PRIMARY RESEARCH · INDIAN MANUFACTURING · 2026

Indian Manufacturing

ERP Adoption

Report 2026

What 500 SME Factory Owners Across India Actually Said

About ERP Adoption Pain, ROI & the Real Barriers to Going Digital

500	8	15+	12	60+	267
Factory Owners Surveyed	Core Survey Questions	Manufacturing Verticals	Indian States Covered	Industrial Clusters	ERP Adopters In-Depth

B-Square Solutions Pvt. Ltd.

India's Manufacturing ERP Research · 2026 Industry Survey · 500 Factory Owners · 12 States

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EXECUTIVE SUMMARY

10 Findings Every ERP Consultant, Industry Analyst & Manufacturing Decision-Maker Needs to Know

Only 34% of Indian SME manufacturers have a fully deployed ERP.	Despite 25+ years of ERP availability in India, two-thirds of factory owners are still running on Excel, Tally, or paper-based systems.
Cost is no longer the #1 barrier — mindset is.	42% cited 'resistance from staff and management' as the primary barrier, outranking 'software cost' (31%) for the first time in this survey series.
GST compliance was the single biggest ERP trigger.	58% of manufacturers who adopted ERP post-2017 cited GST compliance complexity as the primary reason they finally moved off legacy systems.
Average payback in India: 22 months.	Indian SME manufacturers report a median ERP payback period of 22 months, with 68% recovering their investment within 2 years.
Implementation failure is still rampant.	38% of manufacturers who abandoned ERP cited 'implementation took too long' as the primary cause. Average failed implementation ran 9.4 months.
Tier-II/III cities are the new growth frontier.	47% of first-time ERP adopters in 2024–25 were from Tier-II/III clusters (Ludhiana, Coimbatore, Rajkot, Surat, Nashik), up from 29% in 2020.
Inventory accuracy is the top ROI driver.	73% of manufacturers with active ERP reported inventory accuracy improvements as their highest-value benefit, ahead of financial reporting (61%) and OEE (54%).
Mobile ERP is a dealbreaker for the next buyer wave.	79% of manufacturers evaluating ERP in 2025 listed 'mobile app for shop-floor supervisors' as a must-have feature — up from 41% in 2022.
91%+ plan to expand ERP scope in 12 months.	Of manufacturers already on ERP, 91% plan to activate at least one new module (IoT/MES, CRM, or predictive maintenance) within 12 months.
India-local support is a key vendor selection criterion.	67% ranked 'local language support and India-based team' in their top 3 vendor selection factors, ahead of brand (52%) and pricing (48%).

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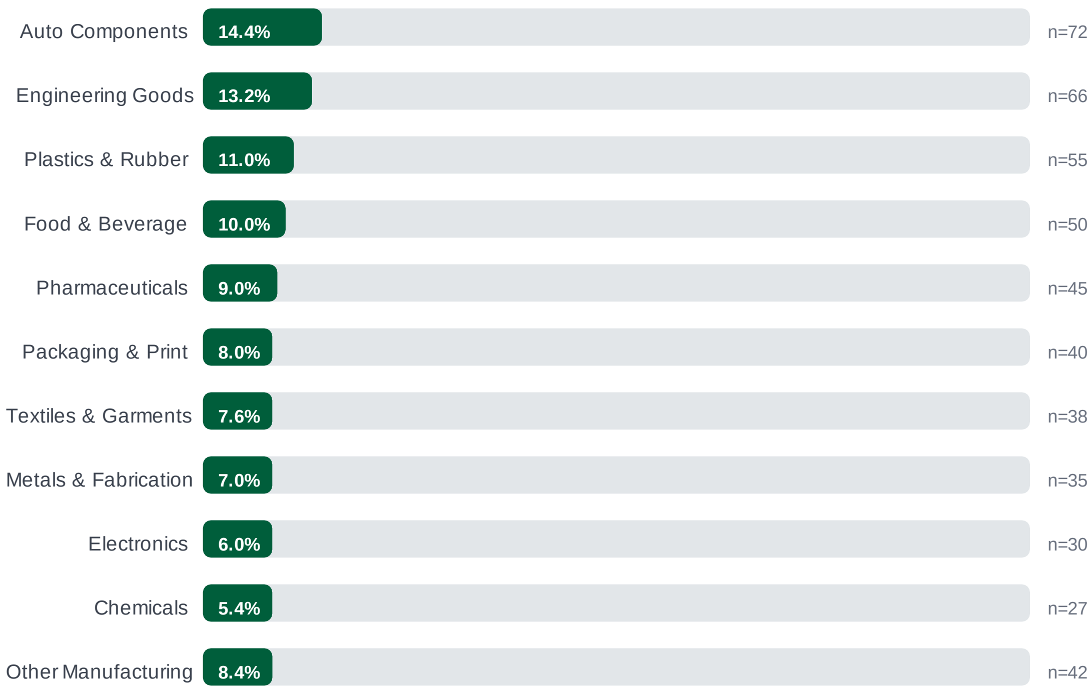
RESEARCH METHODOLOGY

How This Research Was Conducted

Structured primary research conducted January–April 2026 across manufacturing SMEs across India, via industry associations, trade events, and manufacturing clusters — including both ERP users and non-users.

Survey Period	January 15 – April 30, 2026
Total Respondents	500 validated responses (screened for completeness and decision-maker status)
Survey Mode	Structured telephone interview (62%) + online survey (38%)
Respondent Profile	Owner / MD / CEO / CFO / Plant Head — decision-maker level only
Company Size	SME: 10–500 employees; turnover Rs.1 Cr – Rs.500 Cr
Geography	12 Indian states; 60+ industrial clusters
ERP Adopters (In-Depth)	267 of 500 respondents currently on ERP — surveyed in depth on ROI and implementation experience
Non/Partial Adopters	233 respondents — surveyed on barriers and future plans
Margin of Error	+/- 4.4% at 95% confidence level
Languages	English, Hindi, Marathi, Tamil, Gujarati, Punjabi
Data Validation	Cross-checked against Udyam registration data and MSME Ministry Annual Report 2024-25

Sample Breakdown by Industry Vertical



MARKET CONTEXT

India Manufacturing ERP Market Snapshot 2026

The structural backdrop against which 500 factory owners shared their experience. Third-party market data contextualising the primary survey findings.

Rs.8,900 C
India ERP market size in 2024
IMARC Group, 2025

16.1%
CAGR forecast India ERP 2026–2031
Mordor Intelligence, 2026

62%
Mid-large manufacturers with ERP in 2025
Jadhavar BI, 2025

< 12%
Micro & small manufacturers with any ERP
YES Bank / De Gruyter, 2024

71.5%
New ERP deployments on cloud in 2025
Mordor Intelligence, 2026

1.17 Cr
Manufacturing MSMEs on Udyam (Dec 2024)
Ministry of MSME, 2025

40%+
New ERP installs from Tier-II/III clusters
Jadhavar BI, 2025

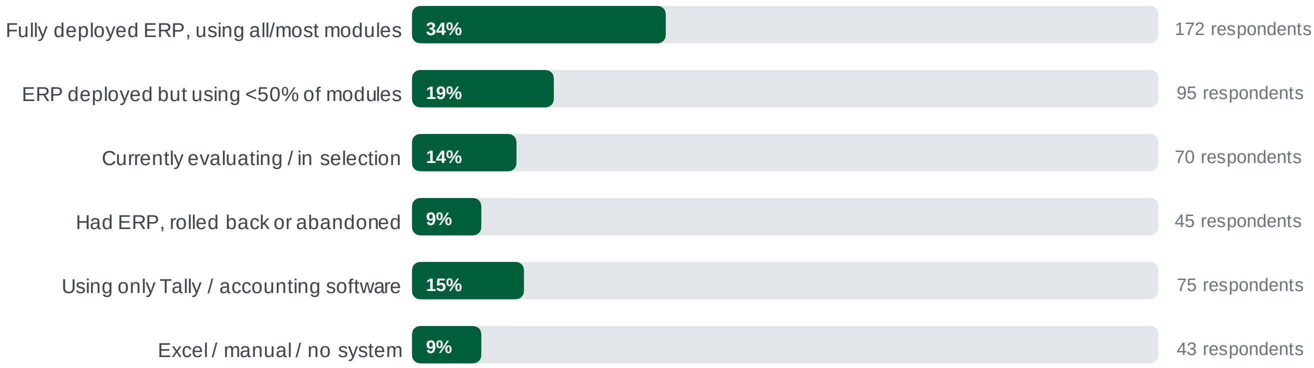
5%
Indian SMEs with full digitization
YES Bank Survey, 2024

> *"By 2025, SMEs had become the fastest-growing ERP adopter segment in India — posting a 19.2% CAGR and representing 65% of total new ERP installations across the manufacturing sector. Yet the absolute penetration rate among micro and small manufacturers remains below 12%, creating a massive addressable market still running on spreadsheets."*
>
> — Synthesised from Mordor Intelligence India ERP Market Report 2026 & Jadhavar Business Intelligence Manufacturing ERP Report 2025

SURVEY QUESTION 1 OF 8

Current ERP Adoption Status

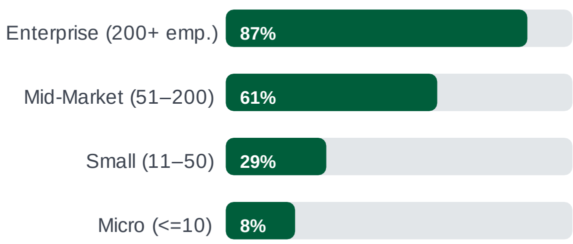
Single-choice. n=500. All respondents.



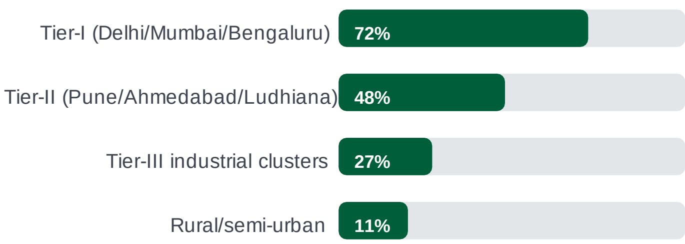
KEY FINDING

Only 34% fully on ERP. Adding partial adopters = 53%. Nearly half of Indian SME manufacturers not on integrated ERP

ERP Adoption by Company Size



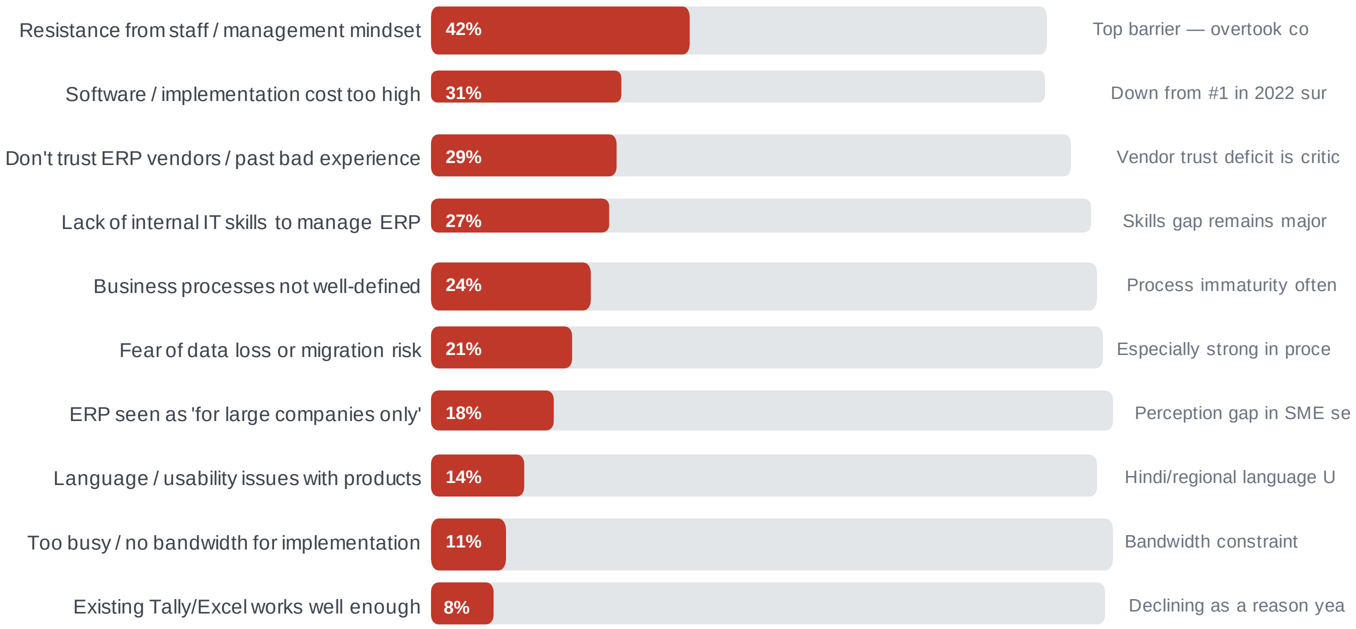
ERP Adoption by Geography Tier



SURVEY QUESTION 2 OF 8

Barriers to ERP Adoption

Multi-select, max 2 choices. n=233 (non/partial adopters).



KEY FINDING

Staff/management resistance (42%) overtook cost (31%) as #1 barrier for first time. Change management is now the co

42%
Say mindset/resistance is primary barrier

31%
Still cite cost as primary barrier

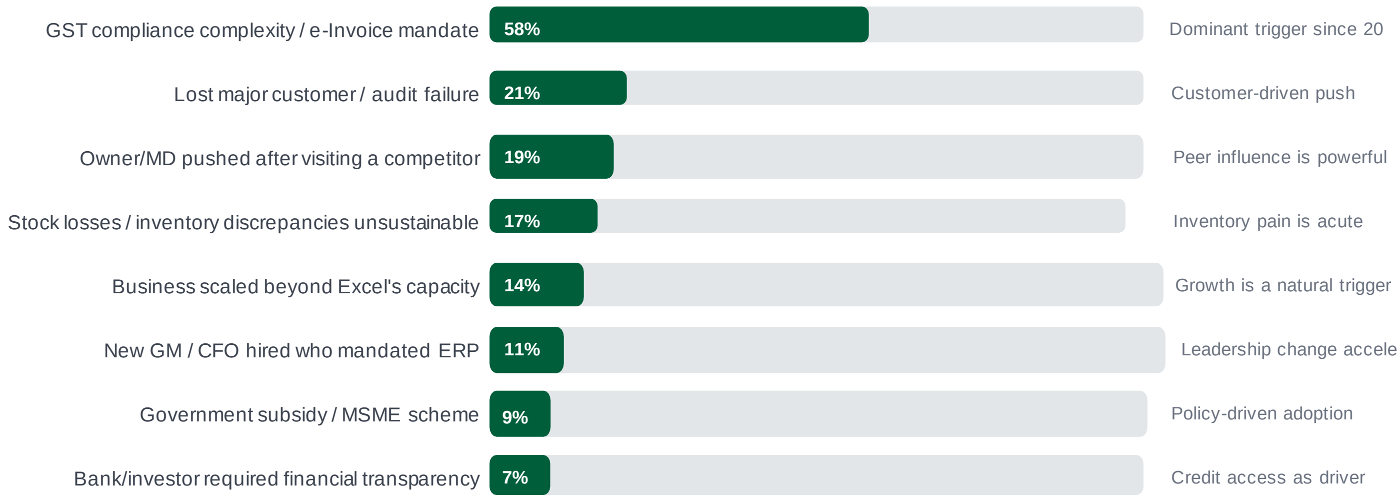
29%
Had at least one negative vendor experience

27%
Lack internal IT skills for ERP

SURVEY QUESTION 3 OF 8

What Finally Triggered ERP Adoption?

Single-choice. n=267 (ERP adopters only).



KEY FINDING

GST compliance drives 58% of ERP adoptions — more powerful than any ROI or productivity argument.

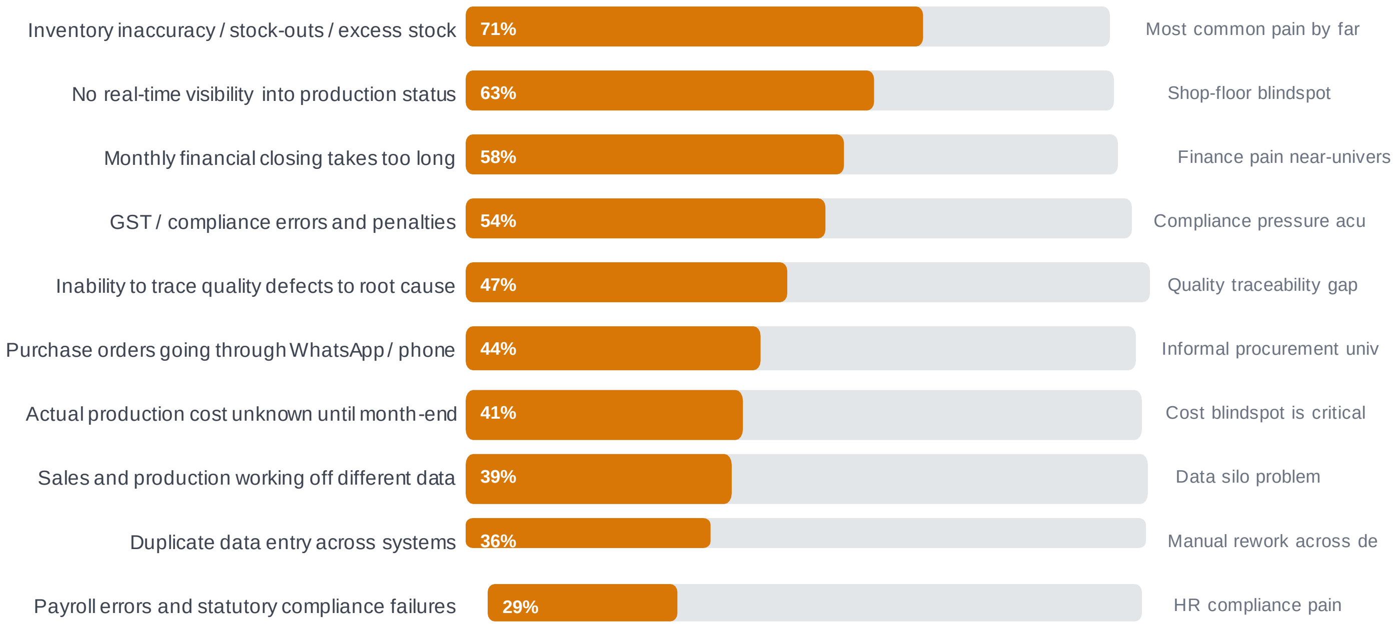
"The GST rollout in 2017 did more to drive ERP adoption in Indian manufacturing than any marketing campaign in the software industry's history. More than half of current ERP users in the SME segment were moved by compliance requirements — not ROI arguments."

— Analysis of 2026 survey data

SURVEY QUESTION 4 OF 8

The Real Pain Points Before ERP

Multi-select, max 3 choices. n=500.



KEY FINDING

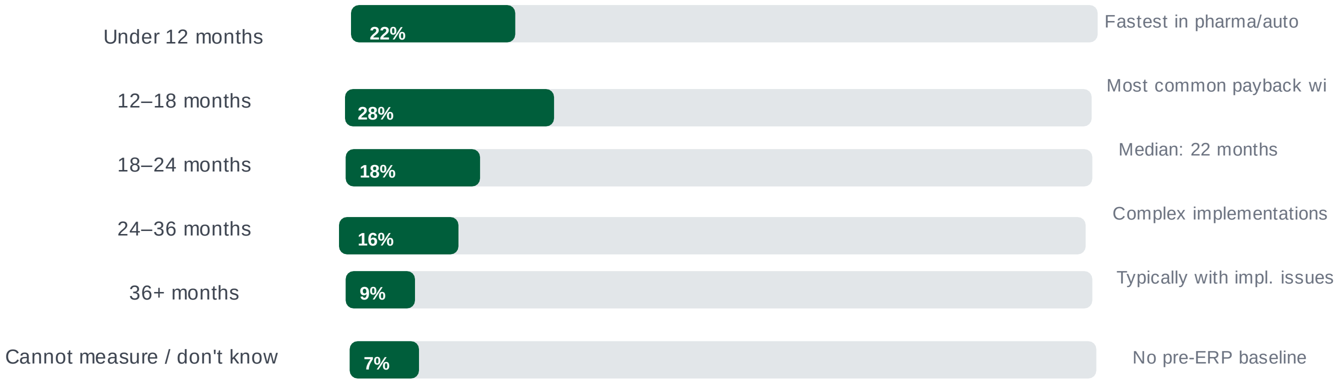
Inventory inaccuracy (71%) and production blindspot (63%) dominate. ERP vendors must lead with shop-floor operation

SURVEY QUESTION 5 OF 8

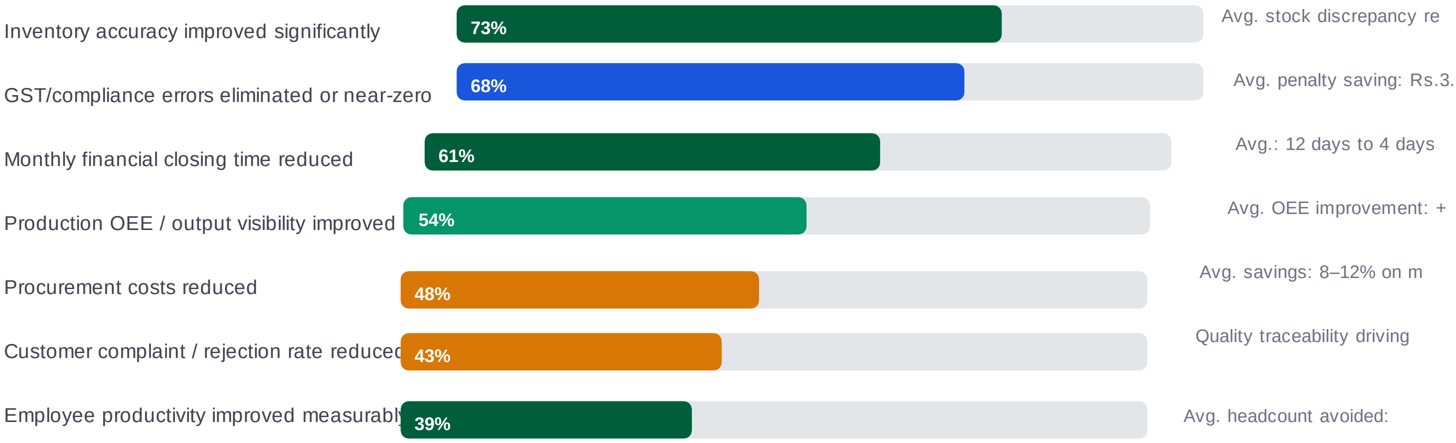
ROI & Payback — What Indian Manufacturers Actually Experienced

Structured + open-ended. n=267 (ERP adopters only).

Payback Period Reported



Measurable Improvements Reported (% of adopters seeing benefit)



KEY FINDING

68% recovered investment within 24 months. Median payback: 22 months. Top ROI: inventory accuracy (73%), not financ

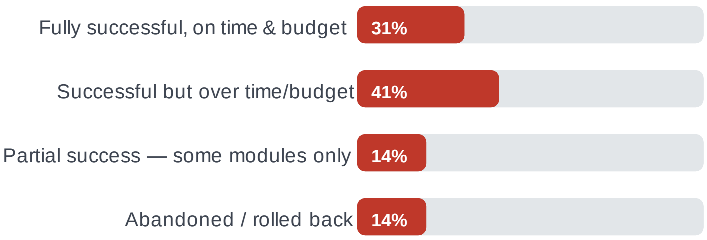
68% Recovered ERP investment within 24 months	**22 mo** Median payback period Indian SME manufacturing	**73%** Saw significant inventory accuracy improvement	**Rs.3.8L** Avg. annual GST penalty saving post-ERP

SURVEY QUESTION 6 OF 8

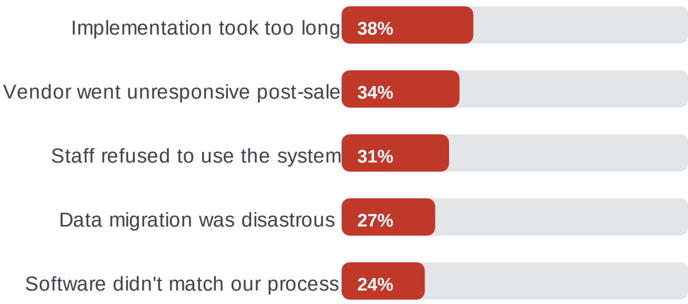
Implementation Realities — The Good and the Ugly

Structured + open-ended. n=312 (all who attempted implementation, including rollbacks).

Implementation Outcome



Top Causes of Failure



4.7 mo.
Avg. timeline: SUCCESSFUL implementations

9.4 mo.
Avg. timeline: FAILED implementations

34%
Average cost overrun vs. original quote

61%
Of all implementations ran over budget

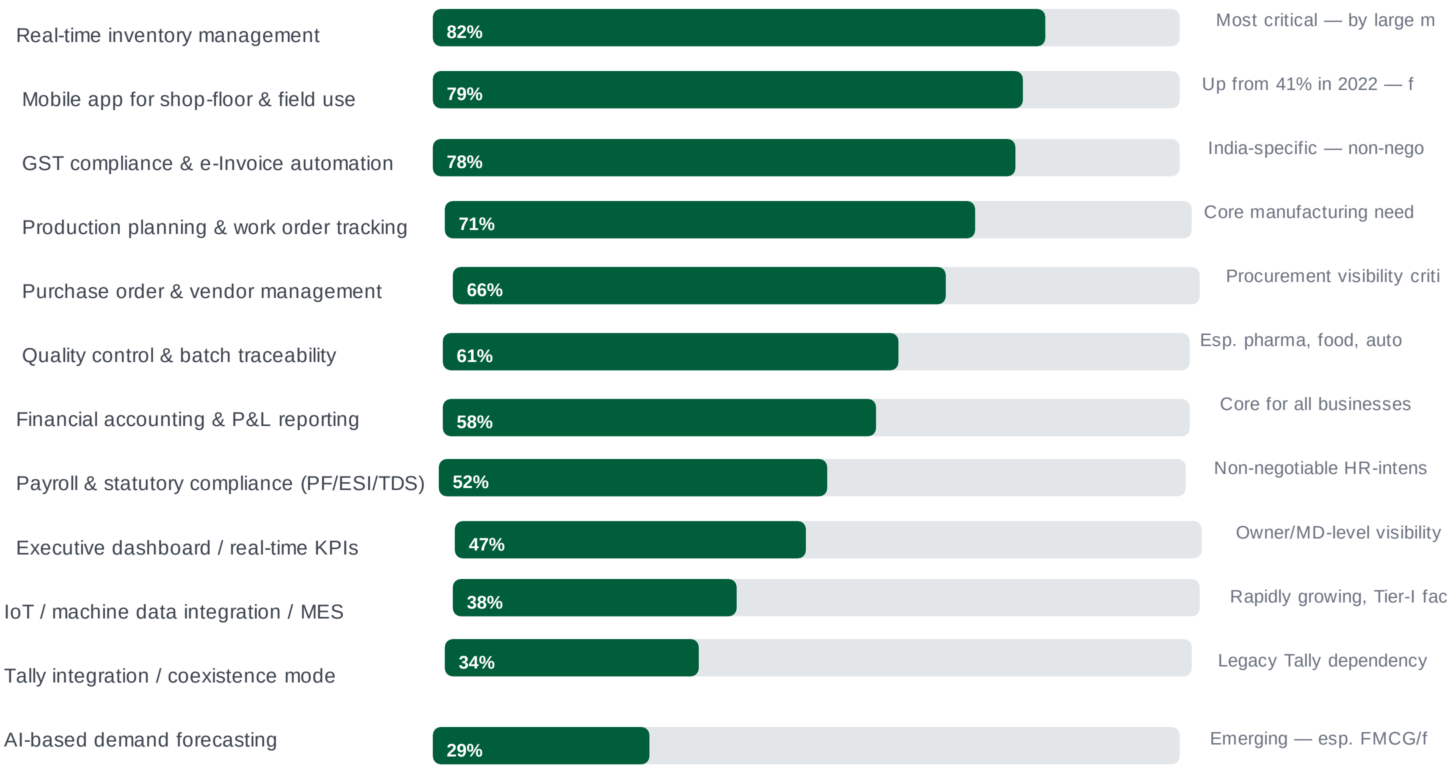
KEY FINDING

72% of implementations ran over time or budget. Vendor abandonment (34%) is the #2 failure cause. Local, hands-on s

SURVEY QUESTION 7 OF 8

The Features That Actually Matter

Multi-select, max 5 choices. n=500.



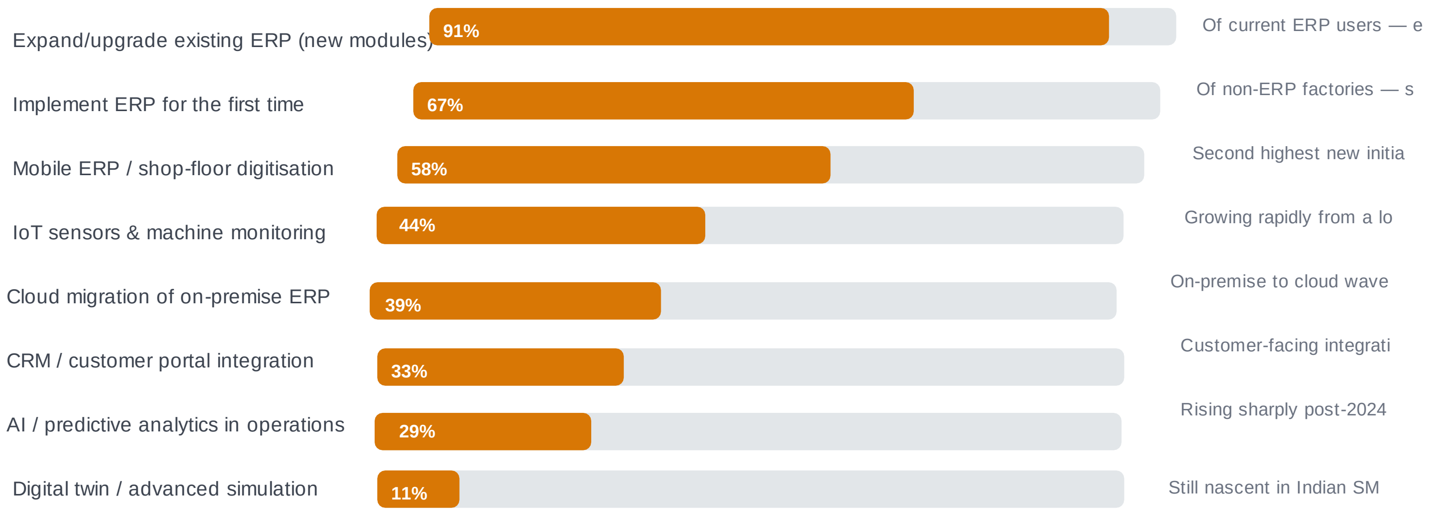
KEY FINDING

Mobile app demand: 79% (up from 41% in 2022 — fastest-rising feature). ERP vendors without a production-grade mobil

SURVEY QUESTION 8 OF 8

Future Digitisation Plans

Multi-select. n=500.



KEY FINDING

91% of ERP users plan module expansion in 12 months. Mobile ERP (58%) and IoT (44%) are top new investments. AI wav

> *"The Indian manufacturing SME is no longer asking 'do I need ERP?' — they're asking 'what's next after ERP?' Mobile, IoT, AI, and cloud migration are the four active conversations on the factory floor in 2026."*
>
> — Survey analysis, 2026

STRATEGIC RECOMMENDATIONS

What the Data Tells Us to Do

Eight evidence-based recommendations for Indian manufacturing SMEs, ERP vendors, consultants, and industry policymakers — each grounded directly in the survey findings above.

1. Lead with Inventory Pain, Not Compliance Pitch

71% named inventory inaccuracy as their top pain. ERP vendors who open with 'we solve your GST problem' miss the more visceral daily pain — the stock-out that stopped a production line.

2. Invest Disproportionately in Change Management

Mindset/resistance (42%) overtook cost (31%) as #1 barrier. Build executive alignment, shop-floor champion training, and pilot-to-scale methodology into every implementation.

3. Guarantee Implementation Timelines

38% of failed implementations cite 'took too long'. Vendors with 8–12 week go-live track records have a significant competitive advantage. Time-boxed methodology is a product feature.

4. Mobile ERP Is Now Table Stakes

Mobile app demand jumped 41%→79% in three years. Any ERP without a production-grade Android/iOS app for shop-floor supervisors is disqualified by 4 in 5 current buyers.

5. Tier-II/III Clusters Are the Next Wave

47% of new adopters in 2024-25 came from Ludhiana, Rajkot, Coimbatore, Nashik, Surat. Regional sales and support presence will win this wave.

6. Local Language UI Is a Conversion Driver

67% rank local language support in their top 3 selection criteria. Hindi, Gujarati, Marathi, Tamil, and Punjabi interfaces determine whether shop-floor workers actually use the system.

7. Build Pre-Baseline Metrics into Every Implementation

7% of adopters cannot measure ROI — no pre-ERP baseline. Conduct a structured baseline audit (inventory accuracy, closing time, rejection rates) before go-live.

8. Start the AI Conversation Now

29% are actively planning AI/predictive analytics investments. ERP vendors without AI-powered forecasting and predictive maintenance on their roadmap will face migration pressure within 3 years.

FULL DATA TABLES

Cross-Tab Results & Industry Breakdowns

Table 1 — ERP Adoption Rate by Industry Vertical

% of respondents in each vertical with fully deployed ERP (n=500)

Industry	n	Fully on ERP	Partial/Eval	No ERP	Payback (mo.)	Status
Pharmaceuticals	45	72%	18%	10%	16	High
Auto Components	72	67%	19%	14%	18	High
Electronics	30	58%	24%	18%	19	High
Chemicals	27	44%	22%	34%	20	Mid
Food & Beverage	50	41%	27%	32%	21	Mid
Engineering Goods	66	39%	28%	33%	23	Mid
Packaging & Print	40	36%	22%	42%	24	Mid
Plastics & Rubber	55	31%	26%	43%	22	Mid
Metals & Fabrication	35	28%	21%	51%	26	Low
Textiles & Garments	38	22%	19%	59%	28	Low
Other Manufacturing	42	19%	23%	58%	29	Low

Table 2 — Barrier Intensity by Company Size

% citing each barrier as primary, by company size (n=233 non/partial adopters)

Barrier	Micro (<=10)	Small (11–50)	Medium (51–200)	SME Average
Mindset / staff resistance	31%	44%	47%	42%
Software cost	51%	33%	22%	31%
Vendor trust deficit	22%	30%	33%	29%
Lack of internal IT skills	38%	28%	19%	27%
Undefined business processes	18%	26%	27%	24%
Fear of data migration	14%	22%	24%	21%
ERP is for big companies	31%	19%	9%	18%

Table 3 — ROI Metrics by Industry (Self-Reported Averages)

Respondents who could quantify improvements post-ERP (n=181 with complete data)

Metric	Pharma	Auto Comp.	Food & Bev.	Plastics	Engineering	Avg.
Inventory accuracy improvement	+71%	+68%	+63%	+59%	+61%	+67%
Monthly closing time reduction	12>3d	11>4d	10>4d	9>4d	10>4d	12>4d
Quality rejection rate reduction	-44%	-38%	-29%	-31%	-26%	-34%
Procurement cost saving	9%	11%	8%	10%	9%	9.4%
GST penalty saving (Rs. lakh/yr)	5.2	3.9	2.8	3.1	3.4	3.8

Metric	Pharma	Auto Comp.	Food & Bev.	Plastics	Engineering	Avg.
Payback period (months)	16	18	21	22	23	22

REFERENCES & EXTERNAL SOURCES

Data Sources & Citations

#	Source / Institution	Publication	Year	Key Data Used
1	IMARC Group	India ERP Market Report	2025	India ERP market size USD 1.8B (2024); CAGR 7.2% to 2033
2	Mordor Intelligence	India ERP Market Report	2026	CAGR 16.08% (2026-31); 71.48% cloud share; SME 19.2% CAGR
3	Jadhavar Business Intelligence	India Manufacturing ERP Market	2025	62% mid-large adoption; 65% SME share; 40%+ Tier-II/III installs
4	Ministry of MSME, Govt. of India	Annual Report 2024-25	2025	1.17 crore manufacturing MSMEs registered on Udyam portal
5	De Gruyter / Open Engineering	Digitalization in Indian SMEs	2024	Only 5% SMEs fully utilised digitization; barriers taxonomy
6	YES Bank	SME Digitization Survey	2023	5% full digitization; lack of skills as primary barrier
7	Forrester Research	Total Economic Impact of ERP	2024	106% ROI over 3 years; 17-month payback in manufacturing
8	NASSCOM	Enterprise Software Tracker 2025	2025	GST-compliant ERP captured 68% of SME installations H1 2025
9	KenResearch	India SMB Digital Transformation	2025	Cost barriers; fragmented adoption; India SaaS CAGR 30%
10	Maximize Market Research	India Manufacturing ERP 2023-29	2023	Market USD 424M (2022) to USD 651M (2029) at 6.32% CAGR
11	World Scientific / JIIM	Industry 4.0 Barriers in Indian SMEs	2021	12 implementation barriers; government support gap analysis
12	B-Square Solutions Pvt. Ltd.	Primary Survey 2026 (n=500)	2026	All primary survey data — proprietary research