



India MSME Digital Procurement Report

2026



India MSME Digital Procurement Survey 2026 of 27045 MSMEs
Global MSME Digital Procurement Study
Size of the Potential MSME Digital Procurement Market in India
The Road Ahead for MSME Digital Procurement in India

Procurement: The Next Frontier of India's Digital Transformation

India has emerged as a global leader in digital public infrastructure. Over the past decade, transformative initiatives such as Aadhaar, UPI, GST, DigiLocker, Account Aggregator and ONDC have fundamentally reshaped the way individuals and businesses interact, transact and grow. These innovations have demonstrated how technology, when designed for inclusion and interoperability can democratise access and unlock economic opportunity at scale.

Yet, one of the largest and most critical business functions, procurement - remains under-examined and only partially digitised, particularly within the MSME sector. Procurement is not merely a purchasing function. It determines the quality of production, the efficiency of operations, the resilience of supply chains and, ultimately, the competitiveness of enterprises. For India's MSMEs, better procurement can translate into lower costs, improved productivity, stronger cash flows and enhanced global competitiveness.

This report seeks to bring procurement into sharper focus. Drawing upon insights from 27,045 MSMEs, representing enterprises across manufacturing, services and trading sectors, spread across multiple states and regions of India, it presents one of the most comprehensive assessments of digital procurement practices in India. The survey examines, procurement practices; digital procurement adoption; purchasing behaviour; procurement challenges; supplier relationships and expectations from digital procurement platforms. The findings have been complemented by international research and analysis of procurement ecosystems across leading global economies to provide both a national and international perspective. It combines primary research with global perspectives to examine the current state of procurement, the barriers that continue to inhibit adoption and the opportunities presented by emerging technologies such as artificial intelligence, embedded finance and integrated digital ecosystems.

The report argues that India's next digital transformation should not be limited to enabling businesses to sell more efficiently; it must also empower them to procure more intelligently. Democratising procurement has the potential to deliver benefits across the entire enterprise ecosystem, particularly for micro and small businesses that often lack access to transparent markets, trusted suppliers and affordable procurement finance.

We hope this publication serves as a valuable resource for policymakers, industry leaders, technology providers, financial institutions, researchers and MSMEs themselves. More importantly, we hope it stimulates a national conversation on how India can build an open, trusted and inclusive digital procurement ecosystem that supports enterprise growth and contributes to the vision of Viksit Bharat 2047.

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Disclaimer

This publication has been prepared by India SME Forum to advance understanding of procurement practices among Micro, Small and Medium Enterprises (MSMEs) in India. It combines findings from one of India's largest surveys on MSME procurement with analysis of publicly available research, industry developments and international practices. While every effort has been made to ensure the accuracy of the information presented, the findings, interpretations and recommendations contained in this report represent the analysis of India SME Forum and should not be construed as legal, financial or investment advice. Readers are encouraged to undertake their own due diligence before making business or policy decisions. The views expressed in this publication do not necessarily represent those of any Government department, regulatory authority, funding agency, partner organisation or survey respondent unless expressly stated. More information is on Website: www.indiasmeforum.org

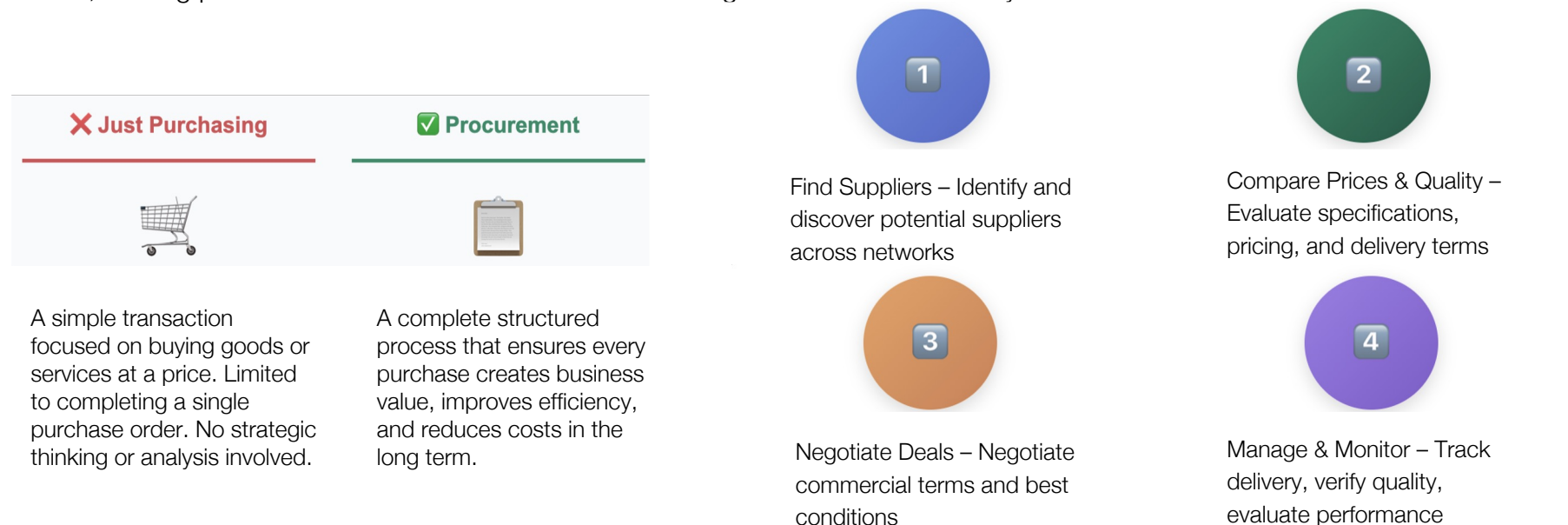
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PROCUREMENT DRIVES BUSINESS SUCCESS



Procurement encompasses **supplier identification, price-quality comparison, negotiation, order placement, delivery management, and quality assurance.**

Unlike purchasing, procurement is concerned with ensuring that every purchase contributes to business efficiency, cost optimisation and long-term value creation. Enterprises compete not only through what they sell, but through how efficiently they procure, making procurement a critical business function for growth and sustainability.



Studies indicate that streamlined procurement reduces operational friction, minimizes downtime, and **accelerates supply chain efficiency, directly boosting workforce productivity and output.**



Lower Costs - Spend less on production through smart supplier selection and negotiation.



Better Quality - Improve product quality by choosing reliable suppliers and maintaining standards.



Market Advantage - Compete better in the market with efficient operations and higher margins.

Procurement Impact in Manufacturing Sector



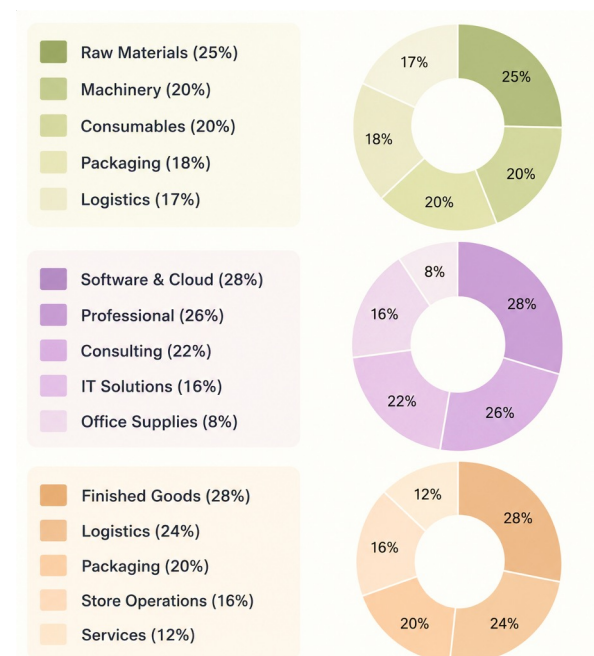
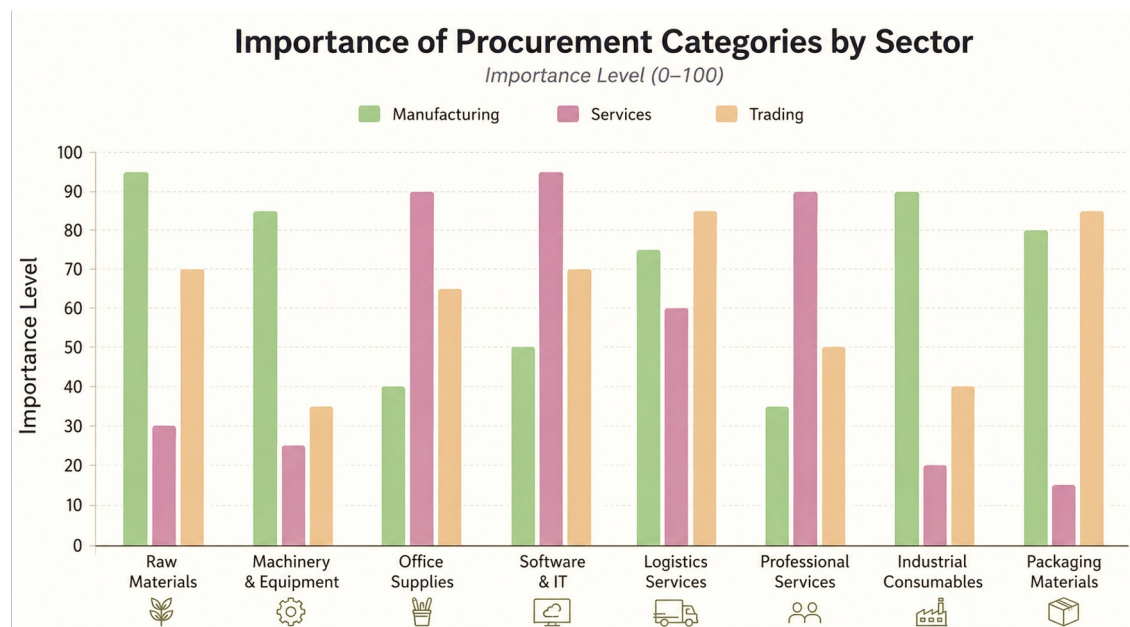
Key Impact: Even 5% improvement in procurement equals 3-4% of profit increase.

WHY SMALL IMPROVEMENTS MATTER



Gao, Y. (2026). From Public Contracts to Private Innovation: How Government Procurement Drives New Quality Productivity. *Sage Open*, 16(1), 21582440251412304.

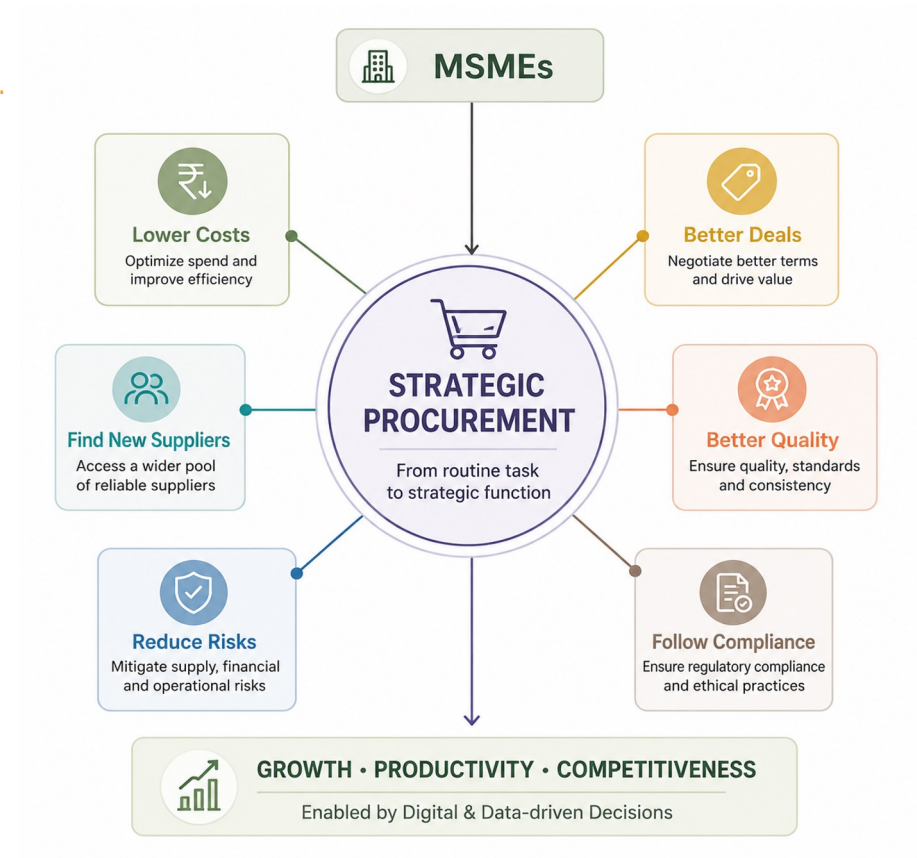
Procurement priorities vary significantly across sectors, with enterprises assigning greater importance to categories that directly influence their operations. Understanding these differences is essential for designing digital procurement solutions that effectively address the diverse purchasing needs of MSMEs.



Streicher, G., & Gabelberger, F. (2026). The Global Value Chains of CERN procurement-A Time Series Analysis for 1999-2024.

Efficient procurement directly cuts costs and improves quality, **making it a fastest lever for MSME competitiveness**. Procurement adoption transforms MSMEs from manual processes to data-driven decisions, unlocking significant profit gains and market strength.

- Procurement helps small and medium businesses succeed by lowering costs, finding new suppliers, reducing risks, getting better deals, and following rules correctly. Instead of just being a routine task, procurement is becoming a key business skill.
- For Indian MSMEs, procurement is one of the biggest regular expenses, but many still treat it as simple buying rather than smart business strategy.
- As businesses go digital, strong procurement practices are becoming essential for growth and staying competitive.



Mohamed Saliah, S., Nadarajan, S., & Teong, L. K. (2026). Enhancing MSME competitiveness through sustainable procurement based prioritization of critical factors using AHP. *Discover Sustainability*, 7(1), 487.

Studies indicate that Purchasing is transactional; **strategic procurement is transformational**. The shift from cost-focused buying to value-driven sourcing unlocks competitive advantage, **reducing costs by 15-50% and accelerating innovation**.

Traditional Purchasing	Digital Procurement
 Limited Transparency	 National Suppliers
 Local Markets Only	 Easy Price Comparison
 Manual Processes	 Instant Quotations
 Limited Choices	 Simplified Tax Compliances
 Low Price Visibility	 Digital Records

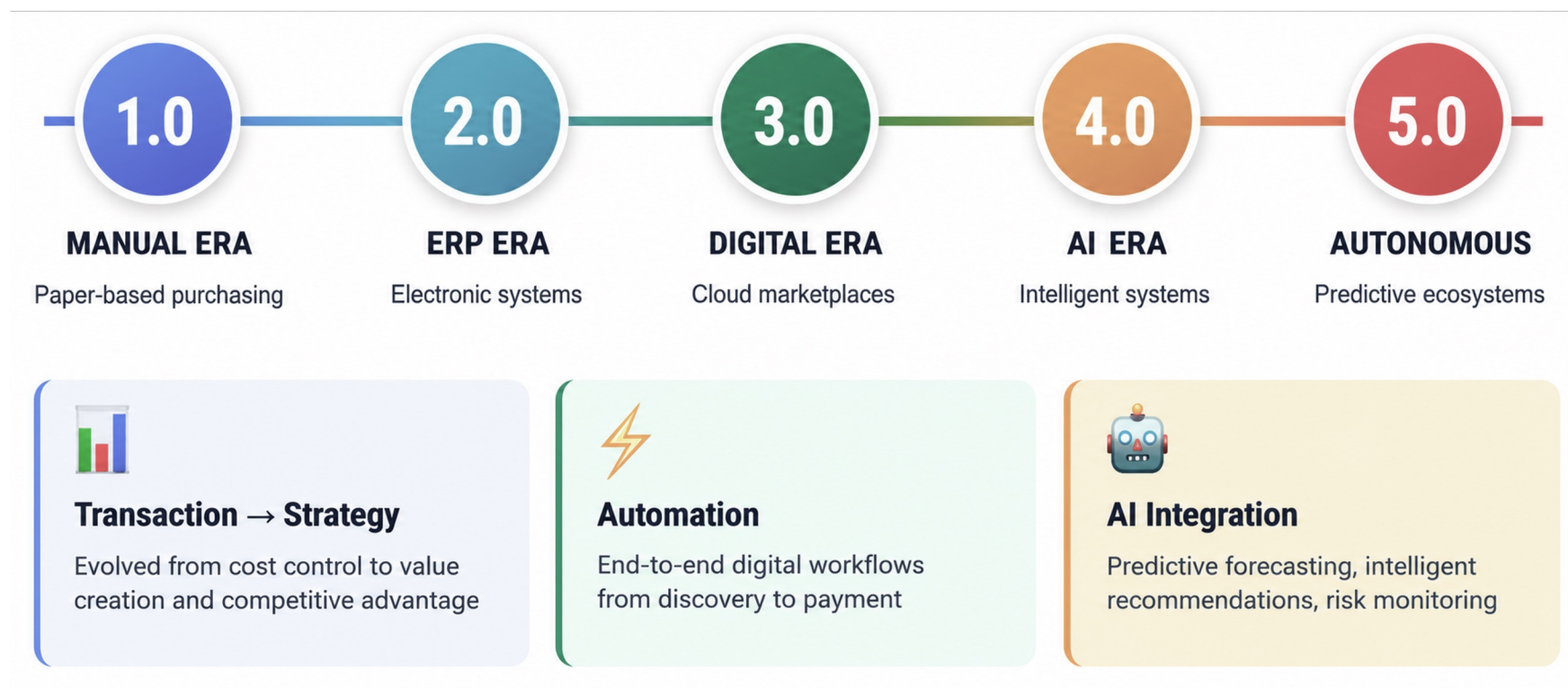
The Impact of Digital Transformation

3x Faster Purchasing	10x More Supplier Options
100% Price Transparency	50% Manual Work Reduction

Zhang, N., Zhu, Y., Wang, N., & Tian, Q. (2026).

Research on evolutionary game of government green procurement guiding office equipment enterprise's green production decision. *Environment, Development and Sustainability*, 1-63.

Procurement has transformed from a cost-cutting function into a competitive weapon. The journey has been from relationship-based buying to data-driven sourcing with AI-powered strategy. For MSMEs, mastering this evolution isn't optional, it's the difference between competing and leading.



Lo Ribeiro, J., Plangger, K., & Montecchi, M. (2026). Decoding Responsible Procurement: Conceptualizing Bias Co-evolution in AI-aided Organizational Decision-making. *British Journal of Management*, 37(1), e70027.



The Business Case for Digital Procurement

Digital procurement platforms enable MSMEs to compare supplier quotations in real time, improve price transparency, reduce information asymmetry and simplify GST-compliant procurement documentation.¹

Digital procurement has evolved from a transactional purchasing function into a strategic business capability that reduces costs, improves operational efficiency, strengthens supplier collaboration, and automates supplier discovery, quotation management and purchasing workflows, thereby reducing sourcing time and enabling procurement teams to focus on higher-value strategic activities.²

Digital technologies strengthen procurement decision-making by improving access to information and analytical capabilities while complementing entrepreneurial judgement in supplier selection, quality assessment and risk management.³

1) The Economic Times. (2026, June 26). Supplier Gaps, Invoice Compliance, Credit Access Continue to Hit 5 in 10 MSMEs: Survey.;

2) (PwC). (2024). Digital Procurement Survey 2024: Digital Procurement – Unlocking Sustainable Value (5th ed.);

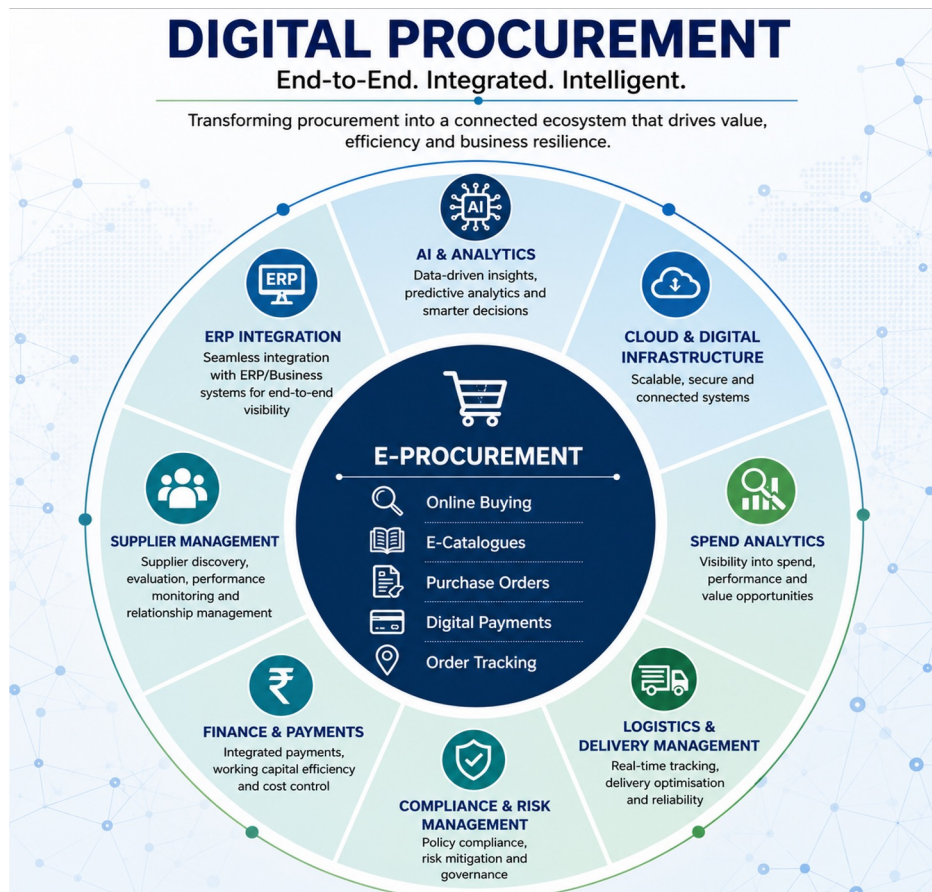
3) Vashisht, P. (2026). MSME Digitalisation in India: Current Status and Challenges. New Delhi: Research and Information System for Developing Countries (RIS)



THE RISE OF DIGITAL PROCUREMENT

E - Procurement

Focuses on digitising the purchasing transaction, enabling enterprises to buy goods and services electronically with greater speed, transparency and convenience.



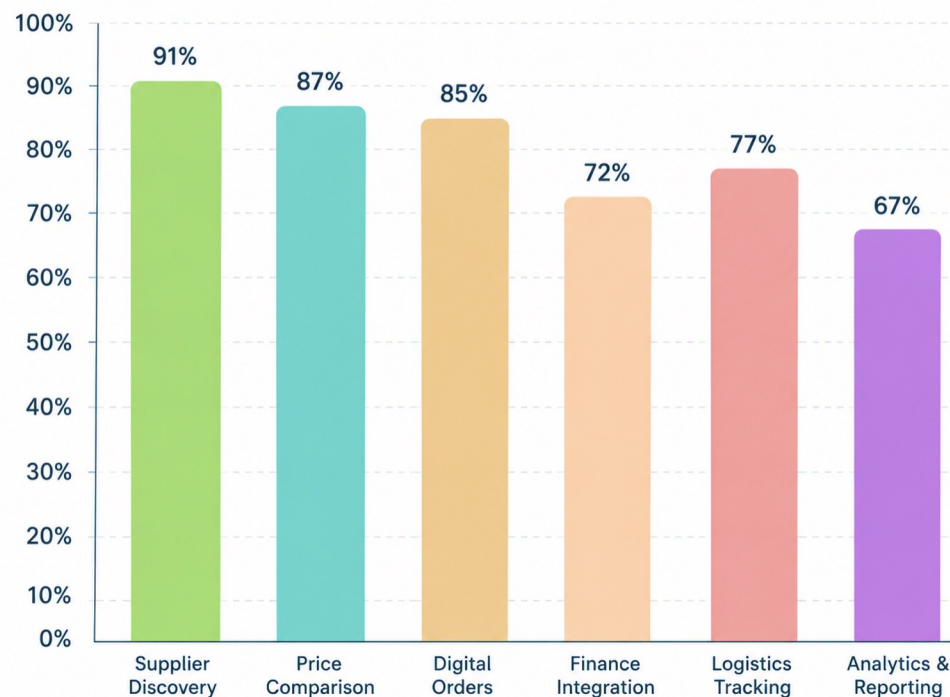
Digital Procurement

Transforms procurement into a strategic, data-driven business capability by integrating sourcing, supplier management, finance, analytics and decision-making across the entire procurement lifecycle.

E-procurement focuses on digital purchasing. Digital procurement extends beyond transactions to integrate sourcing, supplier management, finance, analytics and technology into an end-to-end business capability.

Businesses are increasingly adopting digital procurement capabilities; however, **adoption remains strongest for core purchasing functions**, while more advanced capabilities such as finance integration and procurement analytics are still evolving.

Adoption of Key Digital Procurement Capabilities



PROCUREMENT DISCOVERY

- Supplier Discovery
- Price Comparison

TRANSACTION MANAGEMENT

- Digital Purchase Orders
- Finance Integration (BNPL)

POST-PURCHASE MANAGEMENT

- Logistics Tracking
- Procurement Analytics

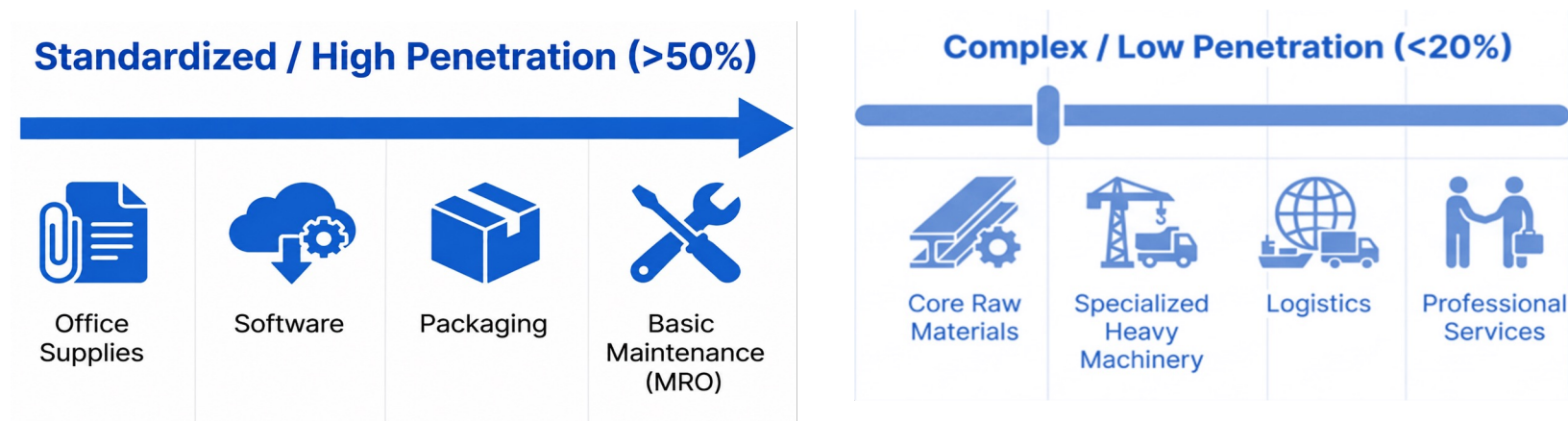


Digital procurement platforms progressively integrate supplier discovery, transaction management and post-purchase analytics into a unified procurement ecosystem.

MSME procurement is diverse, and digital adoption varies across purchasing categories based on the nature of the product and the procurement process.

Standardized and frequently purchased items, such as office supplies, packaging materials, software and maintenance consumables, have achieved relatively high digital penetration. Their standardized specifications, transparent pricing and minimal need for technical evaluation make them well suited for online procurement.

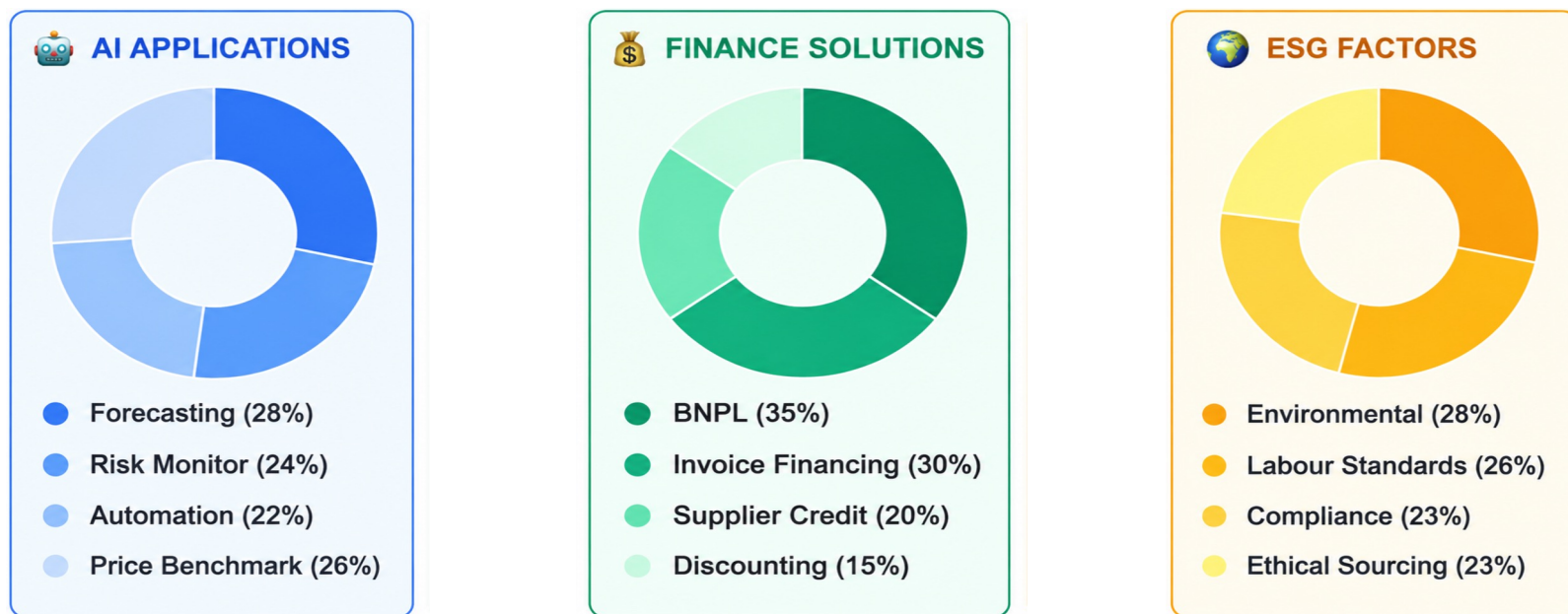
In contrast, procurement of core raw materials, specialized machinery and other high-value or customized purchases continues to rely heavily on offline sourcing. These purchases typically involve supplier relationships, technical assessments, product customization and commercial negotiations, resulting in comparatively lower levels of digital adoption.



The greater the degree of standardization, the higher the likelihood of digital procurement adoption.

Emerging technologies are reshaping digital procurement, with AI, embedded finance and ESG becoming key pillars of procurement transformation and businesses are currently focusing their adoption efforts across these three trends.

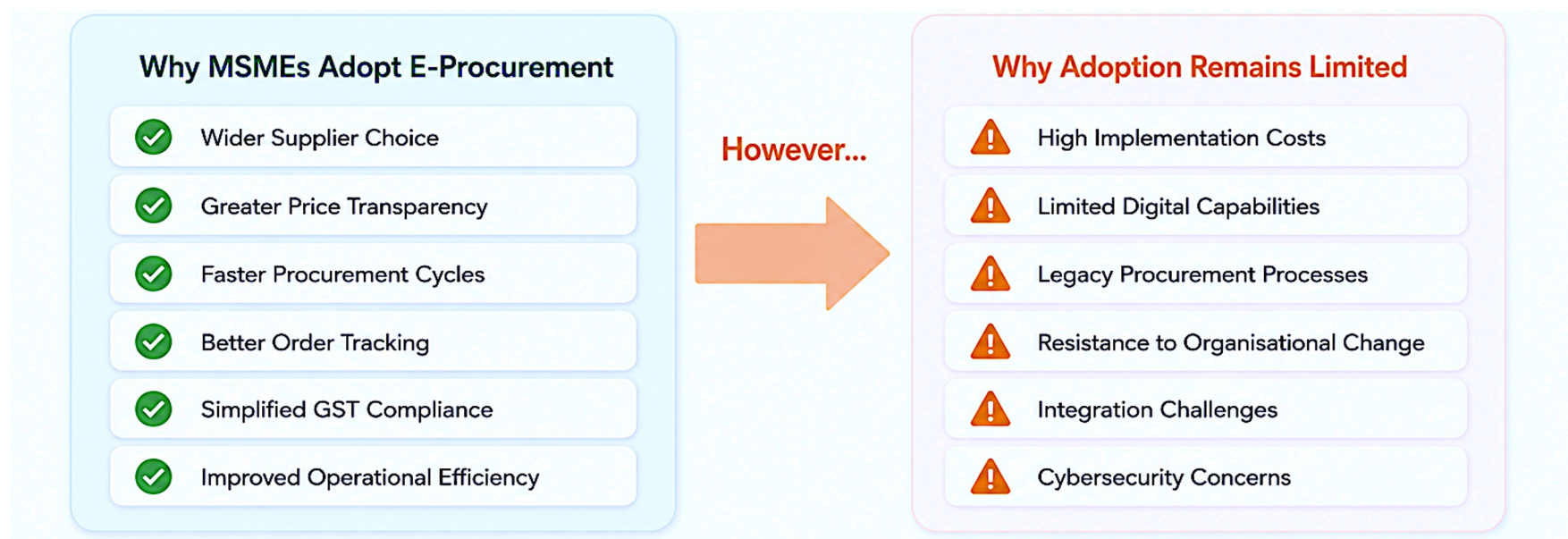
Evidence suggests that procurement is evolving beyond digital transactions towards intelligent decision-making, integrated financial solutions and responsible sourcing practices.



These emerging technologies represent the next stage of digital procurement maturity, enabling enterprises to make smarter sourcing decisions, strengthen financial resilience and build more sustainable supply chains.

Ilamurugan, P. K. (2026). Future Trends in Procurement Automation: Leveraging Machine Learning in Spend Analysis. *Journal Of Multidisciplinary*, 6(1), 17-22.

Secondary research indicates that MSMEs adopt e-procurement to improve **efficiency, transparency and compliance**. However, organisational and technological barriers continue to **constrain widespread adoption**, leading many enterprises to follow a **hybrid procurement model**.



While MSMEs increasingly recognise the benefits of e-procurement, implementation challenges continue to limit complete digital adoption. Consequently, many enterprises combine digital procurement platforms with traditional supplier relationships, resulting in a **hybrid procurement model**.

Pandey, P. (2026). Digital transformation and resilience in MSMEs: A systematic literature review of barriers, capabilities, and policy supports (2015-2025). Asian Journal of Economics, Business and Accounting, 26(1), 43-65.

Global Digital procurement Ecosystems have evolved beyond sourcing, **reimagining buyer-supplier relationships in enterprise systems**. Five distinct procurement models serve different market needs.

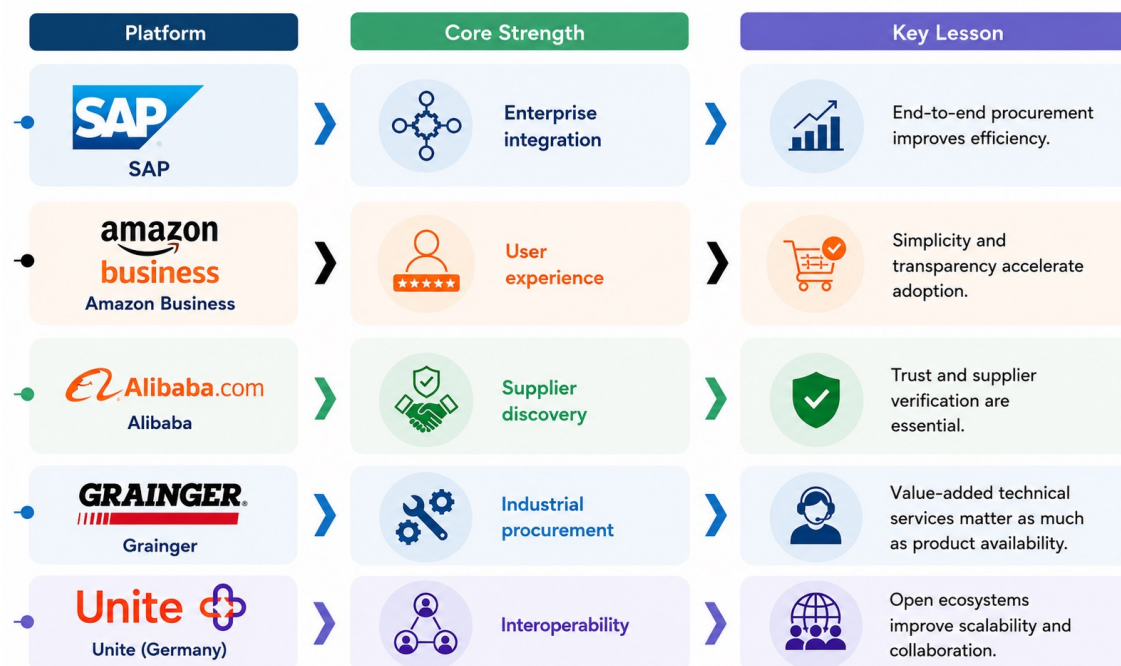
Platform maturity drives digital adoption ecosystems

Enterprise platforms (SAP) excel at **integration**

Market Leaders (Amazon, Alibaba) prioritize **user experience and trust**

Industrial specialists (Grainger) add **value through expertise**

Interoperability networks (Unite) enable cross-ecosystem collaboration for long-term scalability and competitive advantage



Veershetty, G. (2026). AI-Driven Supplier Relationship Management in the Digital Enterprise: Quantifying Value and Resilience with SAP Ariba. Available at SSRN 6835198.

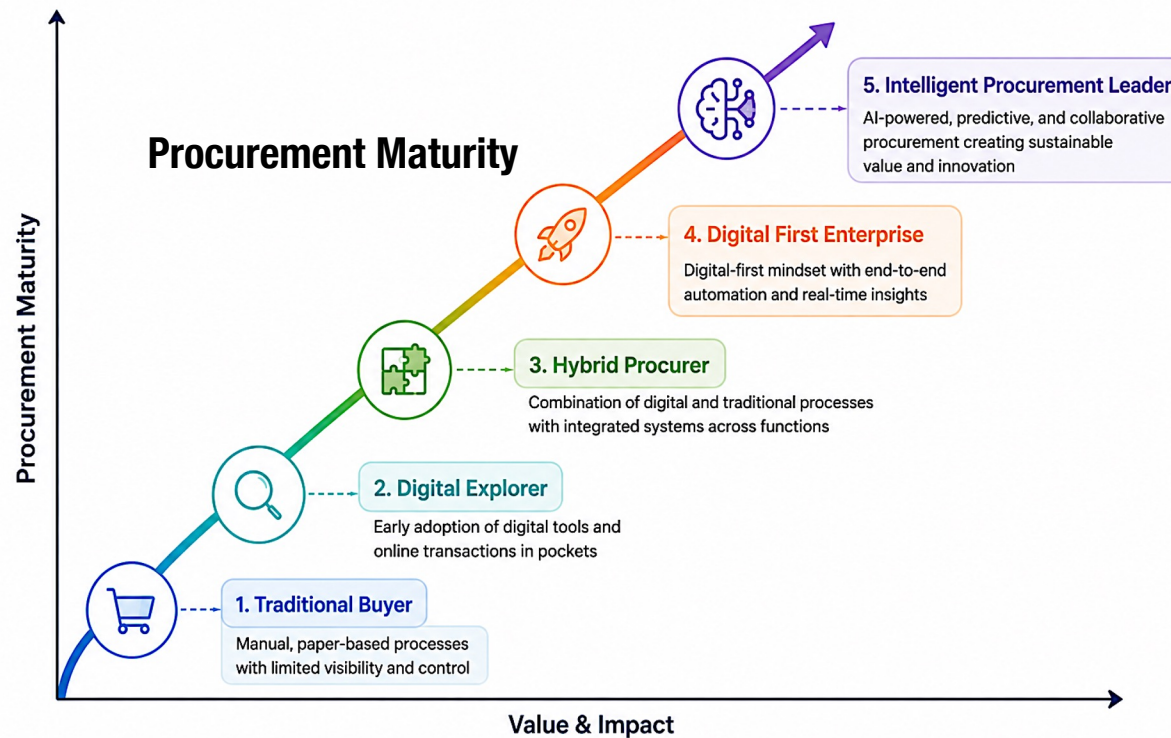
Oruezabala, G., & Abbad, H. (Eds.). (2026). Digital Strategies for Supply Chains: From Design to Deployment. John Wiley & Sons.

Ghobbar, A. A., & Mukherjee, A. (2026). Optimising Aircraft Spare Parts Inventory: A Cost-Reduction Model. IMA Journal of Management Mathematics, dpag003.

Munir, S. (2026). A Detailed Study and Analysis on Business to Business (B to B) E Commerce as an Economy Booster. Available at SSRN 6748345.

Dooley, K., & Rónkã, E. (2026). Inbetweeners: How to Translate Tech into Customer Value in the AI Era. Taylor & Francis.

From Transactions to **Intelligent Ecosystems**

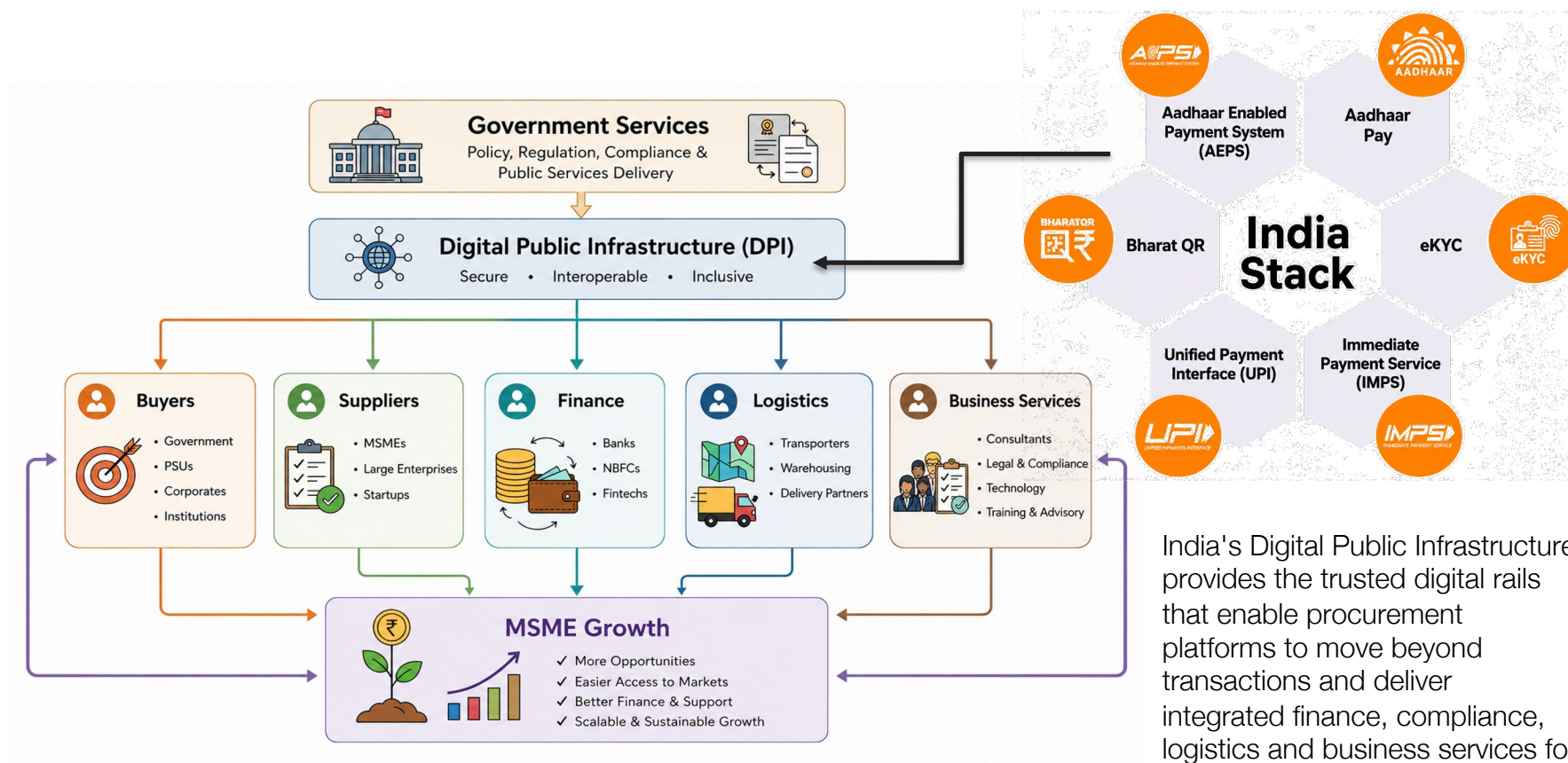


Most Indian MSMEs currently fall within the Digital Explorer and Hybrid Procurer stages, indicating that adoption has begun but full digital integration remains a work in progress.

Procurement maturity is not determined solely by technology adoption. It reflects the ability of an enterprise to combine supplier management, finance, logistics, compliance and digital tools into an integrated procurement capability. *

* Tanveer, U., Hoang, T. G., Ishaq, S., Kamal, M. M., & Attri, R. (2026). Enhancing supplier innovation capabilities through digital technology integration: A relational perspective. Technological Forecasting and Social Change, 223, 124426(Tanveer et al., 2026)

India's Digital Public Infrastructure stack (Aadhaar, UPI, GST) enables procurement transformation.



India's Digital Public Infrastructure provides the trusted digital rails that enable procurement platforms to move beyond transactions and deliver integrated finance, compliance, logistics and business services for MSMEs.

34%

of Indian MSMEs
use

AI & DIGITAL TOOLS
for Automation, Content,
Inventory Demand
Forecasting, Etc.



Enterprise Marketplaces

General &
Specialised B2B



Industry Specific Platforms

Sector-focused
Solutions



Government Platforms

GeM & Public
Procurement



ERP Systems

Enterprise
Procurement

E - procurement is gaining significant traction among Indian MSMEs, yet adoption remains fragmented across multiple platforms, enterprise marketplaces, industry-specific solutions, government platforms and GeM and through ERP systems.

This fragmentation creates inefficiency.

Consolidation transforms fragmentation into strength, unlocking scale, trust and competitive power for India's MSME sector.

The next phase of e - procurement will be driven by interoperability such as connecting marketplaces, ERP systems, financing and logistics into a single, efficient procurement ecosystem. This shift will enable MSMEs to procure smarter, operate more efficiently and compete at scale.

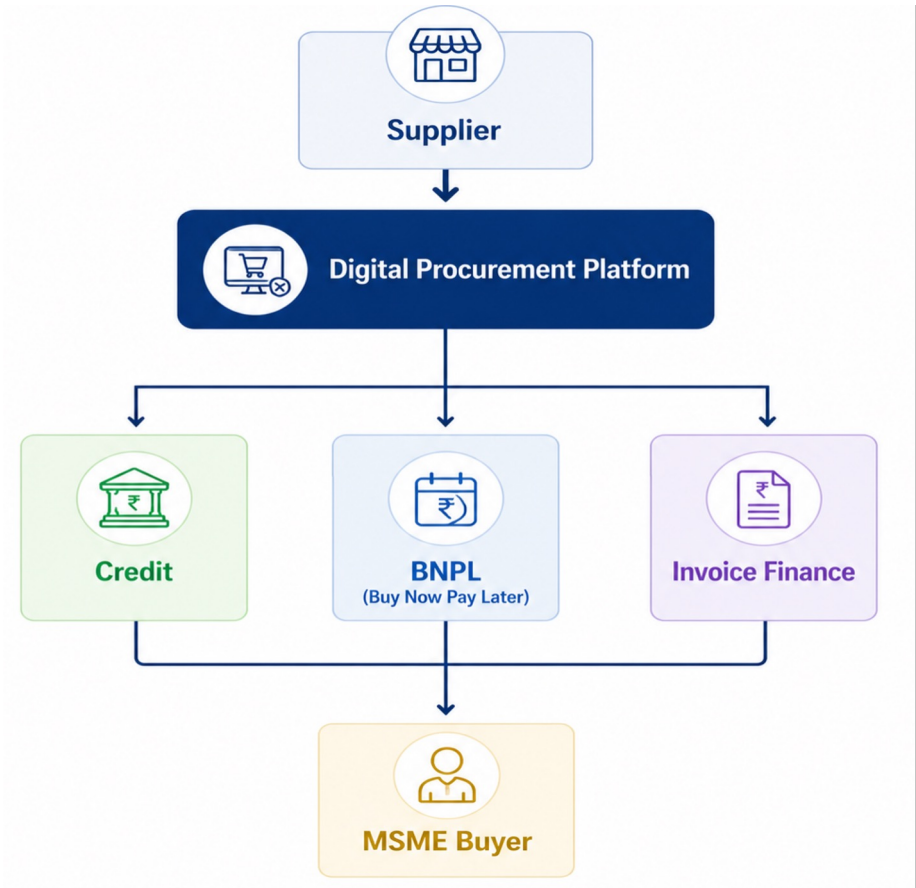
India can leapfrog to build a global-leading, inclusive digital procurement model for MSMEs.

Amarasuriya, S., & Abston, K. A. (2026). Procurement 4.0: A Three-Pillar Framework for Ethical AI Adoption in Small Businesses. *Journal of Small Business Strategy*, 36(2).
Iyer, R., Verma, S., & Gopalakrishnan, N. Digital Transformation Maturity and Performance Outcomes in Indian MSMEs—A Technology-Organisation-Environment Framework. 2026

Working capital constraints remain one of the biggest operational challenges for MSMEs.

Supply-chain resilience is enhanced through digitally connected supplier ecosystems that improve supplier visibility, diversify sourcing options, facilitate real-time order tracking, and strengthen supplier performance monitoring, thereby reducing dependence on individual vendors during periods of disruption.*

By integrating procurement with credit, BNPL and invoice financing, digital procurement platforms are transforming from transactional marketplaces into comprehensive business ecosystems. This convergence enables MSMEs to purchase with greater confidence, improve liquidity and build more resilient supply chains.



* Moglix Business. (2025). Tier 2 and Tier 3 Supplier Digitization: Unlocking India's Manufacturing Depth"(2025). Moglix Business.

Hybrid Procurement Model



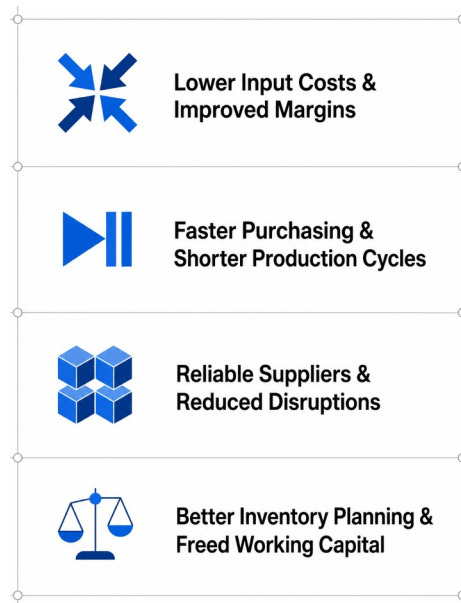
The Indian MSMEs continue to combine digital procurement platforms with traditional supplier relationships, particularly where trust, customisation and reliability are important.¹

The institutionalisation of digital procurement in India through the rapid expansion of a paperless, cashless and transparent public procurement ecosystem.²

1) Vashisht, P. (2026). MSME Digitalisation in India: Current Status and Challenges. New Delhi: Research and Information System for Developing Countries (RIS).

2) Press Information Bureau (PIB). (2025). GeM Strengthens Digital, Transparent and Inclusive Public Procurement. Government of India., and PwC. (2024). Digital Procurement Survey 2024: Digital Procurement – Unlocking Sustainable Value.

From Savings to Strategic Growth



Digital Procurement acts as a source of capital for expansion, not just a cost center.

Organisations are increasingly adopting digital procurement to improve operational efficiency, reduce procurement costs, strengthen supplier transparency, enable strategic sourcing, and standardise procurement processes. These findings are consistent with the survey results, which indicate that Indian MSMEs are embracing digital procurement primarily to expand supplier choice, improve price transparency, and simplify purchasing processes.¹

Digitising procurement can improve productivity, reduce costs, strengthen resilience and make Indian MSMEs more competitive in domestic and global markets²

1) (PwC). (2024). Digital Procurement Survey 2024: Digital Procurement – Unlocking Sustainable Value (5th ed.);

2) (Lone, S. Y., & William, J. (2026). Public Policy Interventions and MSME Growth in Post-Pandemic India. International Journal of AI, Engineering and Management Studies (IJAEMS), 1(1), 92-107

Transitioning to Trust for Business-Critical Sourcing



The broader literature reinforces the survey findings that the principal barriers to digital procurement are increasingly ecosystem-related rather than technology-related. The benefits of digitalisation can be fully realised only when enterprises are supported through improvements in digital capability, access to finance, institutional trust, and market integration.¹

Recent industry evidence indicates that MSMEs continue to face procurement challenges related to supplier management, invoice compliance, credit access, and logistics despite increasing digital adoption. Addressing these constraints will be critical to enabling digital procurement to evolve from a supplementary purchasing channel into the primary mode of business procurement for Indian MSMEs.²

Unlike consumer commerce, however, procurement requires deeper integration with finance, logistics, compliance and supplier management.³

Digital transformation requires building confidence, not just providing technology.

1) Vashisht, P. (2026). MSME Digitalisation in India: Current Status and Challenges. New Delhi: Research and Information System for Developing Countries (RIS)

2) The Economic Times. (2026, June 26). Supplier Gaps, Invoice Compliance, Credit Access Continue to Hit 5 in 10 MSMEs: Survey.;

3) Nassè, T. B., Ansong, I., & Naatu, F. (2026). Regulatory compliance and procurement practices: International Journal of Pharmaceutical and Healthcare Marketing, 20(1), 64-90

India's Largest MSME Procurement Survey

An evidence-based assessment of India's MSME landscape, capturing procurement behavior and digital adoption.

27,045

MSMEs Surveyed
Nationwide



One of the most
comprehensive studies
ever conducted on
Indian enterprise
procurement.

INDIA MSME DIGITAL PROCUREMENT SURVEY

INDIA MSME DIGITAL PROCUREMENT SURVEY

ENTERPRISE SIZE



83.5%

Micro



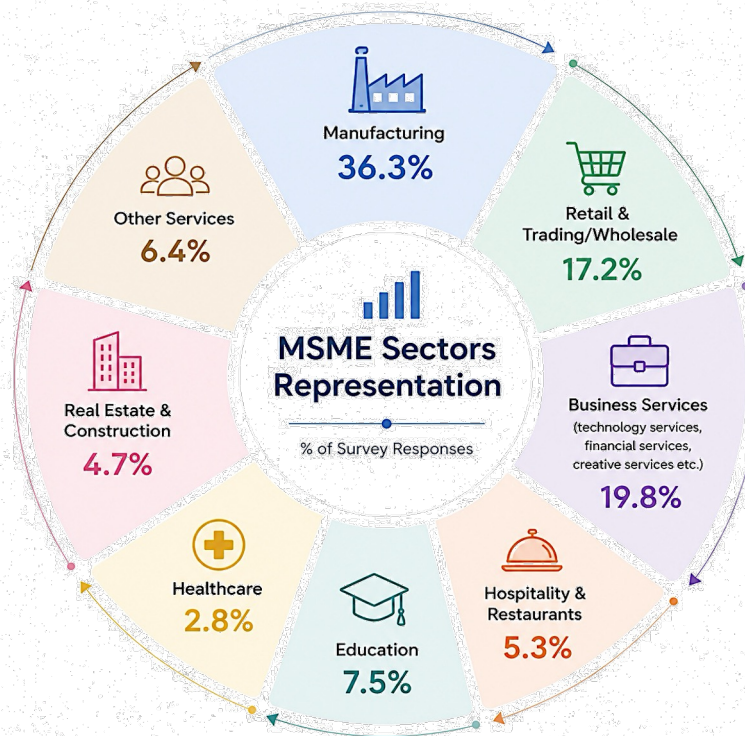
14.3%

Small



2.2%

Medium



SECTORAL MIX



Manufacturing

36.3%



Services

38.6%



Trading

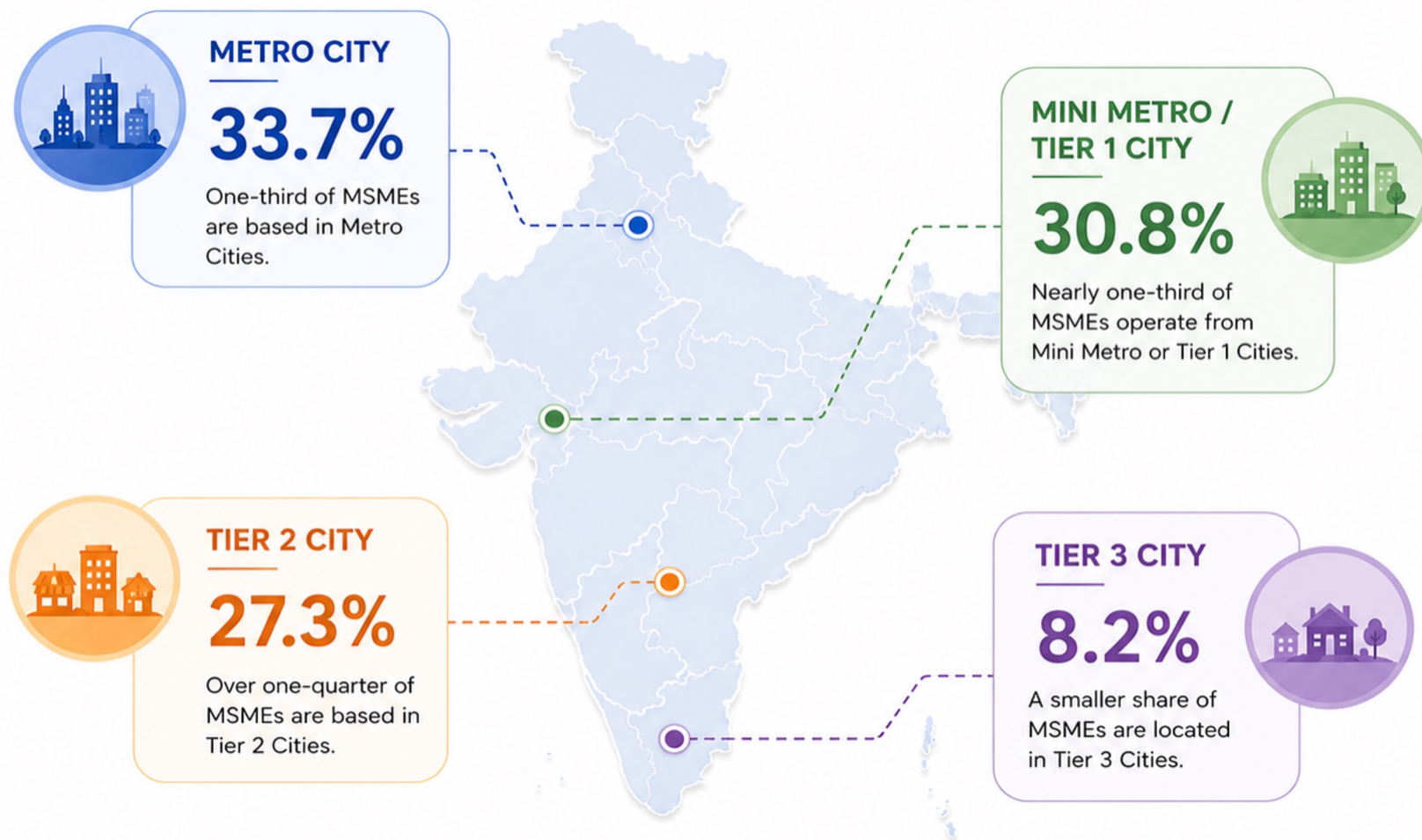
17.2%



Other Services

7.9%

INDIA MSME DIGITAL PROCUREMENT SURVEY



INDIA MSME DIGITAL PROCUREMENT SURVEY

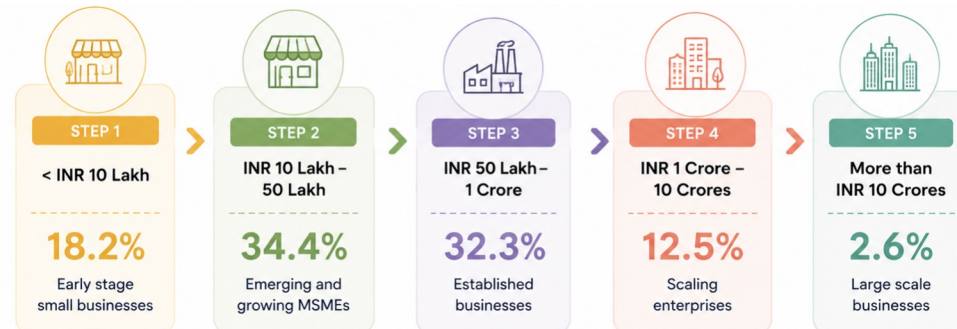
MONTHLY PROCUREMENT SPEND OF MSMEs SURVEYED

Over three-fourths of surveyed MSMEs report monthly procurement spending between INR 10 lakh and INR 1 crore, highlighting the substantial purchasing volumes managed by India's Micro and Small Enterprises.



MONTHLY TURNOVER OF MSMEs SURVEYED

Nearly two-thirds (66.7%) of surveyed MSMEs report monthly turnover between INR 10 Lakh and INR 1 Crore.



As enterprises grow, procurement responsibilities are expected to become more specialised and data-driven.*

*Lo, H. W., Chi, C. Y., Pai, C. J., & Deveci, M. (2026). A data-driven two-stage decision-making model for supplier selection and negotiation-based procurement planning. International Journal of Production Research, 64(1), 39-62.

INDIA MSME DIGITAL PROCUREMENT SURVEY

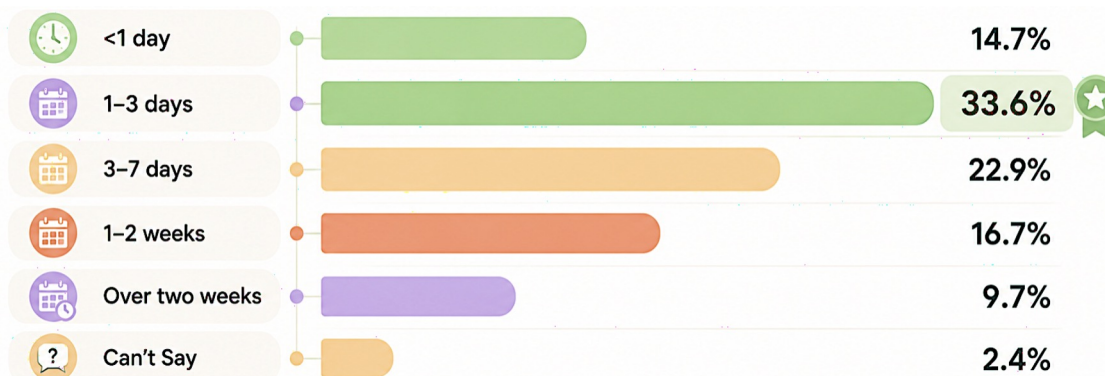


BUSINESS GROWTH IMPACT ON LOCAL COMMUNITY

MSME growth generates benefits that extend beyond individual enterprises, creating positive socio-economic impacts within local communities. The findings show that business expansion creates jobs, increases household incomes, strengthens local supplier networks, and provides greater opportunities for artisans and workers. Overall, the results demonstrate the multiplier effect of MSME growth in fostering stronger, more resilient and inclusive local economies.

AVERAGE PROCUREMENT CYCLES WHEN USING DIGITAL PLATFORMS?

71% Most MSMEs complete digital procurement within one week.



INDIA MSME DIGITAL PROCUREMENT SURVEY

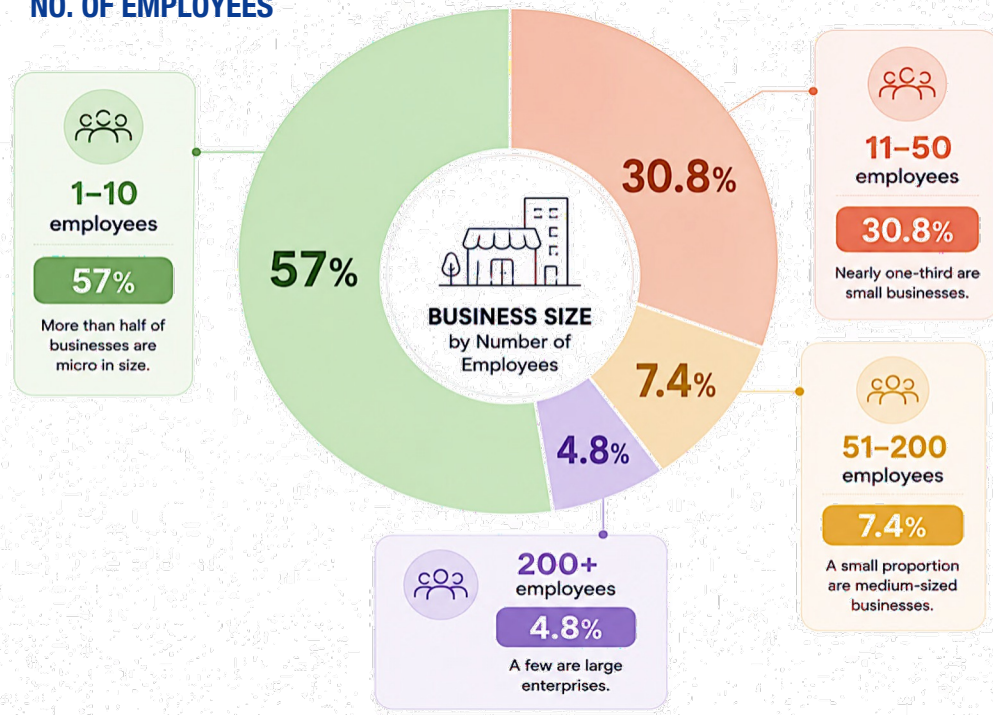
CHALLENGES FACED BY MSMEs IN PROCUREMENT



Price volatility which indicates lack of transparency in price changes (55.7%) is the dominant procurement challenge, while supplier fragmentation including managing multiple suppliers (37.6%) and the absence of a single dependable vendor (33.4%) remain significant barriers. Payment and credit constraints (35.6%) further affect procurement efficiency.

INDIA MSME DIGITAL PROCUREMENT SURVEY

NO. OF EMPLOYEES



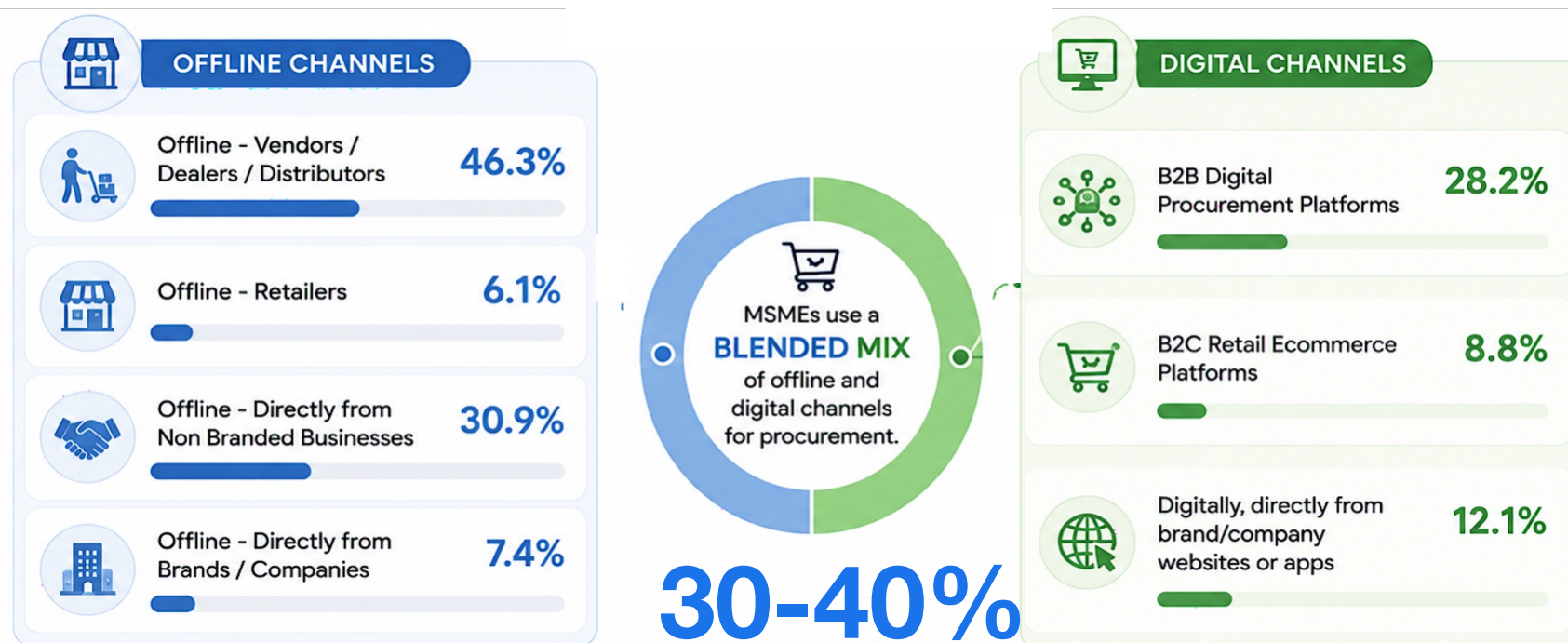
PROCUREMENT DECISION MAKER



Majority of businesses surveyed (80.8%) have less than 50 employees. Procurement decisions are overwhelmingly driven by business owners (64.5%) accounting for nearly two-thirds of all decisions, followed by General Managers (11.6%) and Procurement/Purchase Managers (7.2%), highlighting the **highly centralised nature of procurement in MSMEs**.

INDIA MSME DIGITAL PROCUREMENT SURVEY

Digital adoption among MSMEs is often partial rather than end-to-end. While enterprises increasingly adopt digital solutions for selected business functions, broader integration continues to be constrained by trust, digital capabilities, infrastructure and the complexity of business operations.

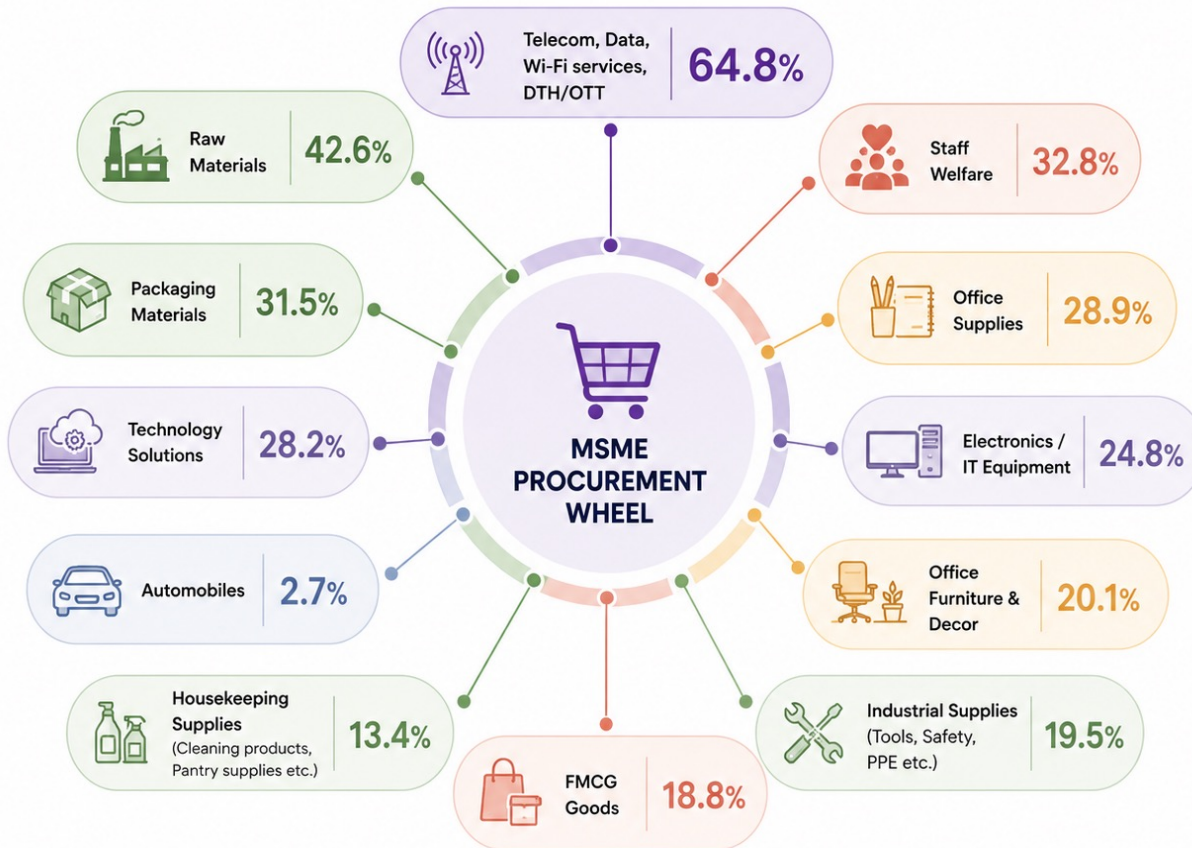


Estimated share of MSME procurement spend moving through digital channels

Vashisht, P. (2026). MSME Digitalisation in India: Current Status and Challenges. New Delhi: Research and Information System for Developing Countries (RIS).

INDIA MSME DIGITAL PROCUREMENT SURVEY

PROCUREMENT BY MSMEs

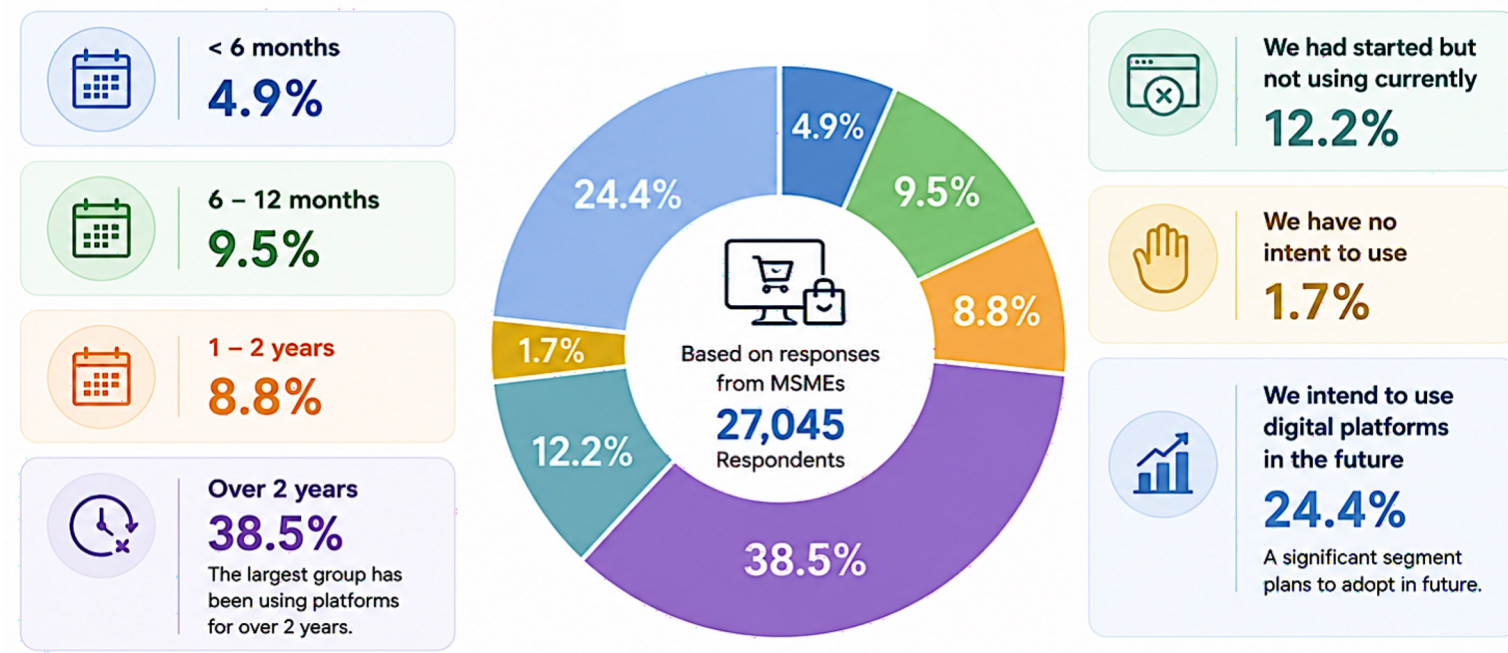


The findings show that digital procurement has evolved beyond sourcing raw materials to become an integral part of everyday business operations for Indian MSMEs. While telecom, data and digital services remain the most frequently procured category, enterprises are increasingly using digital platforms to purchase packaging materials, technology solutions, office supplies, industrial products and other operational requirements.

This diversification reflects the growing maturity of digital procurement adoption. By consolidating a wide range of business purchases through digital platforms, MSMEs are improving procurement efficiency, simplifying purchasing processes and supporting more streamlined, end-to-end business operations.

INDIA MSME DIGITAL PROCUREMENT SURVEY

HOW LONG ARE MSMEs USING DIGITAL PLATFORMS FOR PROCUREMENT?



Over Two-fifths of MSMEs have been using digital procurement platforms for more than two years, indicating growing maturity and trust in digital channels. Another 24.4% intend to adopt in the future, highlighting strong forward momentum.

INDIA MSME DIGITAL PROCUREMENT SURVEY

HOW MANY MSMEs USE DIGITAL PLATFORMS CURRENTLY?

Number of Non Users of
Digital Procurement
Platforms

10358

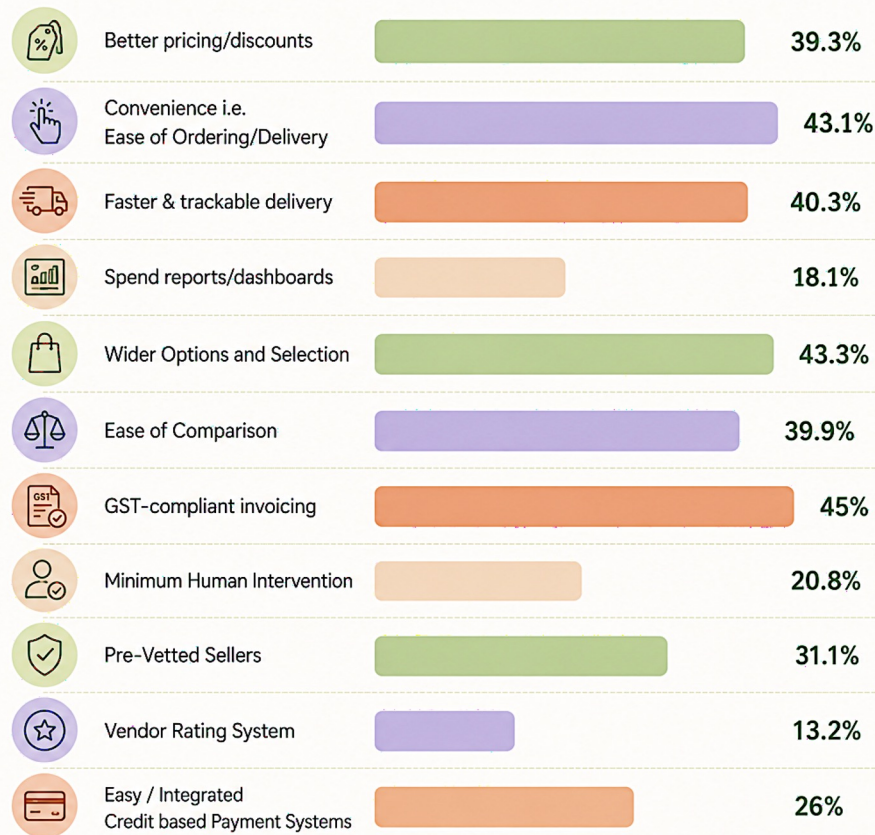
Number of Existing Users
of Digital Procurement
Platforms

16687

Businesses increasingly prefer digital procurement platforms that combine operational efficiency with reliability, with GST-compliant invoicing (45.0%), wider product choice (43.3%), ease of ordering (43.1%), and faster delivery (40.3%) emerging as the strongest decision factors.

The business value of digital procurement extends beyond immediate financial savings.

WHY MSMEs CHOOSE DIGITAL PLATFORMS?



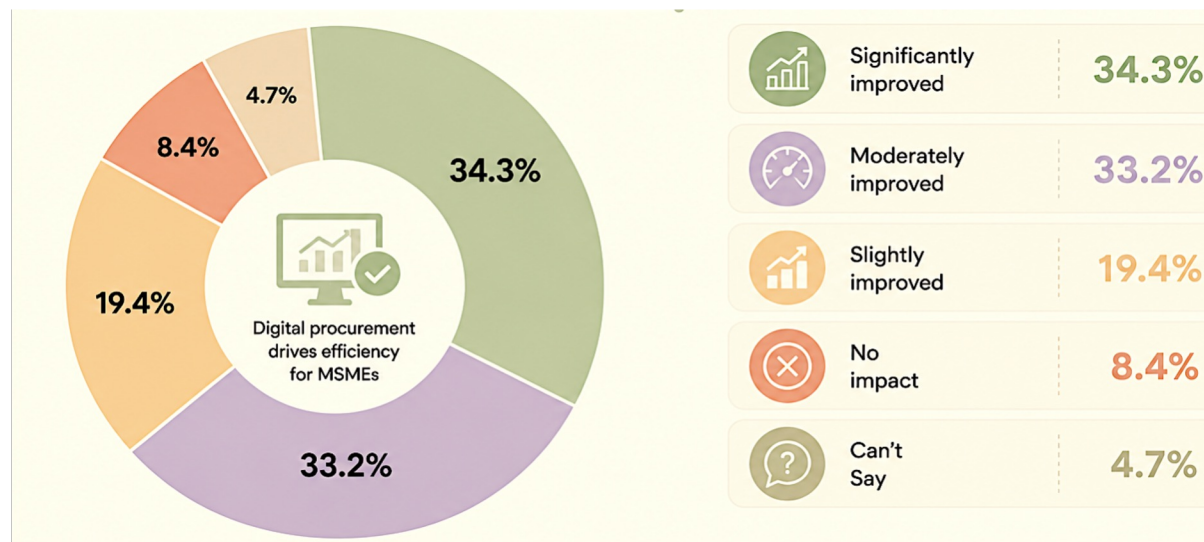
INDIA MSME DIGITAL PROCUREMENT SURVEY

Digital procurement creates value beyond immediate cost savings by improving operational efficiency, enhancing transparency, strengthening supplier collaboration, and increasing organisational agility. These benefits are consistent with evidence that identifies improved operational efficiency, lower procurement costs, enhanced supplier transparency, strategic sourcing and streamlined purchasing processes as the primary drivers of digital procurement adoption.¹

The effective integration of digital technologies into MSME operations has been associated with higher productivity and improved competitiveness.²

These advantages reduce search costs and **improve purchasing efficiency, particularly for routine and standardised purchases.**

HAS DIGITAL PROCUREMENT IMPROVED EFFICIENCY?



1 - Press Information Bureau (PIB). (2025). GeM Strengthens Digital, Transparent and Inclusive Public Procurement. Government of India., and PwC. (2024). Digital Procurement Survey 2024: Digital Procurement – Unlocking Sustainable Value.

2 - Vashisht, P. (2026). MSME Digitalisation in India: Current Status and Challenges. New Delhi: Research and Information System for Developing Countries (RIS).

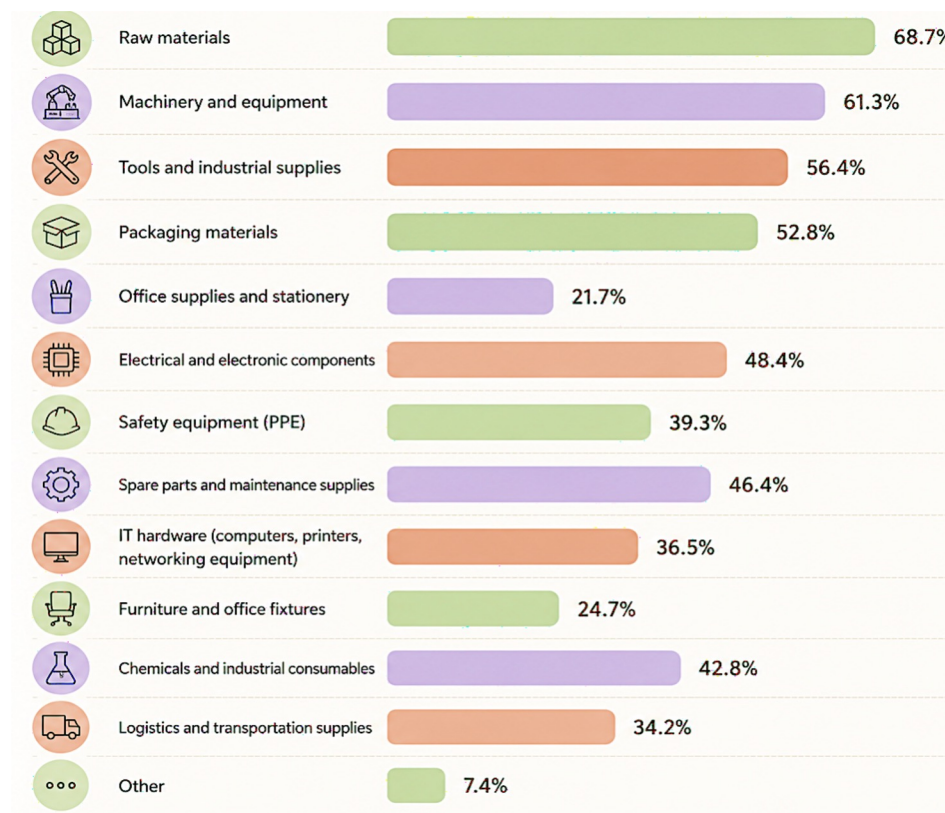
INDIA MSME DIGITAL PROCUREMENT SURVEY

Raw materials (68.7%) and machinery & equipment (61.3%) emerge as the top categories for future e-procurement, indicating that MSMEs are increasingly willing to source core production inputs online. Strong demand for tools and industrial supplies (56.4%) and packaging materials (52.8%) further **highlights the growing potential for digital B2B procurement platforms.**

Strong Future Demand for E - Procurement of Core Production Inputs

The results suggest that digital procurement is entering a new growth phase. Rather than limiting online purchases to office supplies and consumables, MSMEs increasingly expect digital platforms to support procurement of machinery, raw materials, industrial equipment, spare parts, and other strategic business inputs. This transition represents a significant opportunity for digital B2B ecosystems to become the primary procurement channel for Indian MSMEs.

WISH LIST OF PRODUCTS, CURRENTLY NOT PROCURING ONLINE

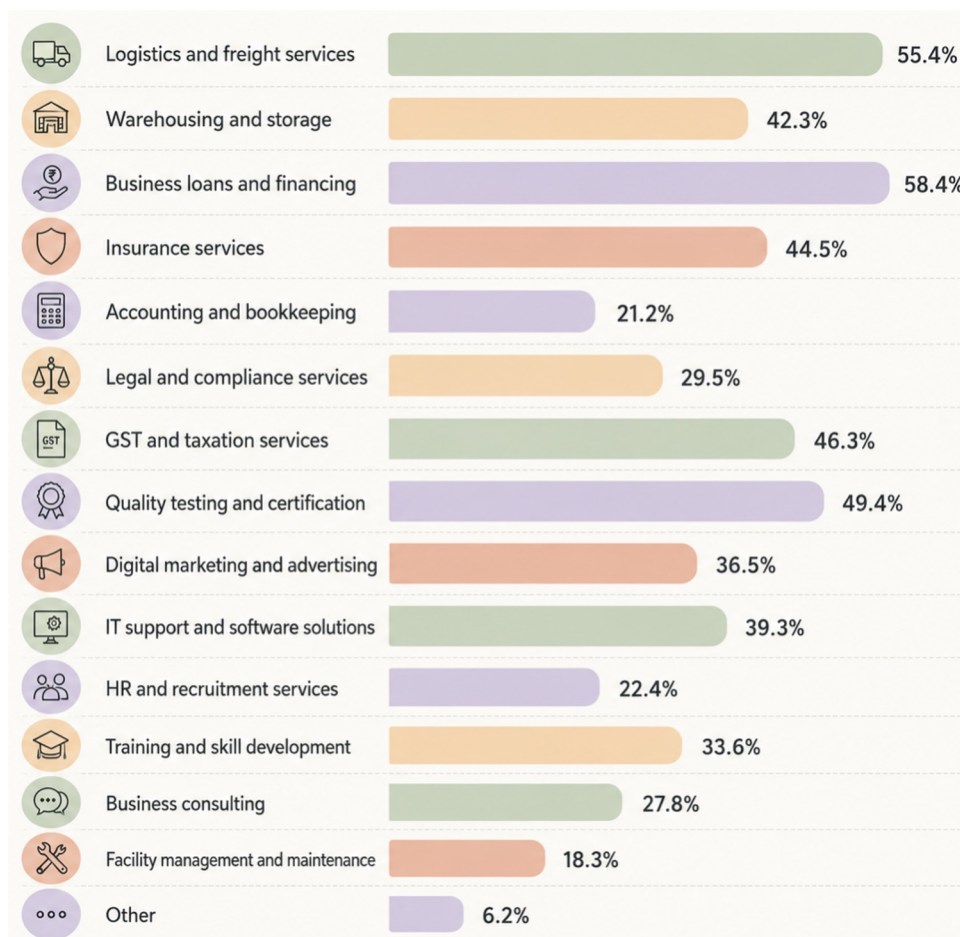


INDIA MSME DIGITAL PROCUREMENT SURVEY

Future demand is concentrated around business-critical enabling services rather than administrative functions, with financing (58.4%), logistics (55.4%), quality testing and certification (49.4%), GST and taxation (46.3%), insurance (44.5%), and warehousing (42.3%) emerging as the highest-priority categories, signaling **MSMEs' growing preference for integrated digital business ecosystems**.

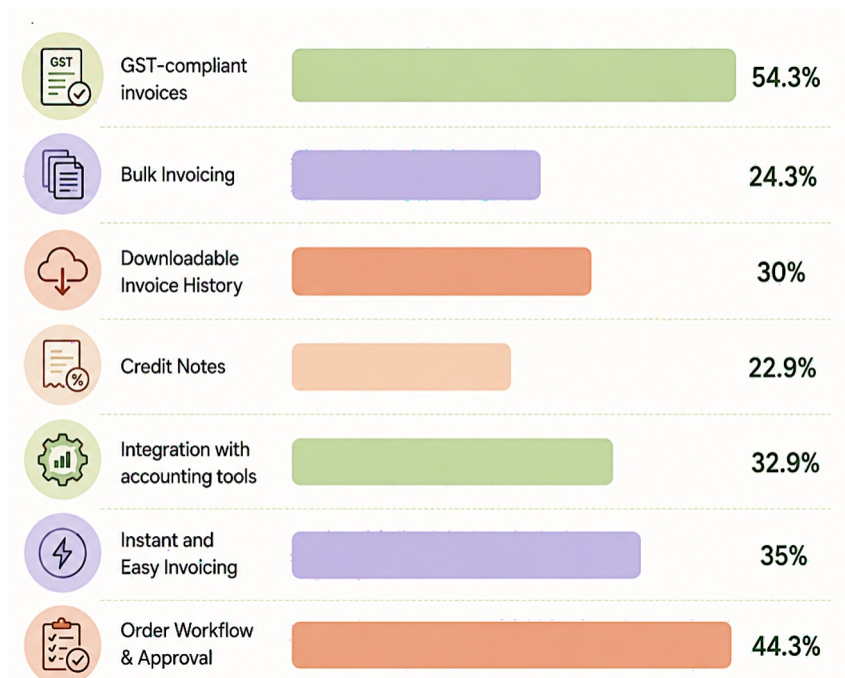
The strong preference for financing, logistics, GST services, quality certification, and insurance demonstrates that MSMEs are looking for comprehensive digital business solutions rather than isolated online services. As digital adoption matures, platforms that integrate procurement with finance, compliance, logistics, and advisory support will be better positioned to become trusted partners in MSME growth.

WISH LIST OF SERVICES, CURRENTLY NOT PROCURING ONLINE



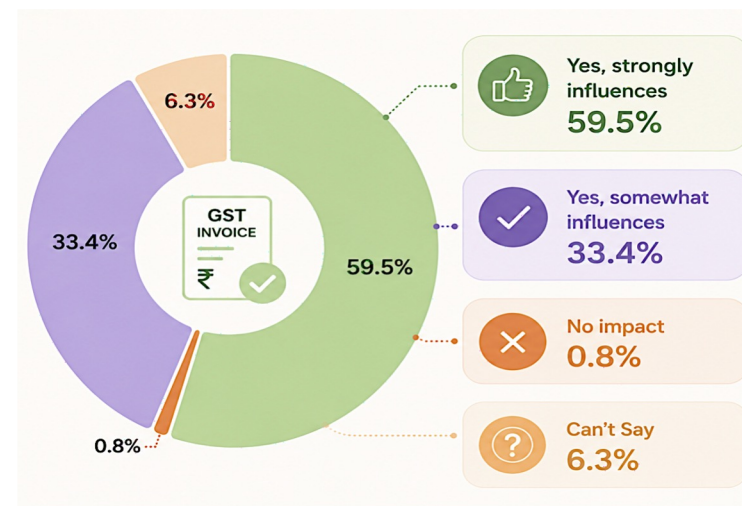
INDIA MSME DIGITAL PROCUREMENT SURVEY

CRITICAL FEATURES NEEDED IN DIGITAL PLATFORMS



GST-compliant invoices (54.3%) and order workflow & approval (44.3%) are the most valued invoicing features, reflecting **businesses' preference for platforms that simplify compliance while streamlining procurement processes.**

GST COMPLIANT INVOICING IN CHOICE OF DIGITAL PLATFORMS



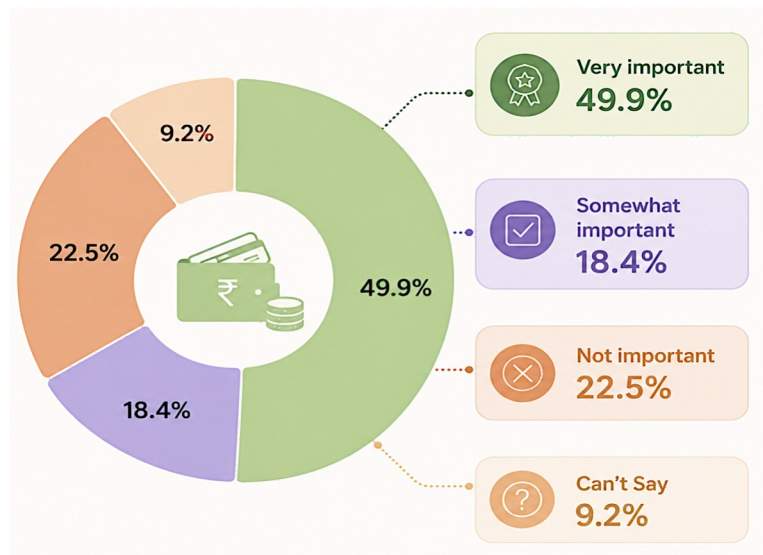
Around 59.5% of MSMEs say GST-compliant invoicing strongly influences their choice of digital procurement platform, highlighting that **seamless tax compliance has become a key driver of platform adoption.**

Digital procurement platforms enable MSMEs to compare supplier quotations in real time, improve price transparency, reduce information asymmetry, and simplify GST-compliant procurement documentation.*

* The Economic Times. (2026, June 26). Supplier Gaps, Invoice Compliance, Credit Access Continue to Hit 5 in 10 MSMEs: Survey. ET Online.,

INDIA MSME DIGITAL PROCUREMENT SURVEY

IMPORTANCE OF FLEXIBLE PAYMENT IN PROCUREMENT DECISIONS

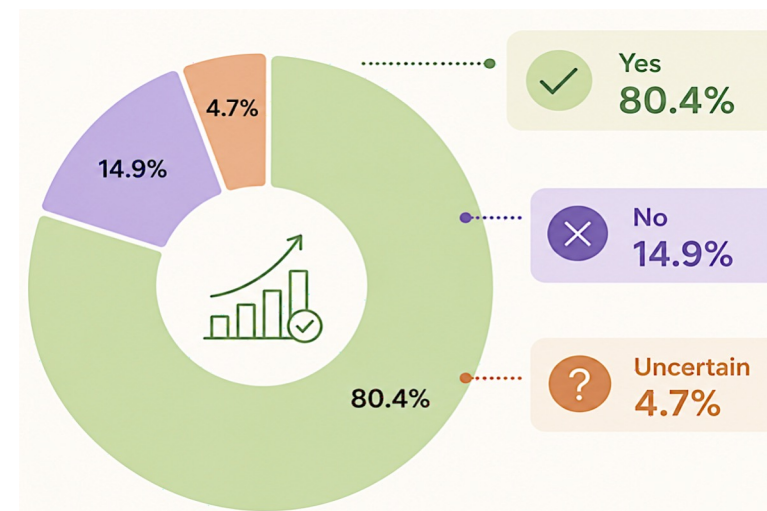


Nearly half of MSMEs (49.9%) consider flexible payment options such as credit and pay-later facilities to be very important in their procurement decisions, while a further 18.4% view them as somewhat important.

This indicates that access to **embedded finance is becoming a key determinant of platform choice**, helping businesses manage working capital, improve cash flow and make larger or more frequent purchases.

WILL DIGITAL PROCUREMENT PLAY A MAJOR ROLE IN GROWTH?

Four in five enterprises anticipate that **digital platforms will play a major role in expanding their business over the next three years.**

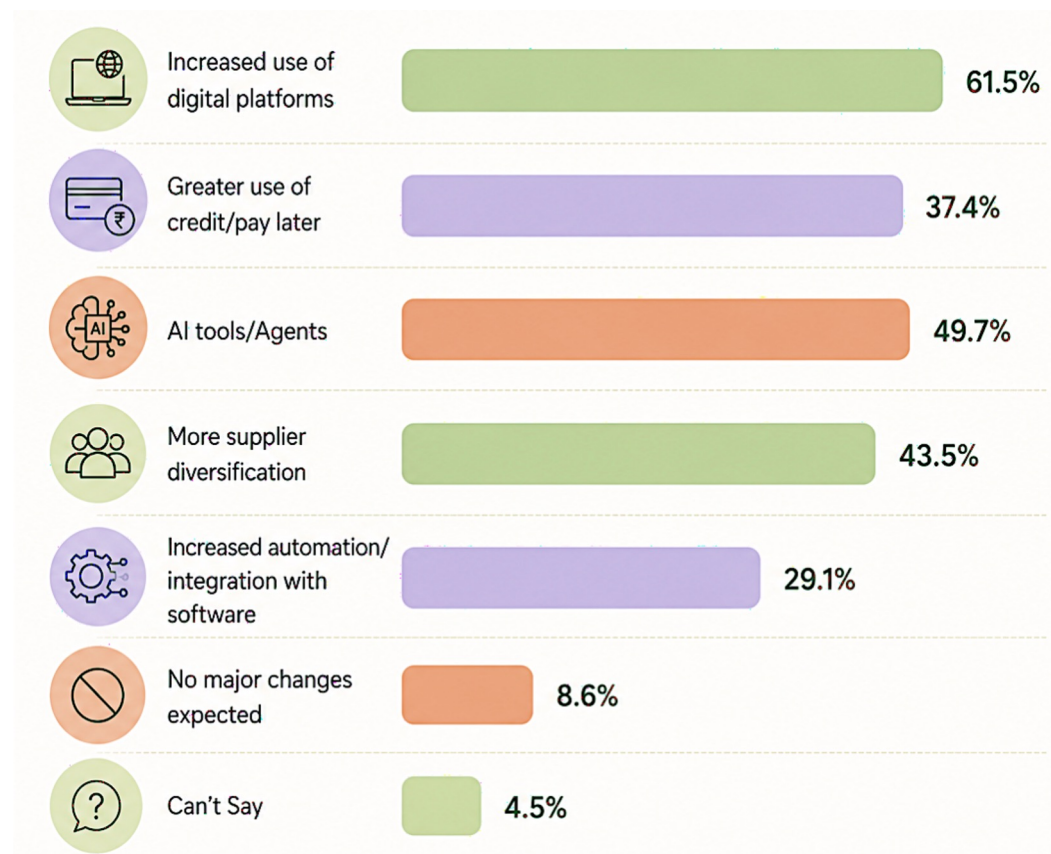


INDIA MSME DIGITAL PROCUREMENT SURVEY

EXPECTED CHANGES IN YOUR PROCUREMENT STRATEGY OVER NEXT 2 YEARS ?

The next phase of MSME procurement will be driven by increased use of digital platforms (61.5%), AI tools and agents (49.7%), and greater supplier diversification (43.5%), signaling **a shift towards smarter, technology-enabled and more resilient supply chains.**

The survey highlights a clear shift from digitising procurement transactions to transforming procurement strategy. MSMEs increasingly expect digital platforms to deliver intelligent sourcing, embedded finance, automation, and supplier diversification within a single ecosystem. This transition reflects the growing recognition of procurement as a strategic driver of productivity, resilience and long-term business competitiveness.

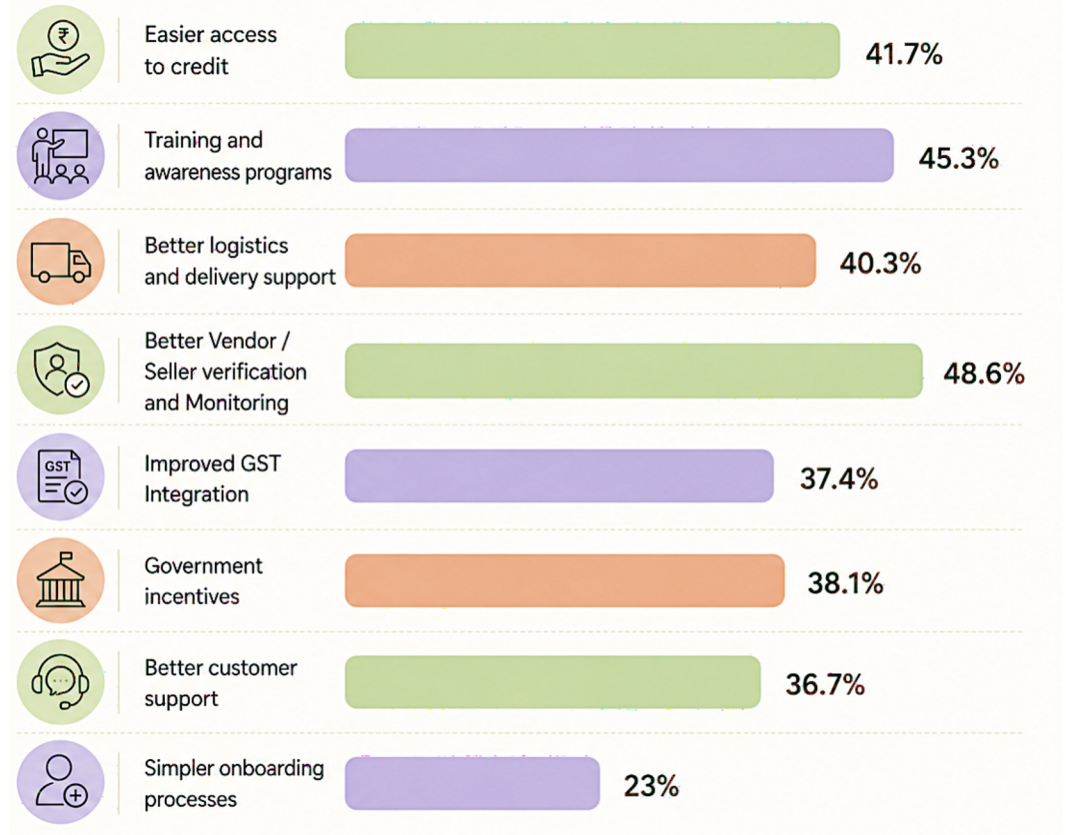


INDIA MSME DIGITAL PROCUREMENT SURVEY

SUPPORT REQUIRED TO INCREASE DIGITAL PROCUREMENT ADOPTION?

Better vendor/seller verification (48.6%), training and awareness (45.3%), and easier access to credit (41.7%) are the top enablers of digital procurement adoption, highlighting the need for **greater trust, digital readiness and financial support**.

The survey highlights that digital procurement adoption is increasingly constrained by ecosystem readiness rather than technology alone. Strengthening supplier verification mechanisms, expanding digital literacy initiatives, improving access to affordable credit, enhancing logistics infrastructure and simplifying compliance processes can significantly accelerate MSMEs' transition towards digital procurement while fostering greater trust and long-term platform adoption.



INDIA MSME DIGITAL PROCUREMENT SURVEY

WHICH PLATFORM DO YOU CONSIDER THE BEST FOR PROCUREMENT IN TERMS OF PRICE TRANSPARENCY & SUPPLIER QUALITY ?



Amazon Business emerges as a clear favourite of MSME respondents who have used digital procurement platforms.

Transparent pricing, verified suppliers, ease of ordering, reliable deliveries, GST-compliant invoicing, a wide product selection and responsive customer support emerged as the most important factors influencing platform preference.

These findings indicate that MSMEs value procurement platforms that offer trust, convenience, compliance and operational efficiency, enabling them to make informed purchasing decisions while ensuring a seamless procurement experience.

4		OFBUSINESS		11.2%
5		UDAAN		8.2%
6		FLIPKART BUSINESS		6.3%
7		INDUSTRYBUYING		5.1%
8		INDIAMART		3.4%
9		JUMBOTAIL		1.3%

INDIA MSME DIGITAL PROCUREMENT SURVEY

RATE THE PLATFORM YOU HAVE USED ON THE BASIS OF EASE OF USE & CUSTOMER SUPPORT?



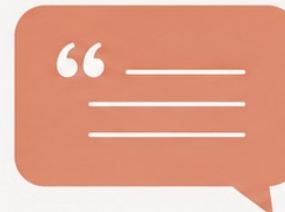
Amazon Business and Moglix emerged as joint leaders, each receiving an average rating of 9.5/10 for ease of use and customer support.

Meesho followed closely with a rating of 9.0/10, reflecting strong user satisfaction among MSMEs.



Real experiences. Real Impact.

Voices from
India's MSMEs.



INDIA MSME DIGITAL PROCUREMENT SURVEY



Owner,
Precision Engineering MSME | Pune

“ Honestly, my purchase guy used to waste two hours every single day driving around Bhosari market just to source basic factory items,-cutting fluid, drill bits, and safety gear.

We moved all those routine orders to **amazon business** last year.

The best part isn't even the pricing; it's getting proper GST credit invoices generated automatically on every order instead of chasing local vendors for weeks to get a tax invoice.

”



TOP RATED PLATFORMS ON THE BASIS OF EASE OF USE & CUSTOMER SUPPORT?



Director,
Engineering Components Manufacturer
| Ahmedabad

“ For industrial tools, safety gear and maintenance supplies, Moglix has become an integral part of our procurement process.

The product catalogue is comprehensive, technical specifications are clearly explained and the platform understands the needs of manufacturing businesses.

It has helped us minimise downtime by ensuring timely availability of essential industrial products.

”



INDIA MSME DIGITAL PROCUREMENT SURVEY

Founder,
Food Processing Enterprise | Indore

“ We go through thousands of corrugated boxes and rolls of stretch wrap every month.

Switching our packaging orders to **amazon Business** made a huge difference because we can compare rates across 4 or 5 sellers side-by-side on screen.

We managed to shave roughly 8 to 10 percent off our monthly packaging costs, and deliveries to our Indore unit are usually right on schedule.

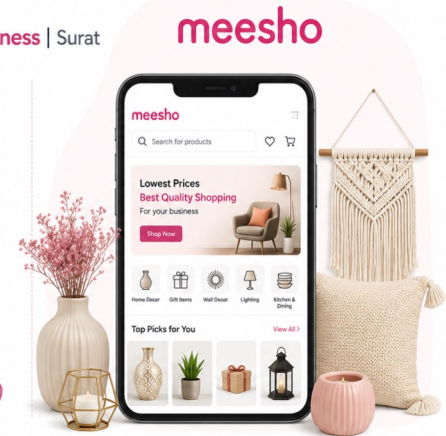


Owner,
Home Décor & Lifestyle Retail Business | Surat

“ We source a wide range of home décor, gift items and lifestyle products through Meesho for our retail business.

The platform offers an extensive product selection at competitive prices, allowing us to expand our catalogue without increasing procurement costs.

It has been particularly useful for identifying new products that appeal to our customers.



Owner,
Industrial Fabrication Unit | Kochi

“ For motors, welding machines, measuring instruments and maintenance equipment, **IndustryBuying** has consistently delivered a reliable buying experience.

Detailed product specifications and access to reputed industrial brands make it easier for us to select the right equipment.

The platform has improved the efficiency of our maintenance operations.



Director,
Pharmaceutical Distribution Company | Hyderabad

“ We regularly purchase office equipment, printers, barcode scanners, storage solutions and other operational supplies through **Flipkart Business**.

The ordering process is straightforward, deliveries are timely and bulk purchasing options help us manage costs more effectively.

It has become a reliable procurement channel for our non-core business requirements.



INDIA MSME DIGITAL PROCUREMENT SURVEY



Owner,
Wholesale Grocery & FMCG Distributor | Noida

“

Our business relies on **Udaan** for sourcing packaged food, beverages and FMCG products from multiple brands.

Access to a wider supplier network has improved product availability while helping us maintain competitive prices for our retail customers.

It has simplified inventory replenishment considerably.

”



Co-Founder,
Logistics & Warehousing Firm | Gurugram

“

When you're scaling up operations across multiple hub offices, setting up new vendor contracts for basic office supplies, label printers, and janitorial stuff takes forever.

We set up an **Amazon Business** account with multi-user access so our floor managers in different cities can place their own daily orders within set approval limits.

It saved us a ton of admin back-and-forth.

”

amazon business



Owner,
Kirana & Retail Chain | Nagpur

“

As our retail business has grown, **Jumbotail** has made grocery procurement much more efficient.

We can replenish staples, packaged foods and FMCG products quickly without coordinating with multiple distributors.

Reliable deliveries and consistent product availability have helped us improve inventory planning and reduce stock-outs.

”



Managing Partner,
Packaging Machinery Manufacturer | Jaipur

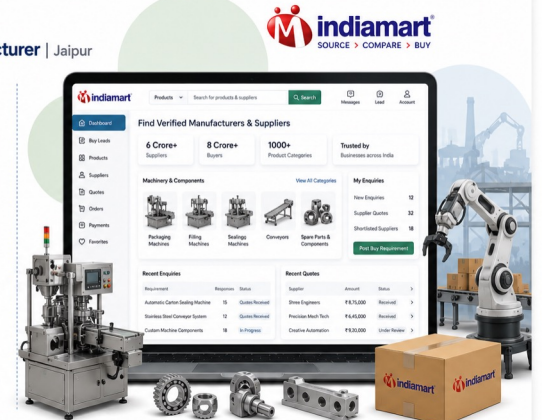
“

Whenever we need new machinery vendors or customised components, **IndiaMART** is usually our first stop.

It allows us to connect with multiple manufacturers, compare quotations and evaluate suppliers before placing an order.

The platform has significantly expanded our supplier network beyond our local region.

”



THE ROAD AHEAD FOR DIGITAL PROCUREMENT IN INDIA

PURCHASE EXECUTIVE

AI and Data are Redefining Procurement



Artificial Intelligence in Procurement

AI will transform procurement through:



Intelligent Supplier Discovery

Find the right suppliers faster with AI-powered search and insights



Predictive Demand Forecasting

Anticipate demand patterns and plan better



Dynamic Price Intelligence

Monitor price trends in real time and get optimal deals



Procurement Risk Monitoring

Identify, assess and mitigate risks across the supply chain



AI-powered Procurement Assistants

Automate tasks, answer queries and support decisions



Data: The New Procurement Infrastructure

Every procurement transaction creates valuable business intelligence.

Procurement data will enable:



Better Supplier Performance

Track, evaluate and improve supplier reliability



Smarter Pricing Decisions

Leverage data to negotiate better prices



Improved Inventory Planning

Optimize stock levels and reduce stockouts



Stronger Working Capital Management

Improve cash flow through better procurement cycles



Accurate Procurement Forecasting

Make data-backed forecasts for better business outcomes

Three Dimensions of MSME Procurement

1 Production Procurement



Raw materials



Components



Packaging

2 Operational Procurement



Technology



Office supplies



Utilities

3 Business Services Procurement



Logistics



Finance



Compliance



HR & Digital Services



AI + Data + Domain understanding = Smarter procurement decisions, stronger MSMEs, and a more competitive India.

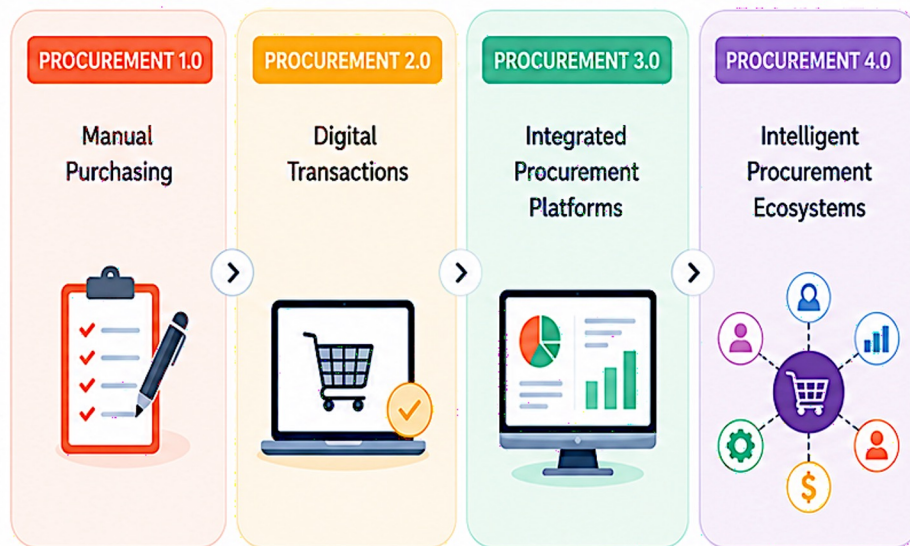


The Future of Digital Procurement

The future competitive advantage of MSMEs will lie not in accessing more suppliers, but in accessing better procurement intelligence.



Evolution of Procurement



From Manual Processes to Intelligent Ecosystems



Next-Generation Procurement Platforms Will Help MSMEs



Building the Procurement Ecosystem of the Future

1 Beyond Marketplaces: Integrated Business Ecosystems

Future procurement platforms
will seamlessly integrate:



2 The Next Wave of Procurement

Sustainable Procurement

- ESG & supplier ratings
- Carbon reporting
- Traceability
- Environmental certifications

Hyper-Personalised Procurement

- AI-generated buying plans
- Personalised supplier recommendations
- Smart procurement reminders
- Category-wise market intelligence
- Tailored financing options



The future of procurement is not just digital - it is intelligent, integrated, sustainable and personalised.
Technology should adapt to the enterprise, not require the enterprise to adapt to technology.

SUMMARY OF INSIGHTS

Trust, uneven digital readiness, and operational complexity remain key barriers to digital procurement adoption, leading many MSMEs to adopt a hybrid procurement model that combines digital platforms with traditional supplier relationships

Supplier reliability, GST compliance, payment delays, and logistics continue to influence procurement decisions, while demand for embedded finance solutions is steadily increasing

Digital skills, access to finance, interoperability, and organisational capability remain major barriers to SME digital transformation, highlighting the need for stronger institutional support and capacity building

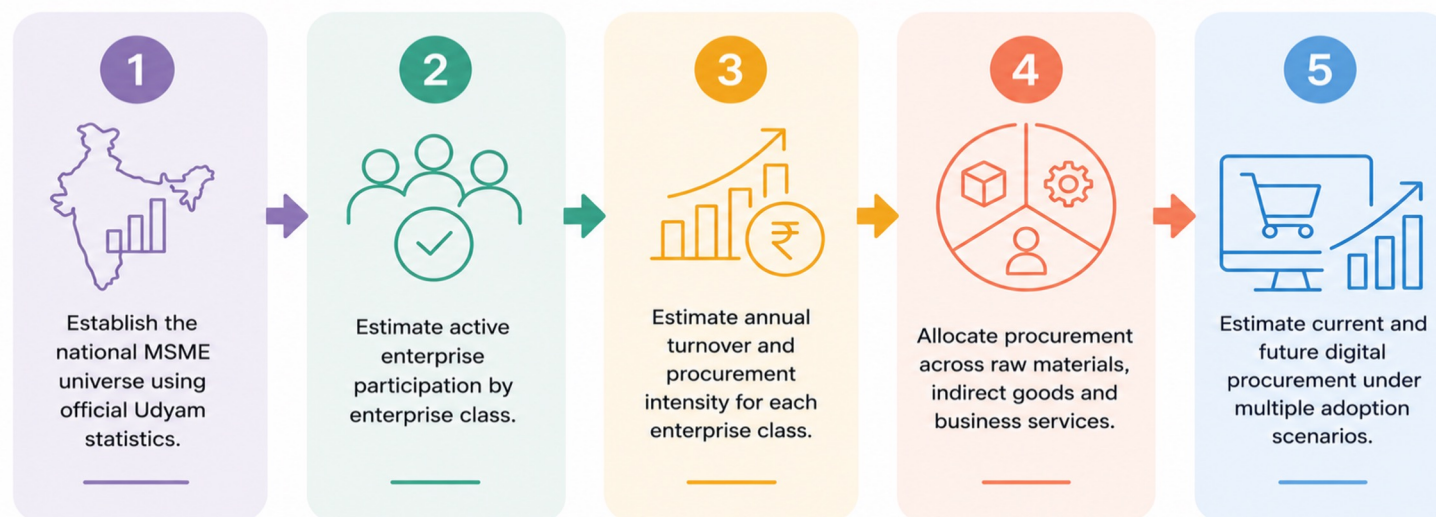
Digital supplier networks enhance procurement resilience through verified suppliers, real-time order visibility, digital catalogues and supplier performance analytics

Organisation for Economic Co-operation and Development (OECD). (2021). The Digital Transformation of SMEs. Paris: OECD Publishing;
Government e-Marketplace (GeM). (2025). Annual Report 2024–25. Ministry of Commerce and Industry, Government of India;
BusinessWorld. (2026). Digital Procurement Gains Pace as MSMEs Battle Supply Hurdles;
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Moglix Business. (2025). Tier 2 and Tier 3 Supplier Digitization: Unlocking India's Manufacturing Depth;
Annual reports of the Ministry of Micro, Small and Medium Enterprises, Government of India.
MSME Sambandh Portal – Public Procurement Data.

India has 515.3 lakh Udyam Registered MSMEs, including 509.5 lakh micro, 5.4 lakh small and 41,708 medium enterprises, forming the backbone of the economy.

Procurement is one of the largest recurring business expenditures for MSMEs and a key driver of productivity and competitiveness. The India SME Forum developed the **MSME Procurement Economy Model (MPEM)** to estimate the size, structure and digital procurement potential of India's MSME procurement economy. Built on official Udyam Registration (excluding Udyam Assist) data and transparent economic assumptions, the framework applies a structured five-stage methodology, illustrated below.

India SME Forum's MPEM Framework



India's SMEs constitute one of the largest procurement ecosystems, yet it's size has remained largely unmeasured till now.

A TRANSPARENT AND EVIDENCE-BASED ESTIMATE OF INDIA'S MSME PROCUREMENT ECONOMY

Enterprise Class	Registered Units	Active Rate	Active Enterprises	Avg Annual Turnover (₹ crore)	Aggregate Turnover (₹ tn)	Procurement percentage as of turnover	Total Procurement (₹ tn)	Procurement Split (₹ tn)	
								Raw Materials	Non-Raw Materials
 Micro	50,946,234	40.0%	20,378,494	0.3	61.1	55.0%	33.6	15.1	18.5
 Small	540,515	85.0%	459,438	20.0	91.9	65.0%	59.7	26.9	32.8
 Medium	41,708	90.0%	37,537	120.0	45.0	70.0%	31.5	14.2	17.3
 Total	51,528,457	40.5%	20,875,469	0.9	198.1	63.1%	124.9	56.2	68.7

 51.53 Million Registered MSMEs	 20.88 Million Active Enterprises	 ₹198.1 Trillion Aggregate Turnover	 63.1% Average Procurement Intensity	 ₹124.9 Trillion Total MSME Procurement Economy	 ₹56.2 Trillion Raw Materials Procurement	 ₹68.7 Trillion Non-Raw Materials Procurement
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Note: Figures may not add up due to rounding. | Source: Udyam Portal (July 27, 2026) and India SME Forum Analysis

KEY DATA INSIGHTS

1. DIGITAL PROCUREMENT IS MAINSTREAM



61.7%

16,687 MSMEs
are existing users of
digital procurement
platforms.



38.3%

10,358 MSMEs
are non-users,
indicating significant
room for adoption.



35.2% of enterprises conduct
no procurement digitally.

Adoption remains relatively shallow – only a small proportion of
enterprises conduct the majority of their procurement online.

2. CURRENT LEVEL OF DIGITISATION

Using weighted survey responses, the model
estimates an India Procurement Digitisation
Ratio (IPDR) of approximately

17.6%



Current annual digital
procurement of
₹22.0 trillion

The greatest opportunity lies not in attracting
first-time users but in increasing the share of
procurement conducted digitally.

3. STRONG INTEREST IN MORE CATEGORIES ONLINE

Respondents expressed strong interest in procuring
additional categories online, particularly:



Raw materials **68.7%**



Business loans and financing **58.4%**



Machinery and equipment **61.3%**



Tools and industrial supplies **56.4%**



Logistics services **55.4%**



Quality testing and certification **49.4%**

4. MASSIVE MARKET POTENTIAL



₹94.9 trillion

Digitally addressable
procurement
(Potentially addressable through
digital platforms)



₹72.9 trillion

Uncaptured digital
opportunity
(Procurement still outside
digital channels)



₹124.9 trillion

Total MSME Procurement
Economy (Base Case)
(India's annual procurement
economy)



THE ROAD AHEAD

Expanding digital procurement adoption across MSMEs can unlock significant gains in efficiency,
transparency, financing, and supply chain integration – creating one of the world's largest B2B commerce opportunities.

RECOMMENDATIONS



GeM is, by every available measure, India's most successful demonstration of transparent digital procurement at scale — connecting **1.36 lakh+** government buyer organisations with **~25 lakh** registered sellers, of which **~72%** are Micro and Small Enterprises, and processing cumulative transactions exceeding **₹18 lakh crore**. A World Bank assessment found GeM delivers average savings of **~9.75%** on the median price for government buyers.



Yet today, **only government organisations** can register as buyers on GeM; private enterprises — including the MSMEs this report surveyed — are not permitted to purchase through the platform, though its operators have indicated this is being explored for future expansion.



India should build on **GeM's proven model** — not by diverting government procurement,



but by extending the same standardised, scalable, **GST-linked, transparent-pricing architecture**



into a **parallel, open marketplace** that any registered MSME can use



to buy from **verified sellers**



This would let a nine-person manufacturing unit in Moradabad access the **same competitively priced, GST-compliant supplier base** that a government department already does.

RECOMMENDATIONS

1



BUILD AN OPEN DIGITAL PROCUREMENT ECOSYSTEM

Enable interoperability, open APIs, secure digital identity, and portability of supplier data and ratings.

2



ESTABLISH A NATIONAL MSME SUPPLIER TRUST FRAMEWORK

Create a voluntary trust framework with verified identity, compliance, ratings and dispute-resolution.

3



EXPAND EMBEDDED PROCUREMENT FINANCE

Offer embedded credit, invoice financing, digital trade credit and sector-specific finance solutions.

4



STRENGTHEN LOGISTICS AND FULFILMENT INFRASTRUCTURE

Improve logistics integration, shipment tracking, reverse logistics and warehousing access.

5



PROMOTE PROCUREMENT INTELLIGENCE

Use AI, analytics, benchmarking and forecasting to drive better procurement decisions.

6



BUILD MSME PROCUREMENT CAPABILITY

Drive procurement literacy, digital certification, toolkits and training through industry partnerships.

7



ENCOURAGE INNOVATION IN PROCUREMENT PLATFORMS

Promote AI assistants, PaaS, smart automation, integrated platforms and vertical ecosystems.

8



DEVELOP A PROCUREMENT DATA & INSIGHTS ECOSYSTEM

Leverage anonymised data to understand trends, benchmark prices, identify gaps and inform policy.

9



POSITION INDIA AS A GLOBAL LEADER IN MSME PROCUREMENT

Combine DPI, innovation, fintech, AI, logistics and inclusive access to set a global benchmark.

India Needs an open, trusted, data-driven and inclusive procurement ecosystem that empowers MSMEs, reduces costs, drives competitiveness and positions India as a global leader in digital procurement.

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While every effort has been made to ensure the accuracy of the information contained in this publication, the interpretations, conclusions and recommendations are those of India SME Forum.

2026



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India MSME Digital Procurement Survey 2026 of 27045 MSMEs
Global MSME Digital Procurement Study
Size of the Potential MSME Digital Procurement Market in India
The Road Ahead for MSME Digital Procurement in India