

WHY SMALL BUSINESSES NEED TO EMBRACE DIGITAL

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This year witnessed the worst global crisis of the new millennium, leaving the world gasping and forcing restructuring of the international economic order. The emergence of Covid-19 also affected the small businesses, or Micro, Small & Medium Enterprises (MSMEs), across the globe, forcing them to handle multiple challenges like inadequate cash flows and disrupted supply chains at the same time. It is important for Indian MSMEs to quickly recover from the losses, address cash flows and labour-related challenges to compete both at the domestic and international level, and for some to even survive.

It is a well-known fact that leveraging technology is the only sustainable solution for MSMEs, as it improves all aspects of their business including engagement with stakeholders, customer relations, operations, financial management, marketing, supply chain management, product innovation, skill development, employee engagement and other areas.

The current business landscape across the globe is being led by digital technologies that are transforming the way systems and proc-

esses work. While interacting with many MSMEs, we at the Confederation of Indian Industry (CII) realised that enterprises are finding themselves at different stages of the digital curve and are being forced to rethink their processes and systems as they adapt to these technological changes.

In fact, it wouldn't be incorrect to say that unless companies adopt digitisation now, they will never be able to gain a competitive advantage. Adoption of the digital is critical for them to drive business efficiency. Today, it has become a necessity to be digitally enabled to sustain the businesses.

But as MSMEs navigate their way through digital adoption, they face multiple challenges, ranging from limited budgets to a lack of know-how and expertise required in the adoption of digital technologies, security and trust issues. They need to become digitally trained rather than outsourcing the digitisation work.

This calls for a high alert shift to the 'new digital normal', exacerbating the urgency for MSMEs to have access to skills and solutions that lead to business growth. MSMEs

need to be better integrated into the digital economy to expand their market access, diversify their customer base and solidify their supply chain. Therefore, it is time to take a leap towards starting the digital movement; let's become 'Digital Saksham'!

The integration of MSMEs into the digital economy can begin with digital and financial education leading to improved business practices and digital acceptance.

An initiative being led by the CII and supported by Mastercard's Centre for Inclusive Growth and in partnership with the Ministry of Micro, Small and Medium Enterprises' National Institute for MSMEs (ni-msme), Digital Saksham embarks on the beginning of a digital adoption movement.

The goal is to strengthen over three lakh MSMEs through digital

adoption, improved business skills and financial inclusion, thus strengthening their competitiveness through digital know-how and acceptance.

The three important contours of the project will include: (i) driving awareness on the benefits of digital commerce, (ii) building skills and capacities of MSMEs on various tools to help them in digital commerce, which can enable them to accept digital payments, establish an online presence as well as drive efficiencies in operations and (iii) accelerating the adoption of these digital tools.

The programme will leverage Mastercard's strengths to create new models of cross-sector collaboration through research and build actionable insights for business and markets; run programmes to enable entrepreneurs and workers to grow, thrive and succeed in the new economy; unlock the power of data to reduce information inequality and engage with the community of leaders to promote and adopt evidence-based solutions. Mastercard will also provide financial education curriculums for the CII to build on and share learnings from around the world that will support the implementation approach.

There is a high demand for digital and cognitive skills, and MSMEs need to react quickly by becoming digitally enabled (Digital Saksham). The scope of this project is to expand training to the rural

and peri-urban areas of the country by targeting the key supply chains and using a cluster approach to deploy relevant digital know-how to the last-mile entrepreneurs through a combination of in-person and digital channels. This touch-tech approach will create more opportunities for skill building among entrepreneurs in rural parts of the country.

In partnership with the Government of India and to further leverage the related initiatives to maximise reach and impact, the Digital Saksham programme will work towards driving systemic transformation and help in achieving two of the Centre's goals: (i) Modernise MSMEs to take their overall revenues to 50% of GDP and create 150 million jobs (ii) Digital India: Enable 45 billion digital transactions by 2020.

The movement that we are beginning today would need support from many stakeholders of the industry. We are certain that the industry and the Indian economy along with MSMEs would reap the benefits of this upcoming digital infrastructure that will have positive ripple effects on the nation's GDP and the creation of more jobs.

My call to every entrepreneur reading this is to join the digital adoption movement and ensure your firm doesn't lose the race to competitiveness.

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Digital Saksham, an initiative led by the CII and supported by Mastercard and the government's National Institute for MSMEs, aims to strengthen over three lakh small businesses through digital adoption, improved business skills and financial inclusion. Unless companies adopt digitisation now, they will never be able to gain a competitive advantage