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Volume 4



PRAGYA CONSULTING

SUSTAINABLE SOCIAL SENSIBLE

Proudly Presents

India's First Magazine dedicated to MSMEs

BizIgnite

POWERING INDIA'S MSME REVOLUTION

IN COLLABORATION WITH:



**BizIgnite Reaches the Hands That
Shape India's MSME Future**

**Navigating the Global Maze: How Geopolitics is
Reshaping the Landscape for Indian MSMEs**

**Laying the Foundation: Documenting SOPs for AI-
Readiness**

**ni-msme releases 'Impact Assessment Report of a
pioneering Self-Employment and Entrepreneurship
Development Program (EDP) implemented in Odisha'**

About Us

Pragya Consulting is a **registered MSME** dedicated to empowering micro, small, and medium enterprises (MSMEs) with **strategic marketing and branding solutions**. Our mission is to provide sustainable, cost-effective, and tailored solutions that enhance the visibility, credibility, and growth of MSMEs in competitive markets.

Our Vision

We envision a future where MSMEs seamlessly **transition from informal operations to structured, scalable enterprises**, unlocking their full growth potential and evolving into future multinational corporations (MNCs).

With a strong foundation in economics and marketing, Pragya Consulting blends data-driven insights with innovative marketing strategies to help businesses create a strong market presence.

We specialize in:

- ✓ **Knowledge Management** – Enabling businesses with critical market insights and industry intelligence.
- ✓ **Custom Reports** – We go beyond standard insights by offering customized reports tailored to the specific needs of various stakeholders including industry and Government.
- ✓ **Brand Strategy & Positioning** – Crafting compelling brand narratives that enhance visibility and trust.
- ✓ **Digital & Performance Marketing** – Leveraging online platforms for lead generation, engagement, and conversions.
- ✓ **Thought Leadership & Content Marketing** – Showcasing MSMEs as credible industry leaders through strategic content.
- ✓ **BizIgnite** – **First indian magazine** dedicated to MSMEs for providing information on policy and regulatory framework in addition to various schemes being offered by Government for empowering MSMEs.

At Pragya Consulting, we don't just offer services; we build partnerships for success.

Our mission is to transform MSMEs from informal enterprises to structured, competitive businesses ready to scale and compete in global markets.

Editorial

Welcome to the June issue of *BizIgnite*, your trusted companion and voice in India's vibrant MSME ecosystem. This month, we celebrate significant milestone.



We're honored to share a landmark moment—***BizIgnite* was proudly presented to the Ministry of MSME**, further solidifying our bridge between policymakers and ground realities.

Our cover story tackles the intricacies of global trade, offering **MSMEs actionable strategies to navigate geopolitical shifts**. Explore our dedicated sections on AI, technology adoption, and finance, designed to equip you with digital powerhouses and financial strategies that empower sustainable growth. The spotlight this month shines on competitiveness—revealing frameworks that foster resilience and expansion. Finally, our partnership with *ni-msme* continues to inspire, transforming entrepreneurial aspirations into tangible successes.

Welcome to **BizIgnite**—Your Partner in Growth.
Meera Bhalla
Editor-in-Chief, BizIgnite
Pragya Consulting

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Building Entrepreneurs, Transforming lives



***BizIgnite* Reaches the Hands That Shape India's MSME Future**

Some milestones speak louder than words — We had the extraordinary honor of presenting BizIgnite directly to the visionary leaders at the forefront of MSME transformation:

- 📖 Shri Jitan Ram Manjhi, Hon'ble Union Minister, Ministry of MSMEs, Government of India
- 📖 Ms. Mercy Epao, Joint Secretary, Ministry of MSME, GoI
- 📖 Dr. Ashutosh A. Murkute, Director General, National Institute for Micro, Small and Medium Enterprises (ni-msme)
- 📖 Dr. Shreekant Sharma, Director, School of Entrepreneurship and Extension (SEE), ni-msme

Presenting BizIgnite to these distinguished leaders wasn't merely about showcasing a publication—it was about amplifying the voices of grassroots entrepreneurs, rural innovators, and first-time founders.

Why this milestone matters:

Historically, a significant gap has existed between grassroots realities and policy decisions. Pragma Consulting created BizIgnite to bridge this divide—capturing real stories of MSMEs thriving through digital innovation, policy shifts, and adaptive resilience. From AI adoption in rural manufacturing to innovative marketing in tier-2 towns, BizIgnite highlights it all, connecting policymakers directly with entrepreneurs. Our vision for BizIgnite is clear:

- Bridging policy and practice
- Linking vision and visibility
- Connecting micro realities with national dialogues

Recognition from the Ministry of MSME and ni-msme reinforces our mission to foster impactful change in India's MSME ecosystem.

This is only the beginning—but it's a beginning that matters.

TOP MSME HEADLINES

Your Gateway to MSME Insights & Innovation

National-level updates

India Eases Leather Export Norms

In a significant move to enhance the ease of doing business for Micro, Small, and Medium Enterprises (MSMEs), the Directorate General of Foreign Trade (DGFT) has announced key reforms in leather export regulations.

Effective immediately, exporters of **Finished Leather, Wet Blue Leather, Crust Leather, and El Tanned Leather** can ship their goods from any port or Inland Container Depot (ICD) across India, eliminating previous restrictions that confined exports to specific notified ports.

Additionally, the mandatory testing and certification by the Central Leather Research Institute (CLRI) for these leather categories have been dispensed with. This change aims to reduce compliance burdens and transaction costs, particularly benefiting MSME exporters who often faced delays and higher expenses due to these procedural requirements.

These reforms follow extensive consultations with stakeholders, including the Council for Leather

Exports (CLE), leather exporters, and CLRI. The government's decision aligns with its broader strategy to strengthen India's position in the global leather value chain while maintaining transparency and quality standards under existing customs regulations.

India's leather and leather product exports have shown robust growth, rising from \$2.91 billion in FY23 to \$4.28 billion in FY24, and reaching \$4.36 billion in FY25. The CLE has set an ambitious target of \$47 billion by 2030, with \$13.7 billion earmarked for the export sector.

These policy changes are expected to streamline export procedures, enhance global competitiveness, and provide a significant boost to MSMEs operating in the leather sector.

India's National Manufacturing Mission Set for June Launch

NITI Aayog CEO B.V.R. Subrahmanyam announced that the **National Manufacturing Mission (NMM)** will be launched in June 2025, aiming to elevate manufacturing's contribution to India's GDP from the current 15–17% to 25% by 2047. The mission will establish an empowered commission with

authority to direct, coordinate, and monitor manufacturing initiatives across central and state governments.

Key focus areas of the NMM include:

- **Enhancing Ease of Doing Business:** Streamlining regulations to reduce costs and complexities for manufacturers.
- **Developing a Future-Ready Workforce:** Overhauling the skilling framework to equip workers with modern manufacturing skills.
- **Strengthening the MSME Sector:** Providing targeted support to micro, small, and medium enterprises to integrate them into global value chains.
- **Promoting Technological Access:** Facilitating adoption of advanced technologies across manufacturing units.
- **Ensuring Product Quality:** Implementing standards to enhance the competitiveness of Indian products globally.

The mission also emphasizes regional equity and gender inclusion, aiming to diversify manufacturing activities beyond the current concentration in a few states and to increase women's participation in the

sector. With a goal of transforming India into a \$30 trillion economy by 2047, the NMM seeks to generate employment, boost exports, and position India as a global manufacturing hub.

NITI Aayog Unveils Comprehensive Report

NITI Aayog, in collaboration with the Institute for Competitiveness (IFC), has released a pivotal report titled "Enhancing Competitiveness of MSMEs in India". The study offers a strategic roadmap to unlock the potential of India's MSMEs through systemic reforms in financing, skilling, innovation, and market access.

Key Highlights:

- **Improved Access to Formal Credit:** Between 2020 and 2024, the share of micro and small enterprises accessing credit through scheduled banks rose from 14% to 20%, while medium enterprises saw an increase from 4% to 9%. Despite these improvements, a substantial credit gap remains, with only 19% of MSME credit demand met formally by FY21, leaving an estimated ₹80 lakh crore unmet. The report recommends revamping the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) to bridge this gap.

- **Skill Shortages:** A significant portion of the MSME workforce lacks formal vocational or technical training, hindering productivity and scalability.
- **Technological Barriers:** MSMEs face challenges in adopting modern technologies due to unreliable electricity supply, weak internet connectivity, and high implementation costs. Many are unaware of or unable to access state government schemes designed to support technological advancement.
- **Policy Implementation Gaps:** The report identifies gaps in the implementation of national and state policies, highlighting limited awareness among MSMEs. It calls for stronger state-level design and implementation, consistent monitoring, better data integration, and improved stakeholder engagement.

The report emphasizes that India's MSMEs can become a key driver of sustainable economic growth by focusing on targeted interventions, building stronger institutional collaborations, and enhancing global competitiveness. It advocates for enhanced support through digital marketing training, partnerships with logistics providers, and platforms for direct market linkages, especially in high-growth potential regions like India's northeastern and eastern belts.

NITI Aayog Unveils Policy Blueprint for Medium Enterprises

In a significant move to bolster India's medium enterprises, NITI Aayog has released a comprehensive report titled "Designing a Policy for Medium Enterprises." Despite constituting only 0.3% of registered MSMEs, medium enterprises contribute approximately 40% of MSME exports, underscoring their pivotal role in the nation's economic landscape.

Key Recommendations:

- **Tailored Financial Solutions:** Introduction of a working capital financing scheme linked to turnover, complemented by a ₹5 crore credit card facility at market rates.
- **Technology Advancement:** Upgradation of existing Technology Centers into "India SME 4.0 Competence Centers" to promote sector-specific, regionally customized Industry 4.0 solutions.
- **Skill Development:** Integration of medium enterprise-specific modules into existing Entrepreneurship and Skill Development Programmes (ESDP).
- **Research & Development Support:** Establishment of a dedicated R&D cell within the Ministry of MSME to foster innovation and product

development.

- **Cluster-Based Testing Infrastructure:** Creation of sector-specific testing and certification facilities to enhance product quality and ensure regulatory compliance.
- **Centralized Digital Portal:** Launch of a dedicated sub-portal on the Udyam platform, offering compliance assistance and AI-powered navigation for enterprises.

These strategic interventions aim to unlock the untapped potential of medium enterprises, positioning them as key drivers in India's journey towards becoming a global manufacturing hub.

KPMG-CII Report Calls for Greater MSME Participation

A recent joint report by KPMG and the Confederation of Indian Industry (CII), titled "**Atmanirbhar, Agrani, and Atulya Bharat 2047 – India's Defence Industrial Sector Vision 2047**", emphasizes the critical role of MSMEs in bolstering India's defence manufacturing capabilities. The study highlights that despite MSMEs being integral to the defence supply chain, their potential remains underutilized due to challenges such as limited access to capital, complex procurement procedures, and insufficient integration into larger defence projects.

Key Recommendations:

- **Policy Reforms:** Streamlining procurement processes to make them more accessible for MSMEs and reducing bureaucratic hurdles.
- **Financial Support:** Establishing dedicated funding mechanisms and credit facilities to ensure MSMEs have the necessary capital to participate in defence manufacturing.
- **Skill Development:** Implementing targeted training programs to enhance the technical capabilities of MSME personnel, ensuring they meet the stringent requirements of defence production.
- **Infrastructure Enhancement:** Developing shared facilities and technology hubs to provide MSMEs with access to advanced manufacturing tools and research resources.

The report projects that with these interventions, India's defence budget could rise from ₹6.8 lakh crore in 2024-25 to ₹31.7 lakh crore by 2047, positioning the country as the world's third-largest defence spender. This growth underscores the necessity of integrating MSMEs more deeply into the defence sector to achieve self-reliance and global competitiveness. Industry leaders and policymakers are urged to collaborate in creating an

ecosystem that supports MSMEs, recognizing their potential to drive innovation, generate employment, and contribute significantly to India's defence objectives.

Coimbatore to Host ₹200 Crore MSME Technology Centre at Arasur

The Union Ministry of MSME is set to establish a **state-of-the-art technology centre** in Arasur village, Coimbatore, with an investment of ₹200 crore. Spanning 14.6 acres of land provided free of cost by the Tamil Nadu government, this initiative is part of a national plan to develop 20 such facilities under the **Technology Centres/Extension Centres scheme**. The project aims to bolster MSME competitiveness by offering advanced technology support, skill development, and business advisory services.

Implemented under a **public-private partnership (PPP) model on a build-operate-transfer (BOT) basis**, **Ircon International Limited**, a public sector undertaking, will oversee the bidding and construction processes. The centre will provide cutting-edge infrastructure, including advanced manufacturing technologies and digital tools, to improve the productivity and quality of MSME outputs. It will also offer skill development programmes in key areas such as manufacturing process

control, automation, industrial robotics, and digital manufacturing.

District authorities have been instructed to conduct a detailed land survey and secure the premises with a boundary wall to expedite the project's implementation. District Collector Pavankumar G Giriappanavar has emphasized the need for swift action and coordination to support regional industrial growth.

This technology centre is expected to significantly enhance the capabilities of MSMEs in the region, providing them with the necessary tools and support to adapt to emerging sectors and compete effectively in the global market.

State-level developments

Haryana Unveils ₹170 Crore Cluster Development Scheme

The Haryana government has launched a ₹170 crore **Cluster Development Scheme** aimed at enhancing the competitiveness of MSMEs across the state. This initiative involves the development of 11 MSME clusters with an investment of ₹169.6 crore, supplemented by a ₹20 crore state subsidy. The scheme focuses on establishing shared facilities such as testing centers, training hubs, and research institutions to foster innovation and efficiency within

the MSME sector.

Under the scheme, **46 mini-cluster projects worth ₹158 crore have already received approval**, alongside 33 plug-and-play infrastructure projects valued at ₹359 crore, supported by ₹75.98 crore in government grants.

A dedicated MSME directorate has been established under the **'Startup India' program to oversee these developments**, offering 90% grant assistance for mini-cluster development programs. Additionally, measures have been implemented to ensure uninterrupted power supply to industries, minimizing production losses and maintaining product quality.

This comprehensive approach underscores Haryana's commitment to creating a robust industrial ecosystem that promotes entrepreneurship, innovation, and sustainable development, positioning the state as a significant investment destination both nationally and globally.

Uttar Pradesh's First Footwear Park in Kanpur

The Uttar Pradesh government has announced the establishment of the state's **first dedicated Footwear Park in Kanpur**, aiming to bolster the MSME sector and enhance the region's manufacturing capabilities. The park will feature

75 industrial plots, providing state-of-the-art infrastructure and facilities tailored for footwear manufacturers. This initiative is part of the state's broader strategy to promote industrial growth and generate employment opportunities. By creating a specialized hub for footwear production, the government seeks to attract investments, foster innovation, and integrate local manufacturers into national and global supply chains.

Finance

SIDBI Report Highlights MSME Growth and Key Challenges

The Small Industries Development Bank of India (SIDBI) has released a detailed report titled **"Understanding Indian MSME Sector: Progress and Challenges"**, based on a survey of 2,097 MSMEs across 19 sectors.

Key Insights:

- ◆ Udyam registrations surged from 2.5 crore to 6.2 crore in a year, yet 35% of micro enterprises remain unregistered.
- ◆ Credit gaps persist—micro units rely 12% on informal borrowing, unlike SMEs (3–2%).
- ◆ Digital shift: 90% accept digital payments, but only 18% use digital lending platforms.
- ◆ Women entrepreneurs face a 35% higher credit gap despite forming over 26% of the sector.
- ◆ 70% of MSMEs still use

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traditional marketing, missing out on digital and e-commerce growth.

The report calls for targeted interventions to build a more inclusive, digitally-enabled MSME ecosystem.

RBI's New Digital Lending Norms for MSMEs

The Reserve Bank of India's (RBI) **recent digital lending guidelines are expected to raise borrowing costs** for MSMEs, particularly those securing loans through **Non-Banking Financial Companies (NBFCs)**. The **new regulations prohibit NBFCs from entering into Default Loss Guarantee (DLG) arrangements for loans covered under credit guarantee schemes**, such as those provided by the CGTMSE.

Previously, DLGs allowed NBFCs to mitigate risks by compensating for a portion of potential loan defaults, effectively reducing the risk weight to zero. With the elimination of DLGs, NBFCs must now provision for the full extent of potential losses, leading to increased operational costs. This change is anticipated to result in higher interest rates for MSME borrowers, with lending rates potentially rising by up to three percentage points from the current average of 12%.

The RBI's move aims to

enhance transparency and accountability within the digital lending ecosystem, ensuring that NBFCs maintain prudent risk assessment practices without relying on third-party guarantees. While this strengthens the financial system's resilience, it poses challenges for MSMEs, especially those in underserved regions, by potentially increasing the cost of credit.

As NBFCs adjust to these regulatory changes, MSMEs may need to explore alternative financing options or prepare for higher borrowing costs in the near term.

Saarathi Finance Secures funds to Bridge Credit Gap

Saarathi Finance, a newly licensed non-banking financial company (NBFC), has raised ₹475 crore in its maiden funding round **to enhance credit access for MSMEs in underserved semi-urban and rural regions across Tamil Nadu, Telangana, Andhra Pradesh, Karnataka, Rajasthan, and Uttar Pradesh.**

The Series A funding round, valuing the company at over ₹900 crore, was led by TVS Capital Funds, Lok Capital, Evolve Equity Partners, and Paragon Partners, with additional contributions from angel investors. Founders Vivek Bansal and Sunil Daga also infused capital, underscoring their commitment to the venture.

AI and technology

IndiaAI Mission Selects 10 Startups

The **IndiaAI Mission**, under the Ministry of Electronics and Information Technology, has announced the **selection of 10 homegrown AI startups for its IndiaAI Startups Global Initiative.**

This international acceleration programme, conducted **in partnership with Paris-based startup incubator Station F and business school HEC Paris, aims to propel these startups onto the global stage.**

The selected startups—Corover AI, Staqu Technologies, Neuropixel AI, PrivaSapien Technologies, SatSure Analytics, Storyvord, VolarAlta, Smartail, Secure Blink, and Voicing AI—were chosen through a rigorous multi-stage process to represent India's dynamic innovation ecosystem.

The four-month programme includes a one-month online preparation module followed by a three-month immersive residency in Paris. It is designed to support global scale-up, market access, and cross-border collaboration.

In a significant boost to India's AI infrastructure, the IndiaAI Mission has expanded its computational capacity by **procuring an additional 14,000 GPUs,**

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bringing the total to over 32,000. This enhancement aims to support the training of large and small language models, foundational to generative AI systems. The initiative underscores the government's commitment to democratizing AI access and fostering innovation across sectors.

RBI to Develop Ethical AI Framework

The RBI has announced plans to develop a comprehensive framework for the responsible and ethical adoption of **Artificial Intelligence (AI) in the financial sector during the 2025–26 fiscal year**. This initiative aims to guide financial institutions in integrating AI technologies while ensuring data privacy, security, and adherence to ethical standards.

In December 2024, the RBI constituted an external committee comprising experts to recommend a **"Framework for Responsible and Ethical Enablement of AI" (FREE-AI)** in the financial sector. The committee, chaired by Professor Pushpak Bhattacharyya of IIT Bombay, is tasked with assessing global and domestic AI adoption, evaluating regulatory approaches, identifying potential risks, and proposing a governance framework to ensure transparency, accountability, and compliance in AI applications.

The RBI's annual report for

2024–25 highlights the central bank's commitment to exploring and implementing AI and machine learning (ML) solutions within its operations. Additionally, **the RBI plans to initiate an AI governance policy to guide the responsible use of AI/ML technologies by its employees, vendors, and third-party partners, focusing on data handling, consent, and security.**

This strategic move aligns with the RBI's broader efforts to strengthen the regulatory and supervisory framework of banking and non-banking sectors, enhance complaint management systems, and harmonize regulations across entities, ensuring that the integration of AI technologies contributes positively to India's financial ecosystem.

India to Need 1 Million AI Professionals by 2026

India's demand for AI professionals is set to reach 1 million by 2026, **driven by rapid AI adoption across healthcare, finance, agriculture, and manufacturing sectors.**

The IndiaAI Future Skills initiative by MeitY aims to expand AI education at all academic levels, with new AI and Data Labs coming up in Tier 2 and 3 cities.

The India Skills Report 2024 projects India's AI industry to hit \$28.8 billion by 2025, growing at

a 45% CAGR. AICTE has also increased B.Tech seats in AI-related fields to meet rising demand.

This push is key to India's vision of becoming a \$30 trillion economy by 2047.

Startup Odisha and PhonePe Forge Alliance for Startups

Startup Odisha, an initiative under the MSME Department of the Government of Odisha, has entered into a strategic partnership with PhonePe Private Limited, one of India's leading digital payment platforms. The **Memorandum of Understanding (MoU)** was officially signed at the O-Hub Building in Bhubaneswar.

This collaboration **aims to provide startups registered with Startup Odisha seamless access to PhonePe's suite of digital payment solutions and business technology services.** By leveraging PhonePe's advanced digital infrastructure, startups can streamline their operations, enhance customer experiences, and accelerate their growth trajectories.

Under the terms of the agreement, Startup Odisha will refer eligible startups to PhonePe, which will offer onboarding support and access to its digital tools. The services available to these startups include payment technology

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solutions, marketing assistance, and promotional support, subject to PhonePe's onboarding policies and verification processes.

This alliance between Startup Odisha and PhonePe is expected to catalyze digital transformation among startups in the region, enabling them to conduct transactions effortlessly across various platforms and scale their businesses more effectively.

Himachal Pradesh Hosts AI Workshop to Advance Good Governance Initiatives

The Government of Himachal Pradesh, in collaboration with the **National e-Governance Division (NeGD)** under the Ministry of Electronics and Information Technology (MeitY), conducted a state-level workshop titled **"AI for Good Governance: Driving Transparency, Efficiency, and Impact"** at the HP Secretariat in Shimla.

The event aimed to enhance the adoption of AI in governance by sensitizing over 100 senior officials from various state departments.

The workshop featured technical sessions covering AI foundations, risk mitigation, adoption strategies, tools for smarter public administration, and building AI infrastructure. A special address focused on cyber hygiene and managing AI-

related risks. Officials emphasized AI's transformative potential for citizen-centric governance and the need for ethical, inclusive deployment.

The workshop is part of **NeGD's Capacity Building initiative under MeitY's broader IndiaAI Mission**, designed to empower state governments with expertise and best practices in AI governance.

This initiative marks a significant milestone in Himachal Pradesh's digital governance journey and affirms the government's resolve to integrate AI-driven approaches for public service transformation.

Merger and acquisitions

Marwadi Chandarana Group to Acquire 75% Stake in TruCap Finance for ₹207 Crore

Marwadi Chandarana Intermediaries Brokers Pvt Ltd (MCG) has entered into definitive agreements to acquire approximately 75% stake in TruCap Finance Limited, a Mumbai-based non-banking financial company (NBFC) specializing in MSME, gold, and electric vehicle (EV) financing.

The ₹207 crore investment comprises a mix of equity shares, convertible warrants, and the purchase of 3.68 crore shares from the existing promoter group.

This strategic acquisition will trigger an open offer under

SEBI's Substantial Acquisition of Shares and Takeovers (SAST) Regulations, 2011. Upon completion, MCG will become the new promoter of TruCap Finance, with the current promoters exiting the company.

Others

Union MSME Minister Releases Impact Assessment Study of ni-msme

Shri Jitan Ram Manjhi, Hon'ble Union Minister for MSME, released the **Impact Assessment Study of the Self-Employment and Entrepreneurship Programme in Odisha, conducted by the National Institute for Micro, Small and Medium Enterprises (ni-msme).**

The study provides valuable insights into job creation, skill development, and enterprise promotion across the state.

Simultaneously, the Minister unveiled the Books of Abstracts from the **National Conference on "Navigating the Future with ESG 2.0"**, organized by ni-msme, emphasizing the evolving role of MSMEs in sustainability and governance.

These events reaffirm ni-msme's leadership in MSME research, training, and policy support, aligning with national goals of inclusive entrepreneurship and responsible business practices.

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NAVIGATING THE GLOBAL MAZE

How Geopolitics is Reshaping the Landscape for Indian MSMEs



The world stage is constantly shifting, and for India's MSMEs, these geopolitical tremors translate into tangible opportunities and challenges. As the backbone of the Indian economy, contributing **nearly one-third to India's GDP and around 45% of its total exports**, understanding these dynamics is no longer a luxury but a necessity for survival and growth. This article delves into recent developments, from trade agreements to conflicts and new regulations, to equip you with the insights needed to make informed daily and strategic decisions.

The UK FTA: A New Chapter of Opportunity (and Complexity)
The India-UK Free Trade Agreement

-ent (FTA) is a significant development aimed at strengthening economic ties and boosting bilateral trade between the two nations. After nearly three years of negotiations, the agreement was finalized on May 6, 2025. It is expected to come into effect within a year of its finalization.

- **Wider Market Access:** Tariff-free entry for 99% of Indian exports means sectors like textiles, engineering goods, pharma, and IT/ITeS will be more competitive.
- **Job Growth:** Lower duties may drive demand, boosting MSME production and job creation.
- **Tech Collaboration:** Opportu-

nities in clean tech and advanced engineering.

- **Diversification:** Reduces reliance on traditional markets, potentially adding \$15 billion to bilateral trade by 2030.

But watch out for...

- **Compliance Burden:** UK's high standards mean MSMEs must invest in certifications and quality upgrades.
- **Increased Competition:** UK products will enter Indian markets more easily under government procurement.
- **Underutilization Risks:** Many MSMEs don't fully leverage FTAs due to lack of awareness and complex rules.

Your To-Do List:

- Study the UK market demand in your sector
- Invest in certifications to meet UK regulations
- Look for tech partnerships
- Attend government workshops on the FTA
- Balance localization with export diversification

US Tariffs: A Double-Edged Sword

The US, a critical market for Indian exports, has seen shifts in its trade policy, particularly with the imposition of tariffs on goods from certain countries.

Upside Potential:

- **"China+1" Advantage:** Indian MSMEs can fill supply chain gaps left by US-China tensions
- **Niche Opportunities:** Pharma, electronics, and technical textiles are seeing export surges
- **Cost Advantage** in Some Sectors

Risks You Can't Ignore:

- **High Tariffs:** US imposes a 10% base rate, rising to 26–27% for India; could go up to 37%
- **Textile and Apparel Losses:** Facing 10–12% disadvantage versus Bangladesh and Vietnam
- **Auto Components & Chemicals:** Squeezed margins and disrupted supply chains
- **Loan Risk:** Over INR21,000 crore in loans to vulnerable MSMEs are under threat

Action Steps:

- **Diversify your markets**—consider Brazil, Canada, and ASEAN
- **Focus on niche products** where India excels
- **Build stronger, multi-region** supply chains
- **Use digital tools** to streamline documentation and logistics
- **Push for FTAs with the EU and Canada** to lower dependency on the US

Bangladesh Factor: A Neighbourhood in Flux

Recent **political instability and diplomatic tensions** in the region, especially with Bangladesh, have disrupted cross-border trade flows. For MSMEs dependent on neighbouring markets for exports or as part of their supply chain, such frictions increase costs, cause delays, and create unpredictability in business planning. India's exports to Bangladesh stand at **\$11.3 billion**, while Imports are at **\$1.89 billion**.

Impact on You:

- Import Restrictions Help Local Firms
- Reciprocal Trade Intent Boosts Fairness
- Cost Advantage of Bangladesh: Up to 12% cheaper in textiles, leading to 30% order loss for Indian MSMEs
- Logistics Chaos: Sea route redirection = higher cost, delivery delays.

What You Should Do:

- Track trade policy changes closely
- Switch to sea routes where feasible
- Differentiate via innovation—focus on technical textiles and sustainable fashion
- Join industry bodies to collectively voice concerns
- **Go digital:** Explore ONDC and GeM for global market access

- Profit Margins Suffer: Clusters in Tamil Nadu & Karnataka report up to 20% drop

EU CBAM: The Green Game-Changer

The EU's Carbon Border Adjustment Mechanism taxes carbon-intensive imports like steel, aluminium, cement, etc.

Timeline:

- 2023–2025: Reporting only
- 2026–2034: Purchase carbon credits linked to EU pricing

Benefits

- Incentivizes green upgrades
- Pushes for energy-efficient tech adoption
- First-mover exporters get EU advantage

Impact:

- **Tax Burden:** \$60–165/tonne (steel), \$65–160/tonne (cement)
- MSMEs Lack Reporting Infrastructure

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- Data Accuracy is Tough to Maintain

Your Playbook:

- Measure your carbon footprint now
- Upgrade to energy-efficient processes
- Apply for green financing
- Get certified to access premium markets
- Use government missions like National Green Hydrogen for tech upgrades

RoDTEP Adjustment: Sustaining Export Competitiveness

The government has decided to withdraw Remission of Duties and Taxes on Export Products (RoDTEP) support for SEZ, EOU, and DTA units in a phased manner, which will erode export competitiveness by increasing embedded costs for exporters. The specific withdrawal date for DTA units is September 2025.

Benefits:

- Refund of Embedded Taxes
- WTO Compliance
- Automated and Digitized Process
- Broader Sectoral Coverage

Impact:

- Recued rates for some sectors
- Complexity for Small Players
- Erosion of Competitiveness

Tips:

- Know your product's RoDTEP rate

- Keep your export documentation clean
- Price your products after factoring in refunds
- Use the official portal for quick processing

The Bigger Picture: Strategic Shifts You Can't Ignore

Global Supply Chain Realignment

- "China+1" strategy is your entry into global value chains

Government Push

- PLI, Atmanirbhar Bharat, Make in India = export boost

Go Digital

- Use CRM, ERP, inventory, blockchain for supply chain visibility

Cybersecurity = Non-Negotiable

- With cyber risks rising, secure your digital infrastructure now

India's Internal Bottlenecks:

- ₹80 lakh crore credit gap
- 40% of MSMEs lack skilled workers
- High tech upgrade costs, unreliable electricity

Use What's Available:

- CGTMSE, MSE-CDP for credit and cluster skill building
- WTO Trade4MSMEs and COP30 green compliance support

Think Big, Act Local:

- Partner in regional hubs (Vietnam, EFTA, EU)
- Push for digital trade norms and global ESG partnerships

Conclusion: Adapting for a Dynamic Future

The geopolitical landscape is undeniably complex and ever-evolving.

By understanding the implications of FTAs (including their complexities and potential exclusion risks), tariffs (with specific sector impacts and costs), regional conflicts (and competitive challenges), environmental regulations (like CBAM's definitive phase and cost implications), and policy adjustments (like RoDTEP withdrawal dates), and by leveraging government support and embracing digital transformation, MSMEs can not only mitigate risks but also unlock significant opportunities for growth and establish a stronger presence in the global market.

Success hinges on hyper-localized strategies, cross-border collaboration, and leveraging multilateral frameworks. Systemic reforms in financing, skilling, and digital adoption are non-negotiable for transforming India's MSMEs into global contenders.

Based on inputs received from Mr. Ramanathan N.S. Iyer, Mentor at AG Hub; Expert Panel Member (SME-EXIM/Intl SCM); and Founder of a Hyderabad-based trading firm; with over 30 years of experience.

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LAYING THE FOUNDATION

Documenting SOPs for AI-Readiness

1 | The Everyday Chaos of an MSME

Meet **Pragya**, co-founder of an organic-snacks unit in Indore. Her team juggles purchase orders scribbled on sticky notes, WhatsApp approvals that disappear in chat history, and verbal “make-do” instructions shared on the shop floor.

When a batch fails a quality check, no one can trace which step went wrong. Pragya is eager to pilot the AI tools we explored in April and May, yet every advisor keeps repeating the same phrase: **“First get your SOPs in place.”**



Reality check: AI thrives on consistent, well-structured inputs. If daily routines live only in people’s heads, even the smartest algorithm will struggle. Documented

Standard Operating Procedures (SOPs) turn tribal knowledge into repeatable, measurable workflows—laying the rails on which AI can finally run.

2 | What Exactly Is an SOP? (📝 Plain-Language Definition)

Term	Straightforward Meaning	Practical Pay-off for MSMEs
Standard Operating Procedure (SOP)	A step-by-step recipe explaining <i>who does what, when, and how</i>	Reduces errors, speeds training, and provides clean data streams for automation
Process Map	A visual flowchart of the task from start to finish	Spot bottlenecks and duplicate work
Version Control	Tracking each edit and date in a header table	Ensures everyone follows the latest method

Key point: An SOP is not a thick manual. It can be a one-page Google Doc if it clearly outlines the workflow.

3 | Why Documenting Now Pays Dividends Later (⚙️)

Consistency = Data Quality

AI chatbots, analytics dashboards, and RPA bots all depend on consistent inputs. SOPs standardise those inputs.

Onboarding in Half the Time: New hires follow a written playbook instead of shadowing a senior for weeks.

Compliance & Audit Ease

Whether for GST, ZED, or food-safety audits, signed SOPs tick multiple compliance boxes.

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Foundation for Automation

Clear “if-this-then-that” steps let you drop no-code tools (e.g., Zapier, Make) straight onto the workflow.

Disaster-Proofing

If the most experienced operator falls sick, the work still gets done.

4 | Five-Step Blueprint to Your First SOP (🔧)

Action	Tool Suggestions	Time
Select a High-Impact Routine (e.g., “Goods Received to Stock Update”)	Impact-vs-Complexity matrix on a whiteboard	30 min
Map the Flow Visually —list inputs, hand-offs, approvals	Google Drawings	45 min
Draft the SOP —include scope, owner, trigger, 5-7 bullet steps, KPIs	Google Docs, Notion, ClickUp Docs	60 min
Pilot for One Week —run only this version, collect hiccups	WhatsApp group feedback, paper checklist	1 week
Lock & Share —save as PDF, add version header, store in shared drive	Google Drive, SharePoint, Notion database	20 min

Pro tip: Record a 2-minute phone video while you demonstrate the task. Embed the link or QR code in the SOP—perfect for blue-collar teams.

5 | The Tool Box (💡 Budget-Friendly & India-Friendly)

Need	Freemium / Low-Cost Option	How It Helps
Flowcharting	Draw.io (free)	Unlimited diagrams, export to PNG/PDF
SOP Authoring	Google Docs (free), Notion (free tier)	Easy comments, templates, Hindi text support
Versioning & Tasks	ClickUp (unlimited tasks, 100 MB storage free)	Link SOP to due dates and owners
Video Snippets	Loom (5-minute videos free)	Walk-throughs without heavy files
Automation Pilot	Zapier (free 100 tasks/mo), Make.com (1,000 ops)	Trigger actions once SOP is final

6 | Your 4-Week Action Plan (📅)

Action	Success Indicator
Map one priority process	Flowchart approved by the team
Draft & pilot the first SOP	Checklist completed with <2 errors
Train the team via a 10-minute demo video	80 % of the staff can recite the 3 key steps
Set up a free Zapier automation (e.g., auto-file invoices to Drive)	Manual filing time ↓ is 50 %

7 | Challenge of the Month (🚀)

- Pick one routine you hate repeating.
- Draft a rough SOP using the template below (max 1 page).
- Share it in our WhatsApp learner group “HELLO AI” (+91 9100114661).
- The top three SOPs will receive a live mini-audit and automation blueprint in July’s session.

8 | Looking Ahead

Get ready for **July’s edition** —“**Zero-Code AI: Easy Tools & Data Wins Without Tech Skills.**” We’ll transform your freshly documented SOPs into drag-and-drop automations that free up hours every week.

Remember, **structure precedes scale**. Nail your processes today, and tomorrow’s AI will feel like magic—not mayhem.

Questions or a success story?

ai4msme@pragyaconsulting.info

📱 WhatsApp “HELLO AI” to +91-9100114661

Curiosity and a smartphone—that’s still all you need. Start laying your foundation this week!

Success Story

In the **Kanpur Leather Cluster**, supported under the **UNIDO–DC-MSME Cluster Development Programme**, several micro and small units producing leather accessories began transitioning from manual order registers to structured Excel-based workflows. With basic SOPs documented for processes like order tracking, cutting, and dispatch, units reported:

- **Fewer missed dispatches**
- **Improved onboarding**
- **Digital readiness**

The programme noted that SOP-led digitisation enabled these firms to increase buyer confidence and prepare for structured certifications like ZED.

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DIGITAL POWERHOUSES

5 Free Tools to Supercharge Your MSME Export Desk



Managing an export-oriented MSME involves juggling numerous responsibilities, from documentation and logistics to compliance and market insights. Leveraging digital tools can significantly streamline these tasks, reduce operational costs, and enhance competitiveness in global markets. Here are five free, easy-to-use digital tools every Indian MSME export desk should start using immediately.

1. ICEGATE Portal

Your Gateway to Seamless Export Documentation

The Indian Customs Electronic Gateway (ICEGATE) is a crucial online platform provided by Indian Customs. MSMEs can effortlessly file shipping bills, bills of entry, and claim rebates such

as RoDTEP and RoSCTL.

Why it matters:

- Simplifies customs documentation
- Real-time tracking of customs clearance status
- Direct filing reduces dependency on third-party agents

How to use it:

- Register at <https://www.icegate.gov.in>
- Upload relevant documents and digitally sign Monitor the status of your shipments directly through the portal.

2. GST SAHAY

Unlock Instant Credit Using Your GST Invoices

GST SAHAY is an innovative

digital credit platform initiated by GSTN in collaboration with SIDBI. MSMEs can use GST invoices as collateral to instantly secure digital loans without traditional collateral, significantly improving liquidity and operational agility.

Why it matters:

- Quick and collateral-free loans based on GST invoices
- Digital processing reduces waiting periods significantly
- Enhances working capital management

How to use it:

- Register on the GST SAHAY platform via <https://www.gstsahay.co.in>
- Upload GST invoices
- Get credit approval in real-time

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3. DGFT Mobile App

Stay Updated with Export Policies and Notifications

The Directorate General of Foreign Trade (DGFT) app provides timely updates on policy changes, export notifications, and critical announcements that affect MSME exporters. Staying informed allows businesses to react swiftly and efficiently to policy shifts.

Why it matters:

- Instant access to official DGFT notifications
- Easy policy clarification
- Facilitates proactive compliance management

How to use it:

- Download the DGFT mobile app from Google Play or Apple Store
- Enable push notifications for critical updates
- Regularly check policy amendments and FAQs

4. Currency Converter Plus

Master Your FX Risk with Real-Time Exchange Rates

Currency Converter Plus provides MSMEs real-time exchange rate updates for various currencies, crucial for businesses exporting to multiple countries. It allows quick price quoting and helps manage foreign exchange volatility effectively.

Why it matters:

- Accurate currency conversions
- Reduces foreign exchange exposure
- Helps in precise quotation and costing

How to use it:

- Download Currency Converter Plus from Google Play or App Store
- Set up your frequently-used currencies
- Monitor real-time forex rates and calculate conversions instantly

5. Canva

Elevate Your Global Branding and Marketing Efforts

Canva is a user-friendly design platform offering numerous free templates for creating professional marketing materials like brochures, presentations, product catalogues, and digital content.

Why it matters:

- Professional-quality

marketing materials without graphic design skills

- Enhances MSMEs' branding and global visibility
- Reduces marketing expenditure significantly

How to use it:

- Sign up at <https://www.canva.com>
- Choose from thousands of export-ready design templates
- Easily customize with your brand colors, logos, and product images.

Conclusion:

Adopting these free digital tools can significantly reduce your operational costs, streamline your export activities, and enhance global competitiveness. From documentation and finance to policy awareness and marketing, these digital assets empower Indian MSMEs to thrive efficiently in international markets. Leverage these tools today and set your MSME on the fast track to global success.

Table: Summary of the tools

Tool	Platform	Link
ICEGATE	Web	icegate.gov.in
GST SAHAY	Web	gstsahay.co.in
DGFT App	Android / iOS	Available on play store
Currency Converter Plus	Android / iOS	Available on play store
Canva	Web + App	canva.com

MSMES AND THE COMPETITIVENESS IMPERATIVE

Clusters, Collaboration, and the Road to Global Scale



India's Micro, Small, and Medium Enterprises (MSMEs) are far more than a statistical segment—they're the heart of our entrepreneurial ecosystem. From preserving ancient crafts to designing precision components for the global defense industry, Indian MSMEs are everywhere. They contribute around one-third of the nation's GDP and nearly 45% of total exports. But here's the catch: **while the numbers look strong, the real story is more complex.**

Many Indian MSMEs are stuck in midstream operations—producing components but not leading innovation. They struggle with scaling, tech adoption, global branding, and efficient trade processes, limiting their global competitiveness.

Clusters That Collaborate: A Smarter Framework for Growth

What if MSMEs didn't have to go it alone? Imagine hubs where enterprises, universities, private firms, and public institutions all work together to share insights, solve problems, and co-develop products. That's the power of a strong cluster.

The recently published report of Niti Aayog **"Enhancing Competitiveness of MSMEs in India"** introduces a powerful model built on **Porter and Emmons' Institutions for Collaboration (IFCs)**—networks of formal and informal players who actively drive innovation, productivity, and R&D within a sector or region. India already has a solid starting point: the

Micro and Small Enterprises-Cluster Development Programme (MSE-CDP) and Common Facilitation Centres (CFCs). But these need an upgrade. Elevating CFCs into dynamic IFCs means:

- Consolidating membership across MSMEs, universities, and think tanks
- Creating tech-sharing and training hubs
- Ensuring transparent and secure knowledge exchange

This isn't just theory—it's a proven accelerator for reducing costs, building trust, and boosting innovation.

Understanding Competitiveness: The Cluster Lens

Forget generic policy templates. India needs a reimagined cluster model that reflects the real on-ground landscape—one built around **Collective Efficiency** and **Flexible Specialization**.

Using firm-level and labour force data (like the PLFS and UDYAM), the report reveals key insights:

- 81% of MSMEs operate as proprietorships
- 80% are micro enterprises
- 74% of workers in MSMEs are in non-agricultural, informal sectors

These numbers underline the urgent need for targeted support

and regional coordination—especially for clusters with specialized potential.

Let's look at how that plays out across key sectors:

Textile Manufacturing and Apparel

- Problem: Too many clusters are stuck in upstream activities (e.g., spinning, weaving).
- Solution: Move downstream! Support design innovation, supply chain digitization, and partner with design schools.
- Hotspots to watch: **Surat, Tiruppur, Ludhiana**

Chemical Clusters

- Problem: Skill shortages + complex regulations = high operational costs.
- Solution: Enable faster product approvals, compliance training, and university partnerships for expertise.
- Benefit: Smooth entry into higher-value, downstream products

Automotive Clusters

- Problem: MSMEs focus on machinery, not market access or R&D.
- Solution: Offer tax incentives for intangible investments, create tech-sharing platforms.
- Regions: **Gurgaon, Pune, Rewari**

Food Processing Clusters

- Problem: Fragmented supply chains and poor infrastructure.
- Solution: Connect farmers and processors directly, invest in sensor tracking, create

branded food parks.

- **Especially needed in:** North-East and Eastern India

Breaking Barriers: What Holds MSMEs Back?

Despite their potential, MSMEs continue to face big challenges:

- **Finance Gaps:** Limited access to formal credit, especially for women-led and micro enterprises
- **Tech Deficit:** Costly, inaccessible technology adoption
- **Skill Shortages:** 40% of MSMEs lack trained manpower
- **Regulatory Hurdles:** Complex compliance, scattered policies, weak policy uptake

What Needs to Change?

Access to Finance

- Strengthen CGTMSE with better oversight
- Offer 100% credit guarantees for women-led MSMEs
- Scale NBFC support with lower-rate wholesale funding from SIDBI
- Reinstate Priority Sector Lending for MSME-focused NBFCs

Skilling

- Co-create training modules with industry + academia
- Use grant models for subsidized skilling
- Promote “earn while you learn” programs in clusters

Technology & Supply Chains

- Promote digital logistics and

AI-driven product management

- Support GVC integration with smart infrastructure
- Introduce affordable risk management tech (like sensor + insurance models)
- Learn from global examples like Malaysia and Thailand

Policy & Implementation

- Improve awareness of schemes like ECLGS, Startup India, Atmanirbhar Bharat
- Conduct MSME need surveys to refine policy
- Uniform state policies for better coordination
- Promote cash-flow based lending & equity finance
- Boost e-commerce adoption and digital marketing skills

The Big Picture: Clusters, Competitiveness & Collaboration

MSMEs are not just India's economic backbone—they're its future. But to scale, they need more than isolated interventions. They need **ecosystems**.

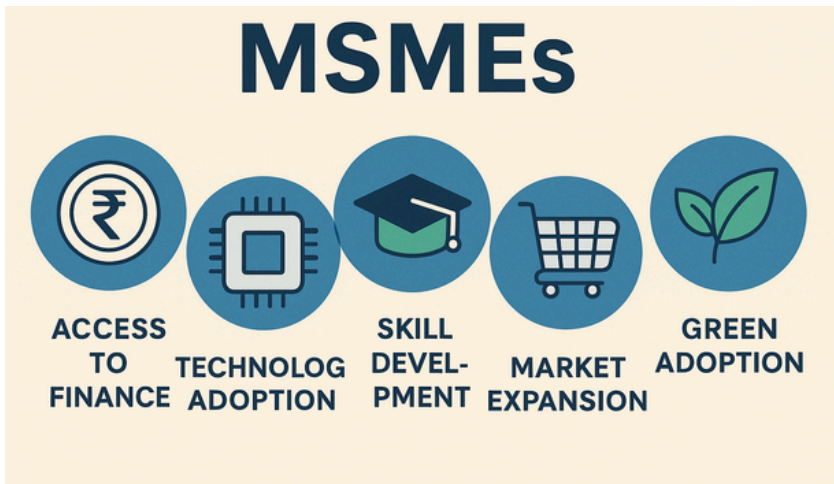
Whether it's through IFCs, smarter policy design, or regional industrial strategies, the roadmap is clear:

- Build collaborative clusters
- Close finance and skill gaps
- Support digital and green transformation
- Make global value chain entry seamless and scalable

With the right support, India's MSMEs can go from survival mode to global leadership—bringing jobs, innovation, and resilience to every corner of the country.

MSMES POWERING INDIA'S GROWTH

What You Need to Know (and Act On!)



This article draws insights from **SIDBI's recent report titled "Understanding Indian MSME Sector: Progress and Challenges."** The findings offer a clear picture of where Indian MSMEs stand today—what's working, what's holding them back, and most importantly, where the biggest opportunities lie.

When we talk about India's economic engine, we're talking about you—the Micro, Small, and Medium Enterprises (MSMEs). You aren't just part of the economy; **you are the economy.** From handcrafted products in rural villages to smart-tech manufacturing in urban clusters, MSMEs are fueling innovation, creating jobs, and shaping India's future. Contributing nearly one-third to India's GDP and powering close to 46% of exports, your role is indispensable.

But the story doesn't stop there. MSMEs are also closing the urban-rural divide, building supply chain resilience, and unlocking inclusive growth.

Let's break down the evolution, opportunities, and actionable steps that can help you navigate today's challenges and grow stronger.

What's Holding You Back? Key Challenges MSMEs Face

1. Access to Credit

- 12% of micro enterprises still rely on informal credit.
- Estimated **₹30 lakh crore credit gap** exists across the sector.
- Women-led MSMEs face 35% higher barriers in securing loans.

2. Limited Market Reach

- 70% of MSMEs still use traditional marketing methods.
- Only 13% use digital tools and social media.

- Sectors like IT/ITeS and hospitality face intense market competition.

3. Skilled Labour Shortage

- 25% of MSMEs report difficulty in hiring skilled workers.
- Especially problematic in garments, defense, hotels, and logistics.

4. Tech Hesitancy

- Tech adoption remains slow—especially in services like hotels and hospitals.
- Limits productivity and competitiveness.

5. Complex Compliance

- Regulatory overload remains a burden—especially in manufacturing.
- Sectors like metals, pharma, defense cite heavy compliance pressure.

Government Support – Tools You Can Start Using Today

Formalization: Your First Step

- Over **6.2 crore MSMEs** are now registered on the **UDYAM** portal.
- Udyam Assist Portal helps bring informal enterprises into the formal net.

Finance & Credit Access

- **PM MUDRA Yojana:** Loans up to ₹20 lakh (raised in Oct 2024)

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- **Stand-Up India:** Credit support for women and SC/ST entrepreneurs
- **PM Vishwakarma Yojana:** ₹3 lakh loans + skill training
- **PMEGP:** Subsidies up to 35% for micro-enterprises

Credit Guarantee Schemes

- **CGTMSE:** Up to ₹10 crore with 85% guarantee
- **MCGS-MSME:** 60% guarantee on ₹100 crore loans for machinery
- **PMMY Credit Cover:** ₹20 lakh loan protection
- **CGSS for Startups:** ₹20 crore limit, reduced fees

New Digital Credit Model

- Uses **GST, ITR, bank statements** for auto-assessed loans
- Real-time scoring improves turnaround time

Development Schemes That Make a Difference

- **MSE-CDP:** Infra + shared facilities with 80% government support
- **ESDP:** Skill training and business mentoring
- **PMS Scheme:** Support for e-commerce, exhibitions, branding
- **IC Scheme:** Financial help to attend global trade events
- **MSME Champions Scheme:** ZED certification, lean manufacturing
- **RAMP Scheme:** ₹6,000 crore World Bank-backed initiative for tech + finance

Budget 2025–26 Highlights – What's New?

- Credit cards with ₹5L limit for micro-enterprises (10L cards in year one)
- ₹2 crore loans for 5L first-time entrepreneurs (with capacity building)
- New ₹10,000 crore **Fund of Funds**
- Focused schemes for **footwear, toys, food processing**
- Digital trade infra under **BharatTradeNet** for smoother exports

Women Entrepreneurs – A Force to Reckon With

- 26.2% of proprietary MSMEs are women-led
- 76% of them have credit access—but face tougher hurdles
- Credit + market access still key concerns for 41% of them

Green is the New Growth

- 31% use **energy-efficient** equipment
- 21% have embraced **renewable energy**
- Green adoption reduces cost and improves competitiveness

📌 **Challenges:** High upfront costs, lack of awareness, limited tech support

📌 **Solutions:** Apply for green finance, ZED certification, and join clean-tech awareness drives

Final Word: You're at the Centre of India's Economic Vision

As India moves toward **Viksit Bharat @2047**, MSMEs like yours are leading the way.

- **Go Digital**
- **Access Credit**
- **Train Your Teams**
- **Tap Government Schemes**
- **Adopt Green & Smart Tech**

With the right strategies, tools, and support, you're not just participating in India's growth—you're shaping its future. Let's rise together.

MSMEs Real Impact

Let's look at some numbers that show your sector's growing importance



MSMEs are not just contributing—they are leading India's growth story.

BUILDING ENTREPRENEURS, TRANSFORMING LIVES

Impact of Odisha's Landmark Self-Employment Program



As a significant step towards promoting sustainable self-employment and inclusive entrepreneurship across India, the **National Institute for Micro, Small and Medium Enterprises (ni-msme)** unveiled the '**Impact Assessment Report of a pioneering Self-Employment and Entrepreneurship Development Program (EDP) implemented in Odisha**'.

The report was launched during a national event under the Chairmanship of **Shri. Jitan Ram Manjhi, the Hon'ble Minister for MSME**, and graced by **Ms. Mercy Epao, Joint Secretary (SME)** and **Dr. Ashutosh Murkute, Director General of ni-msme**.

This high-impact Odisha Entrepreneurship Development

Program which concluded in December 2025, was led by the **Odisha Skill Development Authority and the World Skill Center**, with funding support from the **Asian Development Bank**, and implemented by **Palladium**.

ni-msme conducted the independent assessment to validate the outcomes of this first-of-its-kind initiative focused on empowering women, youth, and marginalized communities through structured entrepreneurship support.

Designed to dismantle systemic barriers that hinder micro-entrepreneurship—such as limited access to quality training, to finance, to mentorship, and to markets — the program integrates a

unique **100-hour experiential learning module**, a **24-week mentorship framework**, and a **robust support ecosystem** for formalization of businesses, credit facilitation, market linkage, branding, and digital inclusion.

The assessment, conducted across **1,014 beneficiaries** using both **quantitative and qualitative methodologies**, revealed **transformational outcomes**:

- 67% of participants were women, with significant representation from SC, ST, and OBC communities.
- 98% reported higher profits, and 56% created additional employment, generating 699 new livelihoods.



- 97% diversified or scaled their businesses, and 88% adopted digital platforms.
- Credit access was accelerated, with 96% assisted to be linked to financial institutions and 95% assisted to markets.
- Average monthly business revenue for entrepreneurs rose about three times from ₹17,000 at the initial stages of mentorship to over ₹50,000 by the end of the program.

The mentorship model emerged as a game-changer, with 97.5% reporting improved decision-making and 98.8% staying engaged with mentors beyond the program. 99.5% are now planning long-term business strategies, while 97.8% aim to scale in the next five years—a clear sign of deep entrepreneurial roots taking hold.

These insights offer a robust framework for replication for entrepreneurs in other geographies through governments that seek to foster inclusive and resilient livelihoods through entrepreneurship.

Reflecting on the findings, **Dr. Shreekant Sharma, Director, School of Entrepreneurship and Extension (SEE), ni-msme, Hyderabad**, stated: “The impact assessment of Odisha’s Entrepreneurship Development Program validates that with the right institutional support, even the most grassroots-focused entrepreneurship models can deliver sustainable outcomes at scale. Odisha’s EDP demonstrates how structured training, mentoring, and ecosystem linkages can unlock real economic potential among underserved communities. We also acknowledge the critical implementation role played by Palladium, whose unique impact driven, community-based approach to mentorship of entrepreneurs ensured the Program’s successful strategic delivery and last-mile effectiveness. This program is definitely one of its kind and can be adopted by other states as it is the need of the hour.”



The report stands as a testament to ni-msme's commitment to advancing evidence-based policy and practice in the MSME sector and sets the stage for the next wave of state-led entrepreneurship models nationwide.



ni-msme is an Organisation of Ministry of MSME, Govt. of India & ISO 9001:2015 Certified; Accredited as UTKRISHT / उत्कृष्ट, 3-Star Rating by Capacity Building Commission (CBC); and International Labour Organization (ILO) Women's Entrepreneurship (WE) Check Certified.



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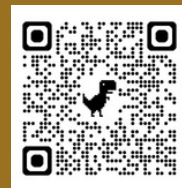
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About ni-msme

ni-msme is an autonomous institution of the Ministry of MSME, GoI. It is ISO 9001:2015–certified, holds a 3-Star Utkrisht accreditation from the Capacity Building Commission, and is certified under the ILO's Women's Entrepreneurship (WE)-Check programme.

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