

World MSME Day 2025: How India's MSMEs Are Embracing Tech and What's Holding Them Back

On World MSME Day 2025, India's small businesses show rising digital adoption, but face barriers in integration, skills, and access to strategic support.



Recognising the vital role of Micro, Small, and Medium Enterprises (MSMEs) in global economies, the United Nations designated June 27 as International MSME Day. This year, the Ministry of MSME is observing the day under the theme "Enhancing the Role of MSMEs as Drivers of Sustainable Growth and Innovation."

According to a data from PIB, Micro, Small and Medium Enterprises (MSMEs) form the backbone of both the Indian and global economy. In India, they are a key pillar of growth; contributing around 30% to the GDP and over 45% to the country's exports. By fostering entrepreneurship, generating employment and promoting inclusive development, MSMEs continue to drive economic transformation at the grassroots level.

Globally, MSMEs represent the most dominant segment of the business ecosystem, accounting for nearly 90% of enterprises and over 50% of total employment. In India, they hold a similar significance, emerging as the second-largest employer after agriculture.

Against this backdrop, new study by CyberMedia Research (CMR) also presents a timely sense check on India's MSME sector. According to the study, 67% of Indian MSMEs are now digitally equipped, signalling a significant shift in how small businesses are leveraging technology to grow. These businesses are increasingly using digital tools like ERP, CRM, cloud computing, and even advanced technologies such as AI, IoT, and data analytics to modernise their operations.

Digital Transformation Gaining Traction in MSMEs

CMR's nationwide survey, which covered over 400 MSMEs across IT, manufacturing, education, and retail sectors, found that one in three MSMEs reported tangible improvements in business growth and operational efficiency due to digital adoption.

The findings suggest that going digital is no longer optional—it's essential. From using WhatsApp groups for support to engaging in LinkedIn and X (formerly Twitter) communities, MSMEs are actively seeking out digital advisory platforms to navigate the tech landscape. In fact, 62% of MSMEs said they rely on online communities and forums for digital guidance.

While 43% have achieved basic digital maturity through tools like ERP and cloud, only 23% have moved into advanced digital territory with AI and analytics. This indicates that while progress is real, there's still a long road ahead for deep digital transformation.

What' is Holding MSMEs Back?

Let's unpack some of the challenges faced by MSMEs in terms of digital adoption. Despite the growth in digital confidence, the CMR study uncovered three major challenges preventing many MSMEs from advancing:

- 84% of digitally hesitant MSMEs struggle to see clear value in technology investments
- 81% express concerns over data security
- 56% cite a lack of technical skills to adopt modern solutions

This gap underscores the need for targeted, contextual, and easy-to-use digital interventions.

Expert Voices: Decoding the Digital Challenges and Solutions

Rahul Sharma, VP – Sales, Salesforce India

“India’s MSMEs are engines of growth, innovation, and employment. With AI and automation now more accessible than ever, small businesses have an opportunity to transform how they work. Tools like Slack are already empowering them to centralise communication, streamline everyday tasks, and collaborate with agility. Our no-code workflow builder, integrations with over 2,600 apps, and trusted AI agents like Agentforce are helping MSMEs do more with less. These capabilities are no longer just nice-to-have—they’re becoming essential for staying resilient, productive, and future-ready in today’s fast-evolving digital economy.”

Pravir Dahiya, CTO, Tata Teleservices

“One of the most pressing tech challenges MSMEs face is the absence of a connected digital infrastructure. Many operate in silos—CRM on one tool, billing on another, communication elsewhere—leading to inefficiencies and missed opportunities. The way forward is through cloud-first, AI-enabled platforms that are scalable and cost-effective. Solutions like Smartflo UCaaS centralise operations, automate workflows, and support business continuity. We’ve seen how even basic integration can dramatically improve agility and decision-making, especially when businesses have limited IT resources.”

Arun Kumar, Regional Vice President, ManageEngine, Zoho Corp

“Most MSMEs in India operate with tight bandwidth and limited technical teams. They often treat technology as a reactive fix rather than a strategic enabler. This piecemeal adoption leads to fragmented data and underutilised systems. The answer lies in adopting integrated, end-to-end platforms that simplify management, enhance visibility, and generate insights from day one. With the right systems in place, MSMEs can not only scale faster but also stay compliant and competitive.”

Niraj Kumar, CTO, Onix

On MSME Day, Onix celebrates the resilience and innovation of India's Small and Medium Enterprises. Our AI-first approach to cloud and data is built to be scalable, secure, and result-driven, making us a strong partner for SMEs looking to modernize, leverage AI, and grow. At Onix, we are making enterprise-grade tech accessible so SMEs can lead in a data-driven world."

Vishal Salvi, CEO, Quick Heal Technologies

MSMEs contribute 30% to India's GDP and employ over 110 million people, playing an important role in driving innovation and economic growth. Yet, limited resources and cybersecurity awareness leave them vulnerable to evolving cyber threats and frauds. At Quick Heal Technologies Limited, we understand this and have made it our goal to make cyber safety a fundamental right for all. The entrepreneurial spirit of MSMEs mirrors our own journey at Quick Heal Technologies from humble beginnings to becoming a trusted leader in cybersecurity. Just as MSMEs adapt and evolve to meet market demands, we continuously innovate to address emerging cyber threats that could potentially disrupt their progress. We envision a cyber-secure ecosystem where every MSME can thrive fearlessly in the digital age, contributing to our nation's prosperity and global competitiveness."