

Mid-Size Businesses – The Nation's Backbone

The role of mid-size companies in driving growth, employment, and innovation in India.

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Mid-size companies form the backbone of a nation

Mid-size businesses play a pivotal role in driving growth, creating employment, and fostering innovation. They are the backbone of any nation and can play a significant role in the nation's growth.

Mid-size businesses play a critical role in the economy for several reasons:

- Mid-size businesses create a substantial number of jobs, supporting livelihoods and reducing unemployment.
- They often innovate, finding efficient solutions and niche markets.
- They act as essential links in supply chains, supporting both large corporations and smaller businesses.
- By operating in diverse areas, they help develop regional economies and reduce urban-rural economic divides.
- Most importantly, if nurtured well, they could become the large corporates of the next generation.

According to a report by Great Place to Work, these businesses account for about 25% of the GDP and 45% of total exports. They are also key players in manufacturing, producing one-third of the sector's output and employing nearly 110 million people

Fortnightly Spotlight: Driving Growth for Mid-Size Businesses – Insights from ProsperoGS



Mid-Size Companies

Regional Development

Mid-size companies help develop regional economies and reduce economic divides.

Economic Contribution

Mid-size companies significantly boost GDP and economic growth.

Supply Chain Links

They are essential links in supply chains, supporting larger and smaller businesses.

Job Creation

They create numerous jobs, supporting livelihoods and reducing unemployment.

Innovation

These companies drive innovation by finding efficient solutions and niche markets.

As per the MSME Annual Report 2022-23, micro enterprises dominate, comprising over 99% of the 633.88 lakh MSMEs in the country, while medium enterprises account for only about 15,000 companies. This imbalance underscores the need for focused interventions to nurture and expand mid-size businesses.

At ProsperoGS, We Are Passionate About Correcting This Imbalance

This imbalance highlights the imperative to address disparities, promote the growth of mid-size businesses, and has only strengthened our resolve to work ever so hard in alignment with our purpose:

“We have been founded with the core purpose of delivering growth and prosperity for medium to large-size businesses, thereby creating a prosperous ecosystem and a prosperous nation.”

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Opportunities for Mid-Size Companies in 2025

•Economic Reforms and Government Initiatives:

- India's government has implemented several measures to ease the regulatory burden on businesses. Reforms include the reduction of over 39,000 compliances and the decriminalization of more than 34,000 legal provisions.

•Adoption of AI:

- The adoption of technologies such as artificial intelligence, blockchain, and cloud computing is expected to accelerate in 2025, providing a competitive edge to these enterprises.

•Supply Chain Integration:

- With global supply chains shifting in the wake of geopolitical tensions, India is positioned as an attractive alternative for manufacturing and sourcing. Mid-size businesses can capitalize on this trend by integrating into global value chains, especially in sectors like electronics, pharmaceuticals, and textiles.

•Access to Capital:

- Enhanced financial inclusion and initiatives by the Reserve Bank of India (RBI) to improve credit flow to MSMEs are expected to benefit mid-size businesses.

However, we also see a number of challenges mid-sized companies are faced with

Regulatory Hurdles: Despite reforms, mid-size businesses often grapple with complex regulatory frameworks and tax compliance issues. Simplifying these processes remains a critical need.

Skill Shortages: The availability of skilled labour is a persistent challenge. Mid-size businesses require a workforce adept at leveraging new technologies and navigating global markets.

Competition and Market Access: Increasing competition from both domestic and international players poses a challenge. Additionally, access to lucrative markets can be constrained by logistical inefficiencies and infrastructural gaps.

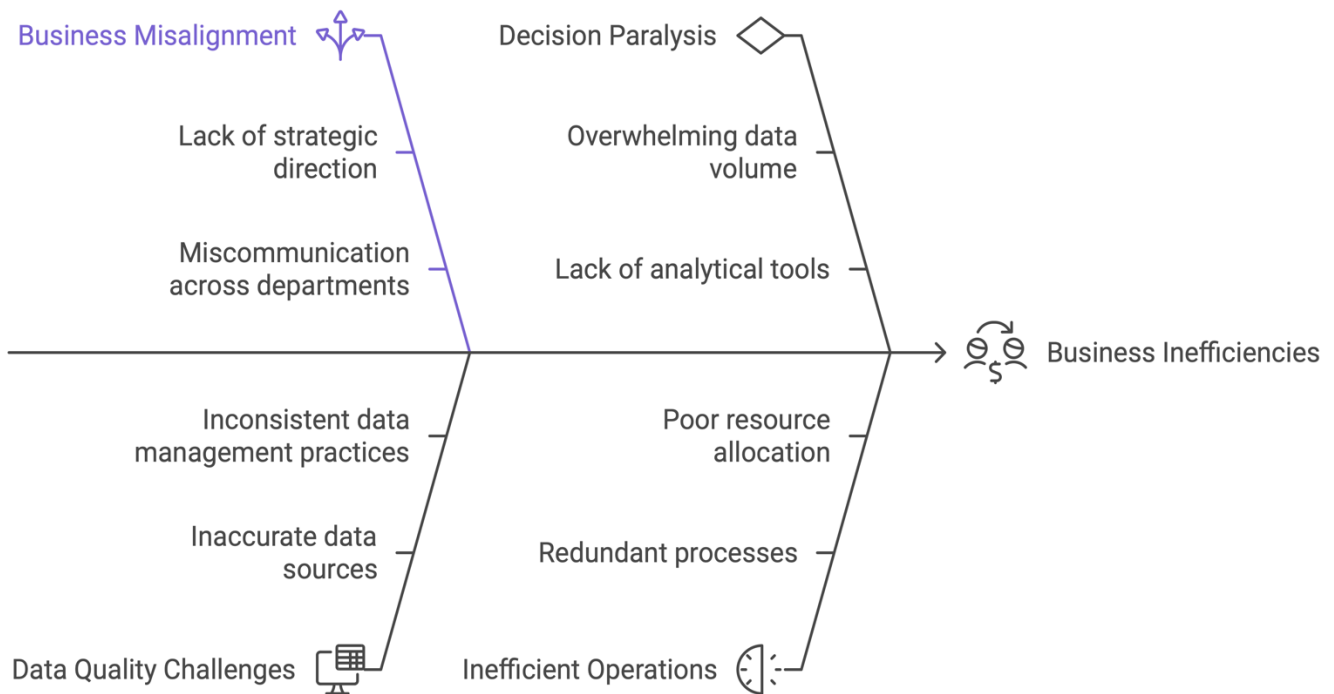
Technological Adoption: While digital transformation is an opportunity, the high costs associated with technology adoption can deter smaller mid-size businesses from fully leveraging it.

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In addition to the challenges listed above, most mid-size companies are faced with issues such as cash flow disruptions, stagnant revenue, demotivated teams, departmental & functional silos, eroding values, decision paralysis and culture preservation struggles.

Root Cause Analysis of Business Inefficiencies



These are Business misalignment, data quality challenges, decision paralysis caused by lack of visibility to the data, inefficient and ineffective operations, problems with sales & customer engagement functions and leadership's inability to plan & forecast.

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The way forward

As India moves towards 2025, we see tremendous potential that mid-size businesses have for creating significant value in the next three to five years. This time window is crucial for mid-size businesses to seize the significant opportunities that are available to grow their revenue, profitability and enterprise value.

To unlock the potential of mid-size businesses, we at ProsperoGS, have committed ourselves to the growth of mid to large size companies and have designed our business management framework - ProsperoGenius only for this purpose. We address the six underlying problems listed above by tackling six corresponding success factors through five solution towers and deliver consistent and sustainable improvement to eight business outcomes, thereby increasing Enterprise Value of the company.

The present government of India has implemented several initiatives to stimulate growth for mid-sized to large businesses in India:

- **Tax reforms** - corporate tax reduction: In 2019, the government reduced the base corporate tax rate from 30% to 22% for companies not seeking exemptions, and for new manufacturing companies, the rate was lowered from 25% to 15%.
- **Infrastructure development** - increased spending: The government has significantly increased infrastructure spending to boost economic growth.
- **Ease of Doing Business** -regulatory simplification: Efforts have been made to simplify regulations and improve the business environment to attract investment.
- **Manufacturing Sector Focus** -'Make in India' initiative: Launched to encourage domestic and foreign companies to manufacture in India, aiming to boost the manufacturing sector.
- **Export Promotion** - ambitious targets: The government aims to increase exports of goods and services to \$1.58 trillion by 2030, up from around \$700 billion.
- **Job Creation and Skill Development** -budget allocations: Significant funds have been allocated for job creation and skill development to support businesses in finding skilled labour.

These measures are designed to create a conducive environment for mid-sized to large businesses, fostering economic growth and development in India.

We at ProsperoGS have plunged ourselves into the cause of mid -size businesses and want to contribute to turning a significant number of mid-size companies into large enterprises.