Manuscript ID:
IJEBAMPSR-2026-030404

Volume: 3

Issue: 4

Month: August

Year: 2026

E-ISSN: 3065-9140

**Submitted:** 07 July 2026
**Revised:** 12 July 2026
**Accepted:** 10 Aug. 2026
**Published:** 31 Aug. 2026

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DOI: 10.5281/zenodo.22332671

DOI Link:
https://doi.org/10.5281/zenodo.22332671



# MSMEs in Maharashtra: Growth, Problems, challenges and Policy Perspectives

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***Abstract***

*Micro, Small and Medium Enterprises (MSMEs) constitute an important component of Maharashtra's industrial and entrepreneurial ecosystem. The state has one of the largest concentrations of registered MSMEs in India and possesses a diversified industrial base covering food processing, textiles, pharmaceuticals, chemicals, automobiles, engineering, information technology, transport, financial services and other activities. As of 31 December 2024, Maharashtra had 75,40,150 MSMEs registered under Udyam/Udyam Assist, comprising 74,21,033 micro, 1,06,795 small and 12,322 medium enterprises. Despite their numerical importance, MSMEs face substantial constraints. These include inadequate and costly finance, working-capital shortages, delayed payments, inadequate industrial infrastructure, technology gaps, shortage of skilled labour, limited market access, regulatory and compliance burdens, inadequate managerial capabilities, digitalisation challenges and strong competition from large enterprises. Maharashtra's own Strategic Investment Plan under the Raising and Accelerating MSME Performance (RAMP) programme identifies several of these constraints and proposes interventions relating to finance, delayed payments, technology, market access, skills, infrastructure and institutional support. This paper uses secondary data and descriptive analysis to examine the structure of MSMEs in Maharashtra, identify major problems and assess existing policy responses. The analysis shows that the overwhelming majority of registered MSMEs are micro enterprises, indicating both the entrepreneurial depth of the state and the vulnerability of its enterprise base. The paper concludes that Maharashtra's future MSME policy should move beyond registration and focus on enterprise graduation, productivity, technology adoption, timely payments, access to finance, cluster development, skills, exports and stronger district-level business facilitation.*

***Keywords:*** *MSMEs, Maharashtra, entrepreneurship, finance, delayed payments, technology, market access, infrastructure, RAMP, Udyam Registration*

## Introduction

Micro, Small and Medium Enterprises are among the most important instruments for employment generation, entrepreneurship development, regional industrialisation and inclusive economic growth. The MSMED Act, 2006 provides the basic legal framework for MSMEs in India and covers both manufacturing and service enterprises. The Ministry of MSME identifies access to credit, technology upgradation, infrastructure, quality certification, management practices, skills, product development and market access as important areas of MSME policy. Maharashtra occupies a particularly important position in India's MSME landscape. Its large urban markets, ports, financial institutions, industrial corridors, skilled workforce, manufacturing clusters and diversified consumer base provide favourable conditions for enterprise development. The state is home to major industrial and commercial centres such as Mumbai, Pune, Thane, Nashik, Nagpur, Chhatrapati Sambhajinagar, Kolhapur and others. However, the presence of a large number of MSMEs does not automatically imply that these enterprises are financially strong, technologically competitive or capable of scaling. The central challenge is increasingly one of enterprise quality, productivity and competitiveness rather than simply enterprise creation.

## Research Methodology:

The study is based on secondary data. The data where collected from book journals website and annual reports.

**How to Cite this Article:**
*Nagargoje, D. M., & Mangal, S. S. (2026). MSMEs in Maharashtra: Growth, Problems, challenges and Policy Perspectives. International Journal of Economic, Business, Accounting, Agriculture and Management Towards Paradigm Shift in Research, 3(4), 19–24.* https://doi.org/10.5281/zenodo.22332671

**Objectives of the Study**

1. To examine the present status and structure of MSMEs in Maharashtra.
2. To analyse the distribution of micro, small and medium enterprises.
3. To examine the major problems faced by MSMEs.

**Period of Analysis:**

The principal quantitative analysis uses data available up to 31 December 2024, supplemented by policy and programme information available during 2025-26.

The official MSME classification was revised with effect from **1 April 2025**, based on updated investment and turnover criteria:

| Sr. No. | Category | Investment limit | Turnover limit |
|---|---|---|---|
| 1 | Micro | ₹2.5 crore | ₹10 crore |
| 2 | Small | ₹25 crore | ₹100 crore |
| 3 | Medium | ₹125 crore | ₹500 crore |

Therefore, data from different periods should not be compared without considering changes in MSME definitions and registration systems.

**Review of Literature**

**Bisht and Singh (2020/2021)** - in their systematic review "Challenges faced by micro, small and medium enterprises: a systematic review," classified the major challenges faced by Indian MSMEs into five broad categories: finance, human resources, market/export, technology/infrastructure and government-related issues. The authors emphasised the need to simplify loan disbursement procedures, provide alternative collateral mechanisms, improve employee skills, increase productivity and product quality, simplify statutory requirements and encourage the use of information technology. Their study provides an important conceptual framework for analysing MSME problems because it demonstrates that the challenges are interconnected rather than isolated.

**Singh and Sharma (2024) -** in "Navigating the Obstacles: A Systematic Review of Challenges Faced by MSMEs in India," reviewed previous research on MSME constraints and identified inadequate infrastructure, limited transportation and communication networks, insufficient technological advancement, lack of finance, weak managerial skills and inadequate awareness of quality standards as important barriers. The study reinforces the argument that MSME competitiveness depends on improvements across several dimensions simultaneously rather than on financial assistance alone.

**Hattiambire and Harkal** - in their literature review "Challenges and Future Prospects for the Indian MSME Sector," highlighted problems relating to bank credit, strategic management, financial literacy and attracting and retaining skilled talent. Their review is particularly relevant to the present study because it connects financial constraints with managerial and human-resource limitations.

**Bhalla and Kaur (2012) -** in "SMEs' Access to Finance: An Analysis of Attitude and Decision-making Criteria of Commercial Banks," examined the relationship between SMEs and commercial banks. They found that information opacity and perceived risk associated with SMEs influence banks' lending decisions and can result in a relatively conservative approach towards SME financing. The study suggests that improving financial transparency and reducing information asymmetry can facilitate greater access to institutional finance.

**Hattiambire and Harkal (2021) -** in their study "An Investigation into the Financial Performance of Micro, Small and Medium Enterprises (MSMEs) in Nanded, Maharashtra," examined the financial performance of 51 MSMEs in Nanded district using Data Envelopment Analysis (DEA). The study covered financial information for the period 2016-17 to 2020-21. The authors found substantial differences in financial efficiency among the sampled enterprises and suggested that inefficient enterprises should improve indicators such as return on assets, return on capital employed and net profit margin.

**Jawalkar (2025)-** in "Optimizing Financial Practices in Maharashtra's Small-Scale Industries: Key Challenges and Strategic Solutions," examined financial-management practices among small-scale industries in Maharashtra. The study highlighted financial constraints, inadequate financial-management practices, cash-flow management, financial planning and regulatory compliance as major concerns. It proposed greater financial literacy, modern financial technologies and improved regulatory support as possible solutions.

**Saranya (2025) -** in "Indian MSMEs Encounter with Delayed Payments: A Resource Dependence Theory Perspective," examined delayed payments from corporate customers using a Resource Dependence Theory perspective. Based on interviews with 35 MSME entrepreneurs, the study conceptualised delayed payments as a problem arising from the power relationship between MSME suppliers and larger corporate buyers.

**Kakde and Chaudhari (2018)** - in "Problems and Prospects of Medium, Small and Micro Industries in Bhandara District," examined 175 MSMEs from the Bhandara district of Vidarbha. Their surveybased study found that MSMEs faced problems relating to finance, labour, marketing and technical issues, with financial problems emerging as the most prominent.

**Jagtap (2017) -** in "Small and Medium Enterprises Need and Problems – A Study with Reference to In and Around Pune City of Maharashtra," examined the requirements and problems of SMEs around Pune. The study reflects the continuing importance of finance, infrastructure, technology, marketing and government support in the development of SMEs.

**Jadhav (2021) -** in "Problems Faced by Small Scale Agro Based Industries in Sangli District of Maharashtra," examined challenges facing agro-based industries. The study identified issues including the availability and quality of raw materials, low productivity, limited awareness, inadequate competitiveness, small landholdings, low technology adoption and low levels of automation.

**Pareek and Bagrecha (2017)** - in "A Thematic Analysis of the Challenges and Work-Life Balance of Women Entrepreneurs Working in Small-Scale Industries," examined the experiences of women entrepreneurs and highlighted the difficulties associated with establishing and managing small enterprises, including social pressures and work-life balance.

**Pawar and Shikhare (2026)** - in "Transitioning Maharashtra's Economy Through MSMEs: Growth, Innovation, and Employment," examined the role of MSMEs in Maharashtra's economic development using official data, state-government publications and financial-institution information. The study highlights finance, skill shortages, regulatory compliance and competition from larger firms as important challenges while emphasising innovation, employment and sustainable industrial development.

**Dhoke (2026) -** in "Challenges and Global Opportunities for MSMEs in Maharashtra: A Mixed Method Study of Commerce Transformation," examined Maharashtra's MSMEs in the context of changing commerce. The study identified limited access to finance, technological gaps, infrastructure bottlenecks, skill shortages and regulatory complexity as major challenges. It also identified digitalisation, e-commerce, global value chains and export-promotion initiatives as emerging opportunities.

**Profile of MSMEs in Maharashtra**

According to the Ministry of MSME's Annual Report 2024-25, as of 31 December 2024 Maharashtra had:

| Enterprise category | Number of enterprises | Share of Maharashtra MSMEs |
|---|---|---|
| Micro | 74,21,033 | 98.42% |
| Small | 1,06,795 | 1.42% |
| Medium | 12,322 | 0.16% |
| Total | 75,40,150 | 100% |

**Source: Ministry of MSME, Annual Report 2024-25**

The data reveal a highly micro-enterprise dominated structure. Approximately 98.4% of registered enterprises fall into the micro category. This has two implications.

First, Maharashtra has an extremely broad entrepreneurial base. Second, a large proportion of enterprises operate at a relatively small scale and may therefore be particularly vulnerable to credit constraints, delayed payments, rising input costs, technology gaps and market fluctuations.

The small and medium categories together account for only about 1.6% of registered enterprises. Consequently, an important policy issue is the movement of enterprises from micro → small → medium rather than merely increasing the number of registrations.

**Maharashtra's Position Compared with Other States:**

Maharashtra recorded the highest number of registered MSMEs among Indian states in the cited 31 December 2024 dataset. It had 75.40 lakh registered MSMEs, followed by Uttar Pradesh with 61.57 lakh and Tamil Nadu with 47.19 lakh.

**Table 2: Selected States by Registered MSMEs**

| Rank | State | Total MSMEs |
|---|---|---|
| 1 | Maharashtra | 75,40,150 |
| 2 | Uttar Pradesh | 61,56,840 |
| 3 | Tamil Nadu | 47,19,261 |
| 4 | West Bengal | 41,56,851 |
| 5 | Karnataka | 38,18,195 |
| 6 | Madhya Pradesh | 36,94,957 |
| 7 | Gujarat | 33,28,838 |

**Source: Ministry of MSME Annual Report 2024-25.**

Chart 2: Maharashtra Compared with Major MSME States

Maharashtra's leading position reflects its relatively mature industrial ecosystem, large urban markets, financial institutions, industrial clusters and entrepreneurial base. However, a high number of registrations should not be interpreted as evidence that every enterprise is economically active or financially healthy. Registration is an important indicator of formalisation, but survival, turnover, productivity, employment quality and export performance are better indicators of enterprise strength.

**Major Problems and Challenges Faced by MSMEs in Maharashtra:**

**1. Lack of Adequate Finance**

Micro enterprises often have limited collateral, short credit histories and inadequate financial documentation. Banks may therefore perceive some smaller enterprises as higher-risk borrowers.

Inadequate finance can result in:

Low investment → low productivity → weak competitiveness → low profitability → limited capacity to repay loans → difficulty obtaining further finance.

This creates a financing cycle that can restrict enterprise growth.

**2. Working Capital and Delayed Payments:**

Delayed payment is particularly serious for MSMEs because small businesses normally operate with limited cash reserves. Under the MSMED framework, payments to micro and small enterprises are subject to statutory timelines, and the MSME Samadhaan mechanism provides a route for delayed-payment disputes. The Ministry of MSME reported that, nationally, delayed-payment applications through the Samadhaan mechanism had reached 2,56,892 applications involving ₹55,244.31 crore by 31 December 2025.

**3. Infrastructure Problems:**

Industrial infrastructure is unevenly distributed across Maharashtra. While major industrial regions generally have better road connectivity, reliable power supply, logistics, financial services, industrial estates, ports, markets, and business-support institutions, smaller industrial clusters and enterprises in less-developed regions often face limitations such as unreliable electricity, inadequate water supply, shortage of industrial land, poor road connectivity, limited common testing facilities, insufficient waste-treatment facilities, weak logistics and warehousing, and inadequate broadband and digital infrastructure. These infrastructure gaps can increase production and operating costs and make it more difficult for industries in less-developed regions to compete and expand.

**4. Technology and Digitalisation Gap:**

Technology has become essential for the competitiveness of MSMEs. They increasingly need digital technologies for production automation, accounting, inventory management, digital payments, e-commerce, digital marketing, customer relationship management, quality control, data analytics, cybersecurity, and export documentation. However, many MSMEs may face difficulties in adopting these technologies due to high costs, limited technical knowledge, lack of skilled personnel, and inadequate digital infrastructure, which can reduce their productivity and competitiveness.

**5. Market Access and Marketing Problems:**

One of the major problems faced by MSMEs in Maharashtra is limited market access and weak marketing capabilities. Many MSMEs remain dependent on local markets and a small number of buyers, which limits their opportunities for growth. They often face challenges such as limited brand recognition, inadequate digital marketing, weak packaging and product presentation, insufficient knowledge of e-commerce and export procedures, limited participation in trade fairs, and weak connections with large corporations. In addition, many MSMEs find it difficult to meet the quality, quantity, and delivery requirements of large buyers, making it challenging for them to expand into wider domestic and international markets.

**6. Regional Imbalance :**

Maharashtra's MSME ecosystem is not uniformly distributed. Large concentrations occur around major economic and industrial centres, while comparatively less-developed districts may have fewer enterprises, weaker infrastructure and lower access to business-support services.This creates a risk of geographical concentration of economic opportunities.

**Analysis of Government Support:**

The government has developed several programmes to address MSME challenges. Major initiatives relevant to Maharashtra

| Sr. No. | Programme | Main purpose |
|---|---|---|
| 1 | Udyam Registration | Formalisation and identification of MSMEs |
| 2 | Udyam Assist Platform | Formalisation of informal micro enterprises |
| 3 | PMEGP | Credit-linked support for new micro enterprises |
| 4 | CGTMSE | Credit guarantee support |
| 5 | MSME Samadhaan | Delayed-payment dispute mechanism |
| 6 | RAMP | Finance, technology, market and institutional reforms |
| 7 | GeM | Government procurement opportunities |
| 8 | MSE-CDP | Cluster development |
| 9 | Skill development programmes | Workforce and entrepreneurial skills |
| 10 | TReDS | Receivable financing |

**Conclusion**

MSMEs are an important pillar of Maharashtra's economic development, contributing significantly to employment, entrepreneurship, industrial growth and regional development. The sector has considerable potential for generating income and supporting inclusive economic growth. However, MSMEs continue to face challenges such as inadequate finance, limited access to modern technology, shortage of skilled workers, poor infrastructure, delayed payments and market competition. These problems affect their productivity, profitability and long-term sustainability. The growth of digitalisation and new technologies provides opportunities for MSMEs to improve efficiency and expand their markets. However, adequate training, financial support and technological assistance are required to utilise these opportunities effectively. Regional differences also indicate the need for policies that address the specific requirements of different districts of Maharashtra. Overall, strengthening finance, infrastructure, skills, technology and market access is essential for improving MSME performance. A coordinated and inclusive policy approach can help Maharashtra's MSMEs become more competitive, resilient and sustainable contributors to the state's economic growth.

**Recommendations:**

1. Simplify procedures for obtaining loans and improve access to affordable institutional finance for MSMEs.
2. Create greater awareness of government schemes and subsidies through district-level support centres.
3. Encourage MSMEs to adopt modern technology, digital payments, e-commerce, and digital marketing to improve productivity and market access.
4. Strengthen skill-development programmes to address shortages of skilled workers and improve managerial capabilities.
5. Improve infrastructure, transportation, electricity, and internet facilities, particularly in developing industrial regions.
6. Introduce effective mechanisms to reduce delays in payments to MSMEs.
7. Provide special financial and training support to women entrepreneurs and micro enterprises.

**Acknowledgement**

I would like to express my sincere gratitude to all those who have supported and guided me in the completion of this research paper entitled "MSMEs in Maharashtra: Growth, Problems, Challenges and Policy Perspectives." First and foremost, I am deeply thankful to my Research Guide, Dr. Sadashiv Sitaram Mangal, Associate Professor and Research Guide, Department of Economics, Indrayani College, Talegaon, for his valuable guidance, encouragement, constructive suggestions and continuous support throughout the study.

**Financial support and sponsorship**

Nil.

**Conflicts of interest**

The authors declare that there are no conflicts of interest regarding the publication of this paper.

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