

Value Erosion in Indian MSMEs

Bridging the productivity gap in MSMEs can unlock a value equal to 10.5% of the Indian GDP each year

Indian MSME GVA & Value Loss (US\$ Tn)
(In FY24)

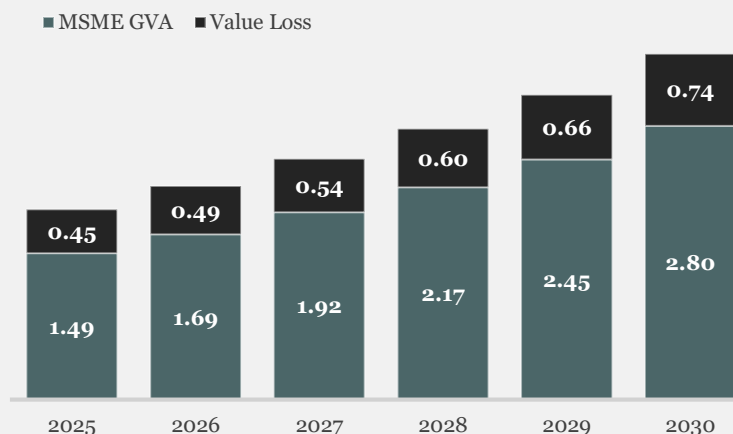


Indian MSME Classification & Value Loss (%)
(In FY24)

MSME Type	% Of Total MSMEs In India	% Of Total Value Lost
Manufacturing	31%	>35%
ICT & ICT Related Services	33%	>35%
Trading	36%	<30%

Source: TSgC Research, Government of India, McKinsey & Co.

Forecasted Indian MSME Value Loss (US\$ Tn)
(FY25 – FY30)

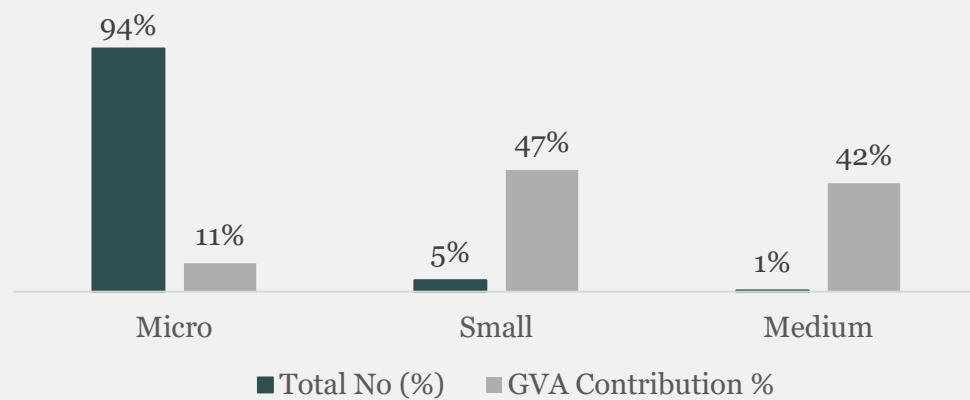


Key Observations

1. Indian MSMEs operate at **26%** of the productivity of large companies.
2. Manufacturing and ICT related MSMEs operate at **14%** and **16%** productivity of large companies, respectively.
3. In 2022 only **1/10** large public companies in India were MSMEs in 2000s, compared to **2/10** (international average) and up to **4/10** in developed economies (Australia)
4. India has a “**missing middle**” of mid-sized companies i.e. most of the MSMEs **get bought by larger companies or shut down**

TSgC aims to help SMEs build key competencies required to effectively reduce value loss

MSME Classification & % Contribution to GVA
(In FY24)



1. Small and Medium Enterprises (SMEs) Contribute to only **6%** of the total number of MSMEs.
2. SMEs contribute **80%+** to the cumulative GVA by MSMEs and have contributed **US \$ 0.36 Tn** to the value loss in FY24.
3. SMEs are better placed to make use of **Bit-Sized Management Consulting Services** to build key competencies.

Source: TSgC Research, Government of India, McKinsey & Co.

Key Competencies Required By MSMEs To Reduce Value Loss

Key Competencies	Core Services Offered by TSgC					
	Go-To Market	Operational Excellence	Investment Facilitation	Customer Experience Improvement	Global Vs Local	Outsourced Decision Making
Organizational Efficiency		✓			✓	
Application of Technology		✓		✓		
Effective Utilization of Capital	✓					✓
Fundraising and M&A	✓		✓			
Reach			✓		✓	