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PRAGYA CONSULTING

SUSTAINABLE SOCIAL SENSIBLE

India's First Magazine dedicated to MSMEs

BizIgnite

POWERING INDIA'S MSME REVOLUTION

IN COLLABORATION WITH:



Scaling the Champions

The 18% Breakthrough

A New Economic Era
for MSMEs

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

February 2026 Issue

The February 2026 issue of BizIgnite captures a defining inflection point for India's MSME ecosystem. From the Union Budget's ₹10,000 crore SME Growth Fund and TReDS 2.0 liquidity architecture to landmark trade resets with the US and EU, the message is unmistakable—MSMEs are no longer peripheral players; they are central to India's growth blueprint.

This edition moves beyond headlines to decode execution pathways. The 18% India-US tariff breakthrough restores competitiveness. The India-EU FTA opens a 2-billion-consumer marketplace with unprecedented zero-duty access. Meanwhile, structural reforms in invoice securitisation, collateral-free lending up to ₹20 lakh, and AI-enabled logistics are dismantling long-standing barriers around credit, cash flow, and compliance.

But opportunity now comes with responsibility. Global supply chains demand trust, traceability, sustainability, and standards readiness. The game has shifted from cost arbitrage to capability alignment.

The ecosystem is ready. Capital is available. Digital rails are in place. The real question is: *Are MSMEs prepared to scale strategically?*

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



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MSME SAMACHAR

Your Gateway to MSME Insights & Innovation

National-level updates

Union Budget 2026-27 Focuses on Growth, Capex and MSMEs February 1, 2026

Finance Minister Nirmala Sitharaman presented the Union Budget 2026-27 on 1 February 2026, prioritising high public investment, fiscal consolidation and support for MSMEs and job creation.

The government has proposed total expenditure of about ₹53.47 lakh crore for 2026-27, with public capital expenditure raised to ₹12.2 lakh crore to drive infrastructure-led growth, including high-speed rail corridors, new national waterways and city economic regions. The fiscal deficit is targeted at 4.3% of GDP in 2026-27, down from 4.4% in 2025-26, signalling continued fiscal consolidation while sustaining growth momentum.

A key theme is “**Yuva Shakti-driven growth**”, with emphasis on skilling, employment and enterprise creation, along with three guiding duties: accelerating growth, building capacity and ensuring inclusive development. The Budget also pushes manufacturing, including schemes for advanced construction equipment, container manufacturing and revival of 200 legacy industrial clusters.

For MSMEs, the Budget

announces a ₹10,000 crore SME Growth Fund to create “Champion” enterprises, along with a ₹2,000 crore top-up to the Self-Reliant India Fund to support micro enterprises and improve access to risk capital. Measures to deepen equity financing, formalisation and payment discipline, including wider use of TReDS, aim to strengthen over 7.4 crore MSMEs and their 32.8 crore jobs.

On taxation, the government has proposed a simplified income tax framework to reduce compliance burden and a tax holiday till 2047 for foreign cloud service providers using Indian data centres, supporting India’s digital and data-centre ambitions. Clean energy and climate technologies also gain with a proposed ₹20,000 crore outlay over five years for carbon capture, utilisation and storage across key industrial sectors. ([read more](#)).

Budget to create secondary market for MSME invoices via TReDS securitisation

February 4, 2026

The Union Budget 2026-27 has proposed a secondary market for MSME invoices by allowing securitisation of receivables generated on the Trade Receivables Discounting System (TReDS), in a move aimed at deepening liquidity and easing working capital constraints for small businesses.

Under the proposal, discounted invoices on RBI-regulated TReDS platforms can be bundled into asset-backed securities and sold to institutional investors, enabling banks and financiers to offload short-term MSME exposures and recycle capital for fresh lending. Industry executives say this will bring capital markets directly into MSME trade finance and could “fundamentally change” the MSME credit landscape by unlocking large-scale private capital beyond bank balance sheets.

The securitisation push is part of a **broader four-point TReDS reform package** in Budget 2026:

- mandatory settlement of all CPSE purchases from MSMEs on TReDS,
- credit guarantee support for invoice discounting via CGTMSE,
- integration of Government e-Marketplace (GeM) with TReDS, and
- creation of a secondary market through asset-backed securities.

Stakeholders note that with TReDS defaults reportedly below 1% on more than ₹7 lakh crore of financing so far, trade finance assets are emerging as a relatively safe, transparent asset class for investors.

For MSMEs, the reform is expected to mean faster

payments, cheaper credit and more stable cash flows, as a larger pool of banks, NBFCs and institutional investors participate in invoice financing backed by guarantees and market-based liquidity. ([read more](#))

India and EU seal “mother of all” trade deals, creating a 2-billion people free-trade zone January 27, 2026

India and the European Union have concluded a landmark Free Trade Agreement that will create a free-trade zone spanning nearly a quarter of global GDP and a market of around two billion people. Announced at the 16th India–EU Summit in New Delhi, Prime Minister Narendra Modi and European Commission President Ursula von der Leyen hailed the FTA as a “historic” accord and the “mother of all deals”, with formal signing expected later in 2026 after legal scrubbing and ratification.

Under the pact, India will remove or sharply cut tariffs on around 96.6 per cent of EU exports by value, while the EU will phase in near-zero tariff access for almost 99 per cent of Indian exports, including key labour-intensive and MSME-driven sectors such as textiles, leather, engineering goods, pharmaceuticals and processed foods. EU officials estimate the deal could double EU goods exports to India by 2032 and cut up to €4 billion in duties annually for businesses trading between the two markets.

For India, the FTA is projected to boost export-led growth, jobs and

integration into European value chains, with especially strong gains expected in pharmaceuticals and medical devices, where the government says the agreement opens access to a \$572.3 billion EU market and supports MSME cluster expansion and high-skill employment. The agreement also includes side pacts on security and defence cooperation and mobility of Indian talent, and is framed by both sides as part of a wider strategic partnership.” ([read more](#)).

India-US trade deal nears signing with USA to drop tariffs to 18% on Indian goods February 6, 2026

India and the United States (USA) are finalising the first tranche of a bilateral trade agreement, with a joint statement expected within days and formal signing by mid-March 2026. Following a recent phone call between Prime Minister Narendra Modi and President Donald Trump, the US has committed to **slashing reciprocal tariffs on Indian exports from 50% to 18%** via executive order, boosting sectors like manufacturing, auto parts, chemicals and electronics.

Commerce Minister Piyush Goyal confirmed the tariff cut will take effect immediately after the joint statement, while India’s reciprocal tariff reductions on US goods will follow statutory approval post-signing. External Affairs Minister S Jaishankar described the deal as “historic” and poised to open a “new phase” in ties, with India reportedly scaling back Russian oil purchases to qualify for the relief.

The agreement aims to double bilateral trade to \$500 billion by 2030, including India’s commitment to procure \$500 billion in US products like Boeing aircraft (up to \$80 billion) and energy/tech goods, while shielding sensitive sectors like farmers from imports. Chief Economic Adviser V Anantha Nageswaran noted most differences have been resolved after five negotiation rounds, marking a strategic reset amid global tariff tensions.

India Joins BRICS Industrial Competencies Centre To Boost Manufacturing, MSMEs February 4, 2026

India has formally joined the BRICS Centre for Industrial Competencies (BCIC), a multilateral platform designed to provide integrated support to manufacturing companies and MSMEs across BRICS nations with a focus on Industry 4.0 capabilities. The announcement was made at an event organised by the Department for Promotion of Industry and Internal Trade (DPIIT) at Vanijya Bhavan, New Delhi, where a Trust Fund Agreement between DPIIT and UNIDO was signed to formalise India’s participation.

Under the arrangement, the National Productivity Council (NPC) has been designated as the India Centre for BRICS Industrial Competencies and will lead capacity building, productivity enhancement and adoption of advanced manufacturing practices for Indian enterprises. BCIC will

act as a one-stop centre offering training, technology upgradation support, and collaboration opportunities, which is expected to help Indian MSMEs modernise operations, integrate into global value chains and improve competitiveness.

PM Modi Lauds India's MSMEs for Earning Global Trust Amid Reforms

February 5, 2026

Prime Minister Narendra Modi asserted that India's robust MSME network is securing international trust, bolstering the economy's long-term resilience. Speaking in Rajya Sabha while replying to the Motion of Thanks on the President's Address, he credited government reforms for elevating the sector's capabilities.

Modi highlighted how Indian MSMEs now supply critical components for global giants, including aircraft parts, proving the nation's prowess despite not assembling full aircraft. "A strong and extensive MSME network provides long-term strength to the economy. Today, global confidence in India's MSME ecosystem is growing," he stated. This shift underscores years of policy interventions like credit guarantees, digital platforms, and market linkages under initiatives such as Udyam and ONDC.

The remarks align with Budget 2026's thrust on MSMEs, featuring enhanced credit limits, technology upgradation funds, and export incentives to propel units from local to global players.

Modi linked this to broader economic goals, including 25% manufacturing GDP share and major FTAs with the US, UK, and EU, positioning MSMEs as export engines.

MSMEs contribute 30% to GDP, 45% to exports, and employ over 12 crore people, making them vital for Atmanirbhar Bharat. Recent data shows registrations surging 40% post-reforms, with schemes like PMEGP creating 15 lakh jobs last year. Challenges like credit access persist, but optimism prevails with global supply chain shifts favoring India.

This vision empowers MSMEs to lead India's economic resurgence, fostering innovation and inclusive growth.

PLISFPI Scheme Thrives: No Challenges, Boosts MSME Food Processing

February 4, 2026

The Ministry of Food Processing Industries (MoFPI) reports no operational hurdles for units under the **Production Linked Incentive Scheme for Food Processing Industry (PLISFPI)**, fueling robust growth. Minister of State Shri Ravneet Singh shared this in Lok Sabha, underscoring the scheme's success from FY 2021-22 to 2026-27 with ₹10,900 crore outlay.

PLISFPI prioritizes MSMEs, with 69 applicants and 40 contract manufacturers from the sector, enabling diversification into value-added products like RTC/RTE foods, fruits, marine items, cheese, and millets. Advanced

tech has created 35 lakh MT annual processing capacity, generating 3.39 lakh direct/indirect jobs. Complementary schemes PMFME and PMKSY further aid micro units via subsidies, formalization, and infrastructure.

Over ₹2,162 crore incentives disbursed, ₹8,910 crore investments across 213 sites, and rising local sourcing benefit farmers, rural economies, and exports. Millet segment gets ₹800 crore focus, aligning with global health trends.

Food processing, key to reducing 40% agri-waste and hitting \$1 trillion economy goal, sees MSMEs drive innovation amid 171 total applicants. Capacity expansion supports Atmanirbhar Bharat, with SMEs transforming into global players via branding and tech upgrades.

No challenges signal policy efficacy, spurring calls for extension post-2027. Benefits nine lakh farmers, creates off-farm jobs, enhances farmer incomes through remunerative prices.

Bombay HC rejects MSME plea for restructuring of ₹30 crore loan under RBI revival framework

January 28, 2026

The Bombay High Court has dismissed a writ petition by Vardhan Agro Processing Ltd, an MSME borrower, seeking loan restructuring benefits under the RBI's Framework for Revival and Rehabilitation of MSMEs for a sanctioned term loan of ₹30 crore.

The Court held that eligibility under the 2016 RBI revival framework depends on the sanctioned loan limit and not on the outstanding exposure, and the scheme applies only to MSMEs with loan limits up to ₹25 crore.

Despite the company's registration as an MSME and its plea that pandemic-related stress warranted restructuring, the bench ruled that the borrower fell outside the RBI threshold and therefore could not compel the bank to refer its account to a revival committee before declaring it a non-performing asset.

The Court also affirmed that **larger MSME accounts above ₹25 crore are instead governed by RBI's Corporate Debt Restructuring and Joint Lenders' Forum mechanisms**, and that statutory recovery proceedings under SARFAESI and the Insolvency and Bankruptcy Code can validly continue in such cases.

Legal commentators note that the ruling reinforces two key principles: first, that MSME revival benefits are strictly contingent on falling within RBI's prescribed loan limits; and second, that banks are not obliged to extend MSME restructuring where borrowers are ineligible under those norms.

The decision is seen as a cautionary signal to larger MSMEs to carefully assess their sanctioned limits against RBI thresholds before invoking revival schemes or challenging enforcement action.

Govt highlights strong PMEGP support for small manufacturing and service units

January 29, 2026

The Ministry of Micro, Small & Medium Enterprises has reported that the **Prime Minister's Employment Generation Programme (PMEGP)** is predominantly supporting very small projects, with a clear tilt towards micro and nano entrepreneurs. In a written reply in the Rajya Sabha, Minister of State Sushri Shobha Karandlaje stated that between FY 2020-21 and FY 2024-25, about 63% of assisted units in manufacturing and 93% in services had project costs up to ₹10 lakh, underlining PMEGP's role as an entry-level enterprise scheme rather than a large-ticket credit programme.

To ease credit access for such small projects, the government has highlighted several facilitative measures under PMEGP: banks are not to insist on collateral security for loans up to ₹10 lakh as per RBI guidelines; margin money subsidies are provided to strengthen viability; and banks have been directed to give priority to PMEGP proposals in their lending operations. RBI's deregulation of lending rates means interest on PMEGP loans is set by individual banks within the regulatory framework, but they must ensure transparency, fair pricing and clear disclosure of terms to prevent arbitrary interest recovery from beneficiaries.

The ministry's update positions PMEGP as a key self-employment

and nano-MSME creation tool in both rural and urban areas, with the Centre signalling continued policy backing through priority lending instructions, interest-rate transparency norms and targeted subsidies to keep very small project loans accessible for first-generation entrepreneurs.

State-level updates

Andhra Pradesh CM launches Pilloo AI, voice-based tool to simplify MSME accounting

February 2, 2026

Andhra Pradesh Chief Minister N Chandrababu Naidu launched Pilloo AI at the state secretariat, introducing India's first voice-based billing and accounting AI agent tailored for small and medium enterprises. Developed by Hyderabad-based Pilloo AI Pvt Ltd, the platform lets business owners generate invoices, record sales and payments, fetch reports like balance sheets and receivables/payables, and manage accounts simply by speaking in their native language—no screens, paperwork or accounting knowledge needed.

Currently supporting five Indian languages with plans to expand to over 50 globally, Pilloo AI also automates data extraction from uploaded bills and bank statements for instant purchase and transaction entries, targeting millions of MSMEs reliant on manual records due to complex, costly software. The CM generated the first invoice on-site to demonstrate its conversational interface and called it a prime example of technology simplifying

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business, enhancing transparency and aligning with the state's digital growth vision.

Founders Sai Praneeth G and Ram Mohan Locharla said Pilloo AI removes fear around financial management, enabling confident growth for micro-entrepreneurs while supporting India's digitally empowered economy. The launch, attended by Chief Secretary K Vijayanand and MLA Prathipati Pulla Rao, underscores Andhra Pradesh's push for AI in grassroots business operations.

Meghalaya hosts Northeast's first Reverse Buyer-Seller Meet to boost MSME exports
February 3, 2026

Meghalaya hosted the region's inaugural Reverse Buyer-Seller Meet (RBSM) 2026 at the State Convention Centre in Shillong, bringing together over 100 local MSME sellers with 28 international buyers from 16 countries to forge export partnerships. Organised by the Department of Commerce & Industries with the Federation of Indian Export Organisations (FIEO) under the Union Ministry's RAMP scheme, the buyer-driven platform focuses on structured B2B meetings in sectors like agri-food processing, handlooms, handicrafts, bamboo, spices, herbal products and wood crafts.

Chief Minister Conrad K Sangma inaugurated the two-day event, calling it a "historic" step for Northeast

MSMEs to access global markets and describing it as distinct from trade fairs due to its emphasis on long-term buyer relationships over one-off sales. Deputy CM Sniawbhalang Dhar highlighted the event's role in scaling export readiness, while Commissioner-Secretary Sanjay Goyal noted MSMEs' 45% contribution to India's exports as an opportunity for Meghalaya.

The meet coincides with the launch of the "MeghaRise" brand for Meghalaya products and a State MSME Portal to streamline exports, regulatory compliance and digital market linkages, supported by World Bank and MoMSME initiatives.

Surat to Host South Zone VGRC MSME Conclave
February 3, 2026

Surat will host the South Gujarat Zone Vibrant Gujarat Regional Conference (VGRC) on **April 9-10, 2026**, featuring an MSME Conclave on the second day. This first-of-its-kind regional initiative covers districts Tapi, Surat, Navsari, Valsad, Dang, and Bharuch, with seminars, B2B/B2G meetings, exhibitions, and vendor programs aimed at boosting local industries.

The MSME Conclave on April 10 includes panel discussions and awards in five categories: women entrepreneurs (51%+ ownership), young entrepreneurs under 35, Scheduled Caste, Scheduled

Tribe, and general (including SEBC). The Gujarat Industries Department urges MSME participation via District Industries Centres for networking and growth opportunities.

NABARD Projects INR 3,088.27 Crore Credit Potential for Nagaland, MSMEs Lead Share
February 3, 2026

The National Bank for Agriculture and Rural Development (NABARD) has pegged Nagaland's total credit potential at INR 3,088.27 crore for FY 2026–27, with the MSME sector emerging as the largest beneficiary at INR 1,355.02 crore. Agriculture accounts for INR 1,050.63 crore, while the remaining allocation targets other priority sectors aligned with the state's development needs.

The projections were unveiled in the State Focus Paper 2026–27 at a State Credit Seminar in Kohima, attended by officials from NABARD, RBI, state government, banks and development agencies. NABARD General Manager P. Bulte said the paper serves as a five-year indicative roadmap and highlighted annual grants of INR 6–7 crore to support entrepreneurship, innovation and projects such as Japanese-model piggery farms in Peren and Mokokchung.

Speakers flagged key bottlenecks, including loan access challenges for youth entrepreneurs, slow computerisation and online audits of PACS (only 18 of 231 completed), limited warehousing

(just one accredited warehouse in Dimapur), and poor data quality hampering scientific credit planning.

AP Boosts MSMEs with ₹90 Cr Parks Funding and 74 Innovation Hubs

February 5, 2026

The Government of Andhra Pradesh (GoAP) released ₹90 crore for developing 175 MSME parks across assembly constituencies under the SASCI-1 scheme, enhancing infrastructure like roads, power, and water to spur entrepreneurship.

Additionally, the Union Ministry of MSMEs approved 74 host institutes in the state under the MSME Innovative Scheme, with 36 receiving direct support and 129 ideas greenlit to ease compliance, foster innovation via incubation, and aid commercialization up to ₹15 lakh per idea.

These initiatives, including prior inaugurations of 49 parks by CM Naidu, align with the 'One Family One Entrepreneur' vision, targeting massive job growth and Ease-of-Doing-Business improvements.

Telangana Gears Up for Integrated Logistics Master Plan, Policy 2.0

February 10, 2026

Landlocked Telangana aims to emerge as India's premier inland logistics hub through an Integrated Logistics Master Plan

(ILMP) and Logistics Policy 2.0, supporting its \$3 trillion economy vision by 2047 under CM A. Revanth Reddy. The Peri-Urban Region Economy (PURE)—between Outer Ring Road (ORR) and Regional Ring Road (RRR)—will host MSME clusters, manufacturing, and logistics corridors linking rural-urban economies.

ILMP will map freight flows, industrial clusters, and export corridors for demand-driven infrastructure: 10-12 new logistics parks, dry ports, bonded warehousing. Key is a dry port near RRR with 297-km greenfield expressway/rail to Bandar Port (Machilipatnam), plus Manoharabad Mega Multimodal Logistics Park. RGIA Hyderabad, top air-cargo hub for pharma, electronics, will integrate with road/rail; Warangal Airport redevelopment planned.

Policy 2.0 rests on six pillars: multimodal infrastructure, digital/smart logistics, regulatory ease, green practices, skills (Women in Logistics), investment/innovation. It targets MSME competitiveness, agri-chains, e-commerce, cutting costs to boost high-value manufacturing.

Existing parks like Mangalapally (PPP, 22 acres), Batasingaram (40 acres) set benchmarks. Tech-hub Hyderabad enables automation, sustainability. Industry consultations ensure global alignment.

This positions Telangana as "South of the North, North of the South," aiding 6.3 crore MSMEs nationwide via efficient supply chains, ODOP, green warehousing.

Financing updates

Union Bank of India joins C2TReDS platform to deepen MSME supply chain finance

February 2, 2026

Union Bank of India (UBI) has signed a Master Financier Agreement with C2FO Factoring Solution Pvt Ltd to participate as a financier on the RBI-approved C2TReDS platform, strengthening digital supply chain financing for MSMEs. C2FO operates C2TReDS as a Trade Receivables Discounting System (TReDS) marketplace, enabling MSME suppliers to discount invoices raised on large corporates and get faster, auction-based funding from multiple financiers.

Through this tie-up, UBI will use the C2TReDS digital ecosystem to offer receivables financing and invoice discounting, helping MSMEs unlock working capital quickly and at competitive rates, while corporates gain a streamlined digital vendor payment solution. Bank executives said the partnership aligns with UBI's strategy to expand digital banking, inclusive growth and risk-calibrated credit delivery, and to deepen its presence across TReDS platforms beyond

existing arrangements with RXIL, A.TReDS and M1xchange.

C2TReDS, backed by global working-capital fintech C2FO, is positioned as a scalable, fully digital TReDS platform offering transparent onboarding, online bidding and near real-time settlement to improve liquidity for MSMEs facing delayed payments and high-cost credit. The move follows a broader trend of public sector banks joining TReDS platforms to

prepare for the Union Budget 2026 push on TReDS-based MSME liquidity and potential secondary market securitisation of MSME invoices.

RBI Raises MSME Collateral-Free Loan Limit to ₹20 Lakh February 10, 2026

The Reserve Bank of India (RBI) amended its Master Directions on MSME lending, raising the collateral-free loan limit for micro and small enterprises (MSEs) from ₹10 lakh to ₹20 lakh, effective April 1, 2026. Banks must extend unsecured loans up to this amount, including for PMEGP units via KVIC, enhancing credit access for asset-poor MSMEs.

Banks can extend up to ₹25 lakh without collateral based on track record, availing Credit Guarantee Scheme where applicable. Voluntary gold/silver pledges remain permissible. These updates, announced by Governor Sanjay Malhotra in the Feb 7 policy, align with Budget 2026-27's ₹4,000 crore top-up for Self-Reliant India Fund.

The changes address MSEs' collateral constraints, strengthening last-mile credit for India's 6.3 crore MSMEs—30% GDP, 45% exports, 12 crore jobs. Last updated July 2025, norms boost institutional flow amid rising credit demand.

MSMEs gain easier working capital for expansion, innovation, amid slowing growth. Complementary steps: Mudra enhancements, TReDS digital discounting. Industry welcomes, expecting a 10-15% uptake rise in micro-loans.

Axis Bank Launches Collateral-Free Solar Loans to Empower MSMEs February 6, 2026

Axis Bank unveiled Rooftop Solar Finance, a specialized loan product enabling MSMEs to adopt rooftop solar energy without collateral, slashing operational costs and boosting sustainability. Loans range from ₹10 lakh to ₹2 crore with 4-7 year repayment tenures, preserving balance sheets and working capital.

Available nationwide via Axis Bank's branch network, the scheme partners with top Original Equipment Manufacturers (OEMs) for quality installations and a technology firm for transparent insights on costs, savings, and timelines. This empowers MSMEs to own solar systems, predict energy expenses, and enhance financial resilience amid India's clean energy push.

The initiative supports national goals like 500 GW non-fossil capacity by 2030, where MSMEs—backbone of 30% GDP and 45% exports—face high energy bills averaging 15-20% of costs. Solar adoption could cut these by 50-70%, per industry estimates, aiding 6.3 crore units' competitiveness.

Complementing schemes like PM Surya Ghar and MSME Samadhan, it arrives as solar capacity hit 100 GW, with rooftop segment growing 30% yearly. Experts hail it for bridging financing gaps, where collateral daunts 70% small borrowers. Axis joins peers like SBI, HDFC in green financing, signaling banking shift to net-zero.

Early adopters in textiles, food processing report 20-30% savings, spurring expansion. This positions MSMEs for global green supply chains, fostering jobs and Atmanirbhar Bharat.

VinFast India Ties Up with Bank of Baroda for ₹200 Cr Dealer Financing February 6, 2026

VinFast Auto India, subsidiary of Vietnam's global EV maker VinFast, signed an MoU with Bank of Baroda to offer invoice financing to its exclusive dealer network, enabling seamless credit for inventory and expansion. Bank of Baroda will provide up to ₹200 crore on flexible terms via its pan-India branches and digital platforms.

The partnership, inked in

Mumbai by VinFast Asia CEO Pham Sanh Chau and BoB's MSME Banking CGM Madhur Kumar, targets urban and emerging markets, easing working capital for MSME dealers amid India's booming EV sector. "This builds a robust EV ecosystem with hassle-free financing," Chau stated.

Kumar emphasized financing's role in EV transition: "Tailored credit for premium EVs reflects our sustainability commitment." It supports VinFast's strategy post its 2025 India entry with VF 6, VF 7 SUVs and Thoothukudi plant launch, covering manufacturing, retail, charging, and services.

India's EV market, eyeing 30% penetration by 2030, sees MSME dealers crucial yet credit-constrained. This aligns with PLI-EV scheme, FAME-III incentives, and green financing push, where rooftop solar, EV infra loans surge. VinFast's move accelerates network growth, aiding 1 crore EV sales target.

Dealers gain inventory agility, customers smoother ownership, boosting adoption. VinFast, NASDAQ-listed, eyes Asia-Pacific dominance with SUVs, e-scooters, buses. BoB, government-majority owned, serves 180M via 65K touchpoints.

AI and Tech Updates

India Pushes Global AI Standards at Upcoming Summit
February 9, 2026

India seeks multilateral consensus on common minimum AI standards

for ethical, global deployment at the India AI Impact Summit 2026 (February 16-20, Bharat Mandapam, Delhi). India AI Mission CEO Abhishek Singh, Additional Secretary MeitY, outlined proposals including an open-source repository of AI solutions for agriculture, healthcare, education—tailored for Global South nations—and "trust commons" tackling bias, deepfakes, watermarking. A shared funding facility will support rollout.

Singh emphasized citizen-centric AI over frontier models, favoring Small Language Models (SLMs, ~14B parameters) using India-specific datasets for practical solutions. "Our objective is to solve for India," aligning with Economic Survey 2025-26 warnings against costly LLMs due to infrastructure gaps. The summit unites 100+ countries, CEOs, for People-Planet-Progress pillars, showcasing applications in governance, startups.

India joins US-led Pax Silica for secure supply chains in semiconductors, AI infra, minerals—countering shortages via R&D, new materials within 3-5 years. This boosts India Semiconductor Mission amid Tata-Micron investments.

Backed by ₹10,000+ crore IndiaAI Mission—GPUs, AIKosh datasets, talent—the push democratizes AI, creates jobs, spurs trillion-dollar economy. Pre-events, 15K innovation entries signal momentum for inclusive governance.

Velocity Commits ₹100 Crore to Scale AI-Driven Shipping for MSMEs

February 10, 2026

E-commerce enablement platform Velocity announced a ₹100 crore investment over two years to expand its AI-led logistics arm, Velocity Shipping (formerly Shipfast), targeting fivefold growth in monthly volumes by 2026 end. Funded internally from cash reserves and revenues, the funds fuel hiring, product development, and AI innovations for digital-first brands, many MSMEs.

Launched in 2025, the platform onboarded 900+ brands—60% from Velocity's ecosystem—processing 10 lakh orders in Dec 2025 amid 70% MoM growth, contributing 40% to firm revenues. It integrates 3PL partners like Delhivery, Ekart, Amazon, Blue Dart, Blitz, Pikndel, XpressBees across 19,000 pincodes, supporting same/next-day deliveries.

Core is an AI intervention layer monitoring lifecycle: address validation, Vani AI voice agents converting COD to prepaid, verifying non-deliveries. WhatsApp/AI-verified orders achieve 1.85x higher success; 2.4 lakh calls recovered 60-70% failed deliveries, cut RTO by 8-10 points. AI billing verifies courier disputes via images.

Velocity, founded 2020, evolved from financing to full-stack with logistics, insights. "Logistics equals critical growth barrier; this

doubles down on category-defining infra," said CEO Abhiroop Medhekar. Plans double shipping team with hires from NimbusPost, Pickrr, Delhivery, Shiprocket.

India's e-com logistics, 15% CAGR to \$50B by 2030, favors MSMEs via tech. Velocity eyes profitability in financing 2026, aiding 1L+ D2C brands amid ONDC, PLI push.

Blue Cloud Softech Plans \$1B AI Cloud Infra for MSMEs, Enterprises

February 10, 2026

Blue Cloud Softech Solutions Ltd (BCSSL), AI-driven enterprise and cybersecurity specialist, unveiled a phased \$1 billion investment to build nationwide AI-native data centers totaling 800 MW capacity, targeting India's digital economy, MSMEs, and strategic sectors. The initiative focuses on hyperscale, edge, and AI-optimized facilities across metros and tech corridors.

Unlike traditional colocation, BCSSL's platform features AI-orchestrated operations: real-time workload management, predictive maintenance, 80-120 kW/rack densities, liquid cooling for low PUE, sovereign data zones, and zero-trust cybersecurity. It supports ML, LLMs, HPC/GPU clusters for defense, space, research, e-commerce, and MSME digitization.

Phased rollout starts FY26 post-approvals, with renewable energy, modular Tier III/IV centers, fiber networks. Target users: SMEs for

ERP/CRM, e-com platforms for peak scaling, PSUs for secure hosting, universities for AI CoEs. Anchor tenancies eyed from enterprises, hyperscalers.

Chair Janaki Yarlagadda said: "This builds future-ready backbone aligning with AI, semiconductor, defense priorities, empowering MSMEs and innovation." Partnerships with US/Australia tech firms underway.

India's data center market, growing 35% CAGR to 2 GW by 2026, demands AI infra amid IndiaAI Mission's GPU push. MSMEs, 63M strong, gain affordable cloud for transformation; sovereign clouds ensure data security. Challenges: power, land; opportunities in PLI-data centers.

Tech-enabled intra-city logistics cuts costs for 73% of MSMEs: IIT Delhi-C-DEP study
January 21, 2026

A joint study by the Centre for Digital Economy Policy Research (C-DEP) and IIT Delhi reveals that technology-enabled intra-city goods transportation services have reduced logistics costs for 73% of MSMEs, with 95% reporting improved on-time delivery. Released at the India Habitat Centre, the report "Study of Technology-Enabled Intra-City Logistics for MSMEs" shows businesses account for 71% of users and 97% of orders across two-, three- and four-wheeler categories, enabling faster vehicle access, right-sized

options and more daily orders without owned fleets.

MSMEs contribute nearly 30% of India's GDP and 45% of industrial output but face high intra-city transport costs and delays; digital platforms cut coordination time, boost reliability and help 27% expand customer reach. C-DEP President Dr Jaijit Bhattacharya highlighted tangible gains in earnings and labour productivity, warning that GST 2.0 risks could reclassify these services as "Local Delivery" at 18% GST (from 5%), raising per-trip costs by over 12% and pushing MSMEs back to informal options. ◆

Stay tuned for key industry updates.

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We are also available on the website of National Institute of MSME, An Organisation of the Ministry of MSME, Govt. of India,

<https://www.nimsme.gov.in/biz-ignite>

BUDGET

SCALING THE CHAMPIONS

How Budget 2026 Rewrites the MSME Growth Playbook

THE EXECUTIVE DISPATCH

THE VISION

Moving MSMEs from 'Survival' mode to 'Global Champions'. Recognizing the sector as the 'Second Engine' of economic growth.

THE COMMITMENT

A shift from policy intent to system-level delivery. Focus on Equity, Liquidity, and Support.

THE HEADLINE NUMBER

₹10,000 Cr

Dedicated SME Growth Fund To incentivize enterprises based on select criteria.

THE CORE FRAMEWORK: A THREE-PRONGED APPROACH

1. EQUITY SUPPORT

Funding the risk to scale. Creating future champions.

2. LIQUIDITY SUPPORT

Unlocking working capital. Resolving delayed payments.

3. PROFESSIONAL SUPPORT

Making compliance affordable. The 'Corporate Mitras' initiative.

PILLAR 1: EQUITY SUPPORT – FUELING AMBITION

Bridging the Capital Gap

- **SME Growth Fund:** A new ₹10,000 Crore dedicated fund to incentivize enterprises to become 'Future Champions'.
- **Risk Capital Top-Up:** Additional ₹2,000 Crore infused into the 'Self-Reliant India Fund' (SRI) for micro-enterprises.
- **Impact:** Moving beyond debt traps. Providing the 'Risk Capital' necessary for massive scaling.



PILLAR 2: LIQUIDITY SUPPORT – UNLOCKING CASH FLOW



- **Mandatory:** CPSEs must use TReDS for all MSME purchases.
- **Guarantee:** CGTMSE support for invoice discounting.
- **Integration:** GeM linked with TReDS to share purchase data.

PILLAR 3: PROFESSIONAL SUPPORT – THE ‘CORPORATE MITRAS’

Bridging the Knowledge Gap in Tier-II & Tier-III Towns

- Government to facilitate ICAI, ICSI, and ICMAI to design modular courses.
- **Goal:** Develop a cadre of accredited para-professionals ('Corporate Mitras').
- **Benefit:** Affordable, accessible compliance support for small enterprises.



Accredited Para-Professionals.

MANUFACTURING & TECHNOLOGY – THE MODERNIZATION PUSH



Tool Rooms

CPSEs to establish Hi-Tech Tool Rooms at 2 locations for high-precision component manufacturing.



Chemical Parks

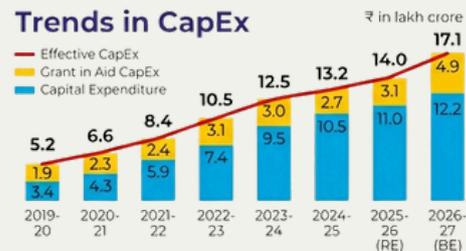
Scheme to support 3 dedicated Chemical Parks on a plug-and-play model.



Legacy Revival

Reviving 200 legacy industrial clusters via infrastructure upgrades.

Trends in CapEx



STRENGTHENING EXPORTS – THE GLOBAL STAGE

 Container Mission ₹10,000 Crore scheme for Container Manufacturing. Reducing logistics costs over 5 years.	 Seafood Processing Duty-free import limit for inputs raised to 3% of export turnover.
 Leather & Textiles Duty-free imports extended to shoe uppers. Export timeline for duty-free inputs extended to 1 year.	 E-Commerce Removal of ₹10 Lakh value cap on courier exports.

TECHNOLOGY & INNOVATION – DIGITAL COMPETITIVENESS

 UNIFIED DEFINITION Software development, ITes, KPO, and contract R&D clubbed under 'Information Technology Services'.	
 SAFE HARBOUR REFORMS <ul style="list-style-type: none">Margin fixed at 15.5%.Threshold increased from ₹300 Cr to ₹2,000 Cr.	
 CLOUD SERVICES Tax holiday until 2047 for foreign cloud providers using Indian data centers.	

TEXTILES & TRADITIONAL INDUSTRIES – WEAVING THE FUTURE

Integrated Textile Programme <ul style="list-style-type: none">National Fibre Scheme (Self-reliance)Modernization of clustersTex-Eco Initiative 	Mega Textile Parks <ul style="list-style-type: none">Set up in challenge mode. 	Gram Swaraj <ul style="list-style-type: none">'Mahatma Gandhi Gram Swaraj' initiative to brand Khadi & Handicrafts for global markets. 
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REDUCING FRICTION – EASE OF DOING BUSINESS

TDS/TCS Rationalization:

- ✔ Simplified TDS for manpower supply (1% or 2%).
- ✔ TCS on overseas tour packages reduced to 2%.

Taxpayer Trust:

- ✔ Decriminalization of certain compliance defaults.
- ✔ Integration of assessment and penalty proceedings.

Flexibility:

- ✔ Return revision timeline extended to March 31.

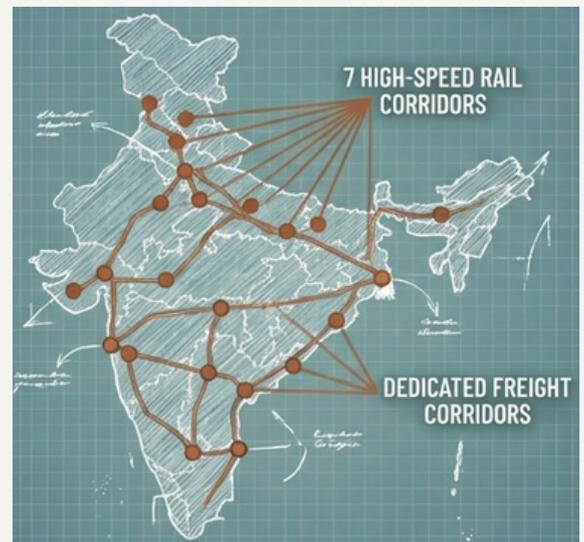
INCLUSIVE GROWTH – WOMEN & RURAL ENTREPRENEURS

- **SHE Marts**
Community-owned retail outlets for women-led enterprises.
- **Bharat-VISTAAR**
AI-based multilingual tool for agricultural advisory.
- **Animal Husbandry**
Credit-linked subsidy for veterinary infrastructure.

INFRASTRUCTURE AS AN ENABLER

Public Capex: Raised to ₹12.2 Lakh Crore.

Strategic Impact:
Faster movement of goods = Lower working capital cycles.



YOUR STRATEGIC ROADMAP

The ecosystem is ready. The funding is available. The time to scale is now.

**UNLOCK CASH**
Register on TReDS immediately.

**ACCESS CAPITAL**
Check eligibility for the ₹10,000 Cr SME Growth Fund.

**GO GLOBAL**
Utilize duty-free input windows.

**MODERNIZE**
Explore new Tool Rooms and Chemical Parks. ♦



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★ Transforming India's Legal Landscape with AI ★

THE 18% BREAKTHROUGH

How the India-US Trade Reset is a Game Changer for MSMEs

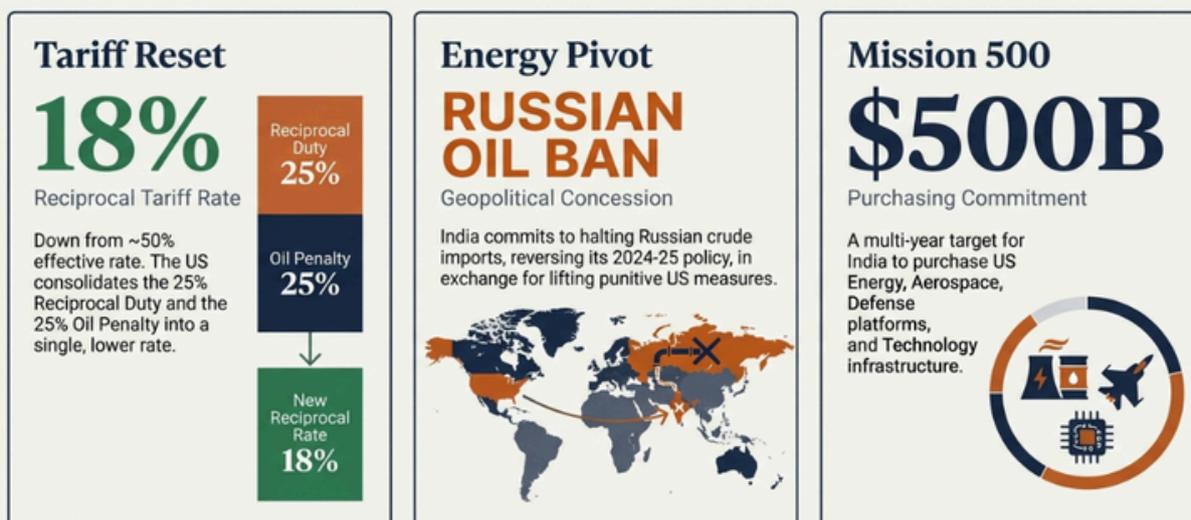
In the high-stakes world of "Art of the Deal" diplomacy, February 2026 has delivered what many are calling a masterclass in economic recalibration. Following a direct phone call between Prime Minister Narendra Modi and President Donald Trump, the world's two largest democracies have moved to end a year of acute trade friction. For the Indian business community—and specifically the MSME sector—this deal is not just a policy shift; it is a lifeline.

The Headline: From a 50% Cliff to an 18% Floor

To understand the significance of this deal, we must look back at the "annus horribilis" of 2025. Following disputes over Russian oil and diplomatic rifts, the US had slapped Indian goods with a staggering 50% effective tariff. This was comprised of a 25% "reciprocal" tariff and an additional 25% penalty for India's continued purchase of Russian crude. The new agreement slashes this total rate to a uniform 18%, effective immediately. This puts India in a sweet spot, offering a competitive edge over regional rivals like Vietnam (20%), Thailand (19%), and Bangladesh (20%), while sitting far below China's 37% rate.

The Deal at a Glance

High-Stakes Geopolitics Meets Hard Economics



The Breakthrough: Restoring Competitiveness



The Headline Number

Effective tariff on Indian goods entering the US dropped from ~50% peak to 18%.

The Mechanism

Removal of 25% 'Russian Oil Penalty' + Reduction of Base Reciprocal Tariff.

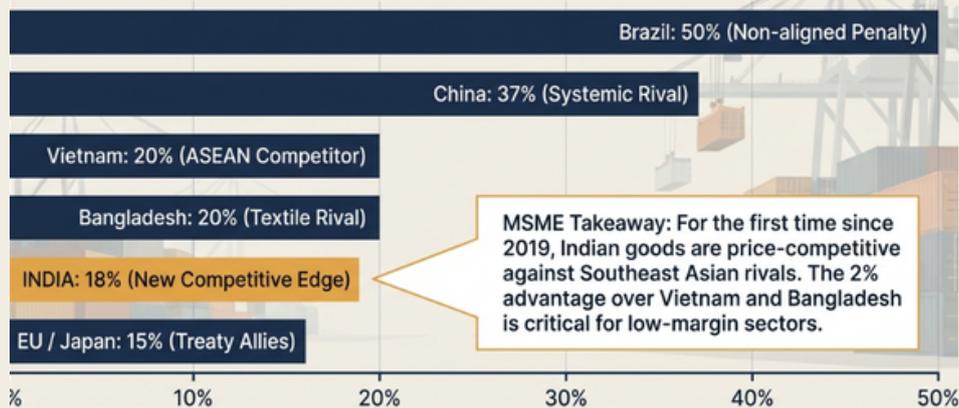
The Status

Agreement reached via direct talks between PM Modi and President Trump (Feb 2, 2026).

Executive Insight: This is a structural reset. While not free trade, it restores India's price competitiveness against regional rivals like Vietnam (20%) and Bangladesh (20%), effectively ending the 'Annus Horribilis' of 2025.

How India Stacks Up Against Rivals

2026 US Import Tariff Rates



Textiles & Apparel: A Lifeline for Weavers

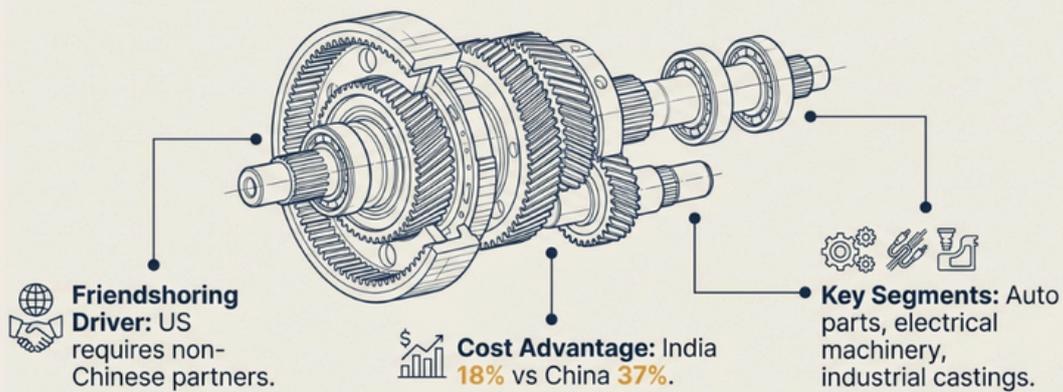
- **Context:** Sector operated on thin margins; 50% tariff caused orders to bleed to Vietnam.
- **The Shift:** Immediate relief for Tirupur & Noida hubs. Drop to 18% allows exporters to reclaim volume.
- **Industry Quote:** CITI notes this will let Indian exporters “**compete effectively in the US market.**”
- **Action:** Re-engage US buyers immediately; price quotes can now undercut ASEAN competitors.



Gems & Jewellery: Polishing the Diamond Trade

- **Context:** Surat diamond hubs faced shrinking margins under the 50% regime.
- **The Opportunity:** General duty drops to **18%**. Potential for **zero tariffs** on specific categories like loose rough/polished diamonds.
- **Market Reality:** US consumes huge volumes of India's polished diamonds. Normalization restores viability for Gujarat MSMEs.

Engineering & Auto: Integrating into US Supply Chains



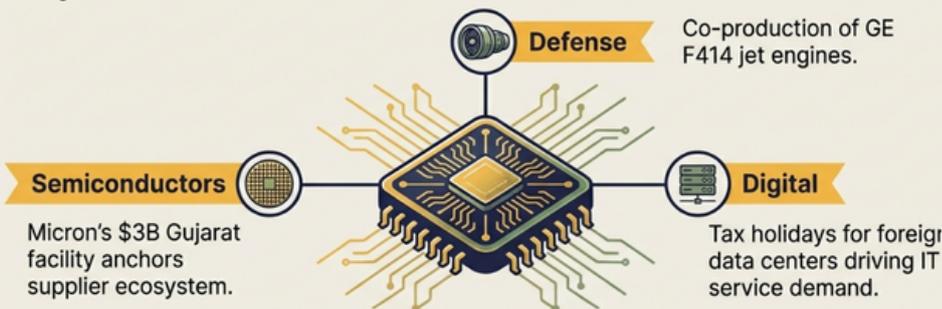
MSME Takeaway: Focus marketing on "Supply Chain Security" and "Democratic Values" to win long-term contracts over Chinese suppliers.

Agriculture: The Red Line Held

PROTECTED (No Access)	OPENED (Limited Access)
<ul style="list-style-type: none"> • Dairy • Poultry • GMO Crops <p>Safeguarding millions of small farmers and food processors.</p>	<ul style="list-style-type: none"> • Tree Nuts (Almonds/Walnuts) • Berries • Fruits • Spirits (Bourbon/Wine)

Domestic food processors in sensitive sectors remain shielded from cheap US mass-market competition.

Beyond Commodities: The Tech & Innovation Bridge



The deal reinforces the iCET framework. MSMEs in precision manufacturing can now plug into US-led high-value supply chains (Applied Materials, Lam Research hubs).

Risks & Fine Print: Proceed with Caution

 <p>Phase 1A Status Executive understanding, not a signed treaty yet.</p>	 <p>Non-Tariff Barriers US SPS standards remain high for food/pharma.</p>	 <p>Russian Oil Trigger Penalties could snap back if India backslides on oil.</p>	 <p>GSP Status Zero duty GSP status NOT yet restored.</p>
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Action Plan: Strategic Imperatives for Owners

<p>1 </p> <p>[Re-Price] Update export pricing models immediately based on 18% duty to undercut ASEAN competitors.</p>	<p>2 </p> <p>[Audit] Ensure supply chains are free of Russian/Chinese inputs to avoid Rules of Origin complications.</p>	<p>3 </p> <p>[Certify] Invest in meeting US Labor and Quality standards to overcome non-tariff barriers.</p>	<p>4 </p> <p>[Digitize] Align with US digital trade expectations; data security is now a trade asset.</p>
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The volatility of 2025 is over. 2026 is about execution. This is not just a trade deal; it is a geopolitical invitation.

Indian MSMEs are back in the game, but the game has changed—it is now about trust, compliance, and strategic alignment.

Future Outlook: Toward a Comprehensive BTA



The Strategic Verdict

Strategically, the deal reinforces India's role as a critical counterweight to China in the Indo-Pacific. For the MSME business leader, the message is clear: the "tariff cliff" has been replaced by a strategic window of opportunity. While implementation details and formal legal texts are still being finalized, **the psychological and economic momentum has shifted back in India's favor.** Now is the time for Indian MSMEs to scale their export-oriented operations and cement their place in the global supply chain. ♦

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TReDS 2.0: The Securitization of MSME Receivables

Unlocking Liquidity through the Creation of a Secondary Market



Picture this: your invoice is raised today, and cash hits your account in days—not after 60 or 90 anxious waits. For India's 7.47 crore MSMEs, long squeezed by delayed payments, Union Budget 2026 delivers exactly this promise by supercharging TReDS (Trade Receivables Discounting System). This is not incremental reform. This is a working-capital reset.

First, a Quick Reality Check: Why TReDS Matters

TReDS is a digital, RBI-regulated platform where MSMEs upload invoices raised on large buyers, and banks/NBFCs competitively bid to discount them—no collateral, no fresh loans.

What has it already achieved?

- Over ₹7 lakh crore infused into MSMEs so far
- ₹2 lakh crore in bill financing by mid-2025
- Participation driven by mandates for companies with ₹250+ crore turnover

And yet, delayed payments continued to choke MSME growth.

👉 Budget 2026 changes the game by turning TReDS from a useful platform into the backbone of MSME working capital—through four decisive pillars.

Macro-Fiscal Outlook: Consolidation Meets Growth

GDP Growth	Fiscal Health	Debt Management	Expenditure
6.8% - 7.2% Real GDP (FY26) 10% Nominal GDP (FY27)	4.3% ↓ Deficit Target (FY27) from 4.4% ↓	50% Target Debt-to-GDP by FY31 Current Estimate: 56.1%	INR 12.2 Lakh Cr Capital Expenditure (Capex) 3.1% of GDP

The Growth Engine: A Three-Pronged MSME Strategy

Moving beyond subsidies to build financial infrastructure

EQUITY	LIQUIDITY	CAPABILITY
<p>INR 10,000 Cr SME Growth Fund created to nurture future champions. Plus INR 2,000 Cr top-up to Self-Reliant India Fund.</p>	<p>Leveraging TReDS (Trade Receivables Discounting System) to unlock working capital.</p> <p>Deep Dive Next ↗</p>	<p>Deployment of 'Corporate Mitras' to assist with compliance in Tier-II and Tier-III towns.</p>

The Mechanism: Understanding TReDS

An RBI-regulated platform for auctioning trade receivables.

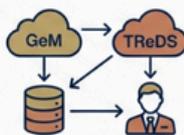


Collateral-Free: Based on buyer's credit rating.	Off-Balance Sheet: Non-recourse to the MSME.	Scale: Over INR 7 Lakh Crore financing enabled to date.
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Unlocking Liquidity: Four Strategic Interventions

Budget 2026 mandates and mechanisms to scale TReDS.

<p>The Mandate</p> <p>CPSEs must use TReDS for all MSME settlements. Sets a benchmark for private corporates.</p> 	<p>The Guarantee</p> <p>CGTMSE credit guarantee support extended to invoice discounting on TReDS.</p> 
<p>The Integration</p> <p>GeM (Government e-Marketplace) linked with TReDS to share government purchase data with financiers.</p> 	<p>The Structural Shift</p> <p>TReDS receivables to be treated as Asset-Backed Securities (ABS).</p> <p style="text-align: right; font-size: small;">Read More →</p> 

Pillar 1: CPSEs—No Escape, Only TReDS

From now on, all MSME purchases by CPSEs must be settled through TReDS. No exceptions.

Why is this a big deal?

- CPSE invoices are high-quality, low-risk receivables
- They create a benchmark for the private sector
- Experts estimate this could unlock \$60 billion in transactions—up from barely \$4 billion today

For an MSME exporter in Ludhiana waiting 90 days for payment, this means:

Cash in days, not months

Pillar 2: CGTMSE Steps In—Risk Goes Down, Rates Get Better

Budget 2026 brings CGTMSE guarantees to TReDS invoice discounting.

What changes instantly?

- Financiers face lower risk
- More banks and NBFCs enter the bidding
- Competition pushes discounting rates down

For MSMEs, this translates into:

- ✓ Faster approvals
- ✓ Cheaper finance
- ✓ Less dependence on high-cost borrowing

This is liquidity without the debt trap.

Pillar 3: GeM + TReDS = Seamless Cash Flow

Now imagine this:

- You supply through GeM
- Your verified invoice auto-flows to TReDS
- Financiers bid instantly—no duplicate checks, no delays

By linking GeM with TReDS, Budget 2026:

- Cuts verification time
- Reduces fraud risk
- Converts government orders into near-instant liquidity

For MSMEs active in public procurement, this is nothing short of transformational.

Pillar 4: Invoices Become Investible Assets

Here’s the structural leap.

TReDS receivables are now recognised as **asset-backed securities**, enabling:

- A **secondary market**
- Participation by mutual funds and institutional investors

TReDS receivables will be treated as asset-backed securities. In this process, **verified invoices are pooled together and converted into tradable securities.**

Instead of holding individual invoices on their balance sheets, banks can bundle hundreds or thousands of them and sell them to long-term investors like mutual funds, insurance companies, and pension funds.

What This Really Means for MSMEs

These reforms are not theoretical. MSME leaders are already seeing results:

“TReDS liquidity allows us to plan expansion with confidence.”

And the timing is perfect:

- MSMEs contribute 31% of GDP and 48% of exports
- Budget 2026 complements TReDS with:
 - ₹10,000 crore SME Growth Fund
 - ₹2,000 crore Self-Reliant India equity top-up
 - Corporate Mitras to support compliance in Tier-2/3 cities

Delayed payments—once the biggest MSME pain point—are being systematically dismantled.

From Platform to National Infrastructure

As highlighted in the Budget, TReDS is evolving into a national payment infrastructure—built on transparency, trust, and speed.

Platforms like RXIL and M1xchange are already expanding buyer onboarding, helped by earlier threshold changes.

✦ The signal is clear:

If you are an MSME and not on TReDS, you are leaving liquidity on the table.◆

Budget 2026 doesn’t just fix MSME liquidity—it future-proofs it.

A NEW ECONOMIC ERA FOR MSMEs

Are You Ready for the ‘Mother of All Trade Deals’?

January 27, 2026 marked a turning point at Hyderabad House, New Delhi. After years of negotiations, India and the European Union finally sealed a historic **Free Trade Agreement (FTA)**—already being called the “*mother of all trade deals*.”

Why the hype?

Because this single agreement connects Indian businesses to a free-trade zone of 2 billion consumers accounting for nearly 25% of global GDP.

For India’s MSMEs, this is not a distant policy headline. It is a direct invitation to scale, export, hire, and compete globally—especially with the world’s second-largest economy.

With bilateral merchandise trade already at \$136.54 billion (2024–25) and a clear target of \$200 billion by 2030, the real question is:

👉 How does this change your business from 2027 onwards?

Zero Duties, Bigger Margins: Why MSMEs Are the Biggest Winners

Let’s start with what matters most on the factory floor—costs and competitiveness.

Under the FTA:

- ✓ 99% of Indian exports (by value) get preferential access
- ✓ 70.4% of tariff lines move to zero duty immediately
- ✓ This covers 90.7% of India’s current exports

That means over \$33 billion worth of exports—earlier taxed at 4% to 26%—will enter Europe duty-free.

What does this unlock for key MSME clusters?

◆ Textiles & Apparel

Tariffs of up to 12% eliminated across all lines.

MSMEs in Tiruppur, Surat, and Ludhiana now stand shoulder-to-shoulder with Bangladesh and Vietnam.

◆ Leather & Footwear

Duties as high as 17% abolished, opening access to a \$100-billion EU market.

◆ Engineering Goods

Entry into Europe’s \$2-trillion engineering import market, with tariffs of up to 22% removed.

◆ Gems & Jewellery

Immediate relief from 4% tariffs, strengthening India’s \$2.7-billion jewellery export segment.

💡 **Bottom line:** Higher margins, sharper pricing, and faster scale—especially for labour-intensive MSMEs.

Less Paperwork, Faster Shipments: An FTA Built for Small Businesses

One of the most MSME-friendly features of this FTA is something rarely seen before—a dedicated SME chapter.

What changes on the ground?

✓ A public digital platform with clear, step-by-step information on:

- Market access
- Customs procedures
- Regulatory requirements in both regions

✓ Product-Specific Rules (PSRs) designed with MSMEs in mind

✓ Self-certification of origin

Instead of running from office to office for approvals:

- MSMEs can issue their own “statement on origin”
- Upload it to a verification portal
- Move goods faster and cheaper

🕒 **Less compliance friction = shorter lead times + lower transaction costs**

Beyond Goods: Services, Skills, and Talent on the Move

This agreement is not just about containers and cargo—it is about www.pragyaconsulting.info

Export Unlock: The Labour-Intensive Boost

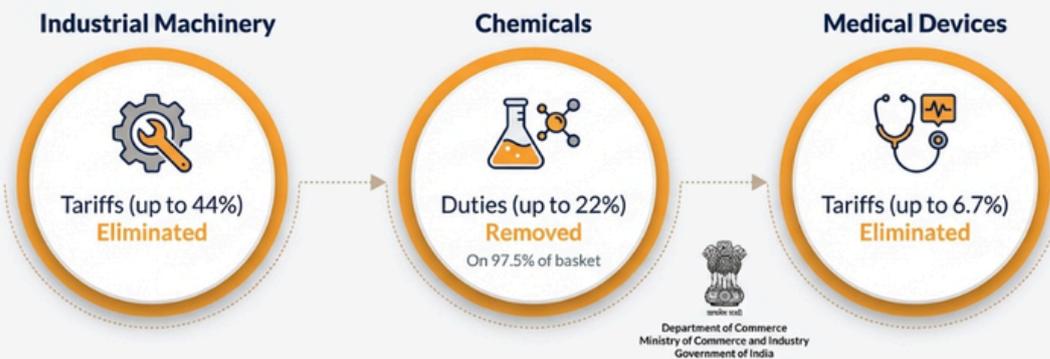
Immediate Zero Duty for India's Job-Creating Industries.

Sector	Current Duty (Before)	Zero Duty (After)	Market Impact
 Textiles & Apparel	 12%	0% 	Immediate. Access to €263.5B EU market.
 Leather & Footwear	 17%	0% 	Immediate. Access to €100B market.
 Sports Goods/Toys	High Tariffs	0% 	Immediate elimination of all duties.

Insight: Levels the playing field against Bangladesh and Vietnam, offering immediate pricing competitiveness.

Import Benefits: Lowering Costs for Manufacturers

Does 'Make in India' get cheaper? Yes.



MSME Takeaway:

Upgrade your factory technology and import raw materials at significantly lower costs.

Services & Mobility: Beyond Goods

A new era for Indian Talent and Service Providers.



capabilities.

The EU has opened 144 services subsectors, offering stability and access for Indian MSMEs in:

- IT & digital services
- Professional and consulting services
- Education
- Construction and allied services

A big win: Future-Ready Mobility Framework

- ◆ Easier business travel
- ◆ Smoother intra-corporate transfers
- ◆ Faster on-site deployment of:
 - Engineers
 - Consultants
 - Researchers

Even more importantly, India has secured a pathway to sign Social Security Agreements with all 27 EU member states within five years—potentially ending double social security payments for Indian professionals abroad.

For service-oriented MSMEs, this directly improves project viability and talent mobility.

The New Reality Check: Sustainability Is No Longer Optional

Market access is expanding—but so are standards.

MSMEs must prepare for:

- Carbon Border Adjustment Mechanism (CBAM)
- EU Deforestation Regulation (EUDR)
- REACH chemical standards

While India has secured most-favoured-nation assurance under CBAM (any flexibility offered to others applies to India as well), carbon-intensive sectors like steel and aluminium will still face reporting and payment obligations.

🌱 The support side:

The EU has committed €500 million over the next two years to help Indian industries transition toward:

- Green energy
- Sustainable manufacturing
- Cleaner supply chains

Countdown to 2027: Your MSME Readiness Checklist

With implementation expected by early 2027, preparation cannot wait.

✅ What MSMEs should start doing now:

Map Your HS Codes
Know which products get immediate zero duty and which see phased reductions (5–10 years).

Audit Rules of Origin (RoO)
Ensure sufficient value addition in India or the EU to qualify for benefits.

Build Compliance Muscle
Start tracking:

- Carbon data
- Supply-chain traceability
- Sustainability metrics

Plan Global Mobility
Align service contracts and overseas deployments with new visa and social-security provisions

The Bigger Picture: From Local Supplier to European Value Chain Partner

This FTA is not just a trade agreement—it is a strategic blueprint for shared prosperity.

For Indian MSMEs, it offers:

- 🚀 Scale without tariff barriers
- 🚀 Integration into European value chains
- 🚀 A push toward high-quality, sustainable manufacturing
- 🚀 Long-term global credibility

Those who prepare early will not just export more—they will transform what they export and how they compete.

The door to Europe is open.

The next move is yours. ◆

The 'Fine Print': Regulatory Realities
Sustainability is the new standard for accessing the EU

 **CBAM (Carbon Tax)**

No total exemption. India secured "MFN-style" assurances. Steel/Aluminum exporters must track emissions.

 **EUDR (Deforestation)**

Crucial for coffee, rubber, and wood. Requires strict traceability.



EU pledges €500M over two years to support India's green transition.

THE EVOLUTION OF AGRI-ENTREPRENEURSHIP

ni-msme as a Catalyst for MSME Development



The National Institute for Micro, Small and Medium Enterprises (ni-msme) has established itself as a cornerstone of industrial and agricultural transformation in developing economies. By integrating training, research, and policy support, the institute has transitioned from a traditional training center into a transformative catalyst that bridges the gap between subsistence agriculture and structured, market-oriented business enterprises.

Bridging the Transformation: From Livelihood to Enterprise

For decades, agriculture in many regions was viewed strictly as a livelihood activity rather than a business opportunity. One of ni-msme's most significant achievements is dismantling this divide. Through structured Entrepreneurship Development Programmes (EDPs) and Training of Trainers (ToT) initiatives, the institute equips agri-stakeholders with the tools needed to succeed in a competitive landscape.

These interventions provide a practical understanding of value chains, market assessment, business planning, and risk management.

By embedding entrepreneurial thinking and financial literacy into the agricultural sector, ni-msme empowers farmers and rural youth to move away from production-centric models and toward enterprise-led growth pathways.

Strengthening Producer Collectives and FPOs

A central pillar of ni-msme's strategy involves supporting producer collectives, such as Farmer Producer Organizations (FPOs), cooperatives, and Self-Help Groups (SHGs).

While these groups often have strong production capabilities, they frequently struggle with governance, branding, and financial management.

The institute addresses these gaps by:

- **Strengthening Collective Governance:** Training leaders to manage organizations professionally.
- **Enhancing Market Linkages:** Developing strategies that convert the advantages of aggregation into commercial viability.
- **Digital Branding:** In collaboration with NABARD, ni-msme has focused on digital branding and marketing support for FPOs. This initiative helps collective enterprises communicate their value and quality in competitive markets, improving price realization and long-term sustainability.

Diversifying the Agri-Business Portfolio

ni-msme has proactively expanded its focus to include high-growth allied sectors, ensuring that agri-entrepreneurship remains resilient

and diversified. Key areas of recent development include:

- The AYUSH Sector: Recognizing the global wellness economy, ni-msme supports AYUSH doctors and rural entrepreneurs in transitioning traditional knowledge into organized, market-responsive wellness enterprises.
- Fisheries and Aquaculture: Partnering with the National Fisheries Development Board (NFDB), the institute integrates technical knowledge with business planning, helping marginalized communities view fisheries as a scalable enterprise rather than just an occupation.
- Apiculture (Beekeeping): Through associations with the National Bee Board, ni-msme promotes scientific beekeeping. These initiatives focus on value-added honey products, reinforcing beekeeping as a low-investment, high-impact MSME activity.

Institutionalizing Inclusiveness and Gender Equity

Sustainability in agri-entrepreneurship is impossible without gender inclusiveness. ni-msme has undertaken a structured self-assessment using the International Labour Organization’s (ILO) WE-Check framework to embed gender responsiveness into its policies and delivery mechanisms.

This institutional transformation has led to:

- Expanded participation of women in leadership roles within agri-business programmes.
- Improved accessibility of training and mentoring for women entrepreneurs.
- Grassroots Impact: Collaborating with the Society for Elimination of Rural Poverty (SERP) in Telangana, ni-msme trains Community Resource Persons (CRPs) from SHG networks. These trained individuals then support village-level enterprises through the entire lifecycle, from feasibility analysis to post-startup handholding.

Cluster-Based Development and Economies of Scale

To enhance the competitiveness of small-scale producers, ni-msme champion cluster-based development. By promoting agri-business clusters, the institute facilitates:

- Shared Infrastructure: Reducing individual costs through collective assets.
- Innovation: Encouraging knowledge sharing and collective problem-solving.
- Reduced Transaction Costs: Streamlining value-chain integration between producers, processors, and market actors.



The Way Forward: Future-Ready Ecosystems

The future of agri-based MSMEs lies in their ability to adapt to technological and environmental shifts. ni-msme is positioning itself to lead this transition by focusing on digital integration, climate-resilient business models, and global market orientation.

By continuing to bridge the gap between agriculture and MSME frameworks, the institute ensures that producer collectives and rural entrepreneurs remain competitive in an increasingly interconnected global economy.◆





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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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