

Chapter 13

Rise of Next Generation Entrepreneurs Through Innovative Digital Strategies in MSMEs During COVID–19

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ABSTRACT

This study's primary goal is to identify the difficulties and barriers experienced by MSMEs in India during COVID-19. The chapter discusses the recent trend of small businesses with a lot of creativity and innovation, which opened doors to next-generation entrepreneurship. MSMEs' adoption of technological innovations has been uneven and slow despite the fact that the growing digital economy has given entrepreneurs new opportunities for client service. The conceptual framework is based on the literature overview on the pandemic's effects on MSMEs and the decline in the growth of the economy. It can be concluded that the government understands the various challenges faced by MSMEs and offers various support. In the post-pandemic world of an expanding global digital economy, MSME owners' digital adoption and practices are still shaped by rival companies, suppliers, consumers, and other members of their peer group. In such cases, the entrepreneurs must implement new digital strategies to transform the business, which will facilitate their resilience and self-reliance.

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1. INTRODUCTION

In an economy where consumer demand is the dominant driver of growth, small businesses' ability to adapt, pivot, and use ingenuity to survive may not be sustainable. Growth is essential for the sustainability of any business venture. Business plans should be able to increase their relative market share and earnings in a stringent regulatory environment. The global pandemic has sunk consumer confidence to new lows, with the Treasury Department of India's monthly survey index recording 49.9 in September, the lowest level ever (Sanghera, 2020). India already struggled to give its people enough jobs, and the country's inflation rate is unusually high, putting household income under strain and potentially posing insurmountable challenges for many struggling small businesses.

The Indian government has launched a \$42 billion collateral-free credit scheme to assist cash-strapped micro, small, and medium enterprises (MSMEs). According to government figures, around \$20 billion had reached businesses as of November. Medium-sized and small-sized companies, as well as entrepreneurship, account for over one-third of India's GDP. But still, the industry is more vulnerable to catastrophes like the recent epidemic since it frequently has fewer resources than major businesses. The digital reboot has enabled the adoption of frictionless, electronic technology for money transfers, the opening of diverse markets, and the acceleration of employment by tech-focused enterprises. Digitalisation enabled remote working during the pandemic and tried to rebalance the workforce from migration towards metropolitan cities for new job opportunities.

1.1. MSMEs: Definition and Categorisation

The Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 extensively recognised the potential and contribution of the Small-Scale Industry (SSI) sector; the act expanded the definitions and coverage of the sector, defining medium enterprises and recognising the concept of "enterprises" to include the manufacturing and services sectors. The MSMEs of Manufacturing Enterprises and Service Enterprises have been divided into micro, small, and medium enterprises, as indicated, based on the amount invested in Plant and machinery and the amount invested in equipment, respectively.

A notification regarding the implementation of the revision to the MSMEs criteria in India was released by the Ministry of MSME. As of July 1, 2020, the revised definition and criterion are in place. Beginning in 2006, the MSME Development Act went into force. On May 13, 2020, the latest revision was revealed following a 14-year hiatus. The definition of micro, small, and medium-sized enterprises was revised under this most recent version. The MSME investment and turnover limits were updated to reflect the present financial climate (Table 1).

Table 1. Composition guidelines: Annual turnover and plant and machinery/equipment investment (What's MSME, 2020)

Classification	Micro	Small	Medium
Manufacturing Enterprises and Enterprises Rendering Services	The annual turnover should not exceed Rs. 5 crores, and the investment in Plant, machinery, or equipment should not exceed Rs. 1 crore.	The annual turnover should not exceed Rs. 50 crores, and the investment in Plant, machinery, or equipment should not exceed Rs. 10 crores.	The annual turnover should not exceed Rs. 250 crores, and the investment in Plant, machinery, or equipment should not exceed Rs. 50 crores.

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