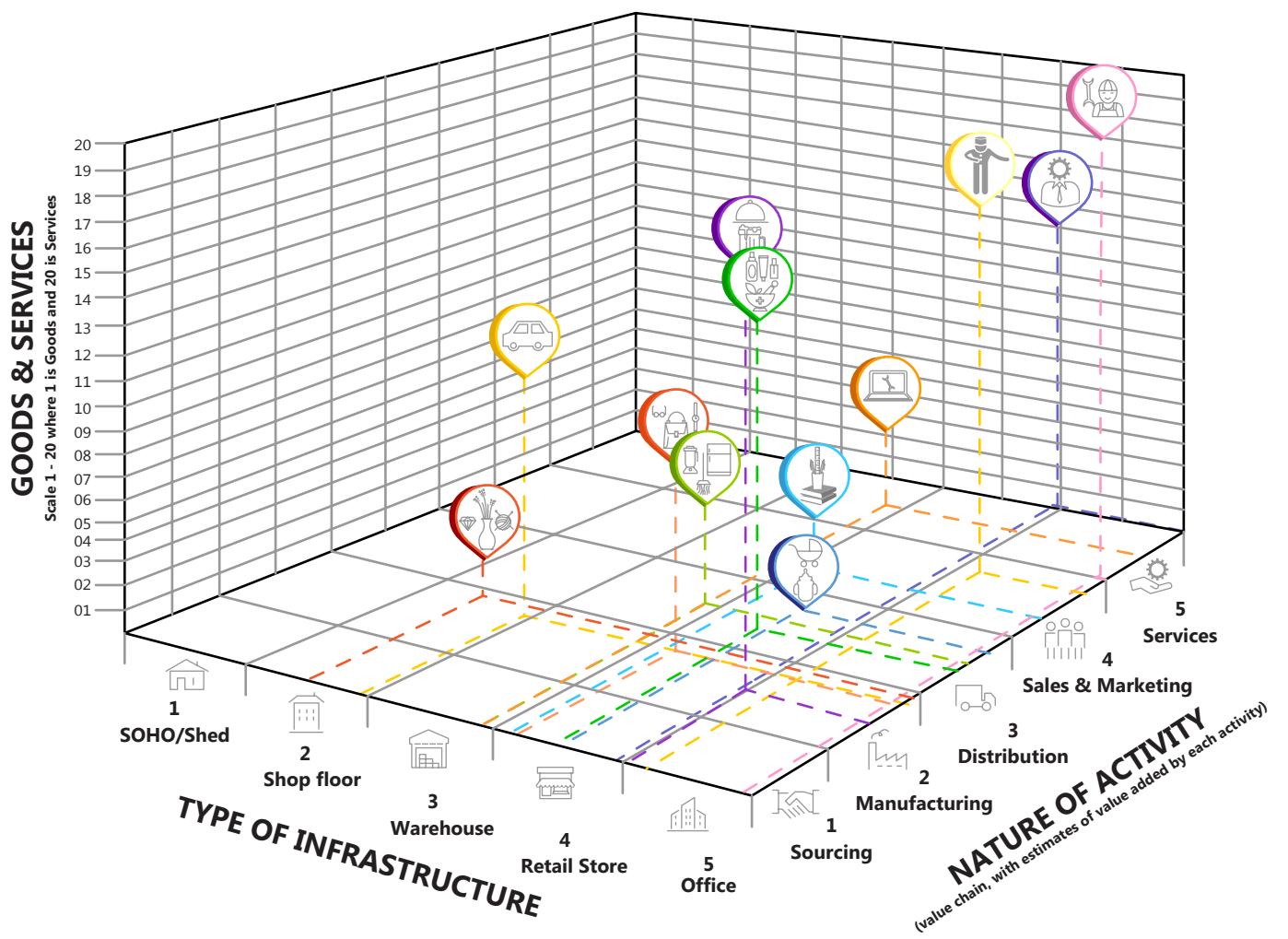




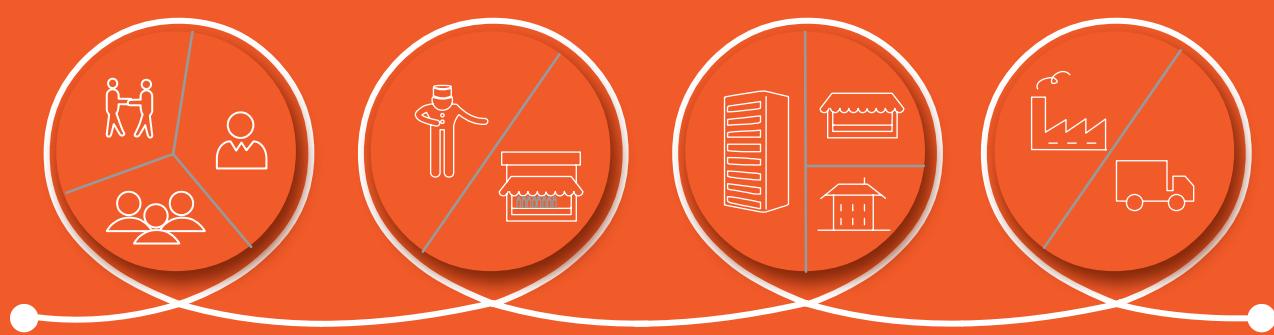
Indian MSME Impact Report 2019



MSMEs: A new definition



The report proposes a new definition for MSMEs, that goes beyond the conventional, based on three key dimensions.



A Goods versus Services classification based on the type of business.

Meta-categorization of businesses under the Goods - Services classification.

The type of infrastructure businesses have invested in.

The nature of activity within the industry value chain.

The MSME Persona

BACKGROUND

Rural born.
1st or 2nd generation entrepreneur.
Highest education level is Bachelor's.
Started up based on market need / personal eventualities.



BUSINESS

Annual revenue ~ INR 20 million – 500 million

DEMOGRAPHICS

Has 100-250 employees
20-35 years of age
80% Male

GOALS

Improve customer experience
Implement new digitization techniques

BUSINESS PERSONA: Conventional - GOODS

BACKGROUND

Rural / City born.
1st or 2nd generation entrepreneur.
Highest education level is Master's.
Started up to exploit market opportunity.



BUSINESS

Annual revenue around INR 8 million

DEMOGRAPHICS

Has 50-100 employees
20-35 years of age
88% Male
(Micro sub-sector: 20% women)

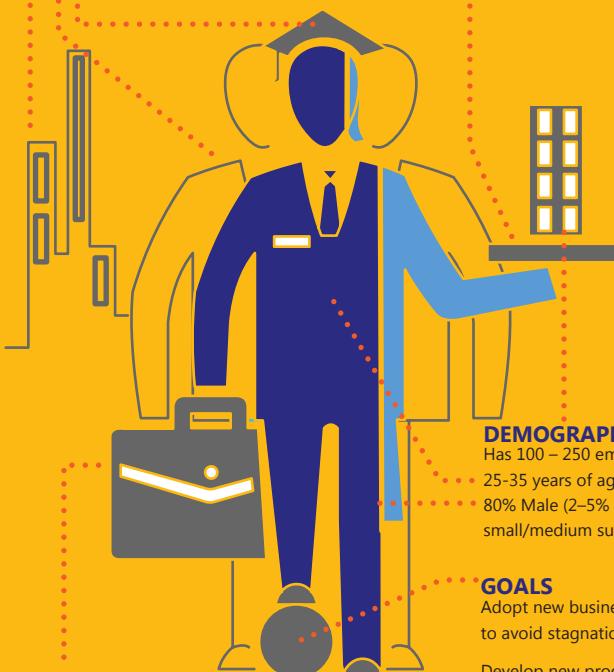
GOALS

To make a profit and keep employees happy.
Avoid job losses due to automation.

BUSINESS PERSONA: Conventional - SERVICES

BACKGROUND

City born.
2nd or 3rd generation entrepreneur.
Highest education level is Bachelor's.
Developed the company from micro to small/medium.



BUSINESS PERSONA: NEWAGE - GOODS

BUSINESS PERSONA: NEWAGE - SERVICES

BACKGROUND

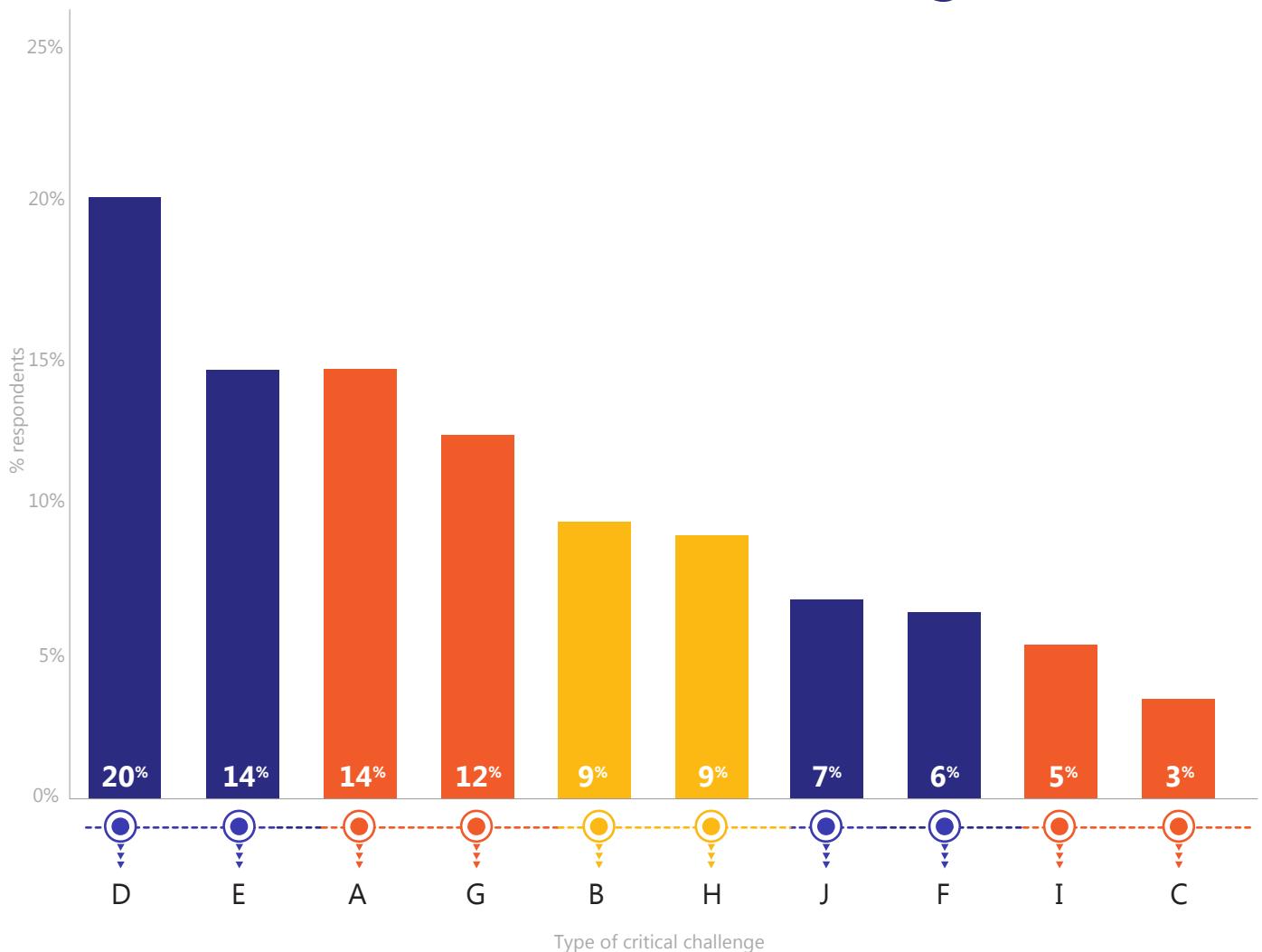
City born.
1st or 2nd generation entrepreneur.
Highest education level is Master's.
Joined the business at a young age/based on demand.



BUSINESS PERSONA: NEWAGE - SERVICES

The MSME persona fleshes out the characteristics of an MSME entrepreneur using four dimensions to produce four profiles – Goods-New Age, Goods-Conventional, Services-New Age, and Services-Conventional – representing four broad types of MSME businesses.

Critical business challenges



A) Absence of adequate bank credit/finance
 B) Limited knowledge of business
 C) Non-availability of technology support
 D) Complex taxation norms

E) Lack of marketing skills
 F) Constraints on expansion of business
 G) Non-availability of skilled labour
 H) Lack of support in creating skill development

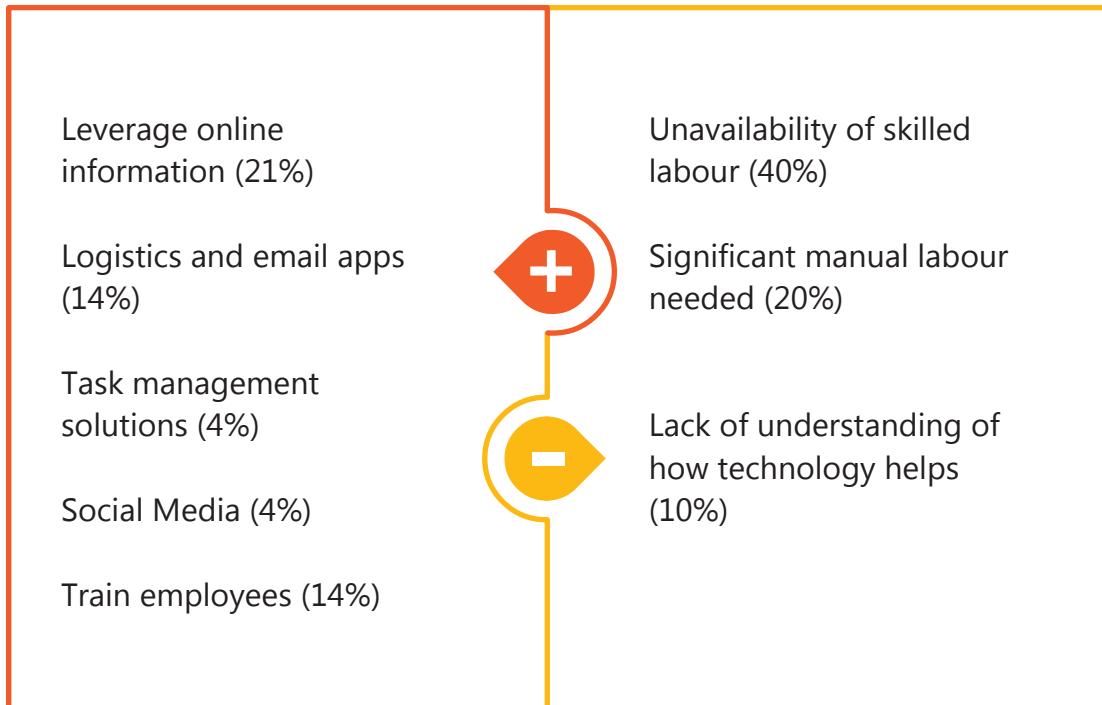
I) Poor / inadequate logistics infrastructure
 J) Complex legal norms

As MSMEs look to the government for sops they also continue to face some of their most critical challenges.



Technology helps, for a majority

A vast majority of MSME respondents (75%) believe that technology helps solve many of the challenges even though they are not all technology related.



One in four MSMEs, who do not believe technology helps solve the critical challenges, attribute this inability to the dearth of skilled labour, significant manual labour spent solving these challenges, and a lack of understanding of how exactly technology helps.



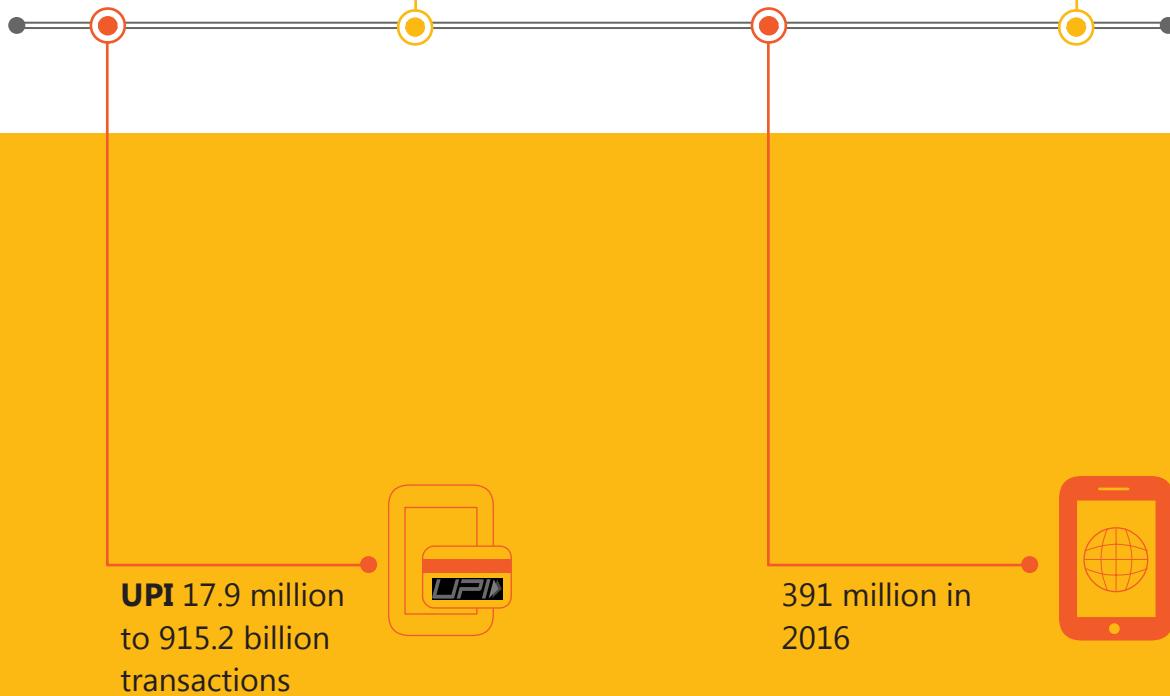
Opportunities and disruptions

Demonetization provided a much-needed short-term push to the digitalization of finance in India in spite of the economic upheaval it caused MSMEs. The transaction volumes of UPI surged 51x: 17.9 million (FY 2016-17) to 915.2 million (FY2017-18).

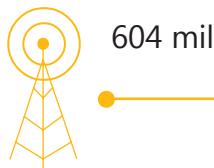
Demonetization

Debit / credit cards

5.45 billion > 8.2 billion transactions



Internet subscriber base

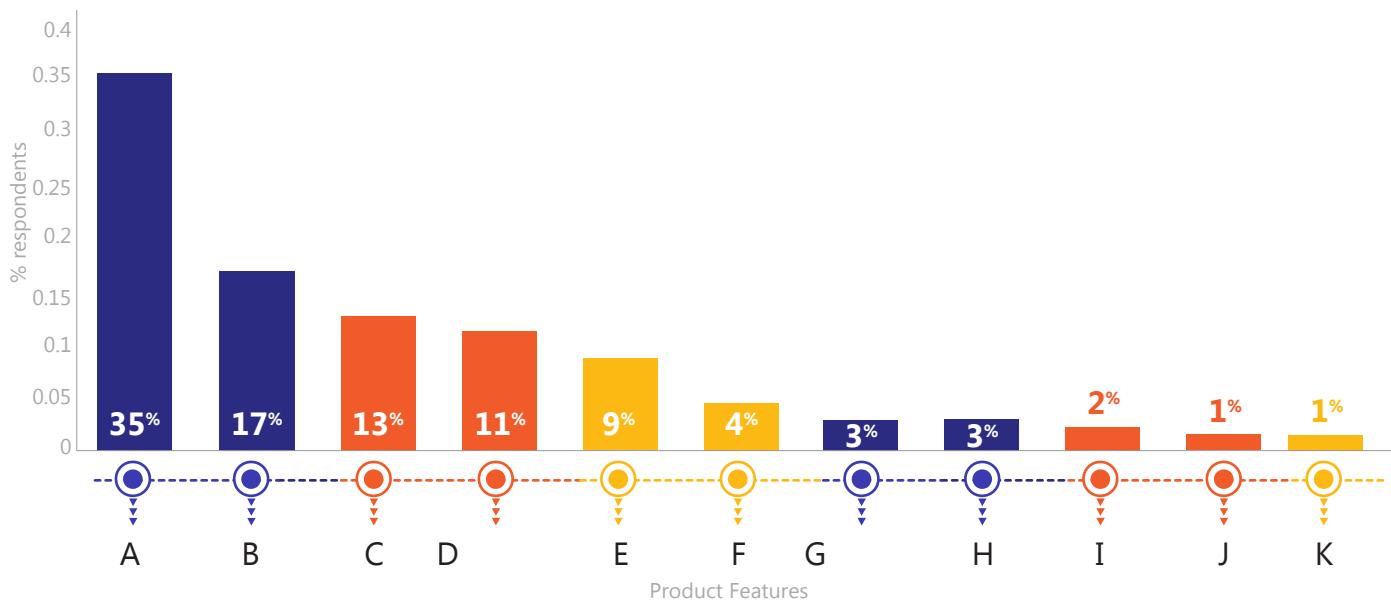


604 million in 2018



391 million in 2016

Value perception of FinTech



A) Easy Money Transfer

B) Quick Access

C) Cash back offers/
Discounts

D) Customer Preference

E) Data synchronization & privacy with
security

F) Tailor made payment solutions

G) No Extra Charges

H) Good cloud based technology

I) No registration issues

J) Hassle-Free

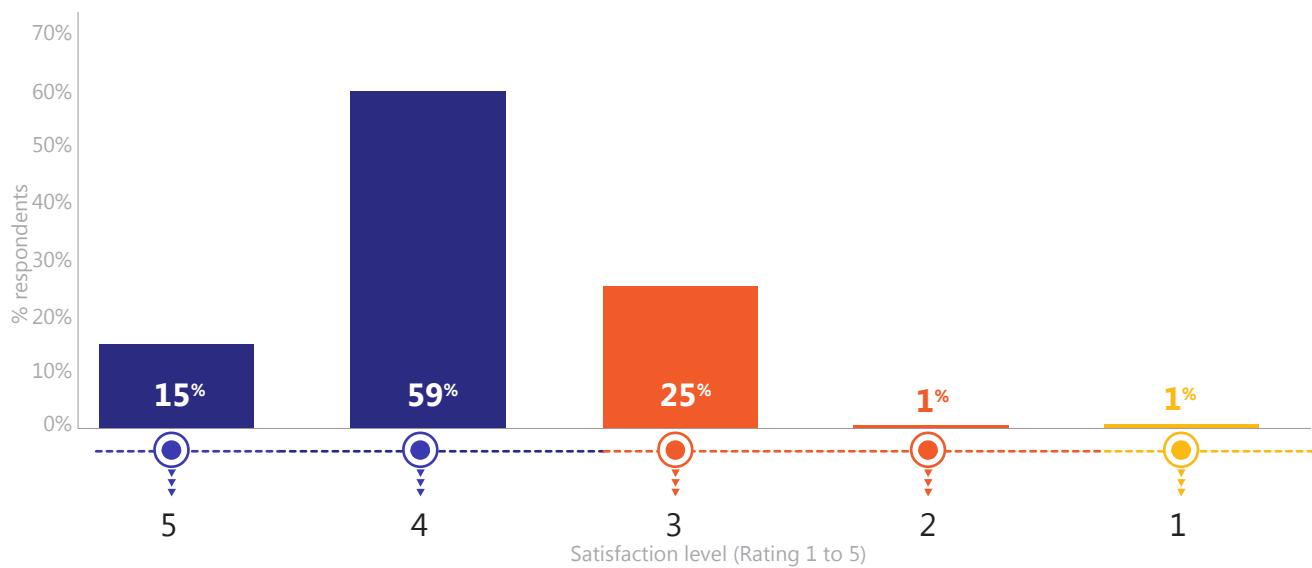
K) An Interactive and smooth user
interface

Top features offered by digital payment technologies :



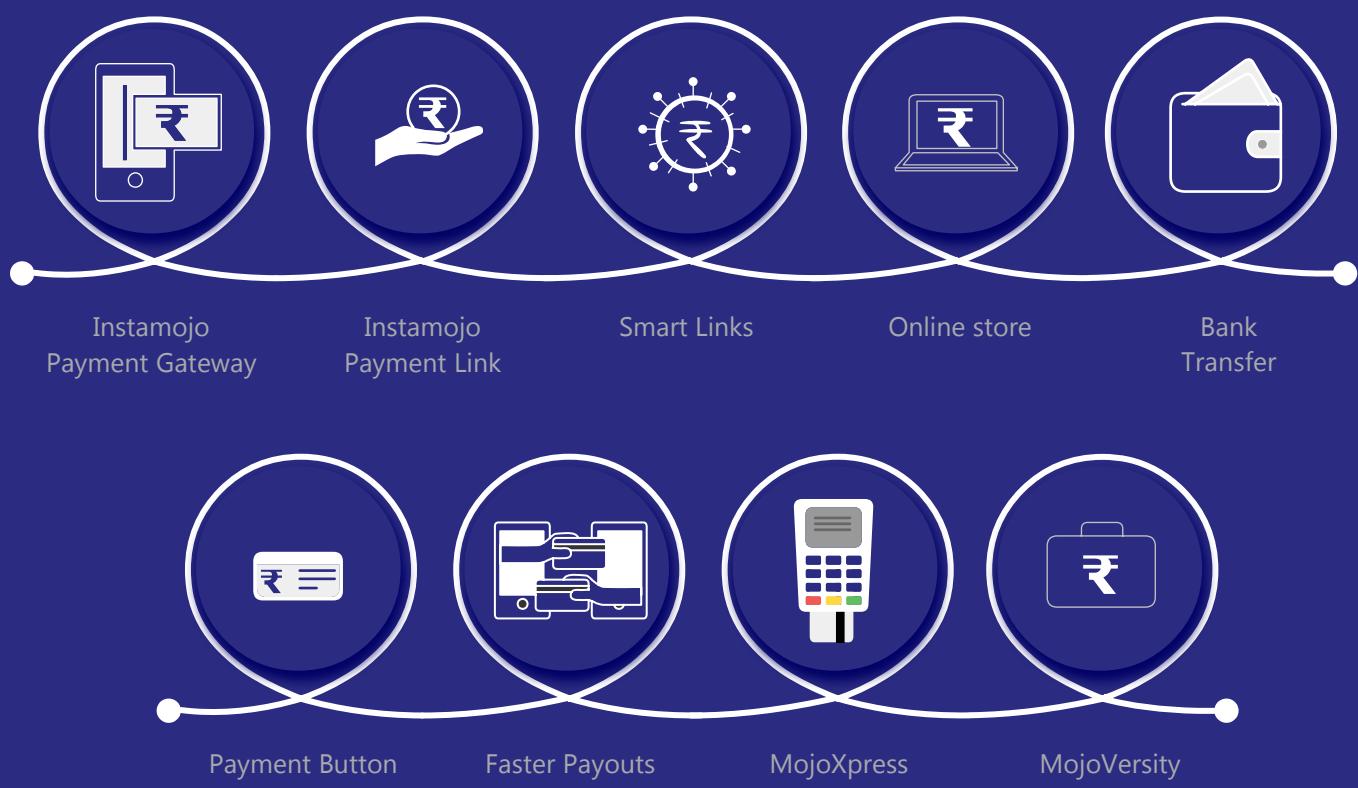
User satisfaction levels

Digital payment technology is marked by a high level of MSME user satisfaction, as per the study. Nearly three-fourths of the respondents reported to be "Very satisfied" or "Extremely satisfied" with their experience of digital payment products.



Instamojo offerings

Instamojo delivers a variety of benefits to different MSMEs.



Instamojo Product	Product Description	Net Performance Rating
Instamojo Payment Gateway	Integrating the Instamojo API in a website/app	4.13
Instamojo Payment Link	Create a payment link and share it through SMS, e-mail, whatsapp etc.	4.14
Online Store	Have a dedicated website to showcase and sell your products	3.59
Smart Links	Create unique payment links which contain details like expiry, number of payments possible etc.	3.75
Bank Transfers	Pay bills through NEFT, IMPS, RTGS etc.	3.72
Payment Buttons	Add a safe and secure method of paying on websites	3.91
Faster Payouts (Instant / Same Day / Next Day)	Pay bills on the same day/ within 2 business days instead of waiting for 3 business days	3.48
mojoXpress (Logistics/ Shipping solution)	Provide logistics to your products with tracking and competitive pricing	3.24
mojoVersity	Gain knowledge regarding running of a business through short videos	3.14

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