changed behavior with the outbreak of COVID 19 pandemic. The reverberation of e-commerce business in India is encouraging for MSMEs to quickly adapt to changing scenario. According to the study by CISCO the digitization of MSMEs in India may add a significant contribution to India's GDP growth by 2024 followed by post COVID 19 economic recovery.

The outbreak of COVID 19 pandemic in India has lead to considerable change in the consumer behavior. Today's younger generation being more of tech-savvy the buying behavior of today's consumers is switching over from traditional methods of buying to online buying. Definitely

there is big drive happening in India's economy from cash-driven economy to cash-less economy. Hence, MSMEs of India are apparently changing the way they were doing business to adapt to fast changing online business requirements.

Although, MSMEs of India are struggling through the recoveries from the periodic lock-downs in the country due to enormous developments happening in the online world and the changing behavior among consumers complemented with Govt support schemes towards digitization has created a conducive environment for businesses especially the MSMEs to go digital and rebuild the economy of our country like never.

Though MSME sector will get many benefits by going digital especially when there are many supportive initiatives from the Government it is the time for the policy makers to reinforce the initiatives to successfully drive MSMEs towards this transformation of going digital more and more in their businesses.

The pandemics like COVID have taught MSMEs many lessons. Digitalization has proved in these tough times that the businesses can sustain to an extent to remain in force though it depends on the nature of business. However, MSMEs have to be ready to accept changes and be ready for adaptability to demanding needs arising out of any crisis which may hit the world.

Digitization benefits to MSMEs

- **Overall economic development:** As the country constitutes majority of MSMEs and this sector is treated as the backbone of the country's economy. Digital transformation by MSME sector will not only benefit MSME's but the economy as a whole.
- **Create a new hope of business sustainability:** Over the years MSMEs have been facing many hardships in managing businesses due to various issues like lack of knowledge, lack of talented work-force, lack of market exposure, lack of funds, lack of leadership, Cash-flow Issues, Lack of supply-chain etc., Digitization has empowered MSMEs to face these challenges with more flexibility in its business operations and networking.
- **Availability of newer technologies for faster adaptability:** Emergence of day to day newer technologies in ICT has benefitted MSMEs to harness the benefits of these evolutionary changes happening in the online platforms than ever in the history.

Challenges of MSMEs while coping up for digitization

- **Marketing and Sales Challenges:** Inefficient marketing and sales is the one of the key drawbacks of MSMEs due to lack of expertise, exposure, awareness etc., Many MSME owners are still found to be conventional when it comes to their beliefs in doing business. They are not ready to understand and accept the newer ways of doing business expansions especially to expose, expand and reach their business using the powerful tools of electronic marketing.
- **Technological Challenges:** MSMEs are by and large are not automated to the technological needs of the business. Lack of technical expertise, infrastructure, financial weakness, security fear etc., are the major impediments among MSMEs.
- **Financial Challenges:** One of the major hurdles the MSMEs are facing is management of finances.

Financial crunch is a routine scenario among MSMEs due to lack of cash-flow management. Arrangement of in-time funds, delayed payment from customers, uncontrolled variations in sales revenues are common challenges faced by MSMEs as part of their day to day business without a matured system in place.

Recommendations or Suggestions for MSMEs towards their journey for digitization

As an owner of MSME how to start a digital marketing journey is a challenge for many business owners. There are some tips discussed below to start the digitization of MSMEs business:

- **Developing a website:** If you do not have website please have one immediately. If you have it already please optimize it to get better results. Website is a platform to share the information about your business to your market. This is also a place where you will start generating business leads to your company. After the website is developed the next step is to optimize it using SEO (search engine optimization) techniques. Make sure from your website developer that, they will do on-page SEO for your website which will drive the visitors to your website and increases the availability of your website during their search through any search engines like google, yahoo, bing etc., The objective is to place your company website in first page of the result page whenever anyone is searching for our products or services or company. Also make sure that your website is mobile friendly/optimized because now a day's majority use mobile for searching your website or company products or services. One more important thing is your website should be responsive or interactive website wherein a visitor to your website should be in position to communicate with you about his or her interest in your business from the website itself either through online enquiry form, chat etc.,
- **Strategize your digital content building:** After the website is built it is essential to build content on internet about your company, products or services. This is called off-page SEO wherein you will be writing content in your blog, third party blogs, white papers, e-books, webinars, videos etc.,
- **Being in right online media platform or network:** What is important for MSMEs in the first place is to identify which online social or business platforms/networks they need to focus. The results depend on whether the MSMEs belong to B2B business or B2C business. If an enterprise belongs to B2B there are dedicated B2B portals for promoting your company and products or services. Else if you are a B2C such business may explore other social media platforms like Face book, LinkedIn, Twitter etc., for better results.

Conclusion

History has witnessed that, every crisis in the world in the past has thought us something and humanity has adapted to changing requirements. Likewise, the businesses across the world and India are also obligated to these changes. The outbreak of COVID 19 has transformed many such practices into no more a reality and has compelled the businesses across all sectors to adapt to newer way of doing business according to the changing times.

It is evident from the changing behavior among buyers and

sellers in business especially among the MSMEs in India during this COVID pandemic that the transformation of many companies by adjusting to the digital need circumstances proves that the digitization is inevitable and future of MSMEs to sustain and grow in whatever businesses each business is engaged in the process.

It is difficult to analyze on the losses incurred by MSMEs due to outbreak of COVID 19 pandemic, series of lock-downs and the new normal ways to lead business at this point of time. But it is very clear and evident from the transformations happening among MSMEs towards their adaptability towards digitization that MSMEs will definitely strengthen its business operations to combat the need of the hour successfully. This drive towards digitization by MSMEs as a result of COVID 19 experiences will lead to better future for MSMEs and as well as economy.

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