



CASH Is No Longer KING!!! A Boon Or Bane For The Indian SME?

The Indian SME - indeed the entire economy - is still struggling to absorb the implications of an economy with minimal CASH. The common man is literally “falling in line” in front of ATMs and Banks to withdraw/ exchange cash. While the government focuses on being able to track all monetary transactions and hence, curbing the practice of tax evasion and black money, die-hard proponents of the Indian “Jugaad” skills continue to figure out ways to “manage” the situation.

If adoption of pre-paid SIM cards and the pervasive usage of Smartphones across Bharat (i.e. rural, semi-urban and lower income groups, etc) is any indication, we can expect that - after a period of shock, denial and anger - the Indian consumer, the Kirana Store-wallah, the milkman, the vegetable vendor, the auto-rickshaw driver, the domestic service provider and the farmer will quickly figure out that the electronic alternatives to cash are easy to adopt and use.

For the smart SME, this is the perfect time to adapt quickly to a future economy where CASH is no longer KING! While the current mood primarily is one of a “doom-and-gloom” scenario, there is clearly an opportunity to create a competitive advantage from these developments. While adoption of NEFT and RTGS by the Indian large enterprise and organized sector took years, the adoption of electronic wallets leveraging and Unified Payment Interface (UPI)/ IMPS, etc will convert Smartphone into virtual debit/ ATM cards enabling all to send / receive money instantly will now happen in a matter of months - actually weeks!!!

With the cashless, electronic modes of payment, the “velocity” of business will increase reducing the amount of “float” in the supply-chain, reducing the “cash-to-cash cycle” and increasing the “number of cash turns” - thereby adding at least a couple of % points to one’s bottom-line (please refer to our earlier articles). However, with GST and UPI being implemented, businesses will need to account for every transaction. Even an SME will need to formalize its business processes and quickly implement an ERP and become UPI ready to capitalize on its benefits.

ABS Baadal offers pre-configured solutions for specific industry verticals that can be “Rapidly Deployed” in a matter of weeks, enabling your organization to get ready with minimal risk and investment. ABS Business Consulting can help an organization adapt to and leverage the ERP to add an estimated 2% to your bottom-line.

ABS Baadal provides Industry Vertical Solutions that include a suite of pre-configured ERP/ CRM/ Business Analytics solutions offered on the Cloud Computing model for Component Manufacturers including Fabrication, Precision Machining, Foundry, Forging, Plastics, and Rubber. ABS also offers business consulting to enable you to embrace LEAN/ Global Manufacturing Excellence practices, which can help you implement programs to increase the value added per employee.

