



A Study On The Digitalization Of Msmes And Its Contribution In Achieving Of Viksit Bharat Vision

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Abstract

MSMEs are important to a country's development. MSMEs provide a significant contribution to the GDP of the Indian economy. Additionally, it contributes to the nation's job creation. MSMEs are an essential national pillar. As of December 4, 2023, there were around 3.16 crore MSMEs registered on the MSME portal. To help MSMEs survive and grow, the Indian government has implemented a number of initiatives. Digital transformation is currently at a revolutionary stage for businesses across. Digital transformation refers to the ongoing integration of digital technology, which has a positive impact on company processes, strategy, and performance. This study aims to provide an outline of the digital transformation of the Indian economy including the MSME sector's involvement. Businesses must overcome numerous obstacles in order to compete in the global market. Global technological advancements have made it necessary for Indian enterprises to adopt cutting-edge technologies in order to compete with developed nations. The MSME will play a significant role in achieving the developed nation platform. The goal of the Indian government's "Viksit Bharat" initiative is to make India a developed country by 2047. This vision is presented for India's 100th anniversary of freedom. The goal of "Viksit Bharat" is to establish a wealthy India that is in peace with nature, has modern infrastructure, and offers chances for all residents and regions to realise their potential. This vision encompasses economic, social, environmental, and governance development. This essay will discuss the reasons why the Indian government views MSMEs as the

backbone of the country's economy. Additionally, it emphasizes how MSME may help realize the 2047 vision. This essay will concentrate on the reasons MSMEs are regarded as Bharat's backbone and why it is anticipated that they would make a substantial contribution to the "Viksit Bharat" vision. This study will look at how digitalisation affects MSMEs' decision-making, performance, and operational efficiency. It will emphasize how MSMEs must integrate sustainability and digitalisation to thrive in a cutthroat market. The nature of this investigation is qualitative. The information is gathered from a variety of publications, research papers, government studies, MSME annual reports, and other sources. A conclusion and a list of recommendations are included in the finding.

Key words: *Economy, Development, Sustainability, MSME, and Digitalisation*

Introduction

A recent buzzword in the corporate sector is "digital transformation," which turns the real world into a virtual one. It makes use of the application of digital technologies to quicken the expansion of the sector or enterprise. With the aid of technologies like cloud computing, 5G and 6G, analytics, big data, additive manufacturing, artificial intelligence, augmented reality, cyber-physical systems, smart sensors, IoT platforms, and cloud computing, it refers to automation, digitalization of processes, infrastructure, organization, and management. The field is always changing and influencing how medium, small, and micro industries (MSMEs) will develop in the future. Through current technological disruption and its associated benefits, Digital Transformation offers MSMEs chances and options to accelerate their growth. By utilizing the advantages of technology, the sector is moving away from automated systems and toward virtual work.

An economy's growth or development is greatly aided by the Micro, Small, and Medium-Sized Enterprise (MSME) sector. MSME emerges as a sector that creates the most export and job opportunities in India. There are around 63 million MSMEs in India, and they account for over 30% of the nation's GDP. The MSME industry saw significant challenges in the fiscal year 2021. In that specific year, MSME expected income also dropped by 7 to 10%. The lockdown imposed by the Indian government caused about 67% of micro, small, and medium-sized businesses to temporarily cease operations. Even though the MSME sector is severely impacted by the Covid-19 outbreak, the Indian government ensures their sustainability and recovery. The Indian government has initiated numerous programs and taken significant steps to support micro, small, and medium-sized businesses. Numerous studies carried out during the COVID-19 pandemic demonstrate the significance of technological advancement in disaster management. Numerous cutting-edge technologies were employed in that scenario to detect viruses, identify pandemics, and create therapies. Employees were able to work remotely and with greater flexibility during the COVID-19 pandemic thanks to technology.

MSME

To improve Micro, Small, and Medium-Sized Enterprises (MSME), a number of committees have been established. However, the MSME sector is constantly dealing with a number of issues, such as workforce inefficiency, insufficient accounting practices, funding arrangements, and raw material arrangements.

According to the Micro Small and Medium Enterprises Development (MSMED) Act of 2006, MSMEs fall into the following categories:

- 1. Manufacturing Industry:** This sector works with producing goods from raw materials, as the name implies. Through the use of labour, machinery, raw materials, etc., raw materials are turned into the final product or items during the manufacturing process. In small-scale industries, such as hand baked goods and handicrafts, it is not required to always use machinery and equipment.
- 2. Service Industry:** Rather than producing goods, the service sector offers services. These services include things like training, consulting, and maintenance and repairs. The territory sector is another name for the service sector. It offers intangible goods and services.

The significance and contribution of MSMEs to a country's growth are growing over time, and their reach will expand through the use of digital technologies. MSMEs are crucial to the expansion of the Indian economy. It facilitates the industrialisation, urbanisation, and expansion of the underdeveloped area, generating employment opportunities and facilitating the effective distribution of wealth and income. MSMEs produce a wide range of goods and services for both home and foreign markets.

Research Objective

- To examine the extent of digitalisation in relation to India's MSME sector.
- To evaluate the MSME sector's economic development.
- To evaluate the difficulties MSMEs encounter when implementing cutting-edge technologies.
- To suggest suitable remedial measures for MSMEs' digitalisation.

Research Methodology

The foundation of this research is qualitative analysis. Numerous secondary sources, including published research papers, publications, Indian government reports, MSME annual reports, and other websites, were used to compile the data.

Digitalization of MSME

The use of digital technology to improve every facet of a corporate enterprise—people, processes, technology, procedures, etc.—is referred to as "digital transformation." It is the use of contemporary technologies to replace conventional models. MSMEs can evaluate the global market and lower supply chain risk with the use of digitalization. The lockout during COVID-19 had a detrimental effect on MSME operations, and MSME suffered losses. The majority of MSMEs were shut down. Businesses that improve their technology are able to endure in that circumstance. Businesses can increase customer relationship management, digital financial transactions, remote transaction management, efficient product delivery, operational efficiency, and business process innovation with the use of cutting-edge technologies. The digital footprint in MSMEs has decreased since COVID-19, according to a CRISIL survey of over 500 MSMEs.

Impact of Digitalization in MSME Sector

Accessibility of a Greater Area: MSMEs that compete with other industries in the market learn a lot from the larger industry. Digitalization makes it far more economical for small enterprises to access a wider clientele. MSMEs can now communicate with customers anywhere in the world, even in rural areas. Cultural, language, and geographic barriers all existed in the previous system. However, these obstacles can be eliminated with the aid of digital transformation, and the MSME sector expands its consumer base.

Boost Income: The MSME sector can raise their market accessibility with the aid of cutting-edge technology, which boosts sales and profits for the company. There are already a number of internet opportunities for businesses to develop and thrive. The easiest way for firms to expand at a low cost is through e-commerce. It aids in expanding the clientele and market reach. In the end, it will contribute to raising the company's earnings.

Customer Engagement: In the era of digitalization, companies allow their clients or consumers to participate in order to obtain creative concepts and specifications. Businesses will make use of their clients' and consumers' perceptions and intelligence. It will support the company's decision-making process. This procedure will assist the company in cutting costs associated with its expensive software and technology.

Operational Efficiency: MSMEs primarily incur costs related to product marketing, promotion, and operation. However, with the aid of digitalization, they have access to an e-commerce platform where all procedures are completed at the lowest possible cost. They even reach a larger area for the least amount of money. In the end, it will increase the company's operational effectiveness.

Viksit Bharat Vision for 2047

On December 11, 2023, Hon. Prime Minister Shri Narendra Modi announced the phrase "Viksit Bharat." The phrase "Viksit Bharat 2047" was coined to commemorate India's 100 years of independence and to outline the country's goals for growth by 2047. It is the government of India's ambitious plan for the country's future, which will commemorate its 100 years of independence. "A prosperous India in harmony with nature, with advanced infrastructure, providing opportunities for all the sectors of the economy" is the vision's stated goal. It includes things like governance, social development, environmental development, and economic development.

The following topics are included in Viksit Bharat @ 2047's vision:

- Boost the nation's economy with its robust infrastructure, robust manufacturing base, increased GDP, etc.
- Another motivation for this program is effective governance. Effective governance is defined as open, accountable governance that promotes public involvement and removes unwelcome government meddling in the lives of the country's residents.
- Promote green growth, boost renewable energy, increase capacity, maintain ecological balance, and build a sustainable future to strengthen environmental sustainability.
- To strengthen India's position internationally and establish Atamnirbhar Bharat in the defence and space sectors.
- Social development: All people of the country should have equal access to money, healthcare, and high-quality education. Hunger, poverty, and societal injustices ought to be eliminated and Empower the country's youth by making educated and skilled young people and increasing job possibilities.
- Form alliances with international research and development organizations to establish the nation's top ten labs. To place at least ten Indian universities in the top 100 worldwide.
- To boost indigenous industries, create innovations, and create at least three to four global champions in each business sector through mergers.
- My government platform is created and kept up to date by India's Ministry of Electronic and Information

Technology's National Informatics Center. The purpose of this platform is to give the people of the country a place to express their thoughts and opinions in order to contribute to the Viksit Bharat vision 2047.

Contribution of MSME in the Journey of the Viksit Bharat @2047

MSME Contribution to Achieve the Goal 2047 MSME are regarded as the lifeblood of the Indian economy. MSMEs contribute significantly to the GDP, exports, creation of jobs, improvement of citizens' living standards, etc.

- **GDP Contribution:** According to data from the Ministry of Statistics and Program Implementation, MSMEs contributed 30.1% of India's GDP in 2022–2023 through Gross Value Added (GVA).

- **Export Enhancement:** Based on data gathered from the Directorate General of Commercial Intelligence and Statistics (DGCIS) Data Dissemination Portal, MSMEs contributed 45.79% of the nation's export goods in 2024–2025 (as of May 2024).

- **Increase Foreign Exchange Reserve:** The MSME sector contributes significantly to the nation's exports, and as exports rise, so does the country's foreign exchange reserve, which aids in national development.

- **Employment Creation:** The MSME sector accounts for the majority of employment creation. This aids in lowering unemployment and promotes national development. According to the Udyam Portal data, MSMEs created 20.39 crore jobs between July 1, 2020, and July 16, 2024.

- **Product Diversity:** The MSME sector creates a wide range of goods in several industries, giving customers as many options as possible and lowering product prices both domestically and internationally.

- **Rural Development:** MSMEs, in contrast to large businesses, are primarily found in rural or semi-urban regions. They offer rural residents convenient access to infrastructure and job possibilities. In the end, it will raise the country's level of living.
- **Women Entrepreneurs:** As of January 31, 2024, around 20.50% of MSMEs are run by women entrepreneurs, which contributes to their economic independence and increased empowerment.

- **Encourage Innovation:** MSME are the major area where innovations are introduced. Their modest size makes it easier for them to adjust to newly offered technologies, products, or services.

- **Entrepreneurial Culture:** MSME foster an entrepreneurial atmosphere. It motivates people to start their own companies and contribute to economic growth. The Indian government launched the Start-up India

initiative to help aspiring business owners launch their own ventures. There are 400 unicorns in India that are worth \$340 billion USD.

Difficulties and Challenges faces by MSMEs for Digitalization

Lack of knowledge: Many MSMEs lack the necessary technological expertise and are ignorant of the advantages of technology-driven services like social networking, e-marketing, and e-commerce.

Lack of trust: MSMEs are discouraged from embarking on a digital transformation journey because they do not comprehend the impact of digitalisation on their enterprises, their growth, customer relationship management, the operation of their firm, etc.

Lack of Infrastructure: The MSME sector is primarily found in semi-urban or rural locations. MSMEs lack the infrastructure and facilities necessary to implement cutting-edge technologies when compared to urban areas. They don't have enough money to install the cutting-edge technologies.

Security Concerns: One of the primary causes of MSMEs' reluctance to digitise their operations is data privacy. The MSME's primary worry for sticking with their current business model is processing and safeguarding its data from unauthorized use, damage, and disclosure.

Unskilled Manpower: Local workers make up the majority of the MSME sector. The workers are coming from places where they lack the necessary expertise about new business processes and cutting-edge technologies. As a result, it becomes difficult for the MSME to train these workers using the new technology.

To Promote MSMEs, Digital Initiatives by the Government of India

The Indian government has developed a number of programs and initiatives aimed at promoting MSME and digitizing them. These projects' primary goal is to increase MSME efficiency, competitiveness, and global connectivity. The following are these initiatives:

Udyam Registration Portal: MSMEs can register on this entirely digital platform. The platform is paperless. The authentication process is entirely dependent on the Aadhar and PAN numbers. It is utilized to conveniently access the advantages of government programs.

TReDS: It is another name for the Trade Receivable Discounting System. MSMEs use this digital marketplace to quickly receive financing through invoice discounting. It will assist in maintaining the company's finances and cash flow as needed.

MSME Champions Portal: This platform allows MSMEs to resolve conflicts and problems in real time. It is a platform for redressing grievances. It makes use of AI techniques to solve problems more quickly.

Digital MSME Scheme: The goal of the Digital MSME Scheme is to create digitally enabled firms and aid in cost-cutting technologies by providing subsidies and support for the adoption of digital tools and cutting-edge technology, such as cloud computing and ERP.

GeM: It is another name for the government e-marketplace. MSMEs can sell their goods directly to the government using this portal. By eliminating the middlemen, it contributes to greater transparency. Additionally, it lessens needless price increases brought on by middlemen.

ZED Certification: Another name for ZED Certification is Zero Defect Zero Effect. It is a digital platform that certifies MSMEs that manufacture high-quality goods and promotes their use of sustainable practices.

Conclusion

The study's conclusions indicate that MSMEs play a significant role in the country's development. The majority of MSMEs are willing to adapt their businesses digitally. It understands that there is no room for advancement without the adoption of cutting-edge technologies. MSMEs must embrace digital transformation in order to compete on a global scale. It aids MSMEs in minimizing needless workload. MSMEs face numerous obstacles when attempting to digitize their operations. However, these can be eliminated with government assistance so that MSMEs can receive the support they require. For Vision 2047 to be realised, all stakeholders must work together.

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