

Chapter 36

Role of Digitalization Post-Pandemic for Development of SMEs

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ABSTRACT

SMEs are the backbone of India's economy; due to the serious effect of the pandemic COVID-19, almost all the sectors are in a serious threat. This also reflects the SME sector more than any of the sectors. In this chapter, the researcher will analyze the problems faced by SMEs due to the pandemic. For the purpose of analysis, the researcher uses various statistical tools. Most of the data are collected from secondary sources and some of the data are collected using primary sources by issuing questionnaires through social media. SMEs are key players in the global landscape, especially in emerging economies. According to the World Bank, SMEs account for 90% of businesses and more than 50% of jobs. SMEs around the world focus on services, which are characterized by low access costs and low resource requirements. However, there is also a large diversity of SMEs due to different market conditions. According to the country's Ministry of Economy, SMEs represent more than 98% of the total number of companies operating in the country.

INTRODUCTION

SMEs are key players in the global landscape, especially in emerging economies. According to the World Bank, SMEs account for 90 percent of businesses and more than 50 percent of jobs. SMEs around the world focus on services, which are characterized by low access costs and low resource requirements. However, there is also a large diversity of SMEs due to different market conditions. According to the country's Ministry of Economy, SMEs represent more than 98 per cent of the total number of companies

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operating in the country, contributing towards 52 per cent of the non-oil GDP. As an impact of Covid 19 the economic growth curve moved to an L shape Curve and all the economist are trying to pull it back to a V shaped optimistic curve. We believe that regardless of the shape of the scenario, we will be experiencing a “new normal” where not only economic but also social behaviours will drastically change. This will comprise a change in social dynamics (i.e. social distancing, restricted public events/entertainment), values (i.e. support to local businesses, value added to consumers/users, impact on well-being), consumer behaviour (i.e. different expenditure priorities, less disposable income, online over brick and mortar), international travel decline (i.e. quarantine while traveling inside/outside countries). While the new coronavirus has devastated the organized world, it has also created an opportunity for the new tides of transformation to emerge. This gloomy situation in which businesses and institutions have suffered significant losses due to the global pandemic also holds the potential to bring about a profound paradigm shift in the way businesses are imagined and defined, namely the shift from offline to the online digital medium. While most organizations in the world sanction their employees to work from the safety of their homes, there is still much ground to cover. There is an overwhelming range of businesses belonging to sectors that have so far been operated off-line in a conventional way. Types of industries such as manufacturing, retail operations, hospitality, among others mobility, have always been along the physical contour of the industry. While the large multinational enterprises have the advantage of large capital and resources at their disposal, small and medium enterprises (SMEs) benefit from their agile and more compact nature of work. Therefore, there are opportunities for both David and Goliath in this new world order to streamline their operational mediums to achieve seamless objectivity. The collapse taught the entire business world a lesson in surviving the strongest tactics and how to exploit the best seemingly unfavorable conditions. The government of India has introduced a plethora of bail packages, amended fiscal policies, rate cuts, loans and waivers to save the sick industries in the country. It also unequivocally underscores the need for the nation to become self-sufficient, underscoring, in addition to a slew of slogans such as the ‘vocals for local’, financial support and an execution of 20,000 INR security. The center also endorses the immediate need for enterprises, academic institutions and public sector units to switch immediately and effectively to online methods to maintain market relevance. Small businesses are a major part of the economic downturn associated with COVID-19. Here are three ways to make sure SMEs bounce off once the lock is removed. The COVID-19 pandemic worries global societies and economies. Governments, businessmen, and citizens, with more than two million lawsuits in 210 countries, are still facing the effects of the biggest global crisis of the century. As governments continued to take blocking measures to limit the spread of the virus, economic damage became more difficult to manage or predict. According to the World Economic Forum, the pandemic could push the world economy to a 12% contraction from January to March 2020. For SMEs, the sudden cessation of economic activity is devastating. Liquidity and cash flow are common problems in a sector where cash reserves are scarce and money can dry up in a matter of weeks.

The government has joined forces with the private sector to provide support to SMEs. South Africa’s richest families have made billions to provide financial assistance to business owners. The government launched the SMME portal to connect employers with local market opportunities, and aid funds were introduced for a number of areas. Banks and other institutions are still doing their best to support households and businesses. However, these measures will reduce the pressure on SMEs in the short term, but are a temporary support measure that does little to create long-term sustainability. The crisis has been for years rethinking a business and operating model that will change South Africa’s small business sector. It is tempting to just wait to get back to work as usual, but all indications are that the current breach

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