Digital Technology Ecosystem for MSMEs: Lessons for Inclusion and Value Addition

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A rather democratic idea on this front is that of the digital economy which is believed to be a precondition to knowledge economy and not the other way round.

Digital economy (ushered in through recent progresses in ICT technologies) enormously widens the scope of knowledge dissemination, ensures access to information and minimises search cost.

India has been building on this from the 1980s. But the current focus, push and momentum are unprecedented.
Digital transformation is more than industrial revolutions – it defines the scope and speed of development in totality.

The World Development Report 2016 identifies three main mechanisms in this regard:

- Inclusion (reduces cost of information sharing);
- Efficiency (real time information flows achieves better coordination and allocation);
- Innovation (new channels of networks and platforms)
Rise of Digital Trade (WTDR, 2021)

Market of 350 billion USD

MHT covering 55 percent of manufacturing exports

Global market for e-commerce was over 25 trillion USD in 2018

Increasing use of industrial robots beyond large shop floor manufacturing

Emerging technologies triggering faster growth of some segments of global trade

MC11 of WTO: Launching of JSI on e-commerce with 71 members
Rule Making on Digital Trade

Global Value Chains and Unequal Gains

Emerging Challenges and Regulatory Response
The Emerging Digital India Ecosystem

- Cashless Economy
- The Aadhar Enabled Services for DBT
- The Jan-Dhan-Aadhar-Mobile (JAM) Trinity for financial inclusion
- Government E Marketplace
- GPS Tracking – food stock, waste management, mining, fishing
- E enabled National Agriculture Market/ GIS mapping/ Geo-tagging
- National Knowledge Network
- Digitisation of land records
- Interface (Social Networks; Campaigns; Mass Messaging; SMS alerts)
Digital Tech policy on MSMEs

- Digital technologies for employment and skills
- Digital Trade and GVCs
- Financial Inclusion through FinTech
- Smart systems for Transportation and Logistics
- Inventory management, blockchain, IIoT
- E-office
- Testing and certification
- R&D

Wider development connect: Non-profits, social entrepreneurs
Inclusive Digital Policies for MSMEs

Creating Digital Public Goods for MSMEs

- MSME registration portals
- Employment and Job portals - Skill management resource portal (ASEEM portal of India)
- Career/ Human resource portals
- FinTech and payment gateways

Special drives in India - One District One Product; One Station One Product (creating digital resources for supporting these initiatives)
Way Forward

- Creating digital ecosystem for MSMEs/ Clusters
- Special funds to support digitisation in MSMEs (scope for blended finance)
- Optical fibre and broadband connectivity
- In developing countries and in geographically remote areas specially designed policies needed for financial inclusion and e-commerce
- Policies on innovation platforms, open-source innovations and data sharing
- Cyber security, data protection