



MSME
MICRO, SMALL & MEDIUM ENTERPRISES
सूक्ष्म, लघु एवं मध्यम उद्यम



MSME India Market Study (Summary)

Driving Competitiveness, Capability & Sustainable Growth

(Presented by [Salmon Attitude](#))

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Disclaimer: Content is based on personal interactions and publicly available MSME-related information and is intended for general informational use.

MSMEs – The Engine of India

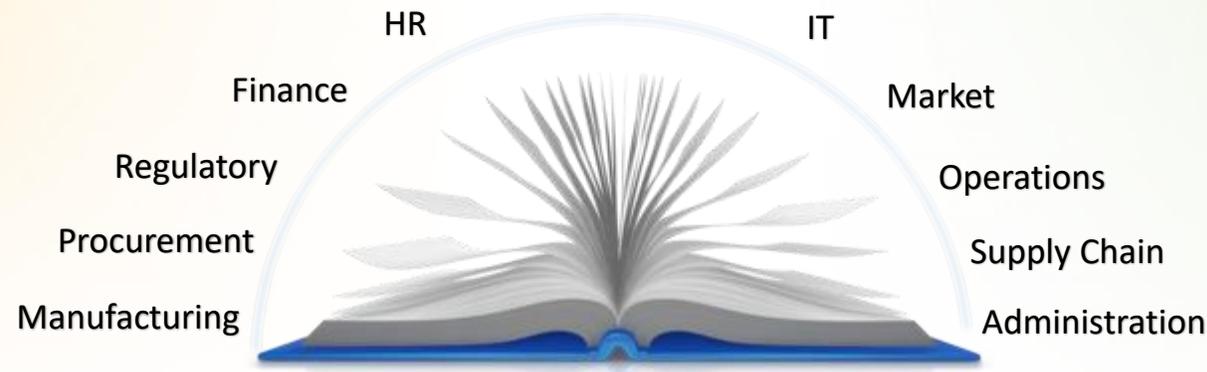


MSMEs contribute:

- 30% of India's GDP
- 45% of exports
- 11 crore jobs

Yet **70–80%** struggle with capability, process maturity, digital adoption, and market competitiveness; impacting growth, profitability, and long-term sustainability.

Let's understand few of the key challenges across the MSME organization functions at Summary level



The MSME Challenge Landscape



Across functions: Finance, HR, Procurement, Operations, IT, Compliance, and Manufacturing - MSMEs face:

- Structural gaps
- Outdated processes
- Limited access to talent & technology
- High cost of capital
- Weak governance
- Lack of market differentiation

These issues create a **competitiveness gap** limiting their ability to scale, export, or integrate with global supply chains.



Start-up vs MSME – A Quick Comparison



Both start-up & MSMEs are essential - they just play different roles in the economy. MSMEs run for stability, startups run for scalability.

Area	Start-up	MSME
Growth Mindset	Disruptive, fast scale	Stability, profitability
Funding	High-risk capital	Bank loans, government schemes
Innovation	Core requirement	Optional, varies
Technology Adoption	Very High	Medium to Low
Risk Appetite	High	Low
Compliance	DPIIT recognition	MSMED Act
Structure	Pvt Ltd/LLP	Proprietorship/LLP/Pvt Ltd

Insight:

MSMEs don't need the high-speed scale of start-ups - but they **must modernize, standardize, and digitize** to stay relevant.

Business Function wise key Challenges (1/3)



Financial Constraints Hindering Growth

MSMEs commonly struggle with:

- Limited access to affordable credit
- High interest rates
- Chronic **delayed payments** from customers
- Weak financial discipline
- Poor separation of personal vs business finances

Impact:

Cash flow instability → restricted growth → operational inefficiencies.



HR & Talent Management Issues

- Difficulty hiring skilled workers
- High employee turnover
- Limited training & capability development
- Weak or non-existent HR policies
- Compliance lapses (PF, ESIC, contract management)

Impact:

Low productivity, poor culture, and inconsistent performance



Procurement Challenges

- Dependence on limited vendors
- Informal vendor selection
- Weak supplier due diligence
- Paper-based onboarding
- No centralized supplier database
- Limited digital procurement tools

Impact:

Higher cost, low reliability, quality inconsistencies, and supply disruptions.



Supply Chain Complications

- Poor end-to-end visibility
- Limited forecasting capabilities
- Infrastructure gaps (transport, storage)
- Fragmented logistics ecosystem
- No risk mitigation or contingency planning

Impact:

Delays, overstocking, lost sales, and inability to meet market demand.



Business Function wise key Challenges (2/3)



Operational & Administrative Gaps



- Outdated processes & legacy tools
- Promoter-driven decision-making
- Lack of delegation
- Minimal independent oversight
- Paper-driven workflows
- Weak governance & transparency

Impact:

Low efficiency, higher costs, and dependency on individuals instead of systems.

Regulatory & Compliance Burden



- Complex, varying state-level laws
- Frequent changes in policies
- Heavy documentation requirements
- Multiple inspections
- High penalty risk for non-compliance

Impact:

Lost opportunities (e.g., government tenders), legal risk, reputational cost.

Manufacturing-Specific Issues



- Outdated machinery
- Limited R&D, innovation, testing
- Lack of quality certifications
- Infrastructure deficiencies
- Skill shortages
- Sustainability and environmental compliance pressures

Impact:

Lower product quality, high rejection rates, poor global competitiveness.

Limited Market Access



- Dominance of large players
- Difficulty entering distribution networks
- Limited export capabilities
- Weak marketing & branding
- No strong digital presence
- Poor understanding of customer trends

Impact:

Stagnant sales, low visibility, and inability to scale into new markets.

Business Function wise key Challenges (3/3)



Technology Gap & Digital Obsolescence



- Minimal digital adoption
- Low awareness of new tools
- Limited budgets
- Poor data management
- Low automation
- Unpreparedness for AI-driven transformation

Impact:

Reduced efficiency, high manual errors, and inability to compete.

Inadequate Digital Marketing



- Poor Online Presence
- Content Creation Struggle
- Limited Budget & Resources
- Inconsistent Branding
- Low Digital Literacy
- Ineffective Advertising Spend

Impact:

Limited use of analytics tools; decisions not backed by insights.

In consistent Customer Support



- Slow Response Times
- Inconsistent Customer Experience
- Lack of Customer Feedback Mechanisms
- Poor Post-Sales Engagement
- Poor Multi-Channel Support
- Low Dedicated Support Team

Impact:

Minimal follow-ups, low loyalty building, or repeat sales efforts.

Challenges in Compliance & Audit Posture



- Lack of Awareness of Applicable Laws
- Weak Documentation Practices
- Absence of Internal Audits
- Manual Processes Leading to Errors
- Compliance breaks when business scales
- Poor readiness for external audits

Impact:

Challenges with quality compliance due to poor process maturity.

The Core Problem Statement

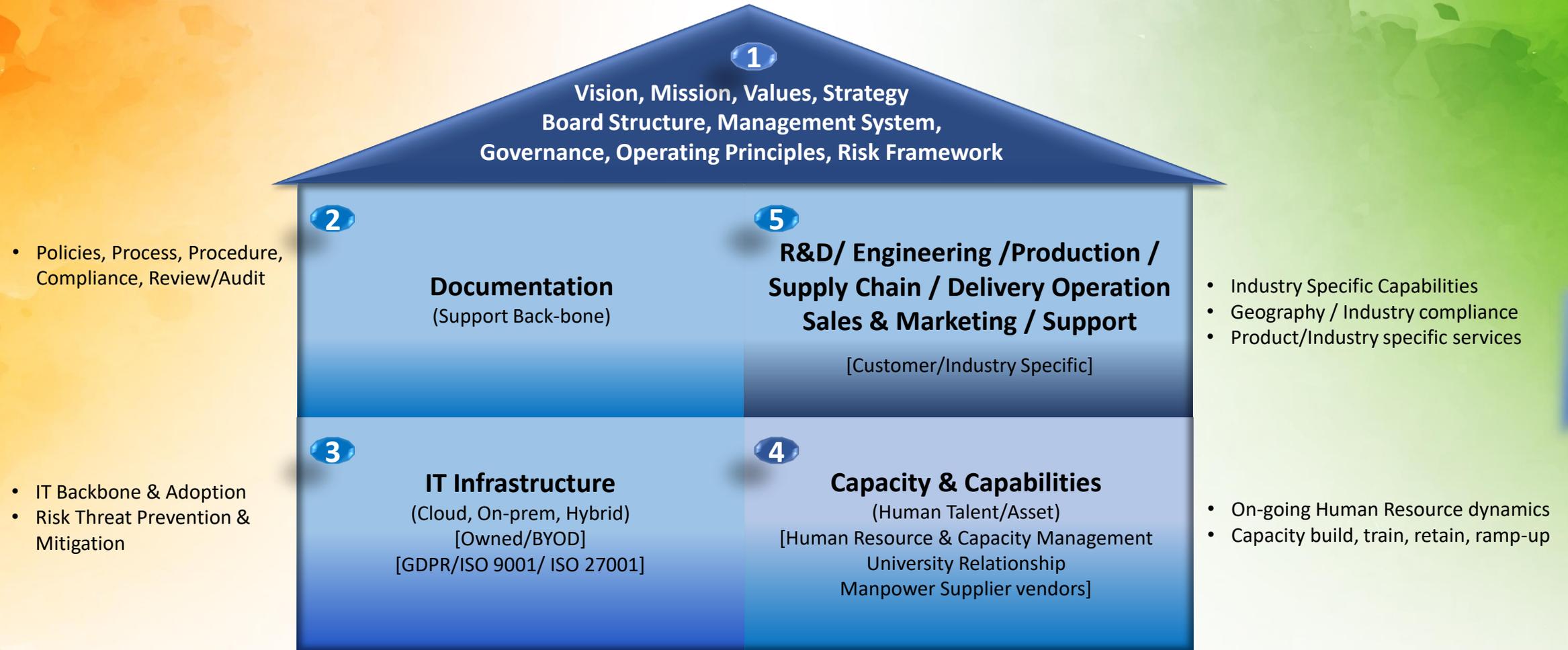
- There is a **significant capability and technology gap** between Indian MSMEs and global competitors.
- More than **75% of MSMEs** lack the processes, systems, and governance required for global integration.
- Without modernization - **finance, operations, people, technology, and compliance** - growth will stagnate.
- The future belongs to MSMEs that adopt newer technologies (like **AI**), **data-driven decision-making, standardization, and strong governance models.**



Building blocks of an ideal organization (Salmon Attitude Model)



To build a competitive and future-ready organization, five pillars are essential:

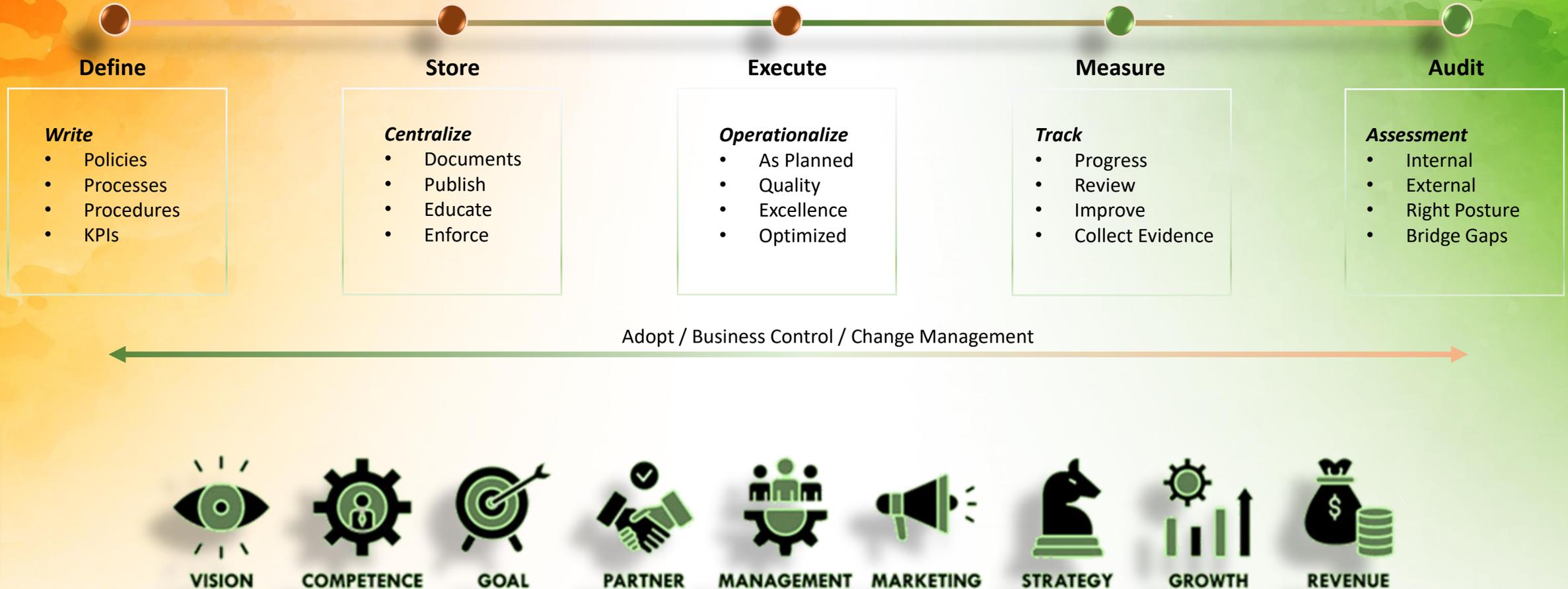


These pillars form the structural foundation of sustainable growth

Process oriented Organization



The Salmon Attitude 5-Step Organizational Blueprint



How Salmon Attitude Helps MSMEs



Strategy & Leadership Frameworks

- Vision - Mission - Values
- Operating Model
- Business Planning
- Governance & Board Advisory

Process & SOP Modernization

- Organization SOPs
- Procurement & Vendor Management
- Supply Chain Blueprinting
- HR documentation & policies
- Compliance Workflows

Digital Transformation for MSMEs

- Adoption roadmap
- Low-cost tools
- Automation opportunities
- Technology readiness

Skill Development

- Leadership programs
- Top talent management
- Operational efficiency training
- HR capability building





Let's together build the MSME of tomorrow:

- Free **60-minute** Strategy Consultation
- Business consultation
- Readiness assessment
- Training workshops
- Process review
- Strategy session

Visit : www.salmonattitude.com

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