FinRISE
Financial Research and Innovation for Sustainable Enterprises

CENTRE OF FINANCIAL INCLUSION (CFI)

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Factsheet of MSME (Udyam) Registration Including Udyam Assist Platform (UAP)

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	Factsheet of MSME (Udyam) Registration Including Udyam Assist Platform (UAP)	Factsheet of MSME (Udyam) Registration	Factsheet of Udyam Assist Platform (UAP)
Total Registration	6,43,64,767	3,73,10,722	2,70,54,045
Total Classified	6,43,11,683	3,72,57,633	-
Micro	6,38,01,992	3,67,47,947	2,70,54,045
Small	4,74,241	4,74,241	-
Medium	35,450	35,450	-
Total Employment	27,73,21,778	24,46,53,116	3,26,68,662

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India's Startups Receive Rs 20 Cr Credit Boost Under Expanded Credit Guarantee Scheme

The Department for Promotion of Industry and Internal Trade (DPIIT), has announced expansions to the Credit Guarantee Scheme for Startups (CGSS), enhancing financial support available to India's innovation ecosystem.The CGSS scheme provides guarantees for credit instruments extended to startups by Scheduled Commercial Banks, All India Financial Institutions, Non-Banking Financial Companies, and SEBI-registered Alternative Investment Funds.The primary objective of CGSS is to facilitate collateral-free debt funding for eligible startups through various financial instruments including working capital, term loans, and venture debt.The ceiling on guarantee cover per borrower under the scheme has been doubled from Rs. 10 crores to Rs. 20 crores. Additionally, the government has increased the extent of guaranteed coverage to 85 percent of the default amount for loans up to Rs. 10 crore and 75 percent for loans exceeding Rs. 10 crores.The expanded scheme aims to address the financing challenges faced by innovation-driven startups by reducing perceived lending risks, thereby encouraging more financial institutions to provide credit support.

In a targeted move to strengthen India's manufacturing capabilities, the Annual Guarantee Fee (AGF) for startups in 27 Champion Sectors has been reduced from 2 percent to 1 percent per annum. These sectors, identified under the 'Make in India' initiative, are expected to benefit from more attractive funding conditions, which should stimulate innovation in domestic manufacturing and advance self-reliance goals.

Big Relief for MSMEs: CGTMSE Slashes Annual Guarantee Fee for Loans Above ₹1 Crore

In a significant move aimed at reducing the cost of credit for Micro and Small Enterprises (MSEs), the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) has announced a reduction in the Annual Guarantee Fee (AGF) for guarantees covering loans above ₹1 crore and up to ₹5 crore under the Credit Guarantee Scheme III (CGS-III). This decision, which follows the guidelines outlined in CGTMSE Circular No. 236/2023-24 dated January 01, 2024, regarding the annual fee structure for guarantees up to ₹5 crore, underscores the government's commitment to fostering a more conducive financial environment for the MSE sector.Previously, a standard AGF was applicable for guarantees within the ₹1 crore to ₹5 crore range. However, recognizing the need to further alleviate the financial burden on larger MSE borrowers, CGTMSE has introduced a revised, more competitive fee structure.

The revised Annual Guarantee Fee structure, effective for all guarantees approved on or after April 01, 2025, is as followsAs per the new structure, guarantees ranging from above ₹1 crore to ₹2 crore will now attract an AGF of 0.85%, a significant reduction from the previous standard rate of 1.00%. For guarantees above ₹2 crore and up to ₹5 crore, the AGF remains at 1.00%

.This reduction in the annual guaranteed fee is expected to translate into lower overall borrowing costs for eligible MSEs seeking larger credit facilities. By making credit more affordable, CGTMSE aims to encourage entrepreneurship, facilitate business expansion, and boost economic growth within the MSE sector.Lending institutions are urged to take note of these revisions and disseminate this information across all their branches and relevant departments to ensure smooth implementation. This move is anticipated to be welcomed by MSEs across the country, providing them with enhanced access to cost-effective financing options.

Financial Literacy Session Empowers Investors

A crucial Investor Education and Awareness Initiative was successfully held on May 15, 2025, with the successful organization of an Investor Education and Awareness Initiative. The session, held at the prestigious NIMSME training building in room number 103, was a collaborative effort spearheaded by CFI.

The enlightening one-hour program was expertly conducted by Mr. Avijit Majumder, a seasoned professional from CEET, the esteemed training wing of the Centre for Investors Education and Learning (CIEL). his significant initiative is a direct outcome of the concerted efforts of the Securities and Exchange Board of India (SEBI), the apex regulator of India's financial market, and the Association of Mutual Funds of India (AMFI). Recognizing the critical need for widespread financial awareness, SEBI and AMFI have joined forces to empower citizens with essential knowledge related to financial planning and investment principles. The program's design focuses on demystifying complex financial concepts and equipping individuals with the tools necessary to make informed financial decisions.

ICFAI MBA Students Conclude Internship with Project Presentations

The MBA Class of 20 at ICFAI recently marked the successful completion of their comprehensive internship program, culminating in detailed project report submissions and insightful presentations held on May 17th. This year's cohort experienced a diverse practical learning journey, with each student undertaking a structured internship.

Notably, their three-month experiential learning was strategically divided, with an initial one-week immersion at the National Institute for Micro, Small and Medium Enterprises (ni-msme) followed by an intensive eleven-week engagement at the Bank of Baroda.

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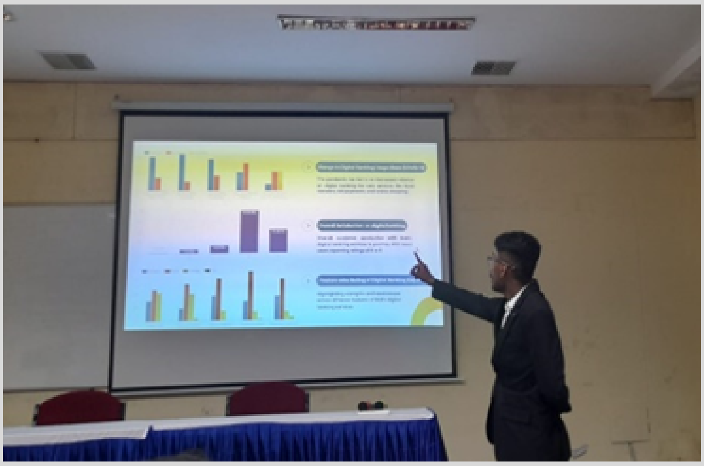

The presentations showcased the practical application of their academic learning in real-world business scenarios encountered at the Bank of Baroda. The initial week at ni-msme likely provided a foundational understanding of the dynamics within the MSME sector. The event witnessed the esteemed presence of the Chair CFI and Dr. C. G. Sastry, Vertical Head CFI. Their participation highlighted the importance ICFAI places on industry exposure and practical training for its students.

ni-msme DG Awards Certificates to ICFAI Business School (IBS), Interns

Dr. Ashutosh A. Murkute, Director General of the National Institute for Micro, Small and Medium Enterprises (ni-msme), today i.e 29-05-2025 awarded internship completion certificates to MBA students from ICFAI Business School (IBS), Hyderabad. The ceremony took place at the ni-msme training building.

This event marks the successful conclusion of a three-month summer internship program for the IBS students, facilitated by CFI, ni-msme along with Bank of Baroda which commenced in mid-February and concluded on May 17, 2025. The internships provided the students with valuable practical experience, enhancing their academic learning with real-world exposure at CFI, ni-msme. The certificates are crucial for the students' academic records and future career prospects, signifying their diligent fulfilment of internship requirements.

The Green Economy and Sustainable Development: A Blueprint for a Resilient Future

M V Kameswara Rao, Chair, CFI, ni-msme

This article is written on the occasion of " National conference on Navigating the Future with ESG 2.0" Program conducted by ni-msme on 29 & 30 May 2025.

In an era defined by pressing environmental challenges such as climate instability, biodiversity loss, and resource scarcity, the global community is undergoing a transformative shift towards a "Green Economy". This paradigm redefines development by integrating environmental stewardship, economic resilience, and social equity as interdependent pillars of long-term prosperity.

Unlike traditional, resource-intensive growth models dependent on fossil fuels, green economic models foster low-carbon, circular, and regenerative systems that respect planetary boundaries while enabling inclusive and climate-resilient development.

There is a growing global consensus among governments, financial institutions, academia, and civil society that transitioning to a green economy is not merely a moral imperative but a strategic and economic necessity. By directing capital towards sustainable infrastructure, renewable energy innovation, and circular resource use, societies can decouple economic growth from ecological degradation. This transition also creates opportunities for inclusive development, particularly for vulnerable populations disproportionately affected by environmental risks, through the proliferation of green jobs, strengthened climate adaptation systems, and mainstreaming sustainability-driven policies.

The Rise of Green Finance: A Catalyst for Sustainable Growth

Central to the evolution of the green economy is the ascent of "Green Finance." This rapidly expanding domain of capital markets integrates environmental, social, and governance (ESG) criteria into investment decisions. Green finance encompasses various financial products, investments, and policies designed to promote environmental sustainability while ensuring long-term economic viability. It channels capital into clean energy, sustainable infrastructure, and environmentally responsible projects, thereby mitigating climate risks, reducing carbon footprints, and fostering new economic opportunities.

The objectives of green finance are multifaceted: reducing carbon emissions by financing clean energy and low-carbon technologies; enhancing climate resilience through infrastructure and adaptation projects; promoting sustainable resource use via circular economy initiatives, sustainable agriculture, and water conservation; and fostering environmental innovation through research and development of new sustainable technologies. Key sectors benefiting from green finance include renewable energy (solar,wind, hydro), sustainable infrastructure (green buildings, smart cities), agriculture and land use, and water and waste management.

Green Bonds, ESG Investments, and Sustainable Infrastructure

The integration of sustainability into global financial markets is significantly driven by instruments like green bonds and ESG investments. Green bonds are a primary financing tool, allowing entities to raise capital specifically for environmentally beneficial projects such as renewable energy, sustainable transport, and climate adaptation.

The global green bond market has experienced exponential growth, fueled by investor demand and regulatory incentives, with adherence to standards like the Green Bond Principles ensuring transparency and credibility.

ESG investing represents a paradigm shift where investors incorporate environmental, social, and governance factors into their decision-making, recognizing that businesses with strong sustainability practices are often more resilient and profitable. This evolution is driven by increased awareness of climate risk, regulatory mandates (e.g., EU SFDR, TCFD), and investor demand for ethical portfolios.

Sustainable infrastructure, another critical component, seeks to integrate climate resilience, energy efficiency, and low-carbon development into urban planning and project execution. This includes green transportation systems, energy-efficient buildings, and climate-resilient urban planning. Financing such infrastructure often involves public-private partnerships (PPPs) and blended finance mechanisms to overcome high upfront costs and long payback periods.

Challenges in Scaling Green Finance

Despite its transformative potential, green finance faces significant systemic challenges that impede its widespread adoption. These include:

- Regulatory Frameworks and Policy Gaps: A lack of cohesive, standardized global regulatory frameworks creates uncertainty for investors, making it difficult to assess risks and opportunities effectively. Inconsistent definitions of "green" investments across jurisdictions lead to market inefficiencies and greenwashing risks.
- Investment Risks and Market Uncertainties: Green finance is often perceived as high-risk due to evolving regulatory landscapes, technological uncertainties, and market volatility. Fluctuations in commodity prices, supply chain disruptions, and geopolitical instability further compound these risks.
- Long-Term Returns vs. Short-Term Financial Pressures: There is a fundamental misalignment between the long-term nature of sustainable investments, which often require significant upfront capital and extended payback periods, and the short-term profit-driven focus of traditional capital markets.
- Lack of Scalable Financial Instruments: While green bonds and sustainability-linked loans have gained traction, the sector lacks a diverse and scalable range of financial instruments to attract widespread participation from institutional investors. Limited liquidity and market depth, along with the absence of standardized financial products, hinder scalability.
- Bridging the Gap Between Private and Public Investment: A thriving green finance ecosystem requires effective collaboration between private investors and public institutions. However, private investors often hesitate due to perceived risks, and existing financial architectures do not always facilitate efficient channeling of private capital into public-sector sustainability initiatives.

Overcoming Barriers: The Path Forward

To unlock the full potential of green finance, coordinated multi-stakeholder action is essential. Strategies for overcoming these barriers include:

- Standardized Taxonomies and Green Definitions: Establishing universally accepted taxonomies that clearly define sustainable investments is crucial to enhance transparency, improve capital allocation efficiency, and combat greenwashing.

- Robust Risk Mitigation Strategies: Implementing sophisticated climate risk assessment models and strengthening public-private risk-sharing mechanisms can encourage private sector participation.

- Financial Innovations and Policy Interventions: Blended finance mechanisms, sustainability-linked financial instruments, and regulatory and fiscal incentives can bridge the gap between investment horizons and sustainability goals. Corporate governance reforms that incorporate long-term ESG performance metrics can also align corporate strategy with sustainable finance.

- Diversifying Financial Instruments: Introducing a broader array of scalable investment instruments, such as green securitization models, climate-focused ETFs, sustainability-linked derivatives, and impact-driven blended finance instruments, can expand the accessibility and liquidity of green finance.

- Strengthening Public-Private Collaboration: Innovative financing models like Public-Private Partnerships (PPPs), green credit enhancement mechanisms, and sustainability-linked investment vehicles can balance risk and return for all stakeholders, accelerating the deployment of critical green infrastructure.

- By effectively leveraging green finance, the global economy can transition towards a future where economic prosperity and environmental stewardship are mutually reinforcing, ensuring long-term resilience, inclusivity, and sustainability for generations to come. The financial sector has a unique opportunity to drive systemic change, ensuring capital markets serve both economic prosperity and the collective well-being of society.

Published by Dr. Ashutosh A. Murkute Director General
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