



Vi Business #ReadyForNext

MSME growth insights study

volume 2.0

2024



**India's Largest
MSME Digital Maturity
Assessment and
Evaluation Study
covering 1.6 lakh MSMEs
across 16 sectors**

Message from Chief Enterprise Business Officer

India's vibrant MSME sector, boasting over 6.3 Crore enterprises, is a cornerstone of our nation's economic strength. These businesses are not just engines of growth, contributing roughly 30% of GDP, but also vital job creators, employing a staggering 11 Crore individuals.

The surge in Udyam registrations, surpassing 4.5 Crore by June 2024 reflects the immense potential of the MSME landscape. However, bridging the digital divide remains critical.

In 2022, we launched the #ReadyForNext program designed to bridge the digital divide by empowering MSMEs to evaluate their digital readiness and seamlessly adopt the right technologies. Since its inception, the initiative has partnered with over 1.6 Lakh MSMEs on their digital transformation journey. The assessment focuses on three key pillars: Digital customers, Digital workspace, and Digital business.

We at Vi Business, are excited to present to you, the '**Vi Business #ReadyForNext MSME Growth Insights Study (Volume 2.0) 2024**'. This comprehensive study delves into how businesses across 16 sectors are leveraging technology. It equips MSMEs with valuable insights on key focus areas and essential digital tools to ensure they remain competitive and innovative in the ever-evolving digital landscape.

You are invited to take the
#ReadyForNext digital assessment now

Scan the QR code



Arvind Nevatia

Chief Enterprise Business Officer,
Vodafone Idea Limited

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Executive summary



Importance of MSMEs

India's **digital economy** has grown at a rate of almost three times the GDP in the last decade and is expected to constitute **one-fifth of the economic activity by 2027**. Integrating MSMEs into this digital transformation is crucial to unlocking their potential and contributing to India's goal of becoming a **Viksit Bharat** by 2047



Growth in Digital Maturity

The **Vi Business Digital Maturity Index (DMI)** has increased from 56.6 in 2023 to 57.3 in 2024, however with wide variation across sectors and sizes. Suggesting need for accelerated digital initiatives to stay competitive in an increasingly digital economy



Top Sectors

According to the #ReadyforNext MSME Digital Maturity Survey 2024, the most digitally mature sectors are IT-ITeS (63.3), Financial services (62.3), and transportation (61.4)



Digital Maturity vs MSME turnover

The #ReadyforNext MSME Digital Maturity Survey 2024 reveals a statistically significant positive correlation between digital maturity and turnover, indicating a **17% likelihood of higher turnover with increased digitalisation**, highlighting the strategic advantage of digital investments in scaling operations and market presence



Leadership and Digitalisation

The survey reveals that in nearly **70% of MSMEs, digitalisation is led by CXOs** resulting in a Vi Business Digital Maturity Index (DMI) that is **14% higher** compared to those led by mid-level management



Focus of Digital Adoption

The survey shows higher priority by MSMEs towards **digitalising workspace (58.9)**, followed by **business operations (58.8)**, and **customer centric digital adoption (56.4)**, indicating productivity first focus followed by business process optimisation and customer experience



Post Pandemic Evolution

During the pandemic, **MSMEs prioritised digitalising their workspace**. Having made progress in this area, MSMEs are **now focused on engaging with their customers digitally**, as score for Digital customers improved the most in 2024, increasing by 9% in comparison to Digital workspace and Digital business



Future Digitalisation Priorities

In FY2025, MSME's are looking to **prioritise digitalising business processes** (59%) over workspace optimisation (29%), and customer engagement (12%), indicating need for future-proofing business operations and growth. Over 50% of MSMEs focusing on business digitalisation, plan to increase their budget



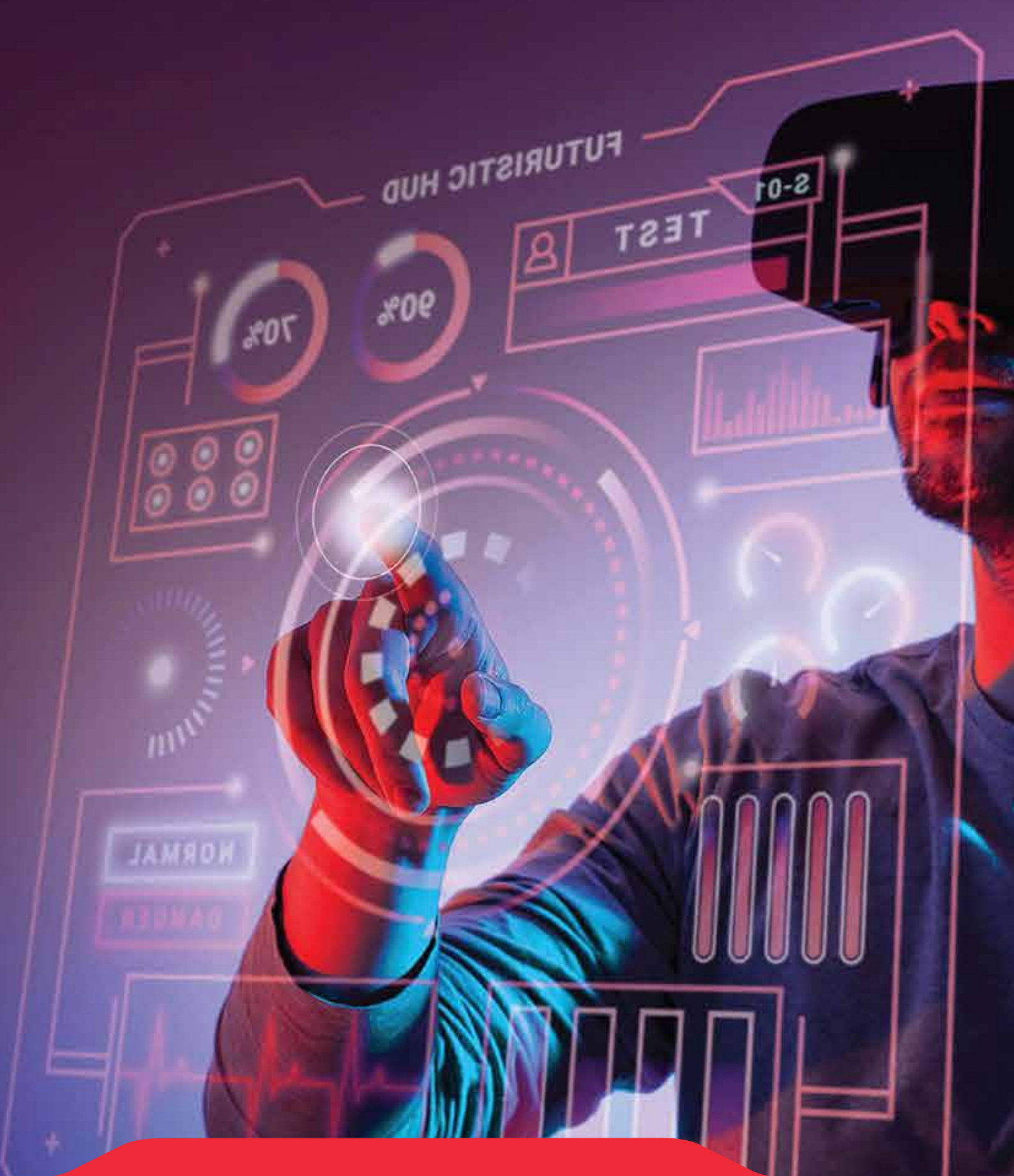
Budgetary Projections

43% of MSMEs plan to increase their overall digitalisation budget in 2025. Sectors with lower DMI are particularly inclined to increase their investments reflecting a growing commitment to digital transformation



Transform Digitally

MSMEs are advised to **focus on digital security, and digitally engaging with customers** (customer service) and **prospects** (customer engagement)



**MSMEs Pivotal for India,
Digital Transformation Essential**

Unleashing the potential of Micro, Small and Medium Enterprises (MSMEs) will be pivotal to India's aim of becoming a **Viksit Bharat** (a developed economy) **by 2047**. By 2027, MSMEs are projected to boost their GDP contribution to **35–40% (~USD1.8 trillion)**, up from the current ~30%. Additionally, the number of MSMEs is projected to grow at a compounded annual rate of 2.5% from the current **6.3 Crore**, reaching ~7.5 Crore soon.

Over the past decade, policy initiatives such as **Make in India** and **Aatmanirbhar Bharat** have significantly supported Indian MSMEs in their journey towards these milestones. These initiatives focus on integrating MSMEs into the global supply chain and foster an environment conducive to innovation and business startups, which is expected to create over **9 Crore** additional employment opportunities by 2047.



124 million

Indian MSMEs contribution to employment as recorded on the Udyam Registration Portal¹



46%

Indian MSME's contribution to exports³



41%

MSMEs contribution to GVA in all manufacturing⁵



89%

Indian MSME's share of digital transactions²



29%

Indian MSME's contribution to Indian GDP⁴

Source: Press Information Bureau (PIB)

Note:

1. From July 2020 to August 2023

2. FY23 (upto Dec 2022)

3. FY24 (upto Sept 2023)

4. FY22

5. Gross Value Added (GVA) for FY22

The **Digital MSME Scheme** is a government initiative designed to boost the growth and competitiveness of MSMEs in India. Embracing digital technologies is crucial for scaling up these enterprises, expanding their access to global markets, and enhancing productivity through economies of scale.

The COVID-19 pandemic caused severe disruptions in the MSME sector, which had already been exposed to several shocks over the past years. However, it also accelerated the

adoption of digital channels for conducting business.

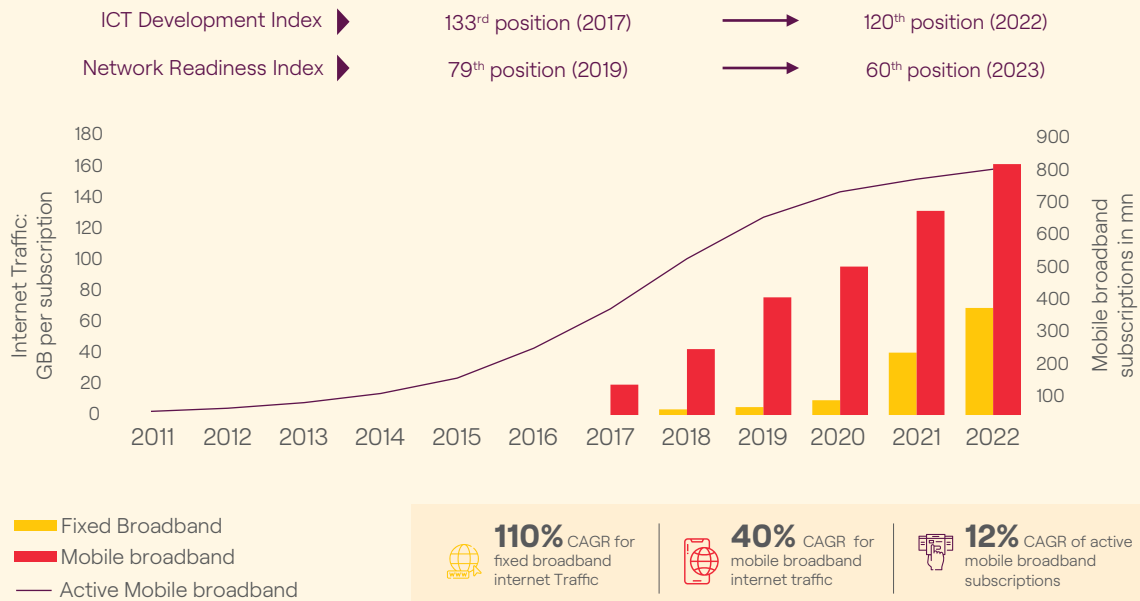
For instance, in 2020–21, nearly 64% of MSMEs saw an increase in sales via online channels.

To support MSMEs, the Government **eMarketplace (GeM)** implemented a 'staggered delivery' feature to help streamline purchases from suppliers. Between May 2020 and May 2021, the number of sellers on the platform surged from 3.76 Lakh to 17.86 Lakh, of which MSMEs grew from 1 Lakh to 6.91 Lakhs.

Digitalising MSMEs – where are we?

India's journey of internet penetration pre and post covid

The increase in penetration of ICT infrastructure (indicated by the 13 position jump in the ICT Development Index from 2017 and 2022) and the internet services (110% CAGR in fixed broadband and 40% CAGR in mobile broadband internet), especially post pandemic has paved the way for MSMEs to adopt digital tools and realise the multiplier effect of digitalisation.



Source: International Telecommunication Union (ITU)

Note: The CAGR data for fixed broadband internet traffic, mobile broadband internet traffic and active mobile subscriptions is for the period 2018 to 2022

India's **digital economy** has grown at a rate of almost **three times** the GDP in the last decade and is expected to constitute **one-fifth** of the total economic activity by 2027. It's crucial for MSMEs to be an integral part of this digital transformation to unleash their potential as digital adoption still poses a major challenge to the growth of MSMEs. To alleviate this, India has undertaken critical initiatives to expand digital penetration across the country. Broadband internet access has widely extended to Tier 2 and Tier 3 cities, effectively narrowing the digital divide. Initiatives like **BharatNet**, which connects over 2.1 Lakh Gram Panchayats with high-speed broadband, have been pivotal in fostering a digital ecosystem in rural areas.

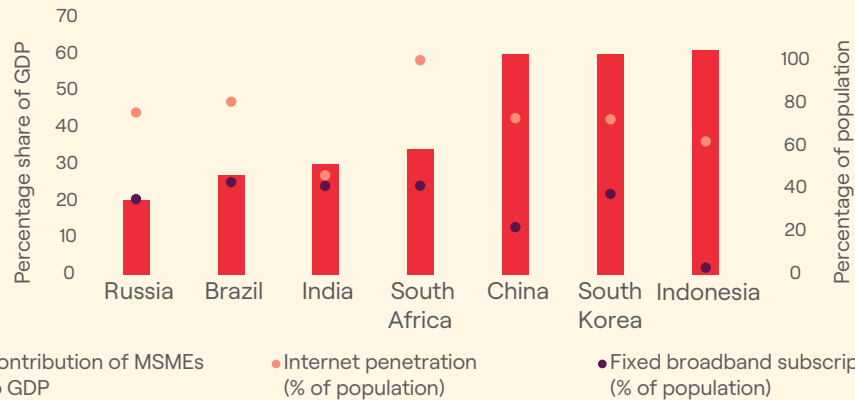
India's digital payment architecture, supported by the **India Stack Initiative 2.0**, is expected to revolutionise access to credit, markets and network for 6 Crore MSMEs .

Despite these advancements, significant gaps remain. Although broadband penetration is at par, India lags several of its peers in terms of overall internet penetration. Additionally, there is inter-state disparity in terms of internet and wireline subscriber base. 55% of micro enterprises in India lack a stable internet connection and rely on mobile hotspots for their daily activities. The inadequacy of infrastructure is evident as only 20% of MSMEs with internet connectivity engage in online selling.

Digital ecosystem across global peers

Internet penetration - India and its peers

Improved internet penetration can lead to higher contribution to GDP by MSMEs in India, similar to its Asian peers like Indonesia, China and South Korea where MSMEs share to GDP is more than 50% compared to India's 30%.



Source: Organisation for Economic Cooperation and Development (OECD), World Bank, The Ministry of Statistics and Programme Implementation (MOSPI)

Going digital has multiple benefits for MSMEs:

Learnings from Indonesia

A study on MSMEs in Indonesia, an Asian peer to India but with higher internet penetration and a greater share of MSMEs in GDP, shows that :



Digitalisation provides a multiplier effect to MSMEs and local economies, resulting in a **1.7 times** sector multiplier to GDP.



Digitally engaged MSMEs were **2.1 times** more likely to sell goods nationwide than their offline counterparts and **4.6 times** more likely to export abroad.



Digitally engaged enterprises were **1.3 times** more likely to hire additional employees, and **1.1 times** more likely to involve their local community.

...therefore expected benefit of digitalisation (India)



The Indian technology sector is expected to double to **US\$ 500 billion** by 2030. This transition will impact existing roles and skills, compelling MSMEs to adapt amidst rapid changes.



Revenue generated by MSMEs could potentially double if the proportion of digital MSMEs increases by **2 to 2.5 times**.



Fast paced digital adoption and shift to a product-based economy would make **legacy services obsolete**.

Mind the gaps

Lack of knowledge

According to various surveys, MSME's preferring either online or offline method of businesses face difficulties in using digital tools. Employees often lack the skills needed to recognise their digital potential and engage in digital transformation

Access to credit

Formal credit supply caters to only ₹10.9 Lakh Crore of MSME financing requirements. The total financing demand from MSMEs amounts to ₹69.3 Lakh Crore, with **70%** of the credit necessary to address the working capital deficit.

Managing data and ensuring security

India ranks among the leading countries affected by **ransomware attacks**, with over half of them aimed at small businesses in the country. Specifically, MSMEs employing up to 500 people face the greatest risk, accounting for approximately **54%** of attacks recorded from January 2020 to July 2022.

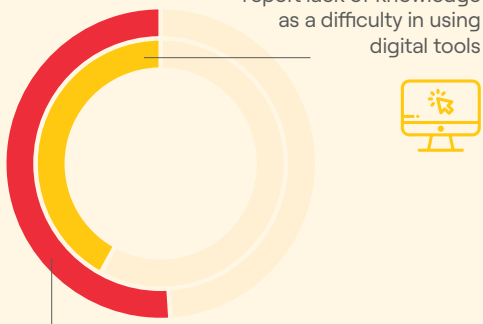
Lack of a top-down drive for digitalisation

The #ReadyforNext MSME Digital Maturity Survey 2024 reveals a statistically significant positive correlation between digital maturity and turnover, indicating a **17% likelihood of higher turnover with increased digitalisation**, highlighting the strategic advantage of digital investments in scaling operations and market presence.

Lack of digital skills hinder adoption of digitalisation

42% of MSMEs operating online businesses

report lack of knowledge as a difficulty in using digital tools

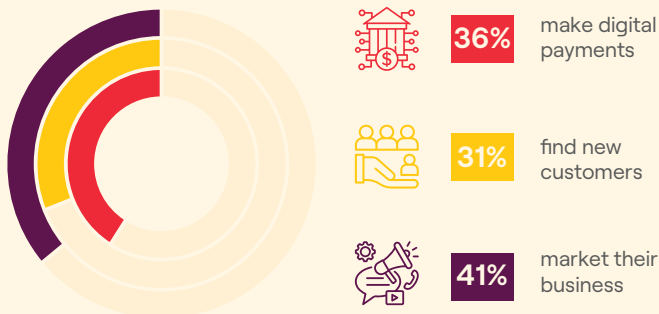


51% of MSMEs operating offline businesses

report lack of knowledge as a difficulty in using digital tools

Source: DAI Global February 2022

Online MSMEs are keen on learning more about digital tools to...



Source: DAI Global February 2022

Bridging the gap through #ReadyForNext

Despite the vast opportunities available due to the sheer size of the market and ongoing efforts at digitalisation supported by the government, the MSME sector in India still has much ground to cover compared to its global peers. The journey from the foundational stages to advanced digital maturity is hampered by several obstacles, highlighting the need to identify challenges and provide actionable recommendations at different stages of MSMEs' digital transformation.

- A thorough assessment of **technology currently used** by businesses for various purposes such as customer engagement, marketing, and employee connectivity can reveal gaps in their knowledge and aid in digitalisation efforts.
- Similarly, conducting a survey on the primary **drivers of digital initiatives** within an organisation allows us to understand the key **agents of change**.



Recognising the digitalisation benefits for MSMEs, **Vi Business** launched the **#ReadyForNext digital maturity survey** across India on MSME Day in 2022. Over 1.6 Lakhs MSMEs have since used it to gain insights into their digitalisation progress.

#ReadyforNext MSME Digital Maturity Survey 2024 evaluates MSMEs across 16 sectors, assessing digital maturity in customer engagement, workspace management, and business processes through the **Vi Business Digital Maturity Index (DMI)**. It is based on the three pillars: **Digital customers, Digital workspace, and Digital business**, representing MSMEs' digital maturity levels, across these three pillars.

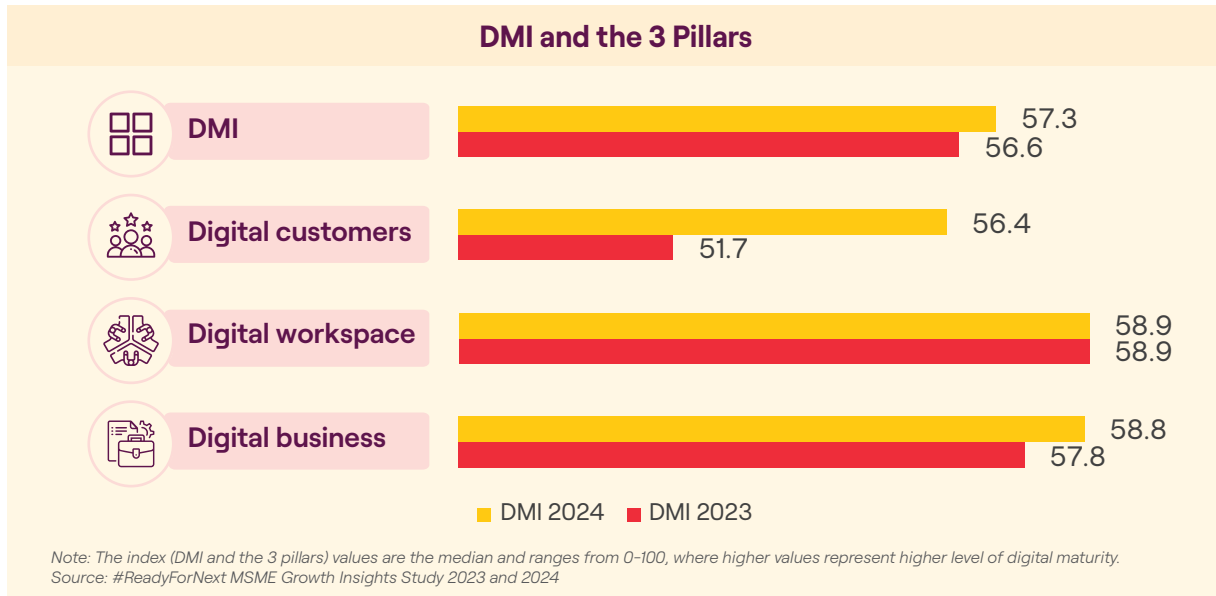


Vi Business #ReadyForNext MSME Growth Insights Study 2024 (Volume 2) is referred as MSME Growth Insights Study 2024 (Volume 2) or Study and Vi Business Digital Maturity Index (DMI) as DMI, henceforth.



**#ReadyforNext MSME
Digital Maturity Survey**

Vi Business Digital Maturity Index (DMI) 2024



- #ReadyForNext MSME Growth Insights Study 2024 sectors reveals that MSMEs are progressively embracing digital technologies.
- The **DMI** has increased from **56.6** in 2023 to **57.3** in 2024, however with wide variation across sectors and sizes. Hence the need for **accelerated digital initiatives** to stay competitive in an **increasingly digital economy**.
- The **survey** shows higher priority by MSMEs towards **digitalising workspace** (58.9), followed by **business operations** (58.8), and **customer centric digital adoption** (56.4), indicating productivity-first focus followed by business process optimisation and customer experience.
- The survey reveals a statistically significant positive correlation between digital maturity and turnover, indicating a **17% likelihood of higher turnover with increased digitalisation**, highlighting the strategic advantage of digital investments in scaling operations and market presence.
- Average **DMI of MSMEs** with less than ₹10 Crore turnover is at 55, while for those with turnover between ₹50-₹100 Crore is at 58, and MSMEs with turnover above ₹100 Crore at 68.
- During the pandemic, MSMEs understandably **prioritised digitalising their workspace**. Having made some progress in this area, MSMEs focused on digitally engaging with their customers in 2024. The Digital customers **improved the most** in 2024 (by 9%) compared to Digital workspace and Digital business).
- In FY2025, MSME's are looking to **prioritise digitalising business processes** (59%) over workspace optimisation (29%), and customer engagement (12%), indicating need for future-proofing business operations and growth.

Digital Maturity Index – The 3 Pillars



Digital customers

37% of MSMEs are **engaging with their customers digitally**. However, for 10 of 16 sectors, digital engagement with customers is more than average (37%), suggesting growing usage of digital platforms to engage with customers, resulting in an improvement in the index for Digital customers. This pillar improved the **most from 2023 to 2024 (by 9%)** in comparison to Digital workspace and Digital business.

More than 90% of the top 10% MSMEs with 80+ DMI use digital technologies to target and acquire customers, while, from amongst the MSMEs with less than 20 DMI, only 26% have adopted **digital channels** for reaching customers and **digital acquisition** is even lesser at 23%.



Digital workspace

For businesses with a turnover exceeding ₹100 Crore, the adoption rate of digital business tools stands at 56%. In contrast, for those with a turnover below ₹10 Crore, the adoption rate is 28%. This disparity in adoption rates is more compared to the other two pillars.

More than 80% of the top 10% MSMEs use digital solutions for employees like productivity suites, HR processes, data processing tools, on other hand, MSMEs with DMI less than 20 the average adoption is 20% with highest adoption of **End point Security Solutions at 35%**.

At 46%, Device Security had the highest penetration, due to investments by MSMEs in the workspace pillar to facilitate remote working.



Digital business

Digital business shows **low variation**, as 10 of 16 sectors score above overall sector average (58.8) – indicating that a few sectors are yet to catch up with the others in digitalising their business processes, although there is potential for penetration of digital tools across product lines.

Within the Digital business pillar, the biggest differentiator between MSMEs with turnover more than ₹100 Crore and the rest is adoption of **IoT solutions**. On an average, adoption of IoT amongst ₹100+ turnover is 57% while it 35% for those with less than ₹100 Crore.

86% of MSMEs with overall DMI score above 80 have adopted **digital tools for supply-chain management**, whereas the adoption of these technologies dips to an average of 25% for MSMEs with DMI scores less than 80, leading to a gap in digitalisation of supply chain management.

















Adopting **disaster recovery services is 33%**, with variation across firm sizes. While 52% of firms above ₹100 Crore have disaster recovery services in place, firms with less than ₹10 Crore turnover are yet to adopt them.



Sectoral Insights

Digitalisation across sectors

The DMI varies across sectors, with **8** out of **16** sectors surpassing the overall average. This gap is similarly present in the three pillars.

Digital Maturity Index (DMI) 2024					
Sector	DMI 2024 vs DMI 2023	DMI	Digital customers	Digital workspace	Digital business
 IT-ITeS	▲	63.3	60.9	64.6	63.3
 Financial services	▲	62.3	59.4	64.5	62.0
 Transportation	▲	61.4	59.4	64.5	60.1
 Construction	▲	61.4	60.9	62.3	62.3
 Retail	▲	61.0	59.9	64.5	58.9
 Agriculture	▲	59.5	58.9	60.0	59.8
 Media and entertainment	▼	59.4	59.4	60.9	60.2
 Mining	▼	58.5	55.4	65.5	59.3
 Manufacturing	▼	56.6	55.0	59.5	55.5
 Tourism and hospitality	▲	56.2	54.9	57.3	55.0
 Education	▲	56.1	54.5	56.4	59.3
 Healthcare and social work	▲	55.8	54.1	57.9	57.2
 Energy and utilities	▼	55.5	50.5	55.0	60.0
 Logistics	▼	55.2	54.5	58.0	56.0
 Telecom*	▼	54.8	53.5	58.2	54.1
 Professional services	▼	40.8	40.5	40.5	42.7
		57.3	56.4	58.9	58.8

Note: The index (DMI and the 3 pillars) values are the median and ranges from 0–100, where higher values represent higher level of digital maturity. The highlighted data in the table represents the top 3 scores in the segment

*Telecom refers to MSMEs involved in manufacturing telecom and networking products, and not the telecom service providers

▲ Represents increase in DMI 2024 from DMI 2023

▼ Represents decline in DMI 2024 from DMI 2023

Source: #ReadyForNext MSME growth insights study (2023 & 2024)

Sectorwise digitalisation across 3 pillars



Digital customers

53% of medium sized firms are currently using **digital channel to engage** with their customers, compared to 37% of micro and small sized firms.

Alongside sectors that are technology intensive like Financial services (41%), IT-ITeS (42%), higher share of MSMEs in sectors like **Construction (40%)** and **Transportation (48%)** are also digitally engaging with customers.



Digital workspace

While MSMEs in the **IT-ITeS** sector have the highest score in Digital workspace (65), Professional services (for example architects, accountants, doctors, and lawyers) have the lowest at 40. The **gap in digitalising workspace** amongst sectors is largest compared to the other pillars.

More than **40%** of MSMEs in the **Transportation, Retail, IT-ITeS and Telecom** has adopted digital tools for workspace optimisation compared to less than **30%** in **Energy and utilities, and Professional services.**

In sectors such as **Retail, Telecom and IT-ITeS**, penetration of device security is more than 50%.

At 46%, **workforce collaboration products** like postpaid mobile connections, location trackers, productivity suites, saw **higher adoption** in sectors like **IT-ITeS, Transportation, Financial services and Retail.**



Digital business

IoT adoption reached 36% overall, with three sectors—**Manufacturing, IT-ITeS, and Retail**—exceeding 41%.

ICT tool adoption for supply chain management varies across sectors. An average of **42%** of MSMEs in **Transportation, Construction, and Retail**, adopt them, while in other **12** sectors, the average is **33%**.

Higher share of MSMEs with turnover of less than ₹10 Crore are using more of **public cloud** while higher share of MSMEs with turnover above ₹10 Crore are using **private cloud**, indicating higher awareness about cyber risks in larger MSMEs.

Digitalisation over last 2 years

- **#ReadyforNext MSME Digital Maturity Survey 2024** shows that while the overall digital maturity of MSMEs **improved from 2023 to 2024**, not all sectors have progressed on the path of digitalisation.
- According to the #ReadyforNext MSME Digital Maturity Survey 2024, the most digitally mature sectors are **IT-ITeS (63.3)**, **Financial services (62.3)**, and **Transportation (61.4)**.
- However, the top 3 sectors in which MSMEs retain their pole position in digital maturity for 2024 and well as 2023 are IT-ITeS, Transportation and Construction.
- Although MSMEs in the **Media and entertainment** sector have exhibited high digital maturity in 2023 and 2024, their priorities have shifted, as values for Digital business and Digital workspace have fallen and improved for Digital customers in 2024 compared to 2023 leading to a dip in their overall scores from last year.
- **Six sectors lag**, as their DMI remains below average in both periods. Out of these six sectors the digital maturity scores in all the 3 pillars have fallen in the Professional services sector in 2024 compared to 2023.
- MSMEs in the Retail and Financial services sector are fast pacing their digital adoption. They have scaled up their digital adoption the most across all the 3 pillars in 2024 compared to last year.
- In FY2025, MSMEs are **prioritising digitalising business processes (59%) over workspace (29%) and customer engagement (12%)**, highlighting the need for future-proofing operations and growth, over 50% planning to **increase their budget for digitalisation**.





**Digital outlook and
recommendation**

Elevating DMI: MSME Budget Focus for 2025

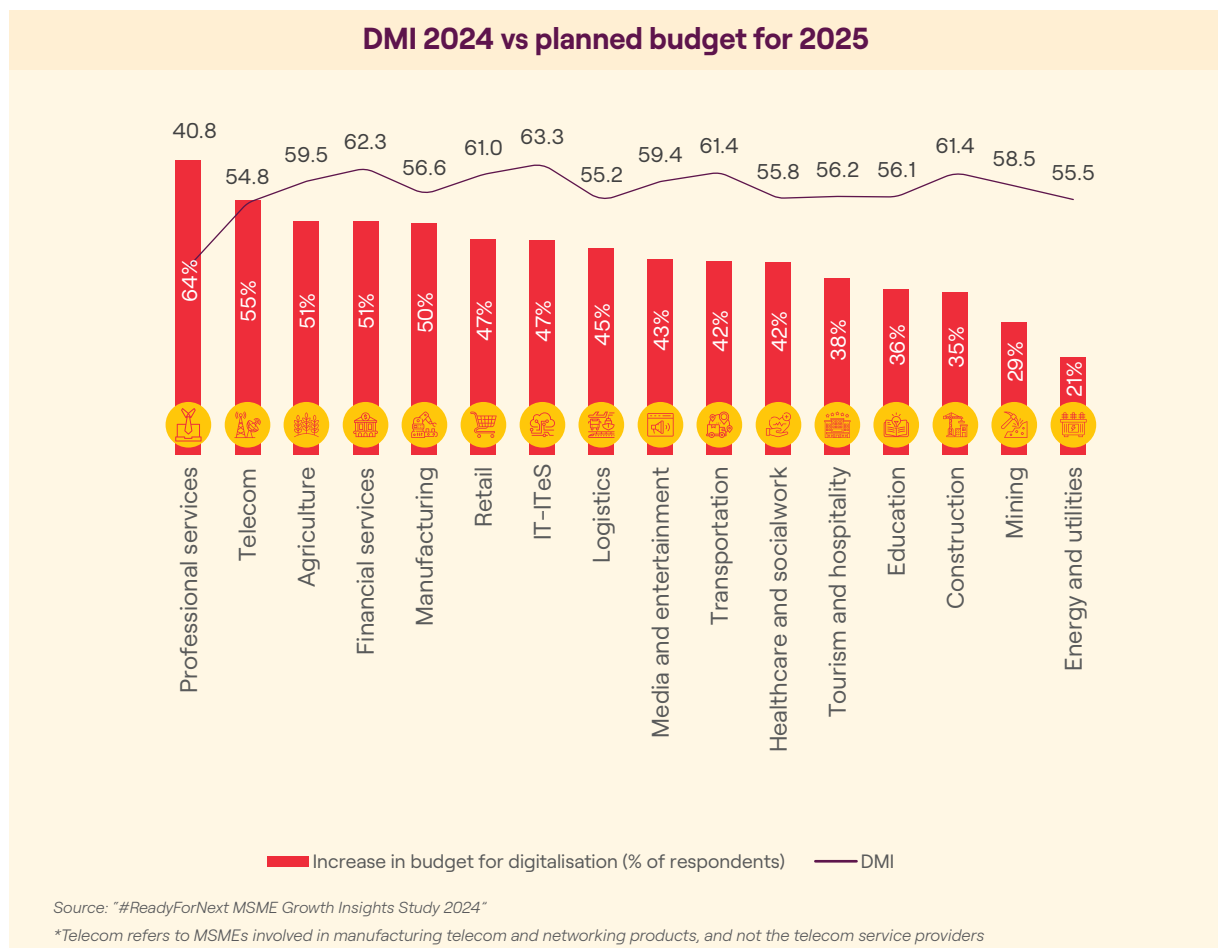
For MSMEs to **scale up in size and presence** in the rapidly evolving digital landscape, a robust digital infrastructure is essential. This ensures operational consistency, facilitates efficient communication, and enables seamless data integration.

Sector-wise, we have assessed major recommendation for early digital adoption to enhance overall digital maturity of Indian MSMEs. Adoption of these recommendations would help MSMEs move up faster on their overall digitalisation path.

#ReadyforNext MSME Digital Maturity Survey 2024 shows that MSMEs have adopted **digital tools related to device security, customer service and customer engagement the most**, with room to adopt **digital security, and customer targeting tools**.

A significant **43% of MSMEs plan to increase their digitalisation budget in 2025**, 28% aim to retain their budgetary allocation and only 21% may decrease in 2025. Sectors with **lower DMI**

are particularly inclined to increase their investments reflecting a growing commitment to **digital transformation**. According to the survey, **64%** of MSMEs in the **Professional services** sector, which has the **lowest DMI** (40.8 in 2024), plan to increase their digitalisation budgets. In contrast, only 35% of MSMEs in the **Construction sector**, which holds the **fourth highest DMI** (62.3 in 2024), intend to do the same.



What's next for MSMEs

Embracing digital technologies is crucial for the growth and competitiveness of Indian MSMEs. Leveraging advanced tools can help these enterprises **overcome constraints, improve efficiency, enhance competitiveness, and drive innovation.**

Our research corroborates the findings from the “#ReadyForNext MSME Growth Insights Study 2024” which show that the future of digitalisation in Indian MSMEs will be geared towards adoption of:

Digital customers



Digital Engagement Platforms: MSMEs are increasingly utilising digital platforms to engage with their customers.



Customer Relationship Management (CRM) Systems: Implementing CRM systems will be a focus to streamline **customer interactions, track leads, and manage customer data** effectively.



E-commerce Solutions: Developing or partnering with e-commerce solution providers to enable MSMEs to expand their **market reach** and facilitate **online sales** transactions.



Customer Service Automation: Automation of customer service processes to improve efficiency and **responsiveness** to customer queries and concerns.

Digital workspace



Remote Work Solutions: Providing tools and technologies to facilitate **remote work setups**, including collaboration platforms, virtual meeting tools, and cloud-based productivity suites.



Digital HR Platforms: Introducing digital HR platforms for **workforce management**, including recruitment, performance evaluation, and employee engagement.



Cybersecurity Measures: Enhancing cybersecurity measures to protect **digital assets** and ensure **data privacy** and **security**.



Data Analytics Tools: Implementing data analytics tools to gain insights into **workforce productivity** and **optimise operations**.

Digital business



Supply Chain Management Solutions: Developing digital supply chain management solutions to **optimise supply chain operations**, improve efficiency, and reduce costs.



IoT Integration: Integrating Internet of Things (IoT) technologies to monitor and optimise business processes, **enhance decision-making**, and improve productivity.



Disaster Recovery Services: Offering digital disaster recovery services to ensure business continuity and minimise disruptions in case of unforeseen events.



Cloud Infrastructure Options: Providing options for both public and private cloud infrastructure to meet the diverse needs of MSMEs and ensure **scalability** and **flexibility**.

To enhance the level of digitalisation, MSMEs must undergo an **evaluation process** to tackle the challenge of selecting **appropriate solutions** from various emerging technologies, integrating them into current systems,

and addressing talent shortages. A collaboration with the telecom service provider sector can be beneficial to **scale digital transformation, optimise ROI**, and effectively manage critical aspects such as **data security** and privacy **risks**.

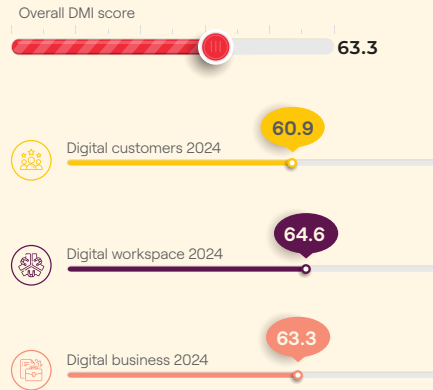


Sector Wise Summary

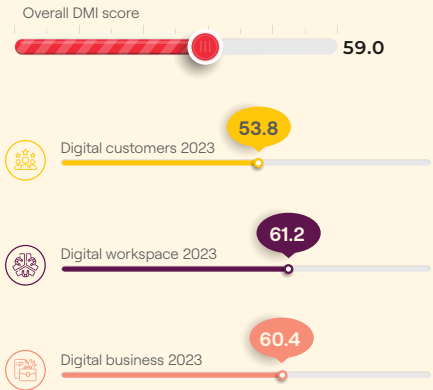
IT-ITeS



DMI score 2024



DMI score 2023



Current level of adoption for digital tools



In 2024, MSMEs in the IT-ITeS sector ranked the highest in the DMI, and across all the three pillars. The higher maturity scores observed in IT-ITeS businesses underscore the inherent technology-centric nature of these sectors. Moreover, factors such as stringent regulatory demands and customer expectations for seamless digital experiences act as catalyst for higher digital maturity levels.

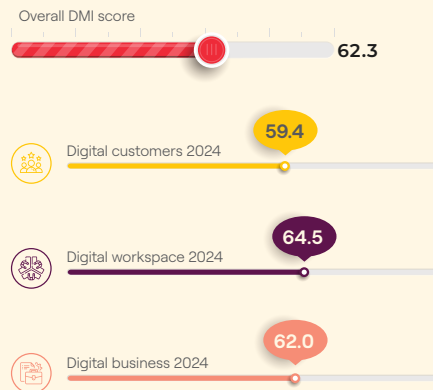
Digital solutions recommended to enhance digital adoption



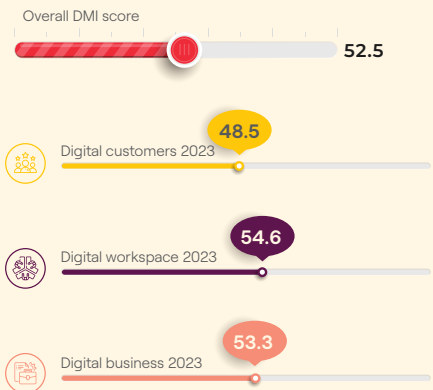
FINANCIAL SERVICES



DMI score 2024



DMI score 2023



Current level of adoption for digital tools



Device security adoption remains high in the sector, particularly among firms with higher revenues. Over 50% of firms with revenues above ₹100 Crore have implemented device security measures, whereas smaller firms with revenues under ₹10 Crore generally lack such protections.

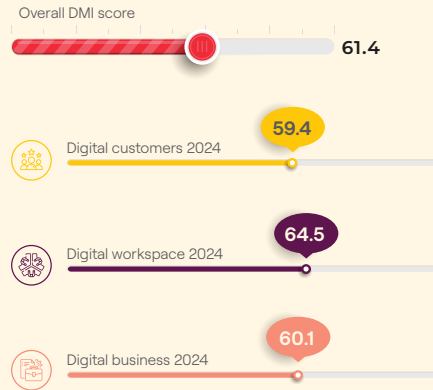
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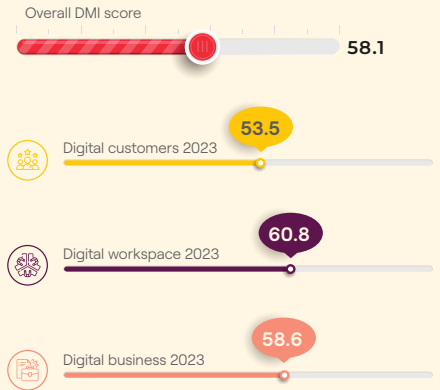
TRANSPORTATION



DMI score 2024



DMI score 2023



Current level of adoption for digital tools



The high digital maturity in the transportation sector, at 61.4, the 3rd highest among 16 sectors, indicates that MSMEs in this field are embracing digital tools. Nearly 52% of MSMEs in this sector use digital tools to reach out to customers, 47% have digitalised their people processes, and 43% manage their supply chain through ICT tools.

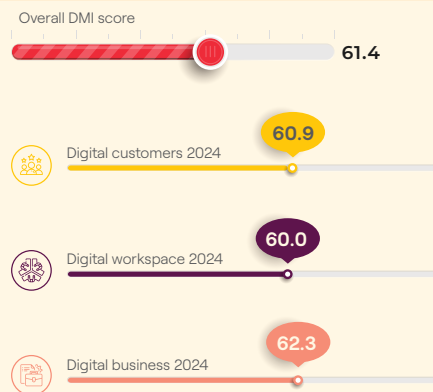
Digital solutions recommended to enhance digital adoption



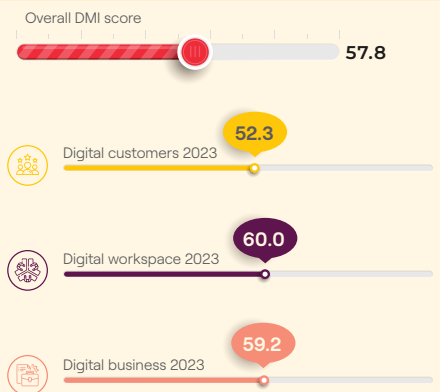
CONSTRUCTION



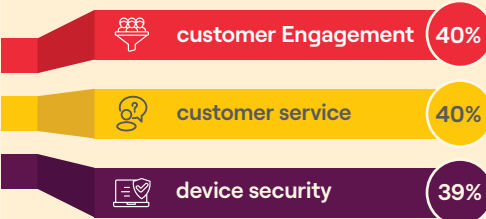
DMI score 2024



DMI score 2023



Current level of adoption for digital tools



According to the survey, the Construction sector ranks 4th among 16 sectors, showing improvement in all three pillars from 2023 to 2024. The survey indicates that MSMEs are adopting IoT solutions, with 42% of firms having a turnover above ₹50 Crore and 38% of firms with a turnover below ₹50 Crore utilising IoT tools for fleet management.

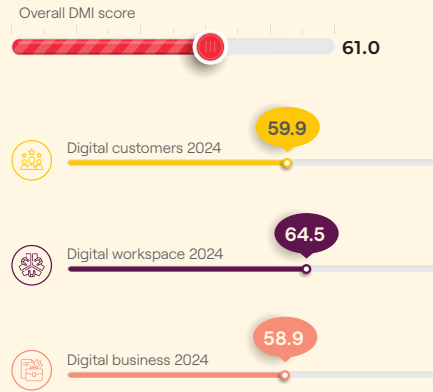
Digital solutions recommended to enhance digital adoption



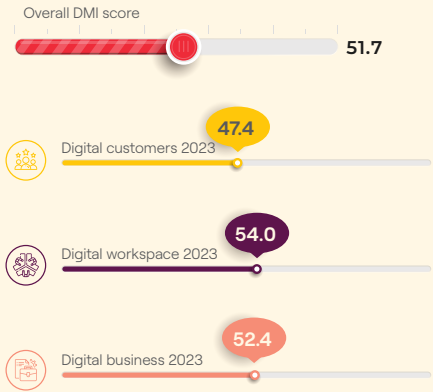
RETAIL



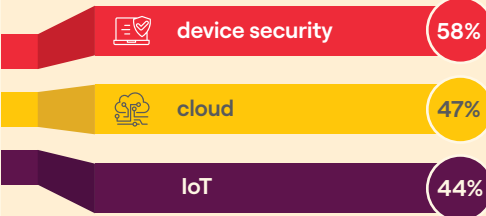
DMI score 2024



DMI score 2023



Current level of adoption for digital tools



Apart from Financial services, the three pillars have improved the most in this sector in 2024 compared to 2023. Interestingly, 48% of firms have disaster recovery services in place. Additionally, micro and small firms are adopting IoT solutions: 78% of firms with a turnover above ₹100 Crore and 41% of firms with a turnover below ₹50 Crore have adopted solutions for tracking payment transactions.

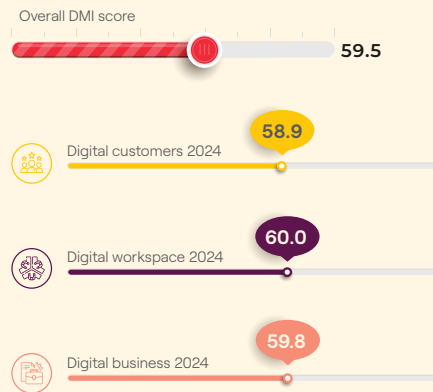
Digital solutions recommended to enhance digital adoption



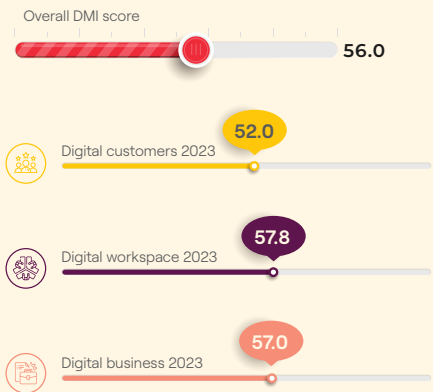
AGRICULTURE



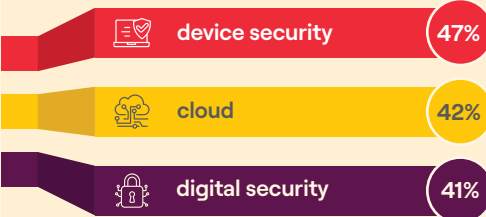
DMI score 2024



DMI score 2023



Current level of adoption for digital tools



49% of MSMEs have adopted technology to control the access & security of company data, and 44% have disaster recovery services underscoring focus of MSMEs to safeguarding potential cyber threats and ensuring business resilience. Even small firms in the Agriculture sector are leveraging IoT solutions: 36% of firms with less than ₹10 Crore turnover have adopted solutions for fleet management and asset tracking compared to 65% of firms with revenue exceeding ₹100 Crore.

Digital solutions recommended to enhance digital adoption

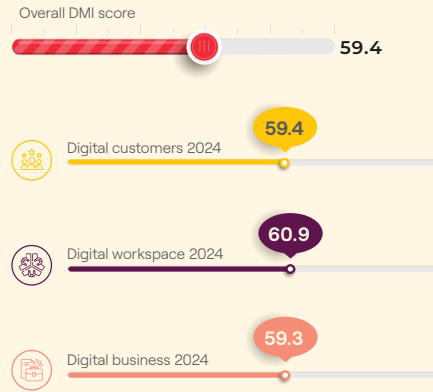




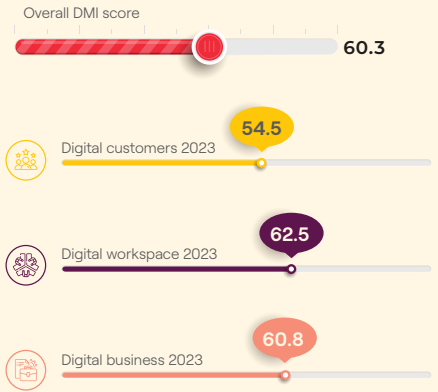
MEDIA AND ENTERTAINMENT



DMI score 2024



DMI score 2023



Current level of adoption for digital tools



Even micro and small firms are scaling up adoption of cloud solutions for workforce collaboration. 41% of firms with turnover less than ₹50 Crore have adopted them compared to 44% of firms with revenue above ₹100 Crore.

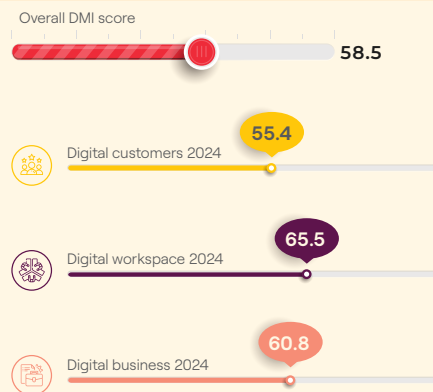
Digital solutions recommended to enhance digital adoption



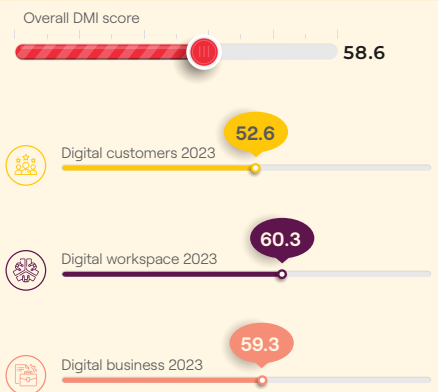
MINING



DMI score 2024



DMI score 2023



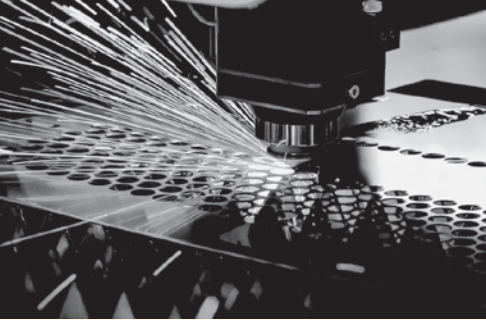
Current level of adoption for digital tools



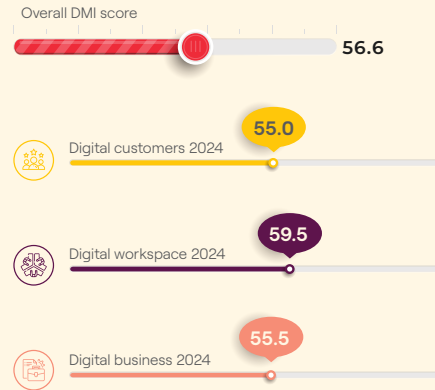
In 2025, 62% of MSMEs in the Mining sector plan to prioritise digitalising their business operations. Another, 27% intend to focus on using digital tools to optimise their workspace, and only 13% will concentrate on digitally engaging with their customers.

Digital solutions recommended to enhance digital adoption

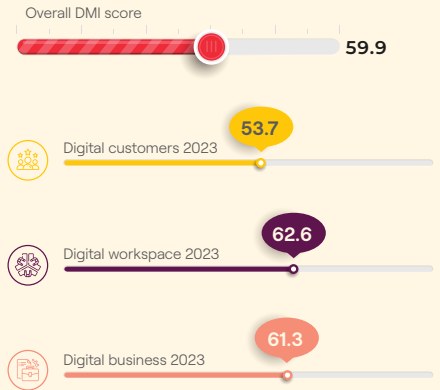
MANUFACTURING



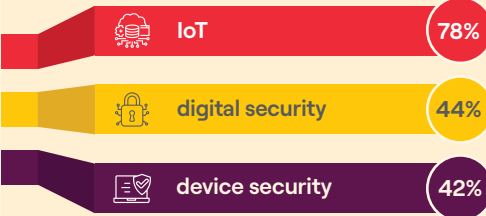
DMI score 2024



DMI score 2023



Current level of adoption for digital tools



In 2024, 49% of MSMEs digitalised their business and 64% are planning to focus more on this pillar by 2025. Adoption of IoT solutions for fleet management remains broadly even across sizes of firms; 37% of firms with turnover above ₹50 Crore and 32% of firms with turnover below ₹50 Crore have adopted it.

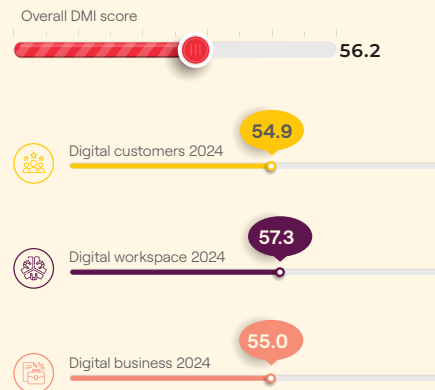
Digital solutions recommended to enhance digital adoption

- customer engagement
- workforce collaboration
- customer service

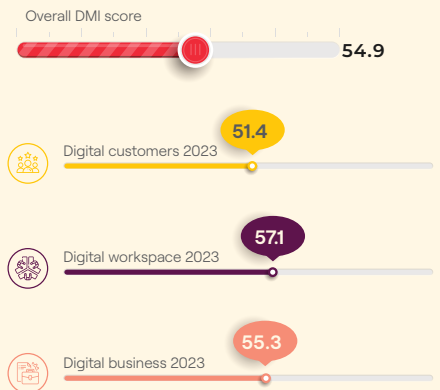
TOURISM AND HOSPITALITY



DMI score 2024



DMI score 2023



Current level of adoption for digital tools



The adoption rate of device security is notably high, with 46% of MSMEs implementing it compared to just 20% adopting digital security services. Among those using device security, 68% of firms with a turnover above ₹100 Crore have adopted end-point security services, whereas firms with a turnover below ₹50 Crore have yet to do so.

Digital solutions recommended to enhance digital adoption

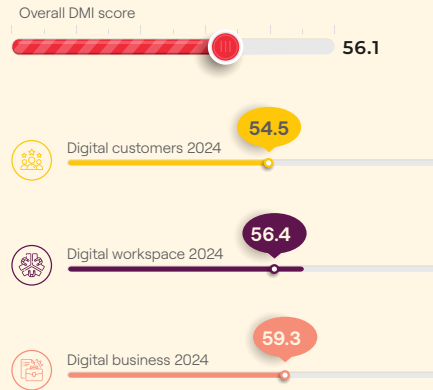
- digital security
- workforce collaboration
- customer service



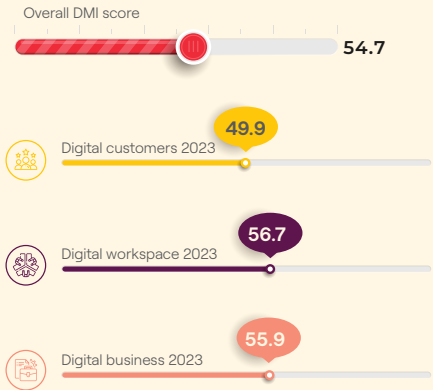
EDUCATION



DMI score 2024



DMI score 2023



Current level of adoption for digital tools



34% of MSMEs are digitally connecting with customers, 36% have digitised their workspaces, and 24% have digitised their business operations—all below the industry average in these 3 pillars. In terms of adoption of device protection tools, 44% of firms have implemented endpoint protection. However, the adoption of technology to control access and secure data is low at 29%, with firms having a turnover of less than ₹10 Crore yet to adopt these measures.

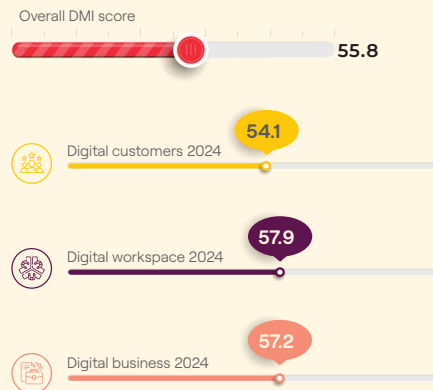
Digital solutions recommended to enhance digital adoption



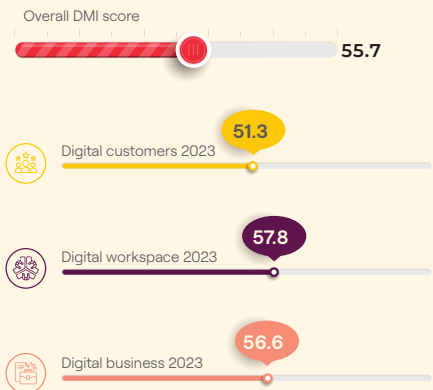
HEALTHCARE AND SOCIAL WORK



DMI score 2024



DMI score 2023



Current level of adoption for digital tools



The sector ranks 11th in the DMI among 16 sectors. However, 42% of MSMEs are planning to increase their budget for digitalisation in 2025. MSMEs in this sector are more focused on adopting digital tools to reach out to customers (38%) than on digital customer acquisition (32%). In terms of security tools, adoption of device security stands at 45%, while digital security is lower at 35%.

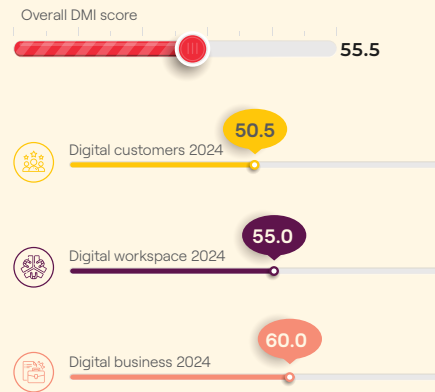
Digital solutions recommended to enhance digital adoption



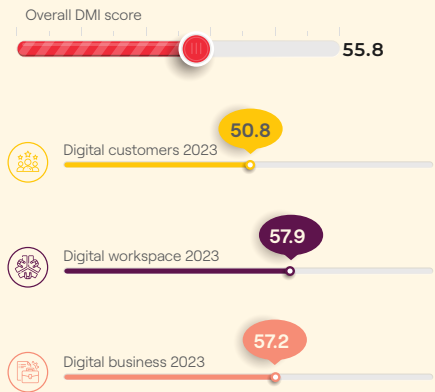
ENERGY AND UTILITIES



DMI score 2024



DMI score 2023



Current level of adoption for digital tools



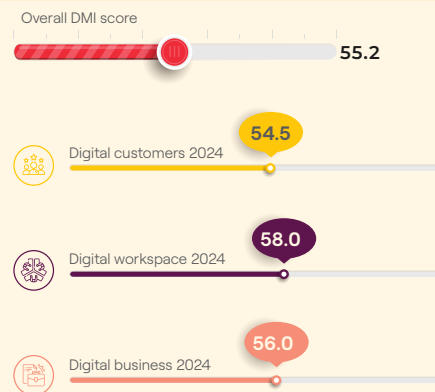
Share of MSMEs digitizing their workspace stands at 29%, which is higher than the other two pillars. Within Digital workspace, adoption of end-point security tools is notably high, with 59% of firms using them. In comparison, 23% have digitalised their business processes, and 24% are digitally engaged with their customers.

Digital solutions recommended to enhance digital adoption

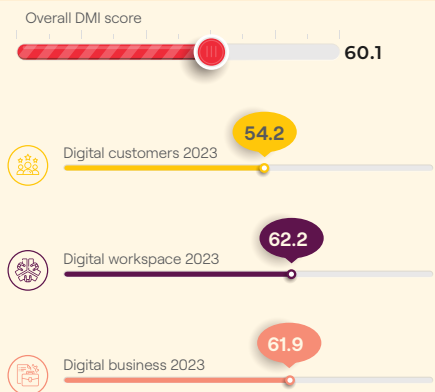
LOGISTICS



DMI score 2024



DMI score 2023



Current level of adoption for digital tools



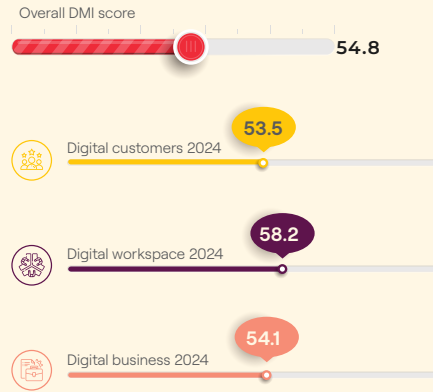
The survey reveals that among digital products, adoption of the cloud is the lowest, with 33% of MSMEs utilising it compared to other products. In FY2025, 60% of MSMEs plan to focus on digitalising their business, while a comparatively smaller share are inclined towards digitalising their workspace (22%) or digitally engaging with their customers (11%).

Digital solutions recommended to enhance digital adoption

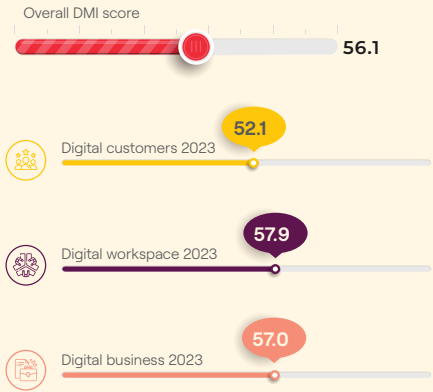
TELECOM



DMI score 2024



DMI score 2023



Current level of adoption for digital tools



In 2025, 55% of MSMEs plan to increase their budget for digital adoption, with a significant 71% primarily focusing on digitalising their business operations.

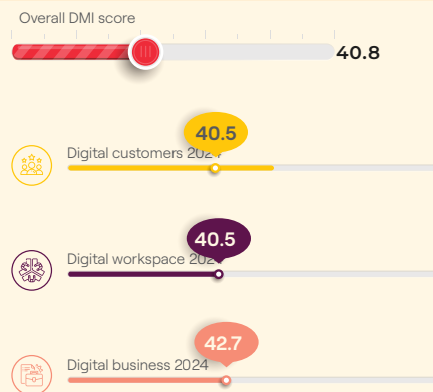
Digital solutions recommended to enhance digital adoption



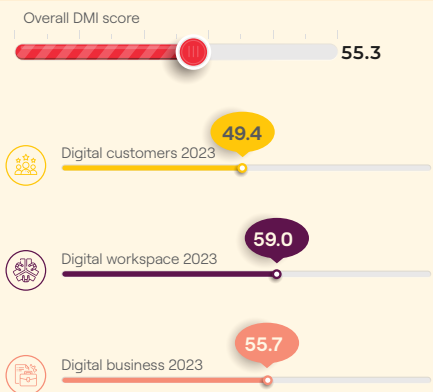
PROFESSIONAL SERVICES



DMI score 2024



DMI score 2023



Current level of adoption for digital tools



MSMEs in the Professional services sector rank the lowest in the overall DMI score and across all three pillars. Only 23% digitally engage with their customers, 26% use digital tools for workforce optimisation, and mere 12% utilise business technology integration. Despite their low scores, 64% of MSMEs in this sector plan to increase their digitalisation budget. Their focus in 2025 will be less on digital customers engagement (7%) and more on digitalising their workspace (45%) and business operations (51%).

Digital solutions recommended to enhance digital adoption



Appendix

Appendix 1 – Methodology

Vi Business launched the #ReadyforNext MSME Digital Maturity Survey 2024 across India on MSME Day in 2022. The DMI 2024 refers to the survey responses during July 2023 to March 2024 and DMI 2023 is based on the survey responses collected during July 2022 to March 2023.

Respondents are categorised by sector, operating locations, and size, revealing notable differences in digital proficiency across states, sectors, sizes, and operating scales.

Sectors such as IT-ITeS and Telecom, with their reliance on technology and data-driven operations, faced more technical questions. Conversely, sectors like Agriculture and Manufacturing, confronting challenges due to slower adoption rates and resource constraints, were asked questions more relevant to their needs. Turnovers below and above ₹50 Crore were also considered to understand digital maturity across sectors.

The assessment evaluates three core pillars



Digital customers

Engagement primarily through digital channels with customers or other businesses using marketing solutions to enhance customer targeting and cross-country engagement.



Digital business

Integration of digital solutions for operational efficiency and market reach, including lead management, remote monitoring, and business process optimisation.



Digital workspace

Use of digital tools to foster productivity and collaboration, including cloud-based applications, web conferencing, and collaborative platforms.

Respondents articulate their level of digital and technological solution adoption on a 4-point scale, indicating whether solutions are “in use”, “being implemented”, “being planned”, or ‘absent’ from the organisational blueprint. Digital maturity indices and indices under Digital customers, Digital workspace, and Digital business are determined through

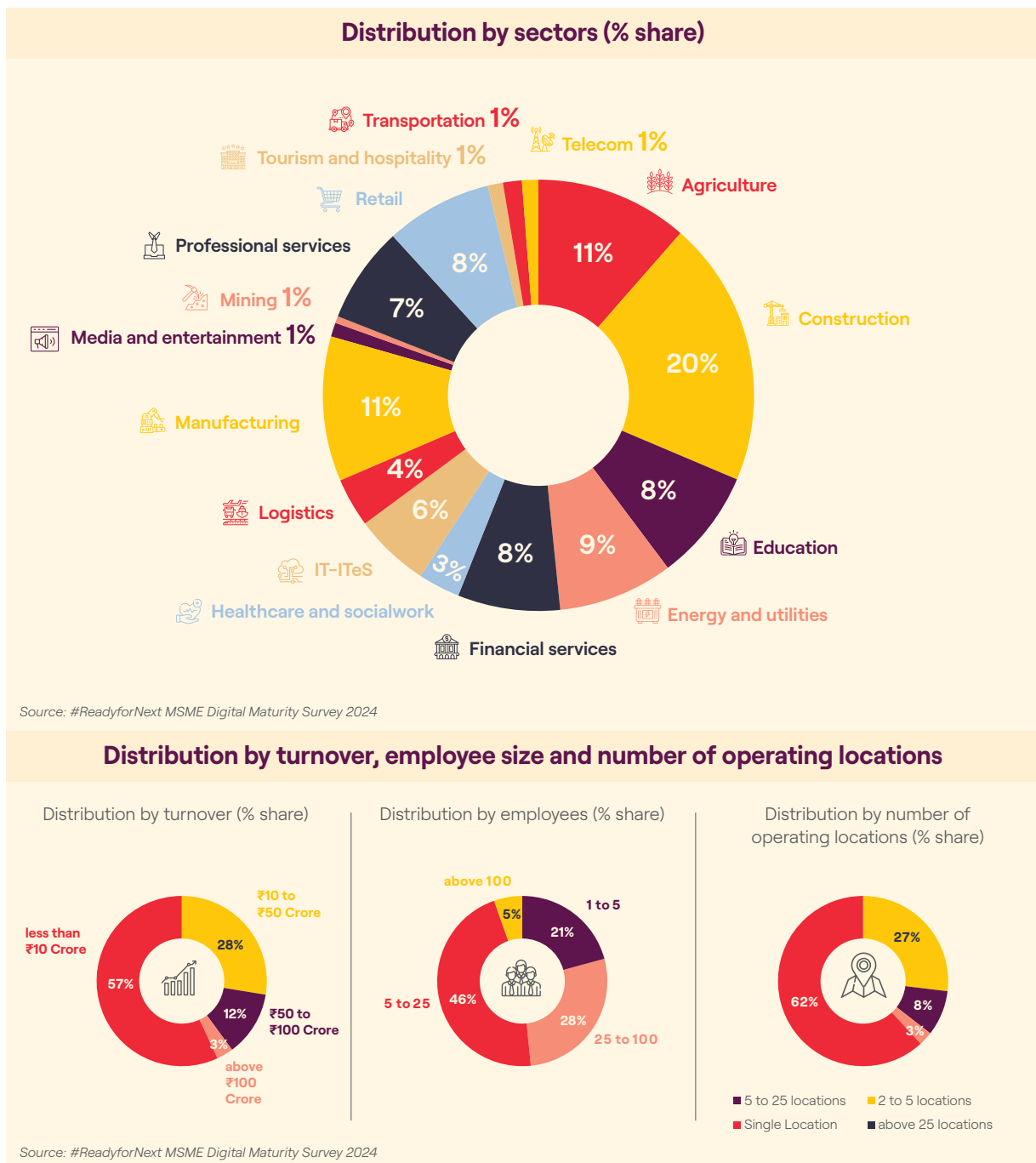
comprehensive analysis of listed digital solutions' usage levels. Additionally, the survey encapsulates the prevalent digital cultural ethos within MSMEs, including leadership impetus for digital transformation and tracking of digital Key Performance Indicators (KPIs).

Data analysis is conducted at sector and product adoption stages, resulting in a comprehensive overview of digital maturity in this report. Through careful examination, key traits of digitally mature MSMEs are identified, revealing actionable insights to strengthen digital capabilities in the MSME ecosystem.

Each respondent received scores in various use case criteria – connectivity, digital security,

IoT, cloud services, customer services, customer engagement, workforce collaboration, and device security. At the end of the survey, they were presented with their overall digital maturity index and scores based on the three pillars. Additionally, each respondent was recommended three specific products based on their scores in the use-case criteria to enhance their digitalisation capability.

Appendix 2 – Sample distribution



Appendix 3 – Key Policy initiatives for MSMEs by Government

The government of India has launched a series of policy initiatives to enhance productivity, streamline operations, and boost the overall competitiveness of the MSME sector in the digital economy. Some of the key policy initiatives are:

Udyam Portal

Provides unique 12-digit registration number that can be used to avail benefit from government schemes and incentives; over 4.5 Crore MSMEs have registered.

Government e-marketplace (GeM)

Portal enabling G2B & G2C procurements; 55.10% of orders on GeM portal are from MSMEs.

Open Network for Digital Commerce (ONDC)

Open network for exchange of goods/services over digital platforms; more than 5.25 Lakh sellers/service providers have expanded the e-retail outreach.

Direct Benefit Transfer (DBT)

Aims to improve delivery system by re-engineering the existing process for welfare and subsidy schemes, for simpler and faster flow of funds and to ensure accurate targeting of the beneficiaries, de-duplication, and reduction of fraud; 22.3 Lakh MSME beneficiaries with ₹1,976 Crore expenditure up to March 2022.

Udyami Mitra

Enabling platform which leverages IT architecture of Stand-Up Mitra portal and aims at instilling ease of access to MSMEs financial and non-financial service needs; Provides facility to avail loans up to ₹10 Crore to MSMEs, 92.4 Lakh loans sanctioned.

Champions Portal

Providing guidance on a local level to MSMEs in areas including finance, market access, technology upgradation, skill development- 21 Ministries/ Departments and 31 State Governments onboarded; 58 banks/FIs/RRBs/SFCs on-boarded to address the issues related to credit; 53 CPSEs appointed nodal officer for Champions portal to resolve the issues.

Account Aggregator Framework

MSMEs can control their financial records and expand the pool for lenders and fintech companies; 10 account aggregators registered.

Trade Receivables electronic Discounting System (TReDS)

Unlocking the working capital by converting receivables into cash; In FY24, TReDS enabled businesses saw monthly invoice financing volumes grow to over ₹6,000 Crore.

PSB 59 minutes loan

Provides facility to get loan up to 5 Crore in 59 minutes; More than 74,000 Crore loans disbursed with more than 21 partner banks registered.

MSME-SAMBANDH Portal

Monitoring the procurement by Central Government Ministries, Departments and CPSEs; currently, share of purchases from MSEs amounts to ₹53,484.46 Crore, which is 32.51% of the total procurement.

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Enterprise Mobility



Communication



Connectivity



Security



IoT



Colocation & Cloud

Scan the QR code to take
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Digital Evaluation
Business Advice



Knowledge partner



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