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MICRO, SMALL & MEDIUM ENTERPRISES

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From The Editor

MSMEs at the Centre of India's Next Economic Leap

June is a month of celebration for the entrepreneurial spirit. As we mark MSME Month and observe World MSME Day on 27th June, we recognize the millions of Micro, Small and Medium Enterprises that quietly but powerfully drive India's economic progress. They create jobs, foster innovation, strengthen supply chains, empower communities, and embody the resilience that defines India's growth story.

Today, the role of MSMEs extends far beyond economic contribution. As India charts its course towards becoming a developed nation by 2047, the MSME sector will be central to achieving that vision. In a world shaped by shifting supply chains, digital transformation, sustainability, and artificial intelligence, Indian MSMEs have an unprecedented opportunity, not just to participate in the global economy, but to shape it.

The next phase of growth, however, will require a renewed focus on productivity, technology adoption, access to finance, sustainability, skills, and market competitiveness. Equally important is an enabling ecosystem that encourages entrepreneurship through progressive policies, simplified compliance, stronger institutions, and meaningful collaboration between government, industry, financial institutions, and technology partners.

World MSME Day is more than a celebration, it is a reminder of our collective responsibility to empower those who dare to build, innovate, and create value despite constant change. Their resilience, optimism, and determination continue to inspire confidence in India's future.

As we celebrate MSME Month, let us reaffirm our commitment to building an ecosystem where every enterprise has the opportunity to innovate, scale, and compete globally. India's journey towards becoming a developed economy will be shaped not only by its largest corporations, but by millions of entrepreneurs whose vision, perseverance, and enterprise are transforming aspirations into reality.

When India's MSMEs grow, India grows. And as we celebrate their achievements this June, we also celebrate the promise of an entrepreneurial nation that is ready to lead the world with innovation, inclusivity, and purpose.

Sushma Morthania

Editorial Contact:
India SME Forum R&D Group
108, Durga Chambers, Veera Industrial Estate, Off Veera Desai Road, Andheri West, Mumbai 400053.
Tel: +91 22 4113 99 99

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CULTIVATING ENTERPRISE IN AGRI INDIA
from Fields to Factories

The next agricultural revolution is not about producing more, it is about earning more. This article examines how India can empower farmers to become entrepreneurs by building professionally managed farmer enterprises, strengthening market linkages, and creating the institutions that turn farming into a viable business.

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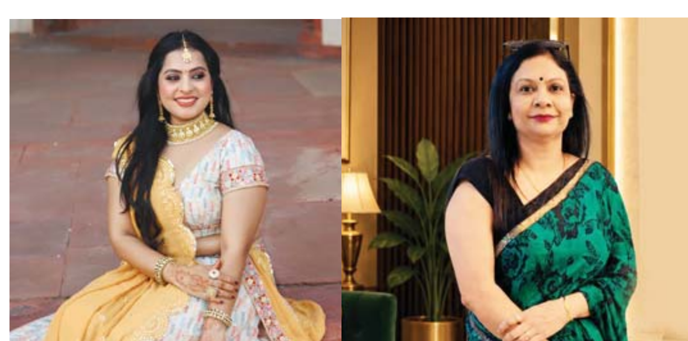


India and South Africa Explore Stronger MSME Collaboration

A high-level meeting on MSME cooperation was held on 1 June 2026 at the Ministry of MSME, Kartavya Bhawan III, New Delhi. The meeting was led by Union MSME Minister Shri Jitan Ram Manjhi and attended by a South African delegation headed by Ms. Stella Tembisa Ndabeni, Minister of Small Business Development, Republic of South Africa. The discussions focused on strengthening bilateral cooperation in the MSME sector, which plays a key role in economic growth, job creation, and inclusive development in both countries. Key areas of collaboration included improving access to finance for small businesses, promoting enterprise formalization, accelerating digital adoption, and enhancing entrepreneurship and skill development. The meeting highlighted the shared commitment of India and South Africa to build a stronger and more competitive MSME ecosystem through closer cooperation and knowledge exchange.

India's Seafood Exports Hit Record ₹73,890 Crore in FY 2025–26

India's seafood exports reached an all-time high in FY 2025–26, with exports touching 19.72 lakh metric tonnes valued at ₹73,890.46 crore (USD 8.46 billion), according to MPEDA Chairman Shri P. Jawahar, IAS. The achievement comes despite challenging global market conditions and reflects the growing demand for Indian marine products worldwide.

Frozen shrimp continued to dominate exports, contributing ₹49,037.93 crore and accounting for over 66 per cent of total export earnings. The United States remained the largest market in value terms, while China emerged as the biggest importer by volume. Frozen fish, dried seafood, squid, and cuttlefish also recorded strong performance, with dried seafood exports growing by an impressive 78 per cent in rupee terms. Visakhapatnam, JNPT, and Kochi were the leading ports handling seafood export shipments during the year.

Government Launches 'Navachar Mantra' to Support Grassroots Innovators and Entrepreneurs

The Ministry of Skill Development and Entrepreneurship (MSDE) has launched Navachar Mantra, a national initiative to support grassroots innovators and early-stage entrepreneurs, particularly from Tier 2 and Tier 3 cities, aspirational districts, and underserved regions. The programme was launched by Shri Jayant Chaudhary, Minister of State (Independent Charge) for Skill Development and Entrepreneurship, and will be implemented by NIESBUD in partnership with FITT, IIT Delhi.

The initiative will provide mentorship, investor access, market linkages, policy support, and business development guidance across sectors such as Agritech, HealthTech, EdTech, Climate and Sustainability, Rural Commerce, and MSME Enablement. Registrations are now open until July 5, 2026. Selected participants will join a year-long programme featuring mentorship sessions, innovation showcases, investor interactions, and national-level exposure. The initiative aims to strengthen India's innovation ecosystem and help promising ideas grow into sustainable enterprises.

APEDA Facilitates First Sea Shipment of Value-Added Millet Products to New Zealand

In a milestone for India's agri-export sector, the Agricultural and Processed Food Products Export Development Authority (APEDA) facilitated the first-ever sea shipment of botanical-infused ready-to-cook millet functional foods from Karnataka to New Zealand on June 3, 2026. The one metric tonne consignment was exported by Bengaluru-based M/S Infini Agrotek LLP, highlighting the growing international demand for innovative millet-based products. The export order was secured through the company's participation in APEDA-supported trade promotion events, including World Food India 2025, Indus Food 2025 and Gulfood 2026. APEDA Chairman Shri Abhishek Dev, IAS, virtually flagged off the shipment and encouraged exporters to leverage trade fairs and market development initiatives to expand their global presence.

The development reflects the rising popularity of millets worldwide due to their nutritional value and climate resilience. It also creates new opportunities for farmers, food processors and MSME exporters while strengthening India's value-added agri export ecosystem.

BIS Introduces New Standard for Community Seed Banks

The Bureau of Indian Standards (BIS) has released a new standard, IS 20201:2026, to strengthen the management of Community Seed Banks (CSBs) and support the conservation of India's indigenous crop varieties. The standard provides a structured framework for collecting, storing, testing, documenting and exchanging seeds at the community level.

The initiative comes at a time when climate change is increasing pressure on agriculture through rising temperatures, irregular rainfall and prolonged droughts. Traditional seed varieties often possess valuable traits such as drought tolerance, disease resistance and high nutritional value, making their preservation critical for long-term food security.

The standard complements government initiatives such as the National Food Security and Nutrition Mission (NFSNM), which offers one-time assistance of ₹50 lakh for establishing community seed banks. BIS has made the standard available free of cost and is encouraging farmers, cooperatives and agricultural organisations to adopt it to strengthen seed conservation and agricultural resilience.

Skill India Marks 12 Years of Building a Skilled & Future-Ready Workforce

The Ministry of Skill Development and Entrepreneurship (MSDE) has completed 12 years of Skill India, highlighting the growth of one of the world's largest skilling ecosystems. Under the leadership of Shri Jayant Chaudhary, the Ministry has expanded vocational training, apprenticeships, entrepreneurship development and digital skilling across the country. India's network of Industrial Training Institutes has grown from 9,776 in 2014 to over 13,888 today. More than 56 lakh apprentices have been engaged since 2016, while over 1.64 crore candidates have been trained under the Pradhan Mantri Kaushal Vikas Yojana. Entrepreneurship programmes have benefited more than 25 lakh individuals. The Skill India Digital Hub now serves over 1.5 crore registered users with more than 1,000 courses available in 23 languages. India's global ranking at the WorldSkills competition has also improved significantly, rising from 29th in 2015 to 13th in 2024, reflecting the growing strength of India's skilled workforce.

India Retains Access to the European Union Market for Key Animal Origin Exports

India has secured continued access to the European Union market for exports of aquaculture products, honey, eggs and animal casings beyond September 2026. The development follows India's inclusion in the list of countries authorised under the European Union's revised regulatory framework addressing concerns related to antimicrobial resistance. The decision is particularly significant for India's fisheries sector, as exports of fish and fishery products to the European Union are currently valued at around USD 1.59 billion. Continued market access will help exporters maintain business continuity and explore further growth opportunities in one of the world's largest markets.

The achievement comes through coordinated efforts by the Department of Commerce, the Export Inspection Council (EIC), MPEDA and other stakeholders, who worked closely with European authorities to meet regulatory requirements. The move is expected to strengthen export prospects while reinforcing India's commitment to quality, food safety and international compliance standards.

22 More Companies Approved Under Textile PLI Scheme

The Government has approved 22 new companies under Round 3 of the Production Linked Incentive (PLI) Scheme for Textiles, reinforcing its push to strengthen domestic manufacturing in high-growth textile segments.

The newly approved applicants are expected to invest ₹2,339.14 crore, generate a turnover of ₹15,561.34 crore, and create over 36,000 jobs across the textile value chain. With these additions, a total of 96 companies have now been selected under Round 3 of the scheme, bringing the total committed investment to ₹12,822.67 crore and the projected turnover to ₹58,294.18 crore.

The approved projects cover key sectors such as Man-Made Fibre (MMF) apparel, MMF fabrics, and technical textiles. The investments are expected to boost India's competitiveness in value-added textile manufacturing, create employment opportunities, and support the development of a stronger and globally competitive textile ecosystem.

RBI simplifies TReDS for MSMEs

The RBI has made it easier for MSMEs to join the TReDS platform, which helps them get money faster against unpaid bills. It has also allowed lenders to get credit guarantee support for loans given through this system. The RBI has put all the old TReDS rules into one simple framework. TReDS helps MSME sellers convert pending payments into quick cash by bringing in different financiers. The central bank said MSMEs still face problems in getting enough finance, especially when waiting for buyers to pay them. Now, more financial institutions and government-backed guarantee funds can take part in TReDS. The RBI also wants to make sure only genuine MSMEs use the platform and that payments go directly to the seller's bank account. It has set a Rs 25 crore net-worth rule for TReDS operators, and existing operators have time until 31 March 2028 to meet it.

Quality and Skill Push for India's Leather and Footwear MSMEs

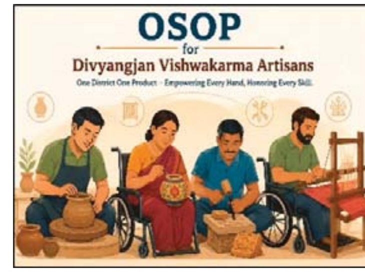
The Quality Council of India (QCI) and the Footwear Design and Development Institute (FDDI) have signed an MoU to strengthen quality standards, testing infrastructure, accreditation and skill development across India's leather and footwear sector. The initiative will focus on major footwear clusters including Agra, Bahadurgarh, Ranipet, Chennai, Calicut and Kanpur.

Under the partnership, the two organisations will jointly conduct training and certification programmes for workers, MSMEs, supervisors and industry professionals. The collaboration will also improve access to testing facilities, support laboratory accreditation and promote quality management practices across the value chain.

A key feature of the initiative is the introduction of a worker assessment and certification framework, including Recognition of Prior Learning (RPL) for experienced workers without formal qualifications. The MoU was signed by QCI Secretary General Shri Chakravarthy T. Kannan and FDDI Managing Director Shri Vivek Sharma (IRS). The partnership is expected to boost competitiveness and create a stronger, quality-driven ecosystem for MSMEs in the sector.

OSOP Initiative Opens New Market Opportunities for Divyangjan Artisans

To promote prosperity under the PM Vishwakarma Scheme, the Ministry of MSME is implementing the One Station One Product (OSOP) initiative for Divyangjan artisans. Dedicated retail outlets have been established at high-footfall railway stations, helping artisans increase product visibility, access larger markets and build sustainable livelihoods.



So far, 28 Divyangjan beneficiaries from various trades have been provided with stalls at railway stations across the country. The initiative is already showing encouraging results. Shri Atul, a sculptor from Indore, has seen steadily rising sales of his crystal-based products since receiving a stall at Indore Railway Station in January 2026. Shri Ajeet Sharma, a metalsmith from Deoghar, earned ₹19,000 within just 15 days of operating his outlet. Similarly, Shri Ghanshyam Kumawat, a carpenter from Jaipur, reported strong sales through his stall near Gandhinagar Railway Station.

The initiative is helping Divyangjan artisans achieve greater economic independence while preserving and promoting traditional craftsmanship.

DigiDukaan Initiative Aims to Digitise Procurement for 1.4 Crore Kirana Stores

The Department for Promotion of Industry and Internal Trade (DPIIT) and the Open Network for Digital Commerce (ONDC) are working to digitally transform India's General Trade ecosystem through DigiDukaan, an initiative designed to simplify B2B procurement for kirana stores. India's 1.4 crore kirana stores account for nearly 75 to 80 per cent of FMCG sales, yet many still rely on fragmented ordering systems and manual processes.

DigiDukaan aims to improve inventory visibility, access to schemes, order management and working capital efficiency for retailers. It also helps distributors expand market reach digitally while giving brands better visibility into retailer demand and sales trends.

The initiative has already onboarded over 10,000 retailers and 35 brands in Hyderabad and is set to launch in Jaipur on June 19, 2026, with expansion planned across Mumbai, Bengaluru and Delhi NCR. The programme has received support from major FMCG companies, including HUL, ITC, Coca-Cola, Nestlé and Marico.

Government Extends Credit Guarantee Scheme for Microfinance Institutions

The Government has extended the Credit Guarantee Scheme for Microfinance Institutions 2.0 (CGSMFI 2.0) until August 31, 2026, or until guarantees worth ₹20,000 crore are issued, whichever comes first. It has also increased the maximum loan limit for large NBFC MFIs and MFIs from ₹300 crore to ₹1,000 crore, within the existing cap of 20 per cent of Assets Under Management (AUM).

Launched in March 2026, the scheme provides guarantee cover through the National Credit Guarantee Trustee Company Limited (NCGTC) to banks and financial institutions lending to microfinance institutions for onward lending to small borrowers. So far, loans worth ₹770 crore have been sanctioned under the scheme.

The move is expected to improve utilisation of the scheme and enhance credit flow to the microfinance sector, enabling greater access to finance for small borrowers and underserved communities.

ECLGS 5.0 Crosses One Lakh Guarantees, Strengthening MSME Credit Support

The Emergency Credit Line Guarantee Scheme (ECLGS) 5.0 has crossed a major milestone, with 1,06,549 guarantees issued as of June 9, 2026, covering a total amount of ₹48,484.26 crore. Approved by the Union Cabinet in May 2026, the scheme aims to provide additional credit support to businesses facing liquidity challenges arising from the West Asia crisis.

MSMEs have been the biggest beneficiaries, accounting for 96 per cent of the guarantees issued and 86 per cent of the total guaranteed amount. The scheme offers 100 per cent guarantee coverage for MSME loans and 90 per cent for non-MSME borrowers, encouraging banks and financial institutions to extend credit with greater confidence.

With a target of facilitating ₹2.55 lakh crore in additional credit, ECLGS 5.0 continues to play a crucial role in supporting business continuity, liquidity, and growth across sectors.

Assam's GI-Tagged Tezpur Litchi Makes Export Debut in Dubai

In a boost for agricultural exports from the North East, the Agricultural and Processed Food Products Export Development Authority (APEDA) facilitated the first export of GI-tagged Tezpur Litchi from Assam to Dubai on June 7, 2026. The one metric tonne consignment marks an important step in taking region-specific Indian products to international markets. Known for its exceptional sweetness, bright red appearance and distinctive aroma, Tezpur Litchi is one of Assam's most prized horticultural products. The Geographical Indication (GI) tag has strengthened its market identity and enhanced its appeal among global buyers.

The export initiative has also delivered direct benefits to farmers, with growers associated with the shipment receiving nearly 10 per cent higher prices than prevailing domestic market rates. The consignment was flagged off in the presence of MLA Shri Prithiraj Rava, Agriculture Production Commissioner Smt Aruna Rajoria, IAS, and APEDA Chairman Shri Abhishek Dev, IAS. The development is expected to open new export opportunities for farmers, FPOs and agri exporters from the region.

700 SHE-MARTs Planned to Boost Market Access for Rural Women Entrepreneurs

The Department of Rural Development is planning a major expansion of market support infrastructure to help achieve the goal of creating 6 crore Lakhpati Didis across India. As part of the strategy, the government has proposed the establishment of 700 SHE-MARTs and 1,000 District Fulfilment Centres to strengthen market access for products made by Self Help Group (SHG) members.

The initiative aims to promote enterprise development, financial inclusion, capacity building, training and marketing support for rural women. SHE-MARTs will be set up at high-potential commercial locations to provide sustained access to organised markets, while fulfilment centres will improve distribution and logistics support.

The government is also working on a unified national brand for Saras Aajeevika, upgrading the e-Saras portal into a multi-vendor marketplace, and expanding SARAS Melas across the country. The measures are expected to strengthen SHG-led enterprises and improve income opportunities for rural women entrepreneurs.

India-UK Trade Deal to Come into Effect from July 15

India and the United Kingdom have announced that the Comprehensive Economic and Trade Agreement (CETA) and the Double Contribution Convention (DCC) will come into force on July 15, 2026, opening new opportunities for Indian exporters, professionals and businesses.

Under CETA, 99 per cent of India's tariff lines will receive duty-free access to the UK market. Tariffs of up to 70 per cent on processed foods, 21.5 per cent on marine products, 18 per cent on engineering goods, 16 per cent on leather and footwear, and 12 per cent on textiles and apparel will be eliminated. The agreement is expected to benefit farmers, fishermen, workers, manufacturers and MSMEs by improving competitiveness in one of the world's largest consumer markets.

The accompanying DCC will exempt Indian professionals on temporary assignments in the UK from dual social security contributions for up to five years, benefiting more than 75,000 professionals and 900 companies. The agreement also provides enhanced mobility opportunities across several service sectors, including IT, finance, healthcare, education and consultancy.

KVIC Distributes 3,645 Machines to Artisans in Haryana's Siwani

Chairman KVIC Shri Manoj Goyal and Haryana Chief Minister Shri Nayab Singh Saini distributed 3,645 machines and toolkits to 972 artisans at the 'Khadi Rozgar Utsav' in Siwani, Bhiwani district, under the Village Industry Development Scheme. These included bee-boxes for 700 beekeepers, 220 electric pottery wheels, 100 sewing machines and 128 charkhas, besides 2,350 bee-boxes distributed virtually across seven states. Margin money subsidies of Rs 504.68 crore were disbursed for 22,259 new PMEGP projects nationwide, with bank loans of Rs 1,485 crore sanctioned, expected to generate 244,849 jobs. In Haryana, 253 projects received Rs 7.50 crore in subsidies and Rs 23.19 crore in loans, projected to create 2,783 jobs. KVIC Chairman Goyal noted the sector's national production stands at Rs 1.25 lakh crore, with a turnover of Rs 1.87 lakh crore and employment for 2.04 crore people.

DPIIT Notifies New Order to Ease Quality Compliance for Industry

The Department for Promotion of Industry and Internal Trade (DPIIT) has notified the Transition Facilitation (Quality Control) Order, 2026, to strengthen India's quality ecosystem and ease compliance for industry. Earlier, manufacturers largely had to source components only from suppliers certified under BIS Scheme I, commonly known as the ISI Mark Scheme, which involves detailed factory inspections. The new Order now also allows sourcing from suppliers certified under BIS Scheme II, a relatively simpler certification route, based on the manufacturer's technical capability, compliance record and commitment to innovation. Manufacturers with a clean three-year compliance history under existing Quality Control Orders will also benefit from this flexibility. The reform is expected to reduce compliance bottlenecks, encourage technology upgrades, strengthen domestic supply chains and improve India's integration with global manufacturing networks, while maintaining consumer safety and product quality standards.

Textiles Summit 2026 Concludes with Focus on Exports and Sustainability

The Ministry of Textiles concluded the two-day Textiles Summit 2026, held on 23 and 24 June 2026, bringing together state governments, industry and academia. Union Textiles Minister Shri Giriraj Singh called for executing district and state plans with a proactive mindset, stressing value addition, sustainability compliance and use of Free Trade Agreements. Textiles Secretary Smt. Neelam Shami Rao said recommendations would be consolidated into a National Textile Export Roadmap, prioritising high-value segments and innovation. Commerce Secretary Shri Rajesh Agrawal highlighted 500 workshops conducted on leveraging FTAs and urged states to join the District as an Export Hubs initiative. The closing sessions focused on quality and sustainability certifications and on export enablement and market diversification, in line with the sector's target of USD 100 billion in exports by 2030.

GeM Partners with CSC to Expand Rural Access to Government Procurement

The Government e-Marketplace (GeM) has signed a Memorandum of Understanding with Common Service Centre e-Governance Services India Limited (CSC-SPV) on 18 June 2026 in New Delhi, expanding their 2022 partnership to boost rural access to government procurement. The new framework will support sellers from onboarding through vendor assessment, brand approval and catalogue listing. As part of this, 50 GeM Suvidha Kendras will be set up on a pilot basis across Delhi-NCR, Maharashtra, Uttar Pradesh, Gujarat, Tamil Nadu, Kerala, Karnataka, Telangana and West Bengal, offering guidance and handholding support to MSEs, women entrepreneurs, SC/ST entrepreneurs, startups, artisans, weavers, SHGs and FPOs. The earlier collaboration had helped register 5.3 lakh sellers through the CSC network. The MoU was signed by GeM's Additional CEO Shri Ajit B. Chavan and CSC-SPV's Senior Vice President Shri Subodh Mishra.

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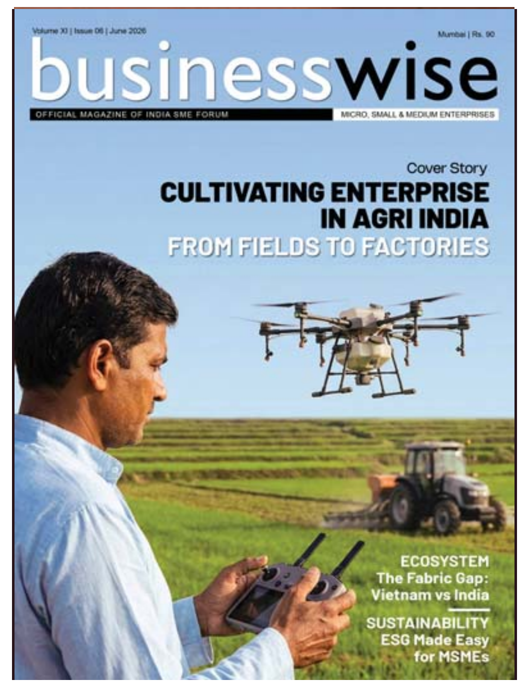

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CULTIVATING ENTERPRISE IN AGRI INDIA

FROM FIELDS TO FACTORIES

The next agricultural revolution is not about producing more, it is about earning more. This article examines how India can empower farmers to become entrepreneurs by building professionally managed farmer enterprises, strengthening market linkages, and creating the institutions that turn farming into a viable business.

The Missing Entrepreneur in India's Growth Story

India grows more milk than any other country. It is the second-largest grower of fruits and vegetables in the world, and one of the top producers of rice, wheat, cotton and sugarcane. So by output, Indian farming is a success story. But by income, the picture looks very different.

According to the **NSS 77th Round Situation Assessment Survey)**, published by the **National Statistical Office (NSO) in September 2021**, a farming household in India earned an average of just **Rs 3,798** a month from growing crops during the 2018–19 agricultural year. That is for the whole household, not one person. Furthermore, economists analyzing the data noted that this number had actually gone down in real terms over the previous six years, even while the rest of the Indian economy was growing.

Here is the bigger picture: 46 percent of India's workforce, almost half the country, works in farming. But farming gives us only 16 percent of India's GDP, the total value of everything the country produces.

Over the last thirty years, India's growth story has mostly been a story of entrepreneurs, people who build businesses, take risks, and grow. We have seen this in manufacturing, services, technology and retail. Farming, which employs the largest number of people, has largely been left out of this story.

This article looks at why. It is not about praising or blaming any government. It simply tries to explain what separates a farmer from an "agri-entrepreneur", how other countries built the right conditions for that change, how India's own system came to be built differently, and what is now starting to change on the ground.

What Makes a Farmer an Entrepreneur?

An entrepreneur, in any business, usually does four things. First, they take a calculated risk, meaning they make a decision knowing there could be a loss, but expecting a good return. Second, they invest money before they earn any, buying machines, stock or raw material in advance. Third, they have enough control to negotiate a good price, instead of simply accepting whatever price they are offered. Fourth, they know their costs and prices well enough in advance to plan for the future, not just for today.

By this simple test, most Indian farmers are not currently able to act like entrepreneurs. This is not because they lack skill or ambition. It is because the conditions around them do not allow it.

Think about what a farmer needs to run farming like a business. First, size: enough land, or enough farmers working together, to make it worth buying machines or storage, and enough extra produce to survive one bad season without going into debt. Second, price certainty: knowing what a crop will sell for, ideally before it is even planted, so decisions can be made using business sense rather than guesswork. Third, market access: being able to sell to more than one buyer, and ideally selling something special rather than a plain commodity that everyone else is also selling. Fourth, financing: being able to borrow money on business terms, using land or other assets as security, rather than borrowing informally from someone who will also buy your crop later, often at a price that suits them.

India's average farm size was measured at 1.08 hectares in the 2015-16 Agriculture Census. That is down from 2.28 hectares in 1970-71. A more recent NABARD survey found the number had fallen further, to 0.74 hectares, by 2021-22. The reason is simple: in most Indian families, land is divided equally between children in every generation. A farm that once supported one family becomes too small to support the next one.

A farm of less than one hectare cannot easily meet any of the four conditions above. The real question is whether small farm size itself is the problem, or whether the bigger problem is that India has not built the systems that would let even small farmers meet these conditions together. Looking at what six other countries have done, some of which started with even less land and water than India, the second explanation seems closer to the truth.

The farmer who grows India's food does not need to become a different person. He needs an organisation around him that manages the parts of the value chain he cannot manage alone, returns him a fair share of what that chain generates, and treats him as the owner of the enterprise rather than the weakest link in it.

The ideas explored in this cover story are already being shaped by entrepreneurs, investors, and ecosystem builders working at the forefront of Indian agriculture. To take the conversation further, we spoke with Mr. Hemendra Mathur one of India's leading agritech investors and startup mentors to understand his perspective on building a stronger agritech ecosystem, enabling rural entrepreneurship, and creating the conditions for farmers and agri-enterprises to thrive at scale.

Q1. From your perspective, what will it take to make India's agritech and rural entrepreneurship movement a truly national phenomenon, reaching farmers, FPOs, and agri-based MSMEs across every state?

The biggest challenge is that most Indian farmers operate with very low incomes and are exposed to significant risks from climate uncertainty to volatile prices. When a farmer is focused on subsistence, their willingness to experiment with new crops, technologies, or business models is naturally limited. Before we expect farmers to become entrepreneurs, we must first reduce the risks they face.

This requires stronger financial support systems, better access to affordable capital, and effective risk-mitigation mechanisms such as crop insurance and other financial instruments that protect farmers from downside losses. When the risks are manageable, farmers become far more willing to adopt innovation.

Technology also has to become more practical and accessible. Many existing solutions are either too expensive, not designed for smallholders, or difficult to use at the village level. Agritech must be built for India's small farmers rather than expecting farmers to adapt to technology.

Equally important is helping farmers move up the value chain. Instead of only producing raw commodities, they should be enabled to participate in processing, value addition, and branding, where incomes are significantly higher. However, this is only possible when strong market linkages exist.

Ultimately, transforming farmers into entrepreneurs requires the convergence of three forces: supportive government policies, technology-driven innovation led by startups, and strong grassroots institutions such as NGOs, civil society organisations, FPOs, and farmer collectives. These organisations already enjoy the trust of farmers and are best placed to drive awareness, training, technology adoption, and last-mile implementation. Progress is already happening, but with better coordination among these stakeholders, the pace of transformation can accelerate significantly.

Q2. What are the biggest challenges that currently prevent agritech startups and rural enterprises from scaling effectively across India? And what can the government do to address these challenges?

I don't believe every agritech startup needs to become a pan-India business. Agriculture is highly regional, and many successful models can be built by focusing on specific crops, value chains, or geographies. The real question is not geographical expansion but achieving sustainable scale within the chosen market.

One of the biggest constraints is infrastructure. Rural India still needs stronger physical infrastructure such as warehouses, cold chains, processing facilities, rural roads, and logistics networks. Government initiatives like the Agriculture Infrastructure Fund are important steps in this direction, but continued investment remains essential.

Digital infrastructure is equally important. Better broadband connectivity, widespread 4G and 5G access, and high-quality agricultural data can enable startups to build far more effective solutions. The government is already creating digital public infrastructure for agriculture, but private companies also need transparent and timely access to this data so they can develop innovative use cases.

Regulatory reforms are another priority. Areas such as seed approvals, pesticide regulations, licensing, and compliance processes should become more transparent, predictable, and startup-friendly while maintaining necessary safeguards. Simplified approvals, single-window clearances, and policies that encourage direct engagement between buyers and farmers can significantly improve the business environment.

The government should also strengthen support for early-stage agritech startups through incubation, product validation, pilot opportunities, and pre-commercial funding. Agriculture universities should modernise their curricula by integrating data science, artificial intelligence, and digital agriculture alongside traditional agricultural education. Building the right ecosystem requires policy support, infrastructure investment, regulatory clarity, and talent development working together.

Q3. Organizations such as India SME Forum work closely with MSMEs, entrepreneurs, and policymakers. In your view, what kind of support from organizations like us would be most valuable in helping agritech startups and rural enterprises succeed at scale?

India SME Forum has already built a strong reputation supporting MSMEs across sectors. The next major opportunity lies in strengthening rural entrepreneurship and agritech.

As an industry body, India SME Forum can play an important advocacy role by bringing the concerns of agritech startups and rural enterprises before policymakers. At the same time, it can create greater visibility for successful rural entrepreneurs through awards, case studies, media coverage, and documented success stories. Highlighting proven examples inspires confidence among entrepreneurs, investors, and governments alike.

One area that deserves much greater attention is the connection between agritech startups and MSMEs. Today, many agritech companies work directly with large corporations, while engagement with MSMEs remains relatively limited. Yet thousands of MSMEs are involved in food processing, storage, packaging, logistics, and agricultural value addition. Building stronger partnerships between these businesses and agritech startups can unlock significant opportunities.

I would recommend focusing on specific agricultural clusters rather than attempting nationwide implementation from the outset. Whether it is dairy, soybean, spices, fruits, or any other value chain, demonstrating success in one cluster creates a practical playbook that can later be replicated elsewhere.

In my experience of working with governments, policymakers respond much more positively to proven models than to theoretical concepts. If an initiative successfully benefits even a few thousand farmers, it provides credible evidence that the model works. That proof of concept becomes the foundation for scaling the solution across states and eventually across the country.

How Six Countries Built Agricultural Entrepreneurs

Different countries have built these four conditions in different ways. Looking at them side by side, by what each one solved rather than country by country, gives India a useful checklist to measure itself against.

Price certainty, decided in advance. The clearest example is the United States. There, a farmer usually settles the most important money decision of the season before he even plants a seed. He signs forward contracts with grain buyers, agreeing on a price ahead of harvest. This means price risk, the single biggest reason Indian farm incomes suffer, is dealt with before planting rather than discovered later at the local market. On top of this, the government subsidises crop insurance that covers around 90 percent of all planted farmland in the country. If a drought or disease damages the crop, the farmer gets paid within a set time. This means a bad season does not destroy the farmer financially, which is exactly what gives him the confidence to try a new crop, buy new equipment, or expand.

Group strength, instead of individual land size. The Netherlands shows that farm size does not have to be the problem it is in India. Dutch farms are quite small too, averaging around 45 hectares, yet the Netherlands is the world's second-largest exporter of farm produce by value. How? Farmers work together in cooperatives. They pool their produce, jointly invest in processing plants, and sell under shared brand names to buyers across the world. Good cold storage and transport mean very little produce is wasted between the farm and the export market. Government research institutes work directly with farmers on better farming methods and market strategy. A Dutch farmer with a small plot can still act like a big business because the support system around him, owned together with other farmers, makes it possible.

Making a special product, not just a common one. Israel shows what can be achieved even under very difficult conditions, severe water shortage and desert land, tougher than what most Indian farmers face. Drip irrigation, a way of delivering small amounts of water directly to plant roots, was invented in Israel in the 1960s out of pure necessity. This was followed by greenhouse farming and precise, science-based use of fertilisers. As a result, Israeli farmers today export to premium markets in Europe. They are not selling a plain commodity and hoping for a fair price. They are growing something special for a specific buyer, at a price agreed in advance. India and Israel have worked together on farming since 2006, and Israeli farming methods are already being taught and used at Centres of Excellence across more than a dozen Indian states. The methods work in India too. What is missing is scale.

Freedom to sell, the foundation everything else needs. Vietnam's story is perhaps the closest match to India's own starting point. Before 1986, the Vietnamese government controlled everything in farming: farmers had to sell their crops to the state at fixed prices and buy their supplies through state channels only. The result was poor harvests, widespread rural poverty, and Vietnam having to import food just to feed its own people. In 1986, a set of reforms called Doi Moi changed all this. A 1988 law gave farmers the right to use their

Dr. Remashree A.B

Director,
Spices Board India, Cochin, India

Q1. Your work has focused extensively on research, quality enhancement, and value addition in the spice sector. From your perspective, what does it take to transform a farmer from being merely a producer of raw agricultural commodities into a successful entrepreneur? How important are value addition, quality assurance, and market linkages in this transition?

Transforming a farmer from being merely a producer of raw agricultural commodities into a successful entrepreneur requires a shift in mindset, skills, and market orientation. Agriculture today is no longer just about increasing production; it is about producing what the market demands, maintaining consistent quality, and creating value that enhances both income and competitiveness.

A key aspect of this transformation is value addition. Instead of selling raw agricultural produce, farmers should focus on activities such as cleaning, grading, drying, processing, packaging, and branding. These interventions not only fetch better prices but also minimize post-harvest losses and reduce spoilage caused by oversupply or limited market demand. Value-added products generally have a longer shelf life, improved marketability, and greater consumer acceptance, enabling farmers to access premium domestic and export markets.

The spice sector is a good example of this approach. Converting raw spices into processed, hygienically packed, and branded products significantly enhances their market value while opening opportunities in high-value domestic and international markets. Quality assurance is equally critical. Consumers and buyers increasingly expect products that meet stringent food safety and quality standards. Adopting Good Agricultural Practices (GAP), ensuring traceability, following hygienic post-harvest handling practices, and complying with national and international quality standards help farmers build credibility, gain consumer confidence, and secure better prices. Today, quality is no longer an option it is a prerequisite for sustainable market success.

Strong market linkages complete this transition. Farmers need direct access to reliable markets, digital platforms, Farmer Producer Organizations (FPOs), exporters, organized retail chains, and timely market intelligence. Such linkages reduce dependence on intermediaries, improve price realization, and help farmers respond effectively to evolving consumer preferences.

Q2. India has made significant progress in agricultural production, but many small farmers still struggle to capture higher value from their produce. Based on your experience with the Spices Board, what are the biggest gaps in research adoption, quality infrastructure, processing, certification, or institutional support that prevent farmer groups, FPOs, and agri-based MSMEs from becoming globally competitive enterprises?

While India has made remarkable progress in agricultural production, many farmers still struggle to capture higher value because the focus often remains on production rather than the entire value chain. One of the biggest gaps is the limited adoption of research-based technologies and best practices at the farm level. Scientific advancements in production, post-harvest management, and processing do not always translate into widespread on-ground adoption.

Another major challenge is the inadequate availability of quality infrastructure, including processing, grading, packaging, storage, and certification facilities, particularly for small farmers and FPOs. Without access to such infrastructure, it becomes difficult to produce market-ready products that meet domestic and international quality standards.

Capacity is another important constraint. Many farmer groups and agri-based MSMEs require stronger entrepreneurial skills, better business planning, and greater awareness of market requirements and export opportunities. Access to finance, modern technologies, and institutional guidance also remains uneven, limiting their ability to invest in value addition and quality improvement.

Addressing these gaps requires coordinated support through regular capacity-building programmes, improved infrastructure, stronger extension services, easier access to certification and finance, and effective institutional handholding. Only then can farmers, FPOs, and agri-based MSMEs evolve from primary producers into globally competitive enterprises.

Q3. Looking ahead, what role should research institutions, commodity boards, industry bodies, and policymakers play in creating an ecosystem where farmers consistently move beyond production into value addition, branding, and export-oriented entrepreneurship? What should India's priorities be over the next decade to achieve this transformation?

Research institutions, commodity boards, industry bodies, and policymakers have a crucial role in creating an enabling ecosystem that supports farmers throughout the value chain. Beyond technology development, these institutions must focus on awareness creation, skill development, technology dissemination, and entrepreneurship promotion so that farmers can manage their farms as profitable enterprises rather than subsistence operations.

Government initiatives that support farm mechanization, post-harvest and processing infrastructure, buyer-seller meets, market linkage programmes, branding support, and participation in trade fairs and exhibitions can significantly accelerate this transition. At the same time, stronger collaboration among research institutions, industry, and policymakers is essential to ensure that innovations reach farmers and translate into commercially viable enterprises.

Going forward, India's priority should be to build an ecosystem that integrates innovation, value addition, quality assurance, market access, and institutional support. When farmers are equipped with technical knowledge, entrepreneurial skills, and market awareness, they are better positioned to participate in high-value domestic and export markets. This transformation will not only enhance farm incomes but also generate rural employment, strengthen resilience, and contribute to building a more competitive, sustainable, and globally recognized agricultural sector.

land for 15 to 40 years, giving them real security. The government also freed up buying and selling, letting farmers sell to whoever paid the best price. What followed was remarkable: farm output grew by over 5 percent every year, and within twenty years Vietnam went from importing food to becoming one of the world's biggest exporters of rice, coffee and pepper. Poverty fell from 58 percent of the population in 1993 to under 20 percent by 2004, lifting an estimated 30 million people out of poverty. The government did not step away from farming during this time; it kept supporting rural credit and training. What changed was simple but powerful: farmers finally got the legal right to sell freely, at market prices, to whoever they chose.

Guaranteed buyers, created through government purchase. Brazil shows a different approach: using the government's own buying power to create a stable market for small farmers. Brazil's PRONAF programme gives small farmers loans at lower interest rates than regular banks. The government's annual farm credit plan set aside over BRL 400 billion (Brazilian currency) for the 2024-25 farming season, split between big and small farmers. Even more important, Brazil has a rule that at least 30 percent of all government food purchases, for school meals, university canteens, and public institutions, must come from family farmers. This single rule creates a guaranteed, stable market that small farmers do not have to fight for. According to Brazil's own 2023 report on family farming, if Brazil's family farmers were counted as a single country, they would rank eighth in the world for food production. More than 60 percent of all food eaten in Brazil comes from small and cooperative farms.

Clear information and fast payment, delivered through technology. Kenya's story is smaller in scale but very focused. Mobile payments are widely used across Kenya, letting farmers get paid directly, without money passing through several middlemen. Digital platforms built on this technology now connect small farmers directly to buyers in cities, offering 20 to 40 percent more money than the old system of brokers, and paying within 48 hours. This means the farmer knows the price before deciding to sell, and gets paid as soon as he delivers. India already has strong mobile payment systems, smartphone use, and digital identity systems in place, everything needed to build something similar. Kenya's example suggests that fixing this particular problem may not even need a new law. It may just need better technology that makes the old system of middlemen unnecessary.

Each of these six countries used a different tool: contracts in the US, cooperatives in the Netherlands, water technology in Israel, land rights in Vietnam, government purchase rules in Brazil, mobile payments in Kenya. But the idea behind all of them is the same. In each case, someone, a government, a group of farmers, or a private company, redesigned the system around the farmer, instead of simply asking the farmer to somehow succeed within an unchanged, unfair system. This is the same lens through which India's own history can now be understood.

Why India Built Farmers, Not Farm Businesses

None of the four business conditions described above were part of India's strategy after independence in 1947. Indian policy at the time was built around one urgent worry: making sure the country could feed itself. This came from a painful experience. The Bengal Famine of 1943 had killed between 1.5 and 3 million people. Partition split Punjab, India's most fertile farming region, dividing its farmland, canals and research centres overnight between two new countries.

The objective has changed. Growing enough food is no longer India's primary agricultural challenge. Ensuring that the people who grow it can build a viable livelihood from doing so is.

Through the 1950s, India depended on food imports from the United States under a programme called PL-480, using up grain almost as soon as it arrived, with almost nothing kept in reserve. People at the time called it a "ship-to-mouth" existence. Then, back-to-back droughts in 1965 and 1966 forced India to import over 19 million tonnes of grain in just two years, making the country's food supply dependent on the goodwill of another government. The message from this period was clear: India had to be able to feed itself, and every policy that followed was built around that single goal.

The response, later called the Green Revolution, worked extremely well for what it was trying to do. In 1965, the government set up a body to recommend minimum prices for key crops, so that farmers growing wheat and rice would always have a price floor. That same year, the Food Corporation of India was created to buy grain at those prices and build up a national reserve. New, high-yield wheat varieties were introduced, along with more irrigation and fertilizer. Grain production rose from 82 million tonnes in 1960-61 to over 176 million tonnes by the late 1990s. Within a few years, India had gone from constantly needing food imports to producing a surplus. Judged by its own goal, feeding the nation, this system was a real success.

But this system was never built to raise farmer income, encourage farmers to grow different crops, or create competitive markets, because those were simply not the concerns of 1965. Alongside minimum support prices and the Food Corporation of India, states across the country passed laws in the 1960s and 70s setting up regulated markets called mandis, run by licensed traders under fixed rules. This was actually an improvement at the time, replacing the earlier, messier system where farmers sold to village traders with no fixed rules at all. What nobody planned for was what would happen over the following decades: because the law required farm produce to first go through these mandis, and only a fixed, licensed group of traders were allowed to operate there, that same small group of traders grew steadily more powerful over time, with little competition from outside.

At the same time, a law called the Essential Commodities Act, passed in 1955 to stop hoarding during real food shortages, stayed largely unchanged even after India had moved from shortage to surplus. This law limited how much grain or produce a business could legally store, which made it commercially risky for private companies to invest in large cold storage or warehouses, for nearly six decades, until the law was significantly amended in 2020. India's big economic reforms of 1991, which removed many old restrictions in manufacturing, banking, telecom and retail, and helped entrepreneurs grow in each of those sectors, largely left farming untouched. The mandi system, the Essential Commodities Act, and the focus on wheat and rice through MSP all continued into the 2000s, mostly unchanged from how they were designed in the 1960s. India had built, very successfully, a country that could feed itself. It had not, in that same period, built the conditions needed for a farmer to become a business owner.

Where the Farmer-Entrepreneur Gets Stuck

This history shows up clearly today, at every step of a farmer's daily transaction.

It starts with land. An average farm size of 0.74 hectares, less than two football fields, simply does not meet the "size" condition described earlier. It does not create enough surplus to negotiate a good price or survive one bad season without borrowing money.

It continues at the mandi, still the main, and often the only, place most farmers can sell their produce. A farmer arriving there usually has no idea what price he will get that day. He has already spent money on transport, and his produce, often something that spoils quickly, cannot simply be taken back home unsold. The price is decided through an auction run by licensed agents. Studies have repeatedly found that there are four to six middlemen between the farm and the final customer in the city, meaning small farmers keep only a small share of what the customer finally pays. The Minimum Support Price is meant to be a safety net for 23 crops, but a study by ICAR, a top government agriculture research body, found that only 15 percent of paddy farmers and under 10 percent of wheat farmers actually get this benefit through direct government purchase. For most farmers, on most crops, MSP exists on paper more than in practice.

India's last phase of farm policy was built around one clear goal of feeding the millions. The next phase needs an equally clear one: not just mere quality production, but a dignified livelihood for the producers.

It shows up again in storage. A 2022 government-commissioned study found that India loses food worth Rs 1.53 lakh crore every year, mostly fruits and vegetables, due to poor storage, lack of proper cold transport, and missing facilities for holding produce before it reaches the market. Europe loses only around 6 percent of its produce after harvest; India loses an estimated 15 to 18 percent. A farmer who cannot store his crop has no choice but to sell it immediately, at whatever price is on offer, the exact opposite of the price certainty that helps farmers elsewhere plan ahead.

And it shows up in access to loans. The Kisan Credit Card scheme has given formal, low-cost credit to 7.75 crore farmer accounts as of 2024. But a national survey on debt still shows that many small farmers continue to borrow informally, at high interest rates. In several states, the same person who lends money to a farmer is also the one who later buys his crop, which weakens the farmer's ability to negotiate a fair price, even before he sits down to sell. The heavy focus on wheat and rice under MSP has had another side effect too: continued paddy farming in Punjab, encouraged by guaranteed government purchase, has been linked

in several government reports to falling groundwater levels that the state's water supply cannot sustain for much longer.

In September 2020, Parliament passed three new farm laws that tried to fix several of these problems directly. One law let farmers sell outside the mandi system, without paying mandi taxes. A second gave legal backing to contract farming, where a company agrees in advance to buy a farmer's produce. A third removed storage limits on most farm produce, making it easier for private companies to invest in warehouses and cold storage. These laws were passed quickly, during a parliamentary session held under COVID-19 restrictions, without much detailed discussion, which left many farmers unsure about what the new rules would mean, especially for MSP. Farmer groups, particularly from Punjab and Haryana, argued that removing the mandi rules without a legal guarantee of MSP would leave farmers negotiating against much bigger, more powerful buyers. Protests started at Delhi's borders in late 2020 and continued for over a year, ending only when the government repealed all three laws in November 2021. The Prime Minister said at the time that the government had not been able to convince some farmers that the laws were meant to help them. The underlying problems these laws tried to fix, limited buyer choice, few direct deals between farmers and companies, and storage limits blocking cold-chain investment, are all still part of the ongoing conversation on farm policy.

What the Farmer Actually Needs

The problems described in this article, the mandi monopoly, the absent cold chain, the debt trap, the missing price discovery, the lack of collective bargaining power do not have separate solutions. They have one structural solution. The Indian farmer needs an organised enterprise around him that handles everything the current system fails to provide: fair price discovery, market access, post-harvest infrastructure, credit on reasonable terms, and the scale to negotiate as an equal with buyers. What he does not need is to manage all of this alone.

The cooperative or aggregation enterprise, when it works, does not just improve the income of the farmers supplying it. It creates an economic environment in which agriculture is seen as a sector where business can be built and careers can be made.

India has 146.45 million farm holdings as per the Agriculture Census 2015-16. Of these, 86 percent are small and marginal, with less than two hectares of land. A farmer working 0.74 hectares cannot justify investment in storage or machinery, cannot produce enough surplus to negotiate meaningfully with a buyer, and cannot absorb one bad season without borrowing. The problem is not the farmer. The problem is the unit he is operating in. A holding of this size, without any surrounding organisation, was never going to function as a business.

But this is an organisation problem, not a land problem. An organisation has a solution.

• The Structure That Can Change This

When a group of farmers producing the same crop come together under a single collective structure, the economics change entirely. The volume that makes no sense at the level of one small farm becomes viable at collective scale. A buyer who will not negotiate with a farmer delivering two tonnes will negotiate seriously with a collective delivering two thousand. Processing, cold storage, branding and direct market access, none of which is economically justifiable for an individual smallholder, all become

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possible when fifty or two hundred farmers act as a single supply unit.

India's dairy cooperative movement in Gujarat demonstrated this over five decades. Farmers did not change what they did. They continued to produce milk. What changed was everything around them. A professional management structure took over collection, chilling, processing, quality testing, packaging, distribution and sales. The farmer's role was to produce. The cooperative's role was everything else. The result was one of India's most successful commercial enterprises, owned by the farmers who supplied it.

This separation of production from market management is the central idea. And it is what is missing at scale in Indian agriculture today.

For this model to work, three things must be true.

The first is professional leadership at the centre of every cooperative. Not a government-appointed committee. Not a rotating chair from the farmer membership who also has crops to tend. A full-time, professionally trained manager or management team whose singular responsibility is the commercial performance of the collective. This person organises farmers, coordinates production volumes, manages procurement relationships, oversees processing where applicable, handles branding and sales, and ensures that income flows back fairly to members. The farmer does not need to understand futures markets or cold chain logistics. The cooperative manager does. This division of responsibility is what makes the model work, and it is the element most consistently absent from India's existing FPO programme.

The second is a change in what the government builds, not just what it funds. The subsidy model as it has operated delivers money to individual farmers without changing the structure they operate within. What India needs is institutional investment: government resources directed toward building cooperative organisations with the management depth to survive beyond the initial support period, toward training the managers who can run these organisations professionally, and toward creating a cadre of cooperative leaders the way other countries have created extension service networks. The government's role in this model is not procurement or price-setting. It is institution-building.

The third is a regulatory framework that prevents the cooperative from replicating the exploitation it is meant to replace. India has had cooperative structures that worked against their own members through non-transparent accounting, captured leadership and political interference. Any cooperative receiving government support must be bound by independent auditing, democratic governance, transparent profit-sharing, and regular accountability to its farmer members. The goal is to build an alternative to the current system, not a new version of it with better branding.

• Creating Incentives for Farmer Participation

The practical question is always whether farmers will actually join such structures, and whether they will stay.

The evidence from cooperative movements that have worked, including within India, suggests that the answer is yes, once the cooperative visibly delivers better returns than the alternative. Farmers are not attached to the mandi system out of habit or loyalty. They use it because, for most of them, it is the only channel available. When a working alternative exists and is seen to be delivering better prices to those who have joined, others follow. Success is its own recruitment. Initial resistance dissolves when neighbours who joined the cooperative begin earning more for the same crop.

The window where support matters most is the early years, when the cooperative is building its market relationships, establishing its processing and storage capacity, and developing the management systems that allow it to function consistently. This is where government institutional investment has the highest return. Not in perpetual subsidy, but in building something that, once established, runs on its own commercial logic.

The farmer who grows India's food does not need to become a different person. He needs an organisation around him that manages the parts of the value chain he cannot manage alone, returns him a fair share of what that chain generates, and treats him as the owner of the enterprise rather than the weakest link in it. That is the structure that turns a smallholder into an entrepreneur. Not a new law. Not a technology platform. An organisation, built well, led well, and regulated to stay that way.

• The Agri-Entrepreneur: A Role India Has Not Yet Created at Scale

The cooperative leader in this model is not a government appointee. He is not hired by farmers who have no means to hire anyone. He is an entrepreneur in his own right.

He looks at a cluster of 300 onion farmers in Nashik, or 500 rice growers in Haryana, or a region of spice cultivators in Kerala, and he sees a business opportunity. The raw material exists. The market exists. What is missing is the organisation between the two. He builds that organisation. He aggregates produce from farmers, handles post-harvest processing, manages quality grading, builds market relationships with buyers, retailers or processors, and sells at a price that reflects the value he has added. His income comes from the margin he earns on that value addition, not from a salary paid by farmers who cannot afford one.

He builds the enterprise the way any entrepreneur builds a business. The farmer does not need to understand the supply chain or the buyer relationship. He needs to see that selling to this entrepreneur gets him a better price than the mandi. That is a sufficient reason to participate.

This is the model that has worked wherever agricultural value chains have been successfully reorganised around smallholder farmers. The entrepreneur identifies the gap, builds the structure, and the farmer benefits from being part of it. The farmer's job remains what it always was: to grow. The entrepreneur's job is everything that happens after the crop leaves the field.

What is needed is not land consolidation or urban migration. It is a different kind of enterprise builder in agriculture: someone who sees the commercial opportunity in organising what smallholders produce, adds value, and shares the result through a transparent arrangement the farmer can verify and the regulator can audit.

What makes this different from the arhtiya is ownership, transparency, and competition. The arhtiya operated within a licensed monopoly. The farmer had no alternative. The agri-entrepreneur operates in a market where the farmer can choose. And crucially, the farmer's returns in this model are linked to what the entrepreneur actually earns, not to what he chooses to disclose.

• The Next Generation Inside This Ecosystem

The most forward-looking dimension of this model is not what it does for today's farmer. It is what it creates for the next generation.

A young person growing up in a village where a functioning agri-enterprise operates sees something that did not exist for his parents: a business built around agriculture that is visibly profitable, professionally managed, and growing. Some of those young people will become the next wave of agri-entrepreneurs, building similar enterprises in other clusters, other crops, other regions. Others will build the services that these enterprises need: logistics, grading technology, market intelligence, financial products designed for agricultural supply chains.

The cooperative or aggregation enterprise, when it works, does not just improve the income of the farmers supplying it. It creates an economic environment in which agriculture is seen as a sector where business can be built and careers can be made. That shift in perception, from farming as a burden inherited by default to agriculture as a sector with entrepreneurial possibility, is what changes the long-term trajectory. The agri-entrepreneur who organises 300 farmers today is the model that 30 entrepreneurs in that region replicate over the next decade.

India has built entire entrepreneurial ecosystems in technology, in retail, in financial services, by creating the conditions in which entrepreneurs could succeed and then watching the ecosystem multiply. The same logic applies here. The first agri-entrepreneurs who make this model work become the proof of concept that draws the next wave.

• The Governance Question That Cannot Be Ignored

There is an obvious risk in this model that must be addressed directly. If an agri-entrepreneur aggregates produce from 300 farmers, processes it, and sells at Rs 80 per kg, what stops him from telling the farmers the market price was Rs 35 and paying them accordingly? The arhtiya would simply have been replaced by someone with better branding and a cleaner office.

This is a legitimate concern. And it is where the government's role becomes specific and essential, not in running the enterprise, but in ensuring that the farmer inside it is protected.

Three mechanisms together make systematic price manipulation difficult to sustain.

The first is mandatory price disclosure. Any enterprise aggregating produce from more than a defined number of farmers must be registered with the state agricultural market authority and must provide farmer suppliers with a quarterly statement showing actual sale prices received, costs deducted, and the farmer's share calculated against a pre-agreed formula. This is basic shareholder disclosure. The farmer is a supplier with contractual rights, and those rights include knowing what his produce was sold for.

The second is a formula-linked payment structure. The contract between the agri-entrepreneur and the farmer is not a fixed procurement price decided unilaterally at the time of purchase. It is a two-part payment: a base price at delivery, benchmarked publicly against prevailing mandi rates and eNAM data, and a second payment after sale, calculated as a defined percentage of the actual selling price. The farmer's income is mathematically tied to what the enterprise earns. Manipulation requires falsifying records that are auditable.

The third is a simple, accessible grievance mechanism. A farmer who believes he has been underpaid must have a clear, low-friction channel to file a complaint that triggers an independent audit of the enterprise's accounts. The existence of this mechanism, even if rarely used, changes the behaviour of the entrepreneur. Systematic under-reporting becomes a legal and reputational risk, not a routine practice.

No system eliminates the possibility of exploitation entirely. The question is whether manipulation is visible, documentable, and actionable. These three mechanisms together make it so. The government does not need to set prices or run enterprises. It needs to mandate disclosure, enforce the payment formula, and make the audit mechanism real. That is a regulatory function, not a commercial one, and it is well within what Indian market regulators already know how to do.

• What the Government Must Build Around This

The agri-entrepreneur model does not need the government to run it. It needs the government to make it viable to build.

That means fast-track licensing for enterprises that aggregate from registered farmer groups, removing the regulatory friction that currently makes it easier to trade through the mandi than to build a direct procurement operation. It means accessible financing through the Agriculture Infrastructure Fund for cold chain, processing, and grading infrastructure, with documentation requirements calibrated for early-stage enterprises rather than established businesses. It means a procurement preference that gives registered agri-enterprises a guaranteed channel for a portion of their output through government food purchase programmes, providing the revenue certainty that allows a new enterprise to invest and grow in its early years.

And it means investing in the pipeline of people who can play the agri-entrepreneur role: agribusiness management programmes at agricultural universities, mentorship networks that connect early-stage agri-entrepreneurs with those who have already built successful models, and recognition of this category of enterprise as a distinct and strategically important form of Indian entrepreneurship.

The farmer who grows India's food does not need to transform into a different kind of person. He needs an entrepreneur around him who sees the opportunity in what he grows, builds the organisation to capture it, and is held accountable for sharing the result fairly. That entrepreneur, and the ecosystem that supports him, is what India's agricultural economy is still missing at scale.

The Entrepreneurial Ecosystem India Is Beginning to Build

Alongside the ongoing policy debate, some meaningful interventions have begun to take shape.

The government has promoted 45,547 Farmer Producer Organisations, backed by Rs 6,865 crore, specifically to give small farmers the collective scale they cannot achieve individually. The idea is sound. A Cornell University study from 2024 found that most FPOs continue functioning after initial government support ends, though a significant share still struggle with management capacity and working capital. The structure works where leadership and commercial capability exist. Building that consistently at scale remains the unfinished task.

On technology, over 6,000 agritech startups had been officially recognised by the government as of 2023, compared to around 50 in 2014-15. These enterprises are building what the agricultural marketing system was never designed to provide: farm-gate grading, cold chain networks, direct procurement platforms, and digital price discovery tools. The government's eNAM platform, connecting 1,361 mandis and 1.78 crore registered farmers as of 2024-25, already generates the real-time price data a farmer needs before he commits to a sale. Getting that data visible at the mandi gate, before the truck is unloaded, is the remaining step.

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On funding, the Agriculture Infrastructure Fund with Rs 1 lakh crore allocated through 2029, the AgriSURE fund of Rs 750 crore for agritech investment, and the Agriculture Accelerator Fund for early-stage companies together represent a serious commitment of capital toward the infrastructure gaps this article has described. The practical challenge is access: ensuring that young enterprises building the right solutions can actually navigate the eligibility requirements to use these funds.

These are steps in the right direction. The question is whether the pace and scale match the size of the problem they are trying to address.

From Food Security to Farmer Enterprise

India built its agricultural institutions to answer the most urgent question of 1965: how does a newly independent country, scarred by famine, learn to reliably feed itself? That system worked. Judged by its own objective, it succeeded.

The objective has changed. Growing enough food is no longer India's primary agricultural challenge. Ensuring that the people who grow it can build a viable livelihood from doing so is. And the institutions built for the first objective are not designed to deliver the second.

Countries that solved this did not do it by asking farmers to work harder or produce more. They built the surrounding system differently. Price certainty before the season. Collective structures that gave smallholders market scale. Cold chain infrastructure that prevented post-harvest loss. Credit that functioned as a growth tool rather than a survival mechanism. In each case, the intervention was not directed at the farmer. It was directed at the ecosystem around him.

India has 146 million farm holdings, the vast majority too small to function as standalone businesses. What is needed is not land consolidation or urban migration. It is a different kind of enterprise builder in agriculture: someone who sees the commercial opportunity in organising what smallholders produce, adds value, and shares the result through a transparent arrangement the farmer can verify and the regulator can audit. That entrepreneur does not yet exist at a meaningful scale. The conditions to make him viable are not yet fully in place. But the capital exists, the policy direction is becoming clearer, and a generation of founders is already looking at agriculture as a sector where real businesses can be built.

India's last phase of farm policy was built around one clear goal and achieved it. The next phase needs an equally clear one: not more production, but a system in which the people doing the producing can finally build a business from it. The farmer who feeds this country has always done his part. The question is whether the system around him will now do it.

The Gulf Opens Up:

What India's CEPA with Oman Means for the MSME Backbone

The next chapter of India's MSME export story may well begin on Oman's shores. As the India–Oman CEPA removes long-standing trade barriers, it gives small businesses a stronger foothold in the Gulf and a strategic springboard to markets across Africa and beyond.

India's exports to Oman have remained largely stagnant at around $4 billion since FY23. With the India–Oman Comprehensive Economic Partnership Agreement (CEPA) coming into force on June 1, 2026, that is set to change and the businesses with the most at stake are not India's large conglomerates, but its small and mid-sized enterprises. Signed in Muscat on December 18, 2025 by Commerce Minister Piyush Goyal during PM Narendra Modi's visit, the CEPA is India's second such deal with a Gulf nation after the UAE, and Oman's first bilateral trade agreement since it signed one with the United States in 2006. The numbers tell the story: under the earlier Most Favoured Nation (MFN) regime, only 15.33% of India's exports to Oman entered duty-free. Under CEPA, that jumps to 99.38% of export value; immediately, from day one.

A Market Primed for Indian Goods

Bilateral trade between India and Oman has already been trending upward, from USD 8.94 billion in FY2023-24 to USD 10.61 billion in FY2024-25, and reaching USD 11.18 billion in FY2025-26. Yet trade analysts believe these numbers significantly understate the potential. Oman's total import market is valued at nearly USD 28 billion annually. Indian exporters, especially small and mid-sized ones, are now positioned to compete on equal or better terms than suppliers from countries without preferential trade arrangements.

The sectors earmarked for maximum MSME benefit read like a directory of India's small-industry clusters: textiles and apparel (where Oman has eliminated duties on all 945 tariff lines, erasing the existing 5% MFN duty overnight), gems and jewellery, leather and footwear, marine products, processed foods, engineering goods, pharmaceuticals, medical devices, handicrafts, and auto components. For weavers in Surat, shrimp processors in Andhra Pradesh and Kerala, leather artisans in Agra, or generic drug makers in Hyderabad, the agreement has created price competitiveness that did not exist before June 1.

Importantly, India has secured recognition of its National Programme for Organic Production (NPOP) and domestic halal certification systems by Oman, a provision that clears the path for agri-food MSMEs without the cost of re-certification in the destination market.

Beyond Tariffs: The Services and Mobility Dividend

The CEPA's architecture extends well beyond tariff schedules. It covers 127 services sub-sectors, professional labour mobility, investment frameworks, e-commerce provisions, and deep regulatory cooperation. For Indian professionals and service-sector entrepreneurs, this is equally consequential.

The opportunity is real, but so are the barriers. Rules of Origin compliance, awareness gaps, and logistics remain the key challenges for MSMEs.

Nearly 7 lakh Indian nationals already reside in Oman, with Indian merchant families maintaining a presence spanning 200–300 years. Over 6,000 Indian joint ventures operate in Oman across sectors. Annual remittances of approximately USD 2 billion underscore the economic depth of this relationship. The CEPA formalises and strengthens this ecosystem: intra-company transfers have been enhanced from 20% to 50%, and contract workers can now remain for up to two years rather than the previous 90-day limit.

For IT service firms, consulting businesses, and professionals in architecture, engineering, healthcare, and finance, all of which have a significant MSME footprint in India, this creates both a larger market and a more predictable operating environment.

The Strategic Geometry: More Than Oman

One dimension of the agreement that deserves more attention in MSME conversations is what Oman represents geographically. Oman is not just a trade destination, it is a gateway. With the Strait of Hormuz increasingly subject to geopolitical risk, Oman's alternative port infrastructure at Sohar, Duqm, and Salalah offers Indian exporters a bypass route to the wider Gulf, East Africa, and beyond. This makes Oman a strategic re-export and logistics hub for Indian goods targeting the entire GCC region, a combined market of over 50 million consumers.

Commerce Minister Goyal made this explicit at the CEPA's operationalisation on June 1: "Oman is a gateway for many other markets including the Gulf, Asia and Africa." The agreement is also expected to accelerate India's ongoing GCC bloc-level trade negotiations, given the structural similarities across the region.

For Indian MSMEs, this means Oman should not be thought of merely as an end market of 4.5 million people, but as an entry point into a far larger commercial ecosystem.

The Challenges: What MSMEs Must Navigate

The opportunity is real, but so are the barriers. Three deserve particular attention.

Rules of Origin compliance is the most immediate and underappreciated challenge. Under the Ministry of Finance's Notification No. 48/2026-Customs (NT), exporters must demonstrate that goods genuinely originate in India, either as wholly obtained products or through substantial transformation, including a Regional Value Content (RVC) threshold of at least 40% of the FOB value. Records must be maintained for a minimum of five years. For first-time exporters or small units with limited administrative bandwidth, the documentation burden is considerable. Industry experience from the India-UAE CEPA, India's earlier Gulf trade agreement, suggests that compliance costs and certificate-of-origin procedures can neutralise duty savings for smaller operators unfamiliar with the process.

Awareness and capacity gaps remain wide. Data on the India-UAE CEPA has shown persistently low uptake in MSME clusters, despite the availability of benefits, primarily due to lack of information and trained manpower. The Oman agreement, while more recently signed, risks similar underutilisation unless concentrated outreach is delivered to Tier 2 and Tier 3 industrial hubs through initiatives like awareness workshops, trade fairs, reverse buyer-seller meets, training programmes, and dedicated helpdesks.

Logistics and trade finance continue to be structural constraints. High freight costs, port handling inefficiencies, and limited access to export credit insurance can consume the price advantage that tariff elimination creates. The government's Credit Guarantee Scheme for Exporters (CGSE), administered through NCGTC, and the NIRYAT PROTSAHAN initiative under the Export Promotion Mission offer some relief, but awareness and accessibility of these schemes remain uneven across geographies and enterprise sizes.

The Bigger Picture: Diversification in an Uncertain World

India's MSME export base has grown dramatically in recent years, from 52,849 exporting units in 2020-21 to 1,73,350 in 2024-25, with MSME exports rising from ₹3.95 lakh crore to ₹12.39 lakh crore over the same period (PIB, 2025). Yet this growth has been concentrated in a relatively narrow set of destination markets. With protectionist pressures rising in the United States, the European Union, and Mexico, the value of market diversification has never been higher.

The agreements are being signed. The market access is being secured. The remaining question is whether India's MSME ecosystem can mobilise fast enough to capture the gains that have been placed within reach.

The India-Oman CEPA, coming on the heels of the India-UAE CEPA, is part of a deliberate strategic pivot by New Delhi, one that recognises the Gulf as a scalable, proximate, and culturally connected export frontier for Indian MSMEs. Talks are simultaneously underway with the GCC bloc as a whole, Israel, Chile, Canada, and the Eurasian Group.

For India's small enterprises, the message is increasingly clear: the agreements are being signed. The market access is being secured. The remaining question is whether India's MSME ecosystem, its cluster associations, export councils, financial intermediaries, and district-level institutions, can mobilise fast enough to capture the gains that have been placed within reach. bwise

The Fabric Gap: Vietnam vs India

Two countries. One global opportunity. While Vietnam stitched together a globally competitive textile ecosystem, India still possesses the raw materials, craftsmanship, and potential to rewrite its own story. The question is whether it can build the systems needed to compete.

A weaver in Varanasi and a factory worker in Ho Chi Minh City both wake at 5 a.m. One worries about next month's orders; the other already has orders confirmed until June. The difference between their anxieties is not geography - it is strategy. And to understand that strategy, we need to trace how two countries with very different starting points chose very different paths through the same global opportunity. A Tale of Two Textiles

A Tale of Two Textiles

India and Vietnam share a unique and educational connection in the global textile industry. India is old, rich in resources, and has unmatched artistic talent. Vietnam, on the other hand, is quick, flexible, and strongly tilted toward export orientation. For many years, India observed Vietnam's progress from a distance, feeling confident because of its

huge size and long history. But today, that confidence is harder to hold.

In 2024, Vietnam's textile and clothing sector exported $44 billion worth of goods - more than 11 percent higher than the previous year. India, despite producing the most of the cotton in the world, exported $35.87 billion in the same period, growing at just 5.2% year-on-year. More telling than the headline numbers is the direction: Vietnam's apparel exports have grown 31% since 2017, while India's have actually fallen by 11% over the same period.

The gap is not about size or resources. India has more of both. The gap is about the systems each country built - or failed to build - to turn raw potential into global competitiveness.

The Reform That Wove Vietnam's Success Story

Vietnam's growth in textiles wasn't accidental. It began with a major change in 1986 called Doi Moi, when the government moved away from strict control and allowed private businesses and foreign investment. For textiles, this meant state-owned factories were split into smaller, more flexible units, business rules were made simpler, and investment limits were relaxed. The government also encouraged foreign companies to set up labour-intensive industries like clothing and shoes.

India's textile industry has followed a different path. It has been shaped by older protections, a fragmented supply chain, and stop-start policies. Both countries had large workforces and growing global demand to take advantage of, but Vietnam acted quickly and with clear direction while India moved more cautiously and sometimes relied on existing strengths instead of reforming.

Over time, these choices added up. In 2000, Vietnam signed a trade agreement with the United States, opening its biggest export market. Joining the WTO in 2007 further improved its standards and reputation. Today, Vietnam is the world's third-largest exporter of textiles and apparel, supplying brands such as Nike, H&M, Adidas, and Zara in more than 100 countries.

India is ranked sixth, and the gap between the two countries is growing, not shrinking.

The Four Pillars Vietnam Built - That India Is Still Laying

1.Cluster Power: Shared Infrastructure, Shared Gains

Vietnam's textile clusters in Binh Duong, Dong Nai and Ho Chi Minh City work as integrated systems. Small factories share dyeing units, testing labs, logistics and compliance help - services no single MSME could afford alone. That shared setup turns individual weaknesses into collective strength.

India has famous textile hubs - Surat (synthetics), Tiruppur (knitwear), Varanasi (silk), Ludhiana (woollens) - but their shared infrastructure is uneven. Many clusters are just locations, not organised systems. As a result, small Indian units often duplicate costs, miss certifications, and can't give buyers the traceability and quality assurance global brands want. While the PM-MITRA scheme is meant to boost the textile sector by setting up large integrated parks, small weavers, single-loom workshops and family dyeing units remain left out.

2.Compliance: From Cost to Competitive Edge

Vietnam treated certifications like OEKO-TEX, WRAP and ZDHC as tickets to access global buyers and helped small factories get them. So when brands moved sourcing away from China after the 2018 US-China trade tensions, Vietnam's suppliers were ready.

In India, most textile MSMEs see these certifications as costly and bureaucratic. They lack in-house know-how and there's no large, coordinated government program to train Tier-2 and Tier-3 suppliers. The supply chain is fragmented (dyeing, weaving, finishing often run by different owners), so proving full traceability is hard.

High input costs make things worse: polyester in India is about 33-36% costly than in China and viscose 14-16% higher, partly because Quality Control Orders limit imports. Together, expensive inputs, weak infrastructure, and compliance gaps reduce India's export competitiveness just as buyers demand stronger ESG and traceability.

Where the Numbers Stand

Parameter	India	Vietnam
Total T&A Exports	$35.87 billion (FY2023-24) $37.75 million (FY 2024-25)	$44 billion (FY2023-24)
Global Apparel Market Share (2024)	2.94%	~6.1%
Global T&A Export Rank	6th	3rd
Export Growth Rate (2024)	+5.2% YoY (FY2024-25)	+11% YoY
T&A Exports to USA (Jan - Jul 2025)	$6.22B (+11.4% YoY)	$10.41B (+18% YoY)
Apparel as % of Total Merchandise Exports	~8.63%	~10%
Domestic Value Added in Apparel Exports	~79% domestic / ~21% foreign	~56% domestic / ~44% foreign
Active FTAs	13	17
Textile Workforce	~45 million	~3 million
T&A Contribution to GDP	~2%	~16%
Export Orientation of Production	~20% exported / ~80% domestic	~80% exported
Apparel Export Change Since 2017	↓ −11% ($18.4B→$16.4B)	↑ +31% (~$26B→$34B)

Sources: pib.gov.in [2025], vietnamplus [Dec,2024], pib.gov.in [Dec. 2025], Deccanchronicle [2025] vietnam.vn [2024], pib.gov.in [Aug, 2025], The daily star [July, 2026], pib.gov.in [Dec. 2025], vietnamplus [Dec,2024], Business standard [July 2026], otexa.trade.gov, pib.gov.in [Aug, 2025], shenglufashion.com [Dec. 2024],shenglufashion.com [Oct. 2025], state.gov [2024],pib.gov. in [2022], Vietnamplus [Feb, 2025], pib.gov.in [Jan, 2025], Vietnam.incorp.asia [Jan, 2026], pib.gov. in [Aug 2025], Vietnamplus [Feb, 2025], pib.gov.in [Apr, 2025], Vietnamnews.vn [Feb, 2025], Deccanchronicle [July, 2025], fibertofashion [2018]

3.Using FTAs Better: Trade Deals as Business Tools

Vietnam has signed 20 free trade agreements, 16 of which are already active. Vietnamese businesses, including small and medium firms, use these deals actively to offer better prices in big markets. Knowing how FTAs work is treated as an important business skill, not just legal detail.

India has 13 active FTAs, but Indian textile MSMEs use them much less. Paperwork, low awareness, and weak help from trade bodies keep the benefits mostly on paper. In the first seven months of 2025, Vietnam's textile and apparel exports to the US were $10.41 billion (up 18% year-on-year). India's exports to the US were $6.22 billion (up 11.4%). India is growing, but Vietnam is growing faster from a bigger base and with stronger policy support.

4.The Workforce Pipeline: Training for Factory Jobs

Vietnam's skill development system is closely tied to industry needs. Textile training programs are organized around production targets and export goals - workers are trained for jobs that actually exist, in the numbers the sector needs.

India's skill ecosystem is more spread out. It has great depth in traditional and handloom crafts - block printing from Rajasthan, Kanjivaram weaving from Tamil Nadu, Banarasi silk from Uttar Pradesh, Ikat from Odisha. These are truly world-class skills. But they don't automatically convert into the technical, export-ready manufacturing abilities that modern global supply chains require. The result is a workforce mismatch: plenty of talent in traditional skills, but an ongoing shortage of workers trained for industrial-scale, compliance-ready production.

"India does not have a capability gap; it has an ecosystem gap. Infrastructure, policy, technology and skilling must advance together. Every investment in modern machinery must be matched by investment in people who can operate, optimise and innovate with that technology. At the Textile Sector Skill Council, we are committed to building a globally competitive workforce equipped with digital, sustainable and advanced manufacturing skills. With the right ecosystem, India can not only bridge the gap with Vietnam but become the world's preferred destination for sustainable, high-value textile manufacturing value chain."

- Dr. Swapna Mishra
CEO,
Textile Sector Skill Council (TSC)

India's Untapped Advantage - And Why It Hasn't Been Enough

This is where India and Vietnam differ in an important way that is often overlooked. Vietnam is a highly efficient manufacturing country, while India has something more - products with a unique identity and heritage.

Vietnam earns much of its textile revenue by manufacturing products for global brands. It is known for being fast, dependable, and efficient. However, most of its factories produce goods under international brand names rather than building their own brands. India, on the other hand, has both natural resources and a rich cultural heritage that allow it to create products that no other country can easily replicate. Banarasi silk, Kanjivaram sarees, and Rajasthan block prints are examples of products with unique authenticity. These are not just traditional crafts; they are premium products with strong global appeal if supported by the right systems.

India produces about 23% of the world's cotton and has access to important raw materials such as silk, jute, wool, and other fibres, many of which Vietnam needs to import. India also has a large domestic market of 1.4 billion people, giving manufacturers a scale and stability that export-dependent economies cannot easily match.

India's textile sector has the talent and resources. The challenge is building the systems that turn potential into global competitiveness

The issue is not that India lacks the strengths that Vietnam has. The real challenge is that India has not fully utilised its own advantages. Traditional craft sectors often rely on Geographical Indication (GI) tags but do not receive enough support in areas such as design, branding, and digital market access. As a result, many artisans continue to earn low incomes instead of benefiting from premium markets. India's advantage in raw materials is also affected by import restrictions that increase production costs. In addition, the country's large workforce is not yet fully trained for the technical and specialised jobs needed in modern export-oriented industries.

India already has many of the resources needed to succeed. What it needs is a stronger system that brings all these strengths together and helps them work effectively.

What Reform Could Look Like for India's Textile MSMEs

The lessons from Vietnam are not about copying its model; they are about acting quickly and creating a more coordinated system. Four key changes could make the biggest difference:

- Include small businesses in cluster development policies. Schemes such as PM-MITRA could support not only large manufacturing parks but also small units, including those with just a few looms. Vietnam's cluster model is successful because it supports the entire production network, including the smallest businesses.
- Turn compliance into a shared support system rather than a burden. The government and industry associations could work together to provide compliance support, such as shared certification services, help with audit preparation, and simpler paperwork for MSMEs. International standards could be presented as tools that help businesses access global markets, rather than as difficult regulations to follow.
- Help businesses make better use of Free Trade Agreements (FTAs). Training programs, easier documentation processes, and dedicated support desks for MSMEs within trade organisations can help small exporters benefit from the trade agreements India has already signed. The agreements are already in place, but many businesses lack the knowledge and support needed to use them effectively.
- Create stronger market support for India's craft sector. GI tags are important, but they are not enough on their own. Artisans also need support in design, access to e-commerce platforms, and brand development so they can sell their products in premium global markets instead of depending mainly on local sales. Vietnam cannot offer the unique products that India's craft sector can. However, India could create the systems and opportunities that help these products reach customers around the world.

The Final Thread

Vietnam's growth is one of the most remarkable industrial success stories of the last thirty years. It was achieved through strong political commitment, well-coordinated policies, and continuous efforts carried out over many years.

India's journey is different and, in some ways, has even greater potential.

The lessons from Vietnam are not about copying its model; they are about acting quickly and creating a more coordinated system.

Vietnam's success comes from its speed, efficiency, and reliability in manufacturing. India, however, has the opportunity to succeed through its unique heritage, cultural identity, and traditional crafts that cannot be easily copied by any other country. To achieve this, India must build the systems needed to turn these strengths into products that can compete successfully in global markets.

A weaver in Varanasi who worries about getting enough orders for next month is not less skilled than a factory worker in Ho Chi Minh City. In fact, the weaver may be even more skilled. The difference is that he does not have access to the same support systems, such as manufacturing clusters, compliance assistance, benefits from trade agreements, and easy access to markets.

These support systems can be created. The opportunity is real. The key question is whether India's textile industry - and the government that shapes its business environment - will act with the same sense of urgency that helped Vietnam transform itself from a recovering economy into a major global manufacturing hub.

The resources and potential are already there. Now it is time to put them together and make them work.

BRICS 2026

When New Delhi Becomes the Voice of a Changing World

What happens when the voices of small businesses, local industries, and emerging economies begin shaping the future of global governance? India's BRICS Presidency 2026 is attempting exactly that, transforming BRICS from a diplomatic forum into a platform focused on MSMEs, livelihoods, trade, and the aspirations of the Global South.

For many MSMEs, global summits and diplomatic gatherings can feel far removed from everyday business realities. They are often associated with world leaders, policy declarations, and geopolitical discussions rather than the challenges of running and growing a business.

Yet the distance is not as great as it appears.

The cost of moving goods across borders, access to export markets, digital trade opportunities, financing ecosystems, supply chain resilience, and even emerging technology partnerships are increasingly influenced by conversations taking place at international forums.

This is where BRICS matters.

Often viewed as a grouping of major emerging economies, BRICS is increasingly becoming a platform where countries of the Global South can collectively address challenges that directly affect millions of small businesses. From trade and digitalisation to infrastructure, skills, finance, and innovation, the discussions within BRICS have growing relevance for the future of MSMEs.

How an Economic Acronym Became a Global Force

It began with an idea.

In 2001, economist Jim O'Neill coined the term "BRIC" in a research paper to describe four fast-growing economies: Brazil, Russia, India, and China. At the time, it sounded more like a market prediction than a political movement. Few imagined that the acronym would eventually evolve into one of the most influential geopolitical groupings of the twenty-first century.

But history has a way of turning economic trends into political realities.

By 2006, the countries had begun formal cooperation. South Africa joined in 2011, giving the bloc its now-familiar identity: BRICS.

What united these nations was not geography, language, or ideology. It was a shared belief that the world could no longer be governed solely through institutions designed for a different era and a different balance of power.

For decades, the architecture of global governance, from finance and trade to development and technology, was largely shaped by Western-led institutions. BRICS emerged as a platform through which emerging economies could collectively advocate for a more representative and balanced global order.

Under India's leadership, the conversation is not only about geopolitics; it is also about people. About ensuring that growth is inclusive, cooperation is practical, and development is shared.

The New BRICS: Bigger, Broader, More Ambitious

Today, BRICS is no longer a compact grouping of five nations.

With the inclusion of Egypt, Ethiopia, Iran, the United Arab Emirates, and Indonesia, the bloc has evolved into a broader and more ambitious coalition representing nearly half of humanity. Together, these nations account for a growing share of global economic output, manufacturing capacity, energy resources, digital innovation, and consumer markets.

But numbers alone do not explain the significance of this moment.

The expansion reflects a larger shift in the world order. Developing nations are no longer content with being observers in global conversations. They seek a greater role in shaping the policies and institutions that influence their future.

They want not only growth, but representation.

They want not only inclusion, but influence.

Moving from Margins to Center

What unites the nations of the expanded BRICS is not merely geography, culture, or economic interests. It is a shared desire to be heard, respected, and included in shaping the decisions that influence their future.

For decades, many of these countries were viewed primarily as developing markets rather than as architects of global policy. Today, they are increasingly moving from the margins of international decision-making to its centre.

For MSMEs across the Global South, this shift matters. It signals a world where participation, representation, and partnership are becoming as important as economic growth itself.

A Global Value Chain

The strength of the expanded BRICS lies not only in its size, but in the complementary capabilities of its members.

Together, the bloc represents nearly half of humanity and a significant share of global manufacturing, energy production, agricultural resources, and digital innovation.

India contributes manufacturing capabilities, technology leadership, and digital public infrastructure. The Middle East provides critical energy corridors and investment capital. Africa offers agricultural depth and a young workforce. Latin America contributes natural resources and growing innovation ecosystems.

Viewed together, these strengths create the foundations of a powerful value chain that can generate new opportunities for trade, investment, technology exchange, and business partnerships.

As a Vishwa Mitra and bridge-builder, India has the opportunity to help connect these regional strengths in ways that create tangible opportunities for MSMEs across the Global South.

More Similar Than Different

While BRICS members differ in geography, culture, and levels of development, their entrepreneurs often face remarkably similar challenges.

The struggles of a small enterprise are surprisingly universal. Whether it is a textile exporter in India, a coffee producer in Ethiopia, a manufacturer in Brazil, or a technology start-up in Indonesia, the underlying challenges remain strikingly similar.

India's Presidency is not just about diplomacy - it is about giving the Global South a stronger, more human voice in shaping the future.

Three issues stand out across the Global South:

- Access to Finance: Securing affordable capital to expand operations and enter new markets.
- Digital Adoption: Navigating the transition to increasingly technology-driven business models.
- Supply Chain Resilience: Managing disruptions and building the capacity to withstand global shocks.

These common realities create a strong foundation for cooperation.

When countries collaborate on improving digital infrastructure, strengthening supply chains, easing market access, encouraging innovation, and enhancing skill development, the benefits extend far beyond governments and directly reach enterprises on the ground.

This is where BRICS has the potential to become more than a diplomatic forum. It can become a platform for practical solutions that strengthen livelihoods and create economic opportunity.

India SME Forum's Perspective: From Vision to Action

The Inaugural BRICS MSME Forum was held in Agra, Uttar Pradesh, on 19 June 2026, bringing together policymakers, industry leaders, MSME associations, and entrepreneurs from across the BRICS economies under India's BRICS Presidency.

From the perspective of India SME Forum, India's BRICS Presidency has been a significant step towards bringing MSMEs closer to the centre of international economic cooperation. For decades, global forums have largely been viewed through the lens of governments, trade negotiations, and large corporations. The BRICS MSME Forum, however, demonstrated that the future of economic growth will increasingly depend on the ability of small businesses to participate in global value chains, adopt digital technologies, access finance, and build meaningful cross-border partnerships.

The expanded BRICS grouping brings together economies with

complementary strengths in manufacturing, technology, energy, agriculture, logistics, and innovation. The BRICS MSME Forum provided an important platform to initiate dialogue on how these collective strengths can be leveraged to create new opportunities for MSMEs through greater collaboration, knowledge sharing, and institutional engagement.

The discussions around resilience, sustainability, innovation, and cooperation reinforced the need for practical collaboration among BRICS economies. They also highlighted the importance of creating stronger linkages between policymakers, industry bodies, MSME associations, and entrepreneurs. Such engagement is essential to develop solutions that directly address the challenges faced by small businesses while enabling them to compete in an increasingly interconnected global economy.

At the same time, the BRICS MSME Forum underscored that there remains considerable scope to deepen this collaboration. Future editions should encourage broader participation from MSME associations across all BRICS member countries and place greater emphasis on actionable outcomes. Dedicated discussions on market access, multilateral trade, investment facilitation, technology transfer, digital capability building, AI adoption, skills development, financing solutions, and business-to-business partnerships would help transform policy dialogue into tangible opportunities for MSMEs.

India is not simply hosting the 18th BRICS Summit – it is helping shape the voice of a changing world order.

The inaugural BRICS MSME Forum has laid a strong foundation for institutional cooperation among the BRICS economies, proving that MSMEs can move from the margins of diplomatic agendas to their centre.

A New Language: The Language of Livelihoods

Traditionally, discussions around BRICS have centred on trade volumes, GDP growth, investment flows, and geopolitical influence. While these metrics remain important, the inaugural BRICS MSME Forum demonstrated that another equally important conversation is gaining prominence, the language of livelihoods.

This is a language that places people at the heart of economic cooperation. It speaks of entrepreneurs creating jobs, family-owned enterprises expanding production, artisans reaching new markets, women-led businesses scaling operations, young innovators embracing new technologies, and MSMEs building resilience in an increasingly competitive global economy. Rather than viewing development solely through macroeconomic indicators, it recognises that sustainable growth must ultimately translate into opportunities for businesses and communities.

The discussions throughout the BRICS MSME Forum reflected this evolving perspective. Conversations on resilience, sustainability, innovation, and cooperation consistently emphasised the role of MSMEs as engines of employment, inclusive growth, and local economic development. The exhibition showcasing traditional industries, including Coir Board products and Geographical Indication (GI) products, further reinforced that livelihoods are created not only through advanced technologies and manufacturing but also by preserving indigenous skills, promoting local enterprises, and expanding market access.

For countries of the Global South, development is not simply about increasing economic output; it is about ensuring that growth creates opportunities for ordinary people and small businesses. In many ways, this people-centric approach captures the true spirit of BRICS. Going forward, strengthening this vision through deeper collaboration, practical partnerships, and tangible outcomes for MSMEs will determine the long-term success and relevance of the BRICS agenda.

The BRICS MSME Forum: Turning Diplomacy into Opportunity

The inaugural BRICS MSME Forum emerged as one of the flagship initiatives of India's BRICS Presidency, translating diplomatic engagement into a platform for practical collaboration among MSMEs. Organised under the theme "Building for Resilience, Innovation, Cooperation, and Sustainability," the BRICS MSME Forum brought together policymakers, industry leaders, MSME associations, entrepreneurs, and international delegates to deliberate on the future of small businesses across the BRICS economies.

The event commenced with the inauguration of an MSME exhibition by the Secretary, Ministry of MSME, and the Development Commissioner (MSME). Around a dozen exhibition stalls showcased the diversity and capabilities of Indian MSMEs, including products from the Coir Board and several Geographical Indication (GI) products that reflected India's rich artisanal heritage, sustainable manufacturing practices, and regional craftsmanship. The exhibition served as a reminder that MSMEs are not only engines of economic growth but also custodians of traditional industries and innovation.

The BRICS MSME Forum also featured knowledge-sharing sessions with representatives from MSME associations in Brazil and South Africa, who shared their experiences in strengthening MSME ecosystems through sustainability initiatives, innovation-led growth, institutional support, and business resilience.

India is positioning itself not simply as a host nation, but as a bridge-builder, a 'Vishwa Mitra'. (friend of the world)

These discussions highlighted that while BRICS economies differ in their stages of development, the challenges faced by small enterprises—ranging from digital transformation and access to finance to market expansion and sustainability—are remarkably similar. The exchange of experiences reinforced the value of international cooperation in developing practical solutions for MSMEs.

"The future of MSMEs will be shaped not only by national policies but by our ability to collaborate across borders. As BRICS economies, we have an opportunity to move beyond dialogue and build practical partnerships that expand access to finance, accelerate technology adoption, strengthen digital public infrastructure, promote sustainability, and integrate small businesses into global value chains. Together, we can create an MSME ecosystem that is more resilient, innovative, globally competitive, and capable of driving inclusive economic growth for all our nations."

- Shri Bharat Khera
Secretary,
Ministry of MSME, Government of India

More importantly, the BRICS MSME Forum reflected an important shift in international economic cooperation. The conversation was no longer limited to governments negotiating with governments; it increasingly centred on businesses connecting with businesses, entrepreneurs exchanging ideas across borders, and institutions exploring collaborative approaches to strengthen

MSME ecosystems. Discussions on resilience, innovation, sustainability, and cooperation underscored the need for stronger partnerships among BRICS nations to enable MSMEs to become more competitive, technologically advanced, and globally connected.

For MSMEs, these deliberations extended well beyond policy rhetoric. Issues such as digital transformation, technology adoption, logistics efficiency, skills development, market connectivity, and business resilience directly influence enterprise competitiveness and long-term growth. By bringing these issues into a common platform, the BRICS MSME Forum laid the foundation for stronger institutional cooperation and greater engagement among BRICS economies.

While the inaugural BRICS MSME Forum marked a significant beginning, the real test will be whether future editions can turn this dialogue into the kind of sustained, outcome-driven cooperation the next section sets out.

The Road Ahead: From Dialogue to Action

The inaugural BRICS MSME Forum was only the starting point. As BRICS has evolved into a larger and more diverse grouping of emerging economies, future engagements should reflect this expanded membership through broader participation of MSME associations,

At the centre of its Presidency is a strong emphasis on MSMEs, the soul of BRICS does not live in conference halls alone. It lives in marketplaces, industrial clusters, workshops, ports, and local businesses.

"The BRICS SME Working Group has steadily evolved into a platform for meaningful cooperation. Our discussions over the past meetings have reflected a shared commitment to advancing digital transformation, innovation, sustainability, market access, and capacity building for MSMEs. The inaugural BRICS MSME Forum builds on this momentum by bringing governments and industry together to translate these priorities into collaborative action that strengthens MSMEs across BRICS economies."

- Dr. Rajneesh
Additional Secretary & Development Commissioner, Ministry of MSME, Government of India

chambers of commerce, industry bodies, policymakers, and entrepreneurs from all member countries. The challenges confronting MSMEs, whether related to access to finance, digital transformation, sustainability, regulatory compliance, technology adoption, or international market access, are common across the Global South. A more representative forum would enable a richer exchange of experiences, stronger institutional collaboration, and more comprehensive policy dialogue.

The discussions during the BRICS MSME Forum centred on important themes such as resilience, sustainability, innovation, and cooperation. While these remain fundamental pillars of MSME development, future editions could adopt a more solution-oriented and outcome-driven approach. Dedicated sessions on emerging technologies, including Artificial Intelligence, Industry 4.0, digital public infrastructure, advanced manufacturing, green technologies, and innovation ecosystems, would help identify practical opportunities for technology transfer, collaborative research, and knowledge exchange among BRICS economies.

Equally important is the need to place greater emphasis on multilateral trade and investment cooperation. Future Forums should facilitate discussions on integrating MSMEs into regional and global value chains, promoting cross-

The future of global leadership can no longer be shaped by a handful of nations speaking for everyone else. A new world is emerging, one that is more diverse, more interconnected, and more representative.

border investment, expanding export opportunities, simplifying regulatory procedures, leveraging digital trade platforms, and harmonising quality standards through mutual recognition mechanisms. Sharing successful policy interventions and institutional best practices across BRICS countries can provide governments and industry with actionable solutions that directly benefit MSMEs.

The BRICS MSME Forum also demonstrated that cooperation among BRICS economies must extend beyond annual meetings. Establishing thematic working groups, institutional networks among MSME associations, business-to-business matchmaking platforms, technology partnerships, innovation collaborations, and regular policy dialogues can transform the Forum into a permanent mechanism for enterprise cooperation rather than a periodic event. Such institutional continuity would ensure that discussions translate into measurable outcomes and long-term partnerships.

Looking ahead, several strategic areas should define the next phase of BRICS MSME cooperation. Human capital development and workforce preparedness must remain a priority as artificial intelligence, automation, and digital technologies reshape industries worldwide. Collaborative initiatives on skills development, digital capability building, entrepreneurship, and innovation can help MSMEs adapt to rapidly evolving technological landscapes.

Infrastructure, logistics, and supply chain resilience should form another important pillar of cooperation. Improved multimodal connectivity, trade facilitation, digital infrastructure, and resilient supply chains will be essential for enabling MSMEs to participate more effectively in regional and global markets while reducing operational costs and improving competitiveness.

Above all, MSMEs must continue to remain at the centre of the BRICS development agenda. International cooperation should be measured not merely by diplomatic declarations but by its ability to improve market access, facilitate technology adoption, expand financing opportunities, strengthen business partnerships, and generate sustainable livelihoods. By building upon the momentum created by the inaugural BRICS MSME Forum, BRICS has the opportunity to evolve into a dynamic platform where collaboration moves beyond dialogue to deliver tangible economic outcomes for millions of enterprises across the Global South.

In this way, India's BRICS Presidency has not only initiated an important conversation but also laid the foundation for a long-term framework of cooperation. The challenge now lies in sustaining this momentum and transforming shared aspirations into practical initiatives that strengthen MSMEs, deepen economic integration, and promote inclusive growth across the BRICS economies.

The Soul of BRICS

Ultimately, the soul of BRICS does not reside in conference halls or summit venues. It lives in factories and workshops, farms and marketplaces, start-ups and industrial clusters, where entrepreneurs create jobs, businesses embrace innovation, and communities build economic resilience. The success of BRICS will therefore be measured not only by the declarations adopted at its summits but by its ability to deliver tangible opportunities for the millions of MSMEs that form the backbone of its member economies. The first BRICS MSME Forum has laid a promising foundation. What happens next depends less on declarations than on follow-through on whether the partnerships, conversations, and commitments made in Agra translate into something enterprises can actually use. If pursued with commitment, BRICS can evolve beyond a geopolitical grouping into a vibrant economic community where cooperation translates into shared prosperity for enterprises across the Global South.

THE QUIET EQUALISER:

HOW AI IS OPENING NEW MARKETS FOR INDIA'S MSMEs

What if your next customer was just one AI-powered insight away? This article explores how Artificial Intelligence is helping India's MSMEs break traditional market barriers and compete with confidence in the digital economy.

For decades, market access has been one of the biggest challenges confronting India's micro, small and medium enterprises (MSMEs). While many produce high-quality goods and innovative products, reaching the right customers, whether across the country or overseas, has often required resources beyond their reach. Large corporations could afford dedicated sales teams, extensive market research, sophisticated marketing campaigns, and global distribution networks. Smaller businesses, in contrast, frequently relied on local markets, word-of-mouth referrals, and a limited network of distributors.

Artificial Intelligence (AI) is beginning to change that equation. According to the World Economic Forum, widespread AI adoption could unlock more than US$500 billion in economic value for India's MSME sector over the coming years. For a sector comprising over 8.9 crore enterprises, contributing around 31% of India's GDP, nearly 36% of manufacturing output, about 48% of exports, and employing more than 39 crore people, AI presents an opportunity not merely to improve productivity, but to dramatically expand market access.

The next phase of MSME growth may not be defined by bigger factories or larger workforces. It may be defined by smarter decisions, about where to sell, whom to target, and how to compete in an increasingly digital marketplace.

From Selling Products to Finding Customers

Many MSMEs do not struggle because they lack quality products; they struggle because potential customers simply do not know they exist.

Traditional marketing has often been expensive and difficult to measure. Building a sales network, participating in trade fairs, hiring marketing agencies, or expanding into new geographies requires significant investment, something many small businesses cannot easily afford. AI is helping level the playing field.

Instead of relying solely on intuition, businesses can now analyse customer behaviour, identify buying patterns, understand regional demand, and tailor their marketing strategies accordingly. AI-powered tools enable entrepreneurs to identify the right audience, create personalized campaigns, and engage customers across digital platforms at a fraction of traditional marketing costs.

In effect, AI is becoming a virtual marketing and sales partner for MSMEs.

Understanding Customers Better Than Ever Before

Every interaction with a customer generates valuable information.

Until recently, most MSMEs lacked the tools to analyse that information effectively.

AI enables businesses to identify which products are gaining popularity, which customers are likely to make repeat purchases, which regions show growing demand, and why some customers abandon purchases before checkout.

These insights help entrepreneurs make informed decisions about pricing, product development, inventory planning, promotional campaigns, and customer retention.

Instead of reacting to market changes, businesses can increasingly anticipate them.

Building Stronger Customer Relationships

Market access does not end with acquiring customers, it depends equally on retaining them.

AI-powered chatbots can respond instantly to enquiries, recommend products based on previous purchases, provide order updates, and offer multilingual customer support around the clock.

This transformation is already visible in practice. In 2026, Meta introduced Business AI for WhatsApp Business, allowing even small enterprises to deploy a no-code AI assistant capable of handling customer enquiries, recommending products, scheduling appointments, and providing multilingual support around the clock. Early pilot businesses reported higher customer engagement, stronger conversion rates, and increased sales, demonstrating how AI-powered customer engagement can translate into stronger commercial outcomes.

Artificial Intelligence will not replace entrepreneurs. Entrepreneurs who learn to use AI effectively will increasingly outperform those who choose to ignore it.

For MSMEs that cannot maintain large customer service teams, these tools improve responsiveness while strengthening customer trust and loyalty.

As customer expectations continue to rise, responsiveness itself is becoming a competitive advantage.

Smarter Marketing Without Bigger Budgets

One of the most visible impacts of AI is in marketing.

Generative AI enables entrepreneurs to create professional-quality advertisements, product descriptions, brochures, social media posts, videos, email campaigns, and website content within minutes. What previously required creative agencies or dedicated marketing teams can now be accomplished by small businesses with minimal resources.

Beyond content creation, AI analyses campaign performance, customer engagement, and purchasing behaviour to recommend improvements. Businesses can identify which advertisements generate the highest conversions, which customer segments are most profitable, and which products deserve greater promotion.

The commercial benefits of AI are already becoming visible. Businesses that have embraced AI are reporting stronger customer engagement, more effective marketing campaigns, improved operational efficiency, and healthier profitability. For MSMEs with limited resources, AI offers an opportunity to achieve greater impact without proportionately increasing costs.

For MSMEs operating with limited budgets, smarter marketing often matters more than bigger marketing.

Helping MSMEs Win in the Digital Marketplace

India's digital commerce ecosystem is expanding rapidly through online marketplaces, direct-to-consumer websites, and platforms such as ONDC. Yet success on these platforms depends on visibility.

Instead of guessing what customers want, businesses can use AI to understand search trends, buying preferences, and consumer sentiment in real time.

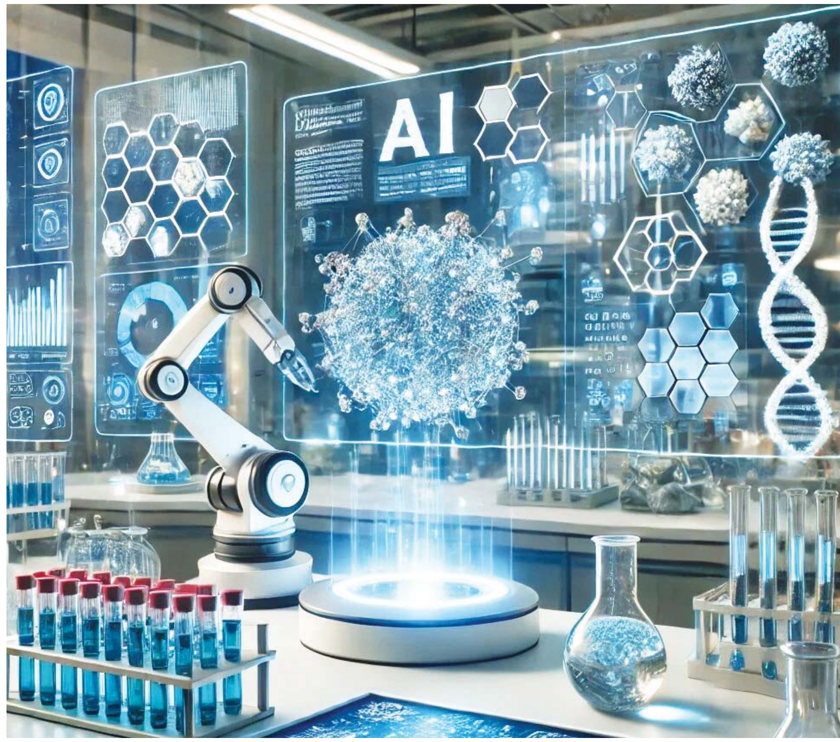
This enables MSMEs to compete more effectively with larger brands that have traditionally dominated digital marketplaces.

Preparing for an AI-Driven Marketplace

Adopting AI does not require large investments or complete business transformation.

The most successful approach is often incremental.

Businesses can begin by identifying repetitive marketing tasks, digitising customer information, improving their online presence,



and experimenting with AI-powered tools for content creation, customer communication, and market analysis.

As confidence grows, AI can be expanded into customer analytics, export planning, pricing strategies, and demand forecasting.

Equally important is investing in people. Employees who understand how to use AI responsibly and effectively are more likely to unlock its full potential.

Technology delivers value only when people know how to use it.

Opening Doors to Global Markets

Exporting has historically required significant investments in market research, multilingual communication, regulatory understanding, and international marketing.

AI is lowering many of these barriers.

Entrepreneurs can use AI to identify promising overseas markets, analyse demand trends across countries, prepare multilingual product catalogues, translate technical documents, understand buyer preferences, and draft export proposals.

AI-powered tools can also simplify product classification, support export documentation, summarise trade regulations, and help businesses communicate more effectively with overseas buyers.

Rather than replacing export consultants or trade experts, AI gives MSMEs a faster and more affordable starting point for exploring international opportunities.

For businesses with export ambitions but limited resources, this represents a significant shift.

The Roadblocks to Adoption

Despite its growing accessibility, AI adoption among MSMEs remains uneven.

Many enterprises continue to rely on manual records and paper-based processes. Without digitised information, AI has limited data from which to generate meaningful insights.

Digital skills remain another significant challenge. Many entrepreneurs are still unfamiliar with AI tools or uncertain about how they can be integrated into everyday business activities. Building AI literacy is therefore becoming just as important as expanding digital infrastructure.

Global adoption also remains at an early stage. An OECD survey found that only 31% of SMEs currently use Generative AI, and among those adopters, just 29% have integrated it into their core business operations. While interest is growing rapidly, widespread implementation is still evolving.

Data privacy, cybersecurity, and responsible AI use also require careful attention. Customer information, pricing strategies, and business intelligence represent valuable assets that must be protected.

Most importantly, AI should support, not replace - entrepreneurial judgement. It can generate recommendations, but business decisions must continue to rely on human experience, contextual understanding, and strategic thinking.

A National Opportunity

India's digital public infrastructure, including Aadhaar, UPI, Open Network for Digital Commerce (ONDC), DigiLocker, and the Account Aggregator framework has created a strong foundation for digital business.

India's digital public infrastructure is also evolving to harness the power of artificial intelligence. Launched during International MSME Day 2026, the upgraded MSME Global Mart 2.0 integrates with the ONDC and incorporates multilingual AI capabilities powered by BHASHINI. By combining digital commerce with AI-driven language support, the platform enables MSMEs to discover new business opportunities, communicate with buyers across linguistic barriers, and participate more effectively in both domestic and international markets. The transition from MSME Global Mart 1.0 to 2.0 reflects a broader evolution in India's digital commerce ecosystem. Moving beyond a standalone marketplace, the platform combines AI, multilingual capabilities, and ONDC integration to help MSMEs enhance their visibility, connect with buyers across India and overseas, and compete more effectively in an increasingly digital economy.

The next step is ensuring that AI becomes equally accessible to MSMEs across sectors and regions.

Government, industry associations, technology providers, financial institutions, and academic institutions all have a role to play in expanding awareness, improving AI literacy, developing sector-specific solutions, and making affordable AI tools available to small enterprises.

The objective is not merely greater technology adoption, it is enabling Indian MSMEs to compete confidently in domestic and global markets.

The Competitive Advantage of Tomorrow

Artificial Intelligence will not replace entrepreneurs.

Entrepreneurs who learn to use AI effectively will increasingly outperform those who choose to ignore it.

The future of competition will depend less on the size of a business and more on the quality of its decisions, understanding customers better, responding to markets faster, and identifying opportunities before competitors do.

For India's MSMEs, AI is far more than a productivity tool. It is becoming a powerful gateway to new customers, new markets, and new possibilities for growth.

The businesses that begin experimenting today, even on a modest scale, will be the ones best positioned to build the brands, customer relationships, and global presence that define the next chapter of India's MSME success story.

The AI Advantage

For decades, market access has remained one of the greatest constraints on MSME growth. Artificial Intelligence is beginning to change that reality by making sophisticated marketing, customer analytics, digital commerce, and export intelligence accessible to even the smallest enterprises. While challenges around skills, trust, and digital readiness remain, AI has the potential to democratise access to markets in ways that were previously unimaginable. For India's MSMEs, the future will belong not simply to those who produce quality products, but to those who use AI to ensure the world knows about them. bwise

The State Is Finally Building The Rails. Now MSMEs Must Choose To Run On Them.

From easier credit to digital lending, India's financial architecture for MSMEs is changing rapidly. The next phase of growth will belong to enterprises ready to participate in the formal economy.

When the Reserve Bank of India chose Kochi to inaugurate International MSME Day festivities this June, the symbolism was deliberate. Kochi has been a trading city for centuries as pepper, cardamom, and coir moved through its ports long before modern finance arrived to formalise the exchange. Commerce here predates regulation. Enterprise here has always been instinct.

It was an apt setting for a message that was, at its core, about trust.

RBI Governor Shri Sanjay Malhotra, speaking on June 22, did not deliver a routine policy address. He made a claim, one that those who work closely with India's MSME sector have long waited to hear said plainly from the top of the financial establishment: that India's ambition of becoming a developed nation will not be carried by large corporations or metropolitan economies alone, but by millions of small enterprises operating in workshops, factories, and family-run businesses across the country.

That claim is not new. What is new is the architecture being built to back it.

The Credit Gap Is Finally Being Taken Seriously

For decades, the central complaint of India's small business community has been simple: banks do not lend to us, and when they do, the terms are punishing. Collateral requirements locked out first-generation entrepreneurs. Documentation burdens favoured the organised over the able. Pre-payment penalties trapped borrowers even when they were doing well enough to repay early.

The RBI has, over the past few years, moved to dismantle several of these barriers in a manner that is more systematic than anything seen before.

Collateral-free loan limits for micro and small enterprises have been doubled, from ₹10 lakh to ₹20 lakh, extendable to ₹25 lakh for borrowers with clean repayment records. The Credit Guarantee Fund Trust for Micro and Small Enterprises has been strengthened, with enhanced coverage and zero risk-weight treatment on guaranteed portions, giving banks a regulatory incentive, not just a moral one, to lend to enterprises that lack traditional collateral. Pre-payment penalties on floating-rate MSME loans have been prohibited outright.

These are not incremental tweaks. Taken together, they represent a deliberate attempt to reset the risk calculus of MSME lending.

The numbers suggest the direction is working. Outstanding credit from scheduled commercial banks to the MSME sector stood at ₹36.79 lakh crore as of December 2025, growing at a compound annual rate of 15 per cent over five years, significantly outpacing overall bank credit growth. In Kerala alone, MSME credit outstanding has crossed ₹1 lakh crore.

ULI: The Real Bet

But the most consequential intervention the Governor spoke of is not yet fully visible in the numbers. It is the Unified Lending Interface (ULI), and understanding what it is designed to do is important for any MSME owner thinking about the next three to five years.

If UPI transformed the movement of money, ULI is intended to transform the movement of credit. The analogy is not rhetorical flourish; it describes a genuine structural parallel.

Today, accessing a business loan typically means assembling months of bank statements, GST filings, utility records, and ownership documents, submitting them through fragmented channels, waiting through physical verifications, and often being turned down at the end of it anyway. ULI is being built to replace that experience with a consent-based digital architecture where lenders can assess a business in real time, using the same GST data, the same bank records, the same utility payments, without the borrower having to physically produce any of it.

The Account Aggregator ecosystem, which underpins much of this, facilitated credit delivery worth ₹3.5 lakh crore during FY 2025-26 alone. That figure gives a sense of the scale at which digital credit infrastructure is already operating, and ULI is designed to deepen and standardise it.

“The strength of India’s MSME sector lies in the aspirations of millions of entrepreneurs. Our collective responsibility is to ensure that these aspirations are supported by accessible finance, seamless digital infrastructure, transparent regulations, and an ecosystem built on trust. When these foundations come together, MSMEs become not just contributors to economic growth, but architects of India’s future.”

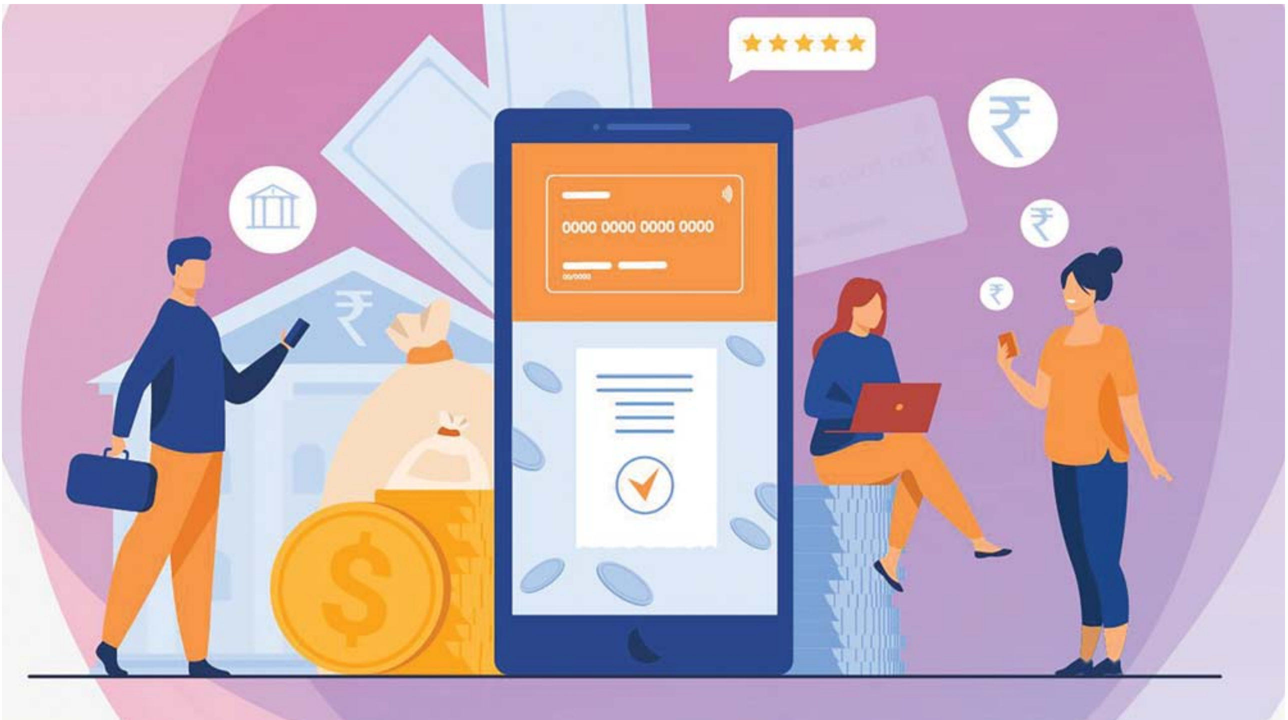
- Shri Sanjay Malhotra, Governor, RBI

For an MSME that has been building a traceable digital footprint, filing GST returns regularly, maintaining clean bank accounts, paying suppliers and utilities on time, this infrastructure is designed to turn that behaviour directly into creditworthiness. The enterprise that has been doing the right things quietly, without formal recognition, is exactly whom ULI is built for.

The Other Side of the Equation

None of this works if the enterprise on the other end of the transaction remains invisible to the financial system. The Governor’s address made this point without softening it. Udyam Registration is not a bureaucratic formality; it is the entry point to every scheme, every credit facility, and every formal market opportunity that the government and the financial system are building. Digital adoption is not a nice-to-have for enterprises hoping to access ULI-linked credit; it is the prerequisite.

His framing of this was precise: “Just like quality and timely delivery are essential to build trust with customers, formalisation, digital adoption and financial discipline are vital for securing and sustaining the trust of financiers.”



If UPI transformed the movement of money, Unified Lending Interface is intended to transform the movement of credit.

That is a sentence worth sitting with. The Governor was not asking MSMEs to comply with regulations for the government's benefit. He was pointing out that the financial system is now being rebuilt around enterprises that generate verifiable, digital evidence of how they operate, and that those who remain outside that system will, over time, find themselves outside the credit system as well.

The TReDS platform, which enables MSMEs to convert pending invoices into immediate working capital, is expanding its mandatory onboarding requirements to cover more buyers. This is another piece of the same architecture: a system that rewards enterprises that participate in formal supply chains with faster, cheaper liquidity.

What Kochi Was Actually Saying

The choice to hold this event in Kochi, a city that has reinvented itself from spice port to fintech hub, from colonial trading post to Ayurveda and clean energy economy, was not incidental. The Governor used the city's own history to make the point that traditional enterprise can and must evolve.

India's MSME sector contributes 31 per cent of GDP, 35 per cent of manufacturing output, and nearly half of merchandise exports, while employing over 32 crore people. These are not statistics that describe a marginal sector waiting for attention. They describe the actual productive base of the Indian economy, one that has operated, for much of its history, without the financial system it deserved.

That is beginning to change. The rails are being built. The credit architecture is being redesigned. The digital infrastructure is being deployed.

The question the Kochi address was really asking, politely, through the language of policy and partnership, is whether India's MSMEs are ready to use it. bwise

Creating MSME Champions:

The Next Growth Highway for Viksit Bharat

The future of India's economy will not be defined by how many MSMEs it creates, but by how many it transforms into global champions. This article examines the next frontier of industrial policy, from integrated digital governance and AI-driven competitiveness to advanced manufacturing, skilling, and export readiness.

India's Next Economic Challenge Is Not Entrepreneurship - It Is Scale

India has successfully created one of the world's largest entrepreneurial ecosystems. With more than eight crore registered MSMEs contributing nearly 31.1 per cent of GDP, close to half of the country's exports and generating employment for more than 38 crore people, the sector has firmly established itself as the backbone of the Indian economy. Landmark reforms such as GST, Udyam Registration, ONDC, GeM, the Account Aggregator framework, Digital Public Infrastructure and the Production Linked Incentive (PLI) Scheme have expanded market access, accelerated formalisation and created new opportunities for businesses across the country.

Yet India's next economic challenge is fundamentally different. The question is no longer how many enterprises the country can create, but how many can evolve into globally competitive manufacturing and technology businesses.

As India advances towards the vision of Viksit Bharat 2047, industrial policy must move beyond enterprise creation to enterprise transformation. Success will increasingly depend not on the number of MSMEs registered, but on the number that scale into globally recognised manufacturers, technology innovators and trusted suppliers within international value chains.

From Registration to Champions: The Missing Link

India has already created the institutional foundations for this transition through the Ministry of MSME's CHAMPIONS Scheme, which seeks to develop globally competitive enterprises by promoting technology adoption, Lean Manufacturing, Zero Defect Zero Effect (ZED) certification, innovation, intellectual property and enterprise competitiveness. The ambition is clear: to help MSMEs evolve from small businesses into globally competitive "Champion MSMEs."

Yet the structure of India's MSME ecosystem suggests that this ambition remains far from realised.

According to the latest Udyam Dashboard (July 2026), India has approximately 8.92 crore registered enterprises, but nearly 99.4 per cent belong to the Micro category, while only around 5.4 lakh are Small enterprises and barely 41,600 are Medium enterprises.

Even more revealing is the sectoral composition. Of the total registered enterprises:

- Manufacturing: 1.80 crore
- Services: 3.35 crore
- Trading: 3.77 crore

Since many of the interventions under the CHAMPIONS framework, such as ZED certification, Lean Manufacturing, Industry 4.0 adoption, productivity enhancement and export competitiveness, are manufacturing-oriented, only about one-fifth of registered MSMEs fall within the principal pool from which globally competitive manufacturing champions are likely to emerge.

The numbers reveal a fundamental reality. India has successfully expanded formalisation, but enterprise graduation remains limited.

For every 10,000 MSMEs

- 9,939 are Micro
- 60 are Small
- Less than 1 is Medium

India's MSME Pyramid

Category	Enterprises	Share
Micro	8.86 crore	99.39%
Small	5.39 lakh	0.60%
Medium	41,600	0.005%

The implication is striking. India has built an exceptionally broad entrepreneurial base, but comparatively few enterprises are progressing to higher-value categories. The challenge before policymakers is therefore no longer one of enterprise creation, but of enterprise graduation. The numbers tell a compelling story.

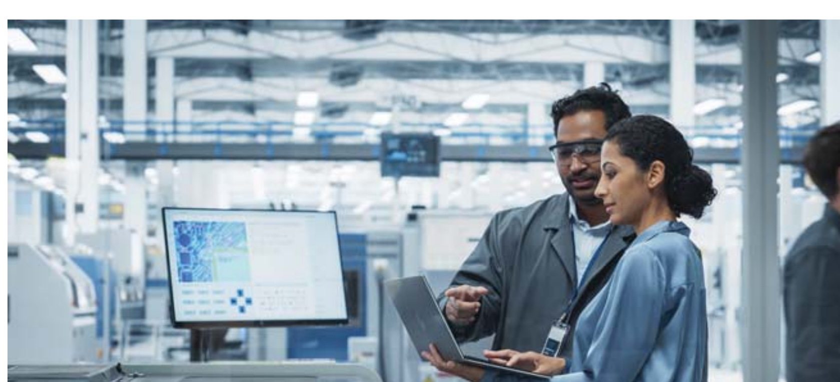
The Global Manufacturing Revolution Demands a New Growth Strategy

Manufacturing worldwide is undergoing its most profound transformation since the Industrial Revolution. Artificial Intelligence, robotics, automation, advanced materials, biotechnology, digital manufacturing and clean technologies are redefining industrial competitiveness. At the same time, geopolitical realignments are reshaping global supply chains, while sustainability regulations such as the Carbon Border Adjustment Mechanism (CBAM) are making environmental performance an important determinant of export competitiveness.

Future manufacturing leadership will depend less on the size of factories and more on their intelligence. Productivity will increasingly be

"The broader objective is to enable MSMEs to achieve digital independence by giving them access to open, interoperable technology platforms that they can own and manage. Technology is no longer just a support function, it has become a key growth enabler. By working closely with partners such as Google to build the right digital infrastructure layer, MSMEs can grow faster, reach new markets, and compete more effectively in the digital economy."

- Smt Kriti Aggarwal,
Co-founder and Chief Marketing Officer,
Hippo Innovations



driven by technology, data and innovation rather than low-cost labour alone. Countries that build technologically capable MSMEs will become preferred partners in global supply chains, while those that fail to modernise risk losing competitiveness.

India's MSMEs therefore stand at a strategic inflection point. While entrepreneurial energy is abundant, two structural bottlenecks continue to constrain their ability to scale: administrative complexity and unequal access to advanced technologies and skilled talent. Addressing these challenges must become the next priority of industrial policy.

Enterprise Graduation Is the Real Policy Challenge

The real challenge is therefore not registration, but graduation.

While Udyam has successfully formalised millions of enterprises, public data does not yet reveal how many businesses have progressed from Micro to Small, Small to Medium, or Medium to Large over time. Without enterprise transition data, policymakers can measure the growth of registrations but not the growth of capability.

Publishing annual graduation statistics would provide a far more meaningful measure of MSME success than registrations alone.

Removing Administrative Bottlenecks Through Integrated Enterprise Governance

For many MSMEs, growth is constrained not only by market conditions but also by the time and resources devoted to regulatory compliance. Entrepreneurs often

Authority / Platform	Primary Purpose	Current Challenge for Businesses
Ministry of Corporate Affairs (MCA)	Company incorporation and corporate compliance	Separate registration, filings and compliance requirements
Income Tax Department	PAN, taxation, TDS and income tax compliance	Independent login, documentation and return filing
GSTN	GST registration, invoicing and tax returns	Separate compliance cycle and data submission
EPFO	Provident Fund registration and employee benefits	Distinct employer registration and periodic filings
ESIC	Employee health insurance and social security	Separate enrolment and compliance process
DGFT	Import-Export Code (IEC) and foreign trade approvals	Independent registration and export-import documentation
State Labour Departments	Labour law registrations and inspections	State-specific portals and varying compliance requirements
Pollution Control Boards	Environmental clearances and consent approvals	Multiple approvals with separate application processes
Municipal Bodies	Trade licences, local permits and civic approvals	Different procedures across jurisdictions
Sector-Specific Regulators	Industry-specific licences and regulatory approvals	Fragmented requirements depending on the sector

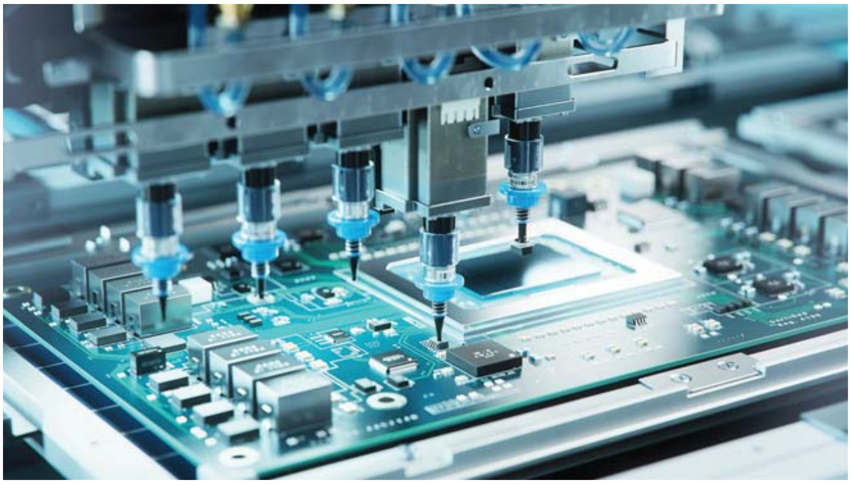
interact with multiple government agencies for company registration, taxation, labour regulations, environmental approvals, trade permissions and sector-specific licences. Although most of these systems have been digitised, they continue to operate independently, requiring separate registrations, repeated documentation and multiple compliance cycles.

The next phase of regulatory reform should focus on building a Unified Enterprise Governance Framework, anchored by the UDYAM Number as the single digital identity for every MSME. Instead of navigating numerous disconnected portals, businesses should be able to access registrations, licences, statutory filings and regulatory services through a single digital interface based on the principle of "Submit Once, Access Everywhere."

India already possesses the essential building blocks through Aadhaar, PAN, GSTN, UPI, DigiLocker, ONDC and the Account Aggregator framework. The opportunity now lies in integrating these digital assets into a seamless enterprise ecosystem that reduces duplication, lowers compliance costs and frees entrepreneurs to focus on innovation, productivity and expansion.

The future of enterprise governance should also incorporate AI-enabled regulatory services that provide personalised compliance guidance, automated reminders, digital documentation and intelligent decision support. Such an approach would not only simplify compliance for businesses but also enable regulators to move towards data-driven, risk-based supervision instead of routine inspections.

Administrative efficiency alone, however, is not sufficient. Once



entrepreneurs spend less time navigating compliance, they must also be equipped with the technology and talent needed to compete in the factories of the future.

AI and Future-Ready Talent: The Operational Fuel for MSME Growth

Artificial Intelligence has the potential to become India's greatest MSME equaliser. Much like UPI democratised digital payments, the next generation of Digital Public Infrastructure can democratise access to advanced business intelligence by making sophisticated AI tools affordable and accessible for enterprises of every size.

AI is already transforming business operations by simplifying product cataloguing, customer engagement, inventory management, quality control, compliance, demand forecasting and business discovery. As cloud-based AI and generative technologies become more accessible, MSMEs will increasingly be able to compete with much larger enterprises on productivity, responsiveness and customer experience without requiring comparable financial resources.

India is also entering the era of intelligent commerce, where AI agents will autonomously perform complex business functions within trusted, interoperable digital ecosystems. Combined with Digital Public Infrastructure, this represents a

Administrative efficiency alone, however, is not sufficient. Once entrepreneurs spend less time navigating compliance, they must also be equipped with the technology and talent needed to compete in the factories of the future.

fundamental shift in how businesses will operate over the coming decade. Technology will no longer remain a support function; it will become the foundation of enterprise competitiveness.

The future competitiveness of Indian manufacturing will depend not only on smarter factories but also on a workforce capable of designing, operating and continuously improving them. Together, AI and future-ready talent form the twin pillars of enterprise transformation.

Technology and skills, however, are only enablers. The larger policy challenge is ensuring that high-potential enterprises receive sustained support to convert these capabilities into commercial scale.

From Assistance to Acceleration

India's MSME ecosystem offers extensive support for enterprise creation through credit guarantees, registration, subsidies, quality certification, technology assistance and grievance redressal. These interventions have significantly improved formalisation and ease of doing business. What remains underdeveloped is a structured enterprise acceleration framework for high-potential firms.

A Champion MSME Acceleration Programme could identify promising manufacturing enterprises early and provide them with customised scale-up support through:

- Scale-up diagnostics
- Export readiness mentoring
- Technology upgradation
- Industry 4.0 adoption
- Equity and venture debt
- Supply-chain integration with anchor companies
- Professional management support
- IPO and SME Exchange readiness

The objective should be to systematically help enterprises graduate from one stage of growth to the next, rather than treating all MSMEs as a homogeneous category.

Building the Next Generation of PLI-Ready Enterprises

With stronger governance systems, intelligent technologies, and skilled human capital in place, MSMEs become capable of participating in larger manufacturing ecosystems. The next policy objective should therefore not simply be expanding the PLI scheme, but expanding the pool of PLI-ready enterprises.

Achieving this will require systematic support for advanced manufacturing technologies, global quality certifications, design capabilities, digital production systems, and supply-chain integration. The objective should be to enable far more MSMEs to graduate into sophisticated manufacturing ecosystems rather than remaining confined to low-value production.

This approach is not new. The world's most successful manufacturing economies have followed precisely this path. Germany's Mittelstand, Japan's Monozukuri philosophy, South Korea's supplier development ecosystem, and Taiwan's semiconductor manufacturing model all demonstrate that globally competitive industries are built upon networks of technologically capable SMEs working alongside large anchor companies.

India's ambition should be similar. The goal should not simply be increasing exports, but enabling thousands of Indian MSMEs to become trusted Tier-I suppliers serving global manufacturing networks.

National MSME Champions Mission 2047

India already has an important foundation in the Ministry of MSME's CHAMPIONS initiative, which promotes Lean Manufacturing, Zero Defect Zero Effect (ZED) certification, innovation, intellectual property and enterprise competitiveness.

Future manufacturing leadership will depend less on the size of factories and more on their intelligence. Productivity will increasingly be driven by technology, data and innovation rather than low-cost labour alone. Countries that build technologically capable MSMEs will become preferred partners in global supply chains, while those that fail to modernise risk losing competitiveness.

The next logical step is not to create an entirely new framework, but to build upon and expand this initiative into a comprehensive National MSME Champions Mission 2047 focused on accelerating enterprise growth and enabling measurable graduation across successive stages of development.

Rather than operating through isolated schemes, the Mission should bring together enterprise governance, Digital Public Infrastructure, Artificial Intelligence, skilling, innovation, sustainability, exports, access to finance and industrial policy within a single, coordinated national framework. The objective should be to create an end-to-end enterprise acceleration ecosystem that supports MSMEs from formalisation to global competitiveness.

Equally important is a shift in how success is measured. India's MSME ecosystem should no longer be evaluated solely by the number of enterprises registered, but by the number that successfully graduate:

- From Micro to Small
- From Small to Medium
- From domestic producer to exporter
- From family-managed business to professionally governed enterprise
- From supplier to trusted global value-chain partner
- From private company to listed SME

Publishing annual enterprise graduation statistics through the Udyam ecosystem would provide a far more meaningful benchmark for industrial policy than registration numbers alone. Such data would help identify high-potential enterprises, assess the effectiveness of government interventions and guide targeted support for businesses with the capacity to scale.

India has never lacked entrepreneurial ambition. What it now requires is a policy architecture that systematically enables enterprises to scale, innovate and compete globally. The next chapter of India's economic growth will not be written by the number of MSMEs it registers, but by the number that graduate into globally competitive manufacturers, exporters and technology leaders. Creating these Champion MSMEs is not merely an industrial objective, it is the foundation upon which Viksit Bharat 2047 will be built. bwise

ESG MADE EASY FOR MSMEs

What if sustainability could improve your bottom line? Discover how MSMEs can use ESG to enhance efficiency, strengthen market credibility, and prepare for the future, without adding unnecessary complexity.

For many Micro, Small, and Medium Enterprises (MSMEs), every working day is focused on meeting production schedules, delivering customer orders, managing costs, and ensuring healthy cash flow. In the middle of these daily challenges, Environmental, Social, and Governance (ESG) often appears to be another complicated compliance requirement meant only for large corporations.

But the business landscape is changing rapidly.

Across the world, customers, investors, financial institutions, and large companies are placing greater importance on how businesses operate, not just on what they produce. Responsible use of resources, fair treatment of employees, ethical business practices, and transparency are increasingly becoming factors that influence

Rather than viewing ESG as an additional expense, MSMEs can consider it as an investment that delivers measurable business benefits.

purchasing decisions, lending, and long-term business relationships.

For MSMEs, ESG is therefore no longer just about sustainability. It is becoming an important business tool that can improve efficiency, strengthen credibility, create new market opportunities, and prepare businesses for long-term growth.

Perhaps the biggest misconception surrounding ESG is that it requires large investments or specialised consultants. In reality, many MSMEs are already practising ESG without even realising it. The difference lies in recognising these efforts, improving them gradually, and documenting them effectively.

Why ESG Has Become a Business Priority

A few years ago, sustainability was often viewed as a voluntary initiative or a corporate social responsibility exercise. Today, it has become an important part of doing business.

International regulations, changing customer expectations, and growing supply-chain requirements are encouraging businesses to become more responsible and transparent. Large companies are increasingly expected to understand the environmental and social impact of their entire supply chains. As a result, they are beginning to ask the same questions of the MSMEs they work with.

This means that even if a small business is not legally required to publish an ESG report, it may still be expected to demonstrate responsible business practices when supplying to exporters, multinational corporations, government agencies, or large domestic companies.

The growing availability of digital tools, standard reporting frameworks, and sustainability-focused financing has also made ESG far more accessible than it was a few years ago. What once appeared complicated is now becoming increasingly practical, even for smaller businesses.

ESG Is Good Business

Many MSMEs worry that adopting ESG will increase costs. In practice, the opposite is often true.

Simple measures such as reducing electricity consumption, conserving water, recycling production waste, improving packaging, or using raw materials more efficiently can lower operating expenses while making the business more sustainable.

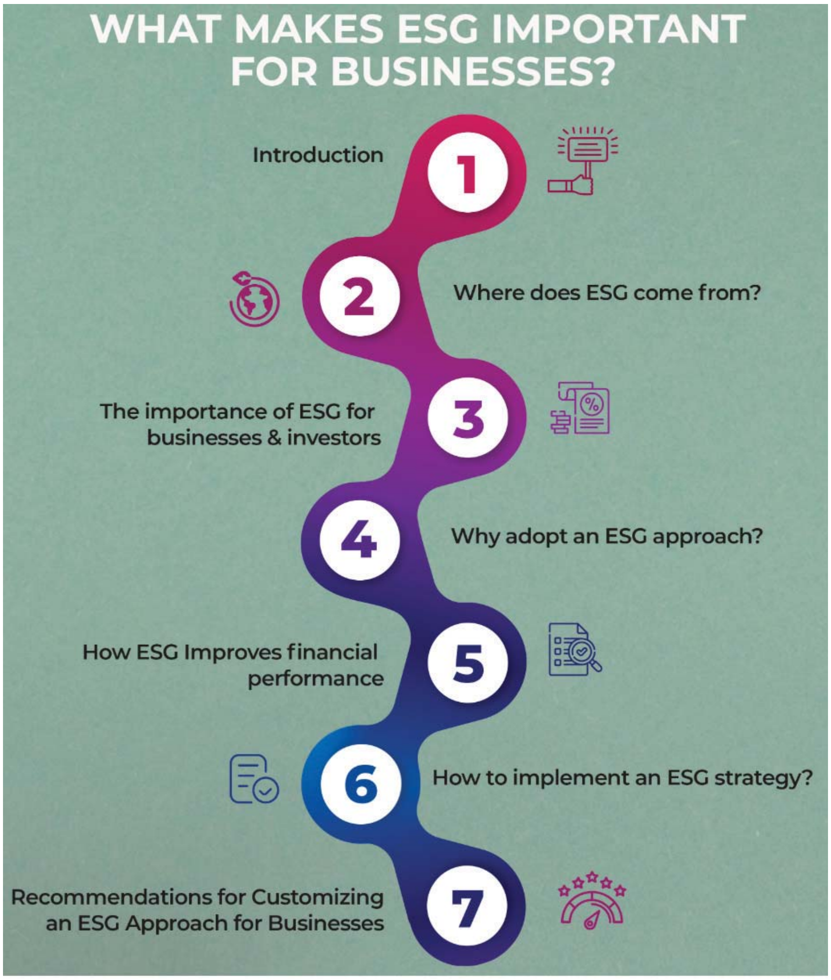
Responsible business practices also strengthen a company's reputation. Buyers increasingly prefer suppliers that can demonstrate good environmental and social practices, while banks and financial institutions are beginning to consider sustainability as one of several factors when evaluating businesses for finance.

Looking after employees also creates tangible business benefits. Safe workplaces, timely payment of wages, opportunities for skill development, and fair treatment improve employee satisfaction and reduce staff turnover. Good governance, through proper financial records, regulatory compliance, ethical conduct, and transparent decision-making that helps build trust with customers, lenders, and business partners.

In other words, ESG is not simply about protecting the environment; it is

" For MSMEs, ESG should not be viewed as a compliance burden but as a business growth strategy. Simple measures such as efficient resource use, ethical business practices, employee well-being, and community engagement can enhance competitiveness, improve access to finance, strengthen supply chain relationships, and build long-term resilience. ESG is no longer just for large corporations; it's becoming a key differentiator for MSMEs that aspire to grow sustainably and responsibly. "

- Mr. Khurram Naayaab
General Manager – CSR,
Vedanta Group



about building a stronger and more resilient business.

You May Already Be Following ESG

One of the most encouraging aspects of ESG is that many MSMEs are already following its principles in their everyday operations.

A manufacturer that recycles production scrap, monitors electricity consumption, or reduces water usage is already contributing to the environmental aspect of ESG. A business that pays employees on time, provides a safe workplace, and maintains strong relationships with suppliers is strengthening the social pillar. Maintaining proper accounts, paying taxes, protecting customer information, and complying with regulations all contribute to good governance.

These may seem like ordinary business practices, but together they form the foundation of ESG.

The challenge for many MSMEs is not introducing these practices, it is documenting them and communicating them effectively whenever customers, lenders, or buyers request such information.

Building ESG, One Step at a Time

One of the biggest misconceptions about ESG is that it requires businesses to transform overnight. In reality, the most successful companies adopt ESG gradually, building on the good practices they already follow. For MSMEs, the journey can begin with simple measures such as monitoring electricity and water consumption, reducing waste, digitising records,

Without an effective Governance system in place, SMEs cannot scale up and become unicorns. Though SME owners have many business related challenges such as cash flow, resource limitations etc., it will be wise to invest time and effort in establishing a robust Governance system by documenting and implementing policies, processes, performance metrics, etc, and publishing the outcomes and performance reports. This will enhance transparency and drive continual improvement. On the environmental and sustainability front, my advice would be to align initiatives with core business priorities such as return on investment (ROI), profit margins, cost optimisation, supply chain resilience, customer expectations, and regulatory compliance. When sustainability is integrated into business strategy rather than treated as a standalone initiative, it becomes far more practical and sustainable in the long run.

- Mr. Sunil Thawani,
Author, Board Member & CEO,
Quality Indeed Consulting Ltd

improving workplace safety, or maintaining better documentation of existing business practices. Small, consistent improvements often lead to significant benefits over time.

There is no one-size-fits-all approach to ESG. Every business has different priorities depending on its industry. A manufacturing unit may focus on energy efficiency, waste reduction, and recycling, while a retail or service business may prioritise paperless operations, customer data protection, responsible sourcing, and employee well-being. Similarly, agriculture and food-processing enterprises may place greater emphasis on water conservation, traceability, and sustainable sourcing. The key is to identify the areas that matter most to the business and improve them steadily.

The good news is that MSMEs do not have to undertake this journey alone. Government institutions, financial institutions, industry associations, and sustainability organisations are increasingly providing training programmes, technical guidance, self-assessment tools, and financing support to help businesses adopt responsible practices. Affordable digital platforms also make it easier

"The pressure on businesses to demonstrate sustainable practices is paused to grow globally. MSMEs will not remain untouched by these pressures and it is imperative they prepare themselves in a structured manner and ESG is the way to go. Before the demands on them overtake them to the detriment of their businesses."

- Mr Anil Jauhri,
ex-CEO,
NABCB

to track energy consumption, waste generation, employee records, and compliance, while practical ESG workbooks and online resources designed specifically for MSMEs simplify implementation. As awareness continues to grow, businesses are discovering that ESG is not about producing lengthy reports, it is about building organised, transparent systems that strengthen operations, enhance credibility, and create long-term business value.

Looking Ahead

The importance of ESG is expected to grow in the coming years as sustainability becomes more deeply integrated into global trade, investment, finance, and procurement.

For MSMEs, this should not be viewed as another compliance burden. Instead, it represents an opportunity to improve operational efficiency, reduce costs, strengthen customer confidence, attract finance, and become more competitive in both domestic and international markets.

The businesses that succeed in the future are unlikely to be those with perfect sustainability scores. They will be the ones that can demonstrate transparency, maintain reliable records, and show a genuine commitment to continuous improvement.

Ultimately, ESG is not about becoming a different business overnight. It is about building a better business - one practical step at a time. bwise

FROM DIALOGUE TO ACTION: Defining the Next Chapter for Maharashtra's MSMEs

Some events celebrate achievement. Others shape what comes next. The Maharashtra MSME Summit & Awards 2026 did both - honouring excellence while setting the agenda for a smarter, more resilient, and globally competitive MSME ecosystem.

On 27 June 2026, as the world marked MSME Day, Maharashtra took a significant step in shaping the future of its entrepreneurial ecosystem. The first-ever **Maharashtra MSME Summit & Awards 2026**, held at the CIDCO Exhibition & Convention Centre, Vashi, brought together policymakers, industry leaders, financial institutions, technology companies, exporters, startups, artisans and entrepreneurs on a common platform to discuss one shared objective building a stronger, smarter and globally competitive MSME sector.

Organised by the Maharashtra Small Scale Industries Development Corporation Limited (MSSIDC), Government of Maharashtra, in association with the India SME Forum, the summit was envisioned as more than an annual gathering. Under the theme **"संकल्पातून सिद्धि कडे"– From Resolution to Accomplishment**," it served as a roadmap for Maharashtra's next phase of industrial growth, where policy, technology, finance and entrepreneurship converge to accelerate enterprise development. The summit attracted more than 5,000 participants from across the State, making it one of Maharashtra's largest MSME gatherings.

The event was inaugurated by **Dr. Uday Samant, Hon'ble Minister for Industries, Government of Maharashtra**, in the presence of senior government officials including **Dr. P. Anbalagan, IAS, Principal Secretary, Industries Department; Dr. Kadambari Balkawade, IAS, Development Commissioner, Directorate of Industries; Shri Shrikant Phulkundwar, Joint Secretary, Industries Department; Dr. Kunal Khemnar, Joint CEO, MIDC; Shri Jaideep Kawade, Vice Chairman, MSSIDC; and Shri Vikas Pansare, IAS, Managing Director, MSSIDC**. The dignitaries formally opened the MSME Exhibition and Solutions Showcase, which presented the remarkable breadth of Maharashtra's enterprise landscape, from advanced manufacturing, digital technologies and industrial solutions to financial services, government support mechanisms, startups and GI-tagged artisan products. Together, they reflected the evolving capabilities of the State's MSMEs, where innovation and tradition continue to grow side by side.

Throughout the day, the summit hosted a series of high-level discussions focused on the issues that matter most to India's entrepreneurs today. Government officials, bankers, exporters, industry experts and technology leaders deliberated on improving access to finance, strengthening trade facilitation, leveraging Free Trade Agreements for export growth, promoting women-led enterprises, and accelerating the adoption of digital technologies and Artificial Intelligence. Rather than limiting the conversation to policy, each session explored practical strategies that businesses can adopt to improve productivity, expand into global markets and enhance long-term competitiveness.

Celebrating the Best of Maharashtra's Enterprise Story

A defining highlight of the summit was the presentation of the **inaugural Maharashtra MSME Awards 2026**, instituted by MSSIDC under the Raising and Accelerating MSME Performance (RAMP) Programme. Conceived as the State's highest recognition for MSME excellence, the awards celebrate enterprises and artisans whose innovation, resilience and commitment are strengthening Maharashtra's industrial ecosystem.

Designed to reflect the diversity of the MSME landscape, the awards honoured excellence across ten categories, including Manufacturing, Services, Exports, Green MSMEs, Digital & AI, Women Entrepreneurs, NextGen Enterprises, Handicrafts, Artisan Excellence and the prestigious Champion MSME Award. Together, these categories acknowledged achievements across every stage of enterprise from traditional artisans preserving centuries-old craftsmanship to technology-driven businesses creating globally competitive products and services.

The credibility of the awards rested on a rigorous and transparent evaluation process overseen by an eminent seven-member jury comprising senior government officials and industry leaders. Chaired by **Dr. Vaibhav Waghmare, IAS,** Additional Development Commissioner, Directorate of Industries, the jury also included **Shri Shrikant Phulkundwar,** Joint Secretary, Industries Department; **Dr. Jayashree Katare**, Additional Collector, MAITRI; **Shri Deeptansu Haldar**, Regional Director (Western Region), Development Commissioner (Handicrafts); **Padma Shri Milind Kamble**, Chairman, Dalit Indian Chamber of Commerce & Industry (DICCI); **Shri Vinod Kumar**, President, India SME Forum; and **Shri Prashant Girbane**, Director General, MCCIA.

Applications underwent a comprehensive multi-stage assessment based on measurable business performance, innovation, technology adoption, export capability, sustainability, employment generation, governance standards and overall economic impact. The structured evaluation framework ensured that recognition was reserved for enterprises demonstrating excellence not only in commercial success but also in their contribution to Maharashtra's industrial and social development.

A Reflection of Maharashtra's Entrepreneurial Diversity

The award recipients represented the extraordinary diversity of Maharashtra's economy, spanning more than twenty-two industry sectors and every region of the State. They ranged from precision engineering companies, defence manufacturers, pharmaceutical innovators, digital technology firms and green enterprises to exporters, agri-tech startups, women-led businesses and master artisans preserving Maharashtra's rich cultural heritage.

Traditional sectors such as **Kolhapuri Chappals, Paithani weaving, Miraj's handcrafted musical instruments**, tribal folk arts and handloom craftsmanship stood alongside advanced manufacturing, Artificial Intelligence, clean technology, sustainable construction materials and globally recognised export enterprises. Together, they demonstrated that Maharashtra's strength lies not only in its industrial scale but also in its ability to combine heritage, innovation and entrepreneurship within a single ecosystem.

Beyond recognising excellence, the summit also witnessed the release of the **Maharashtra State Award Winners' Booklet**, documenting the inspiring journeys of this year's awardees and creating a repository of success stories for aspiring entrepreneurs across the State. The programme further included the distribution of **Flatted Factory Rental Subsidies** to eligible micro-enterprises, including women-led businesses and SC-category entrepreneurs, reinforcing the Government of Maharashtra's commitment to inclusive industrial development.

More than a recognition ceremony, the Maharashtra MSME Summit & Awards 2026 established a new platform for collaboration, knowledge sharing and policy dialogue. It celebrated those enterprises already leading the way while inspiring thousands of others to innovate, expand and compete on a larger stage.

The pages that follow capture the key addresses, policy perspectives and recommendations shared by ministers, senior government officials, industry leaders and subject experts during the summit. Together, they present a collective vision for building a more resilient, technology-driven and globally competitive MSME ecosystemone that will continue to power Maharashtra's economic growth in the years ahead.

Highlights

The summit opened on a distinctly Maharashtrian note with a captivating handicraft showcase presented by artisans from across the State, setting the stage for the ceremonial lamp lighting and inaugural session. It was a fitting beginning to a day dedicated not only to industrial growth and policy dialogue but also to celebrating the rich craftsmanship that continues to form an integral part of Maharashtra's MSME ecosystem.

Running alongside the conference sessions and awards ceremony was the **MSME Exhibition and Solutions Showcase**, thoughtfully curated across two distinct zones that reflected the twin pillars of the State's enterprise landscape - innovation and heritage.

Zone 1 brought together leading solution providers showcasing products, technologies and services designed to support MSME growth. Technology companies, financial institutions, government agencies, startups and business service providers presented solutions aimed at improving productivity, enhancing competitiveness and enabling digital transformation for enterprises.

Zone 2 celebrated Maharashtra's remarkable artisan economy, featuring twenty artisans representing districts including Nagpur, Thane, Pune, Mumbai, Satara, Chandrapur, Nashik, Ratnagiri, Sindhudurg, Dhule, Solapur, Dahanu and Wardha. The exhibition offered visitors an immersive glimpse into the State's rich craft traditions, with displays ranging from crochet work, terracotta, bamboo and wooden handicrafts, hand-embroidered textiles, handloom sarees, pottery, home décor, fibre sculptures, handmade jewellery, and semi-precious stone and brass jewellery.

The pavilion also showcased some of Maharashtra's most celebrated Geographical Indication (GI) products, including **Dahanu Gholvad Chikoo, Ratnagiri–Sindhudurg Alphonso Mangoes, Paithani Sarees and Fabrics, Warli Paintings, Solapur Chaddars and Terry Towels, and Vasmat Haldi**, each representing generations of skill, tradition and regional identity.

More than an exhibition, the artisan zone created meaningful interactions between craftspeople, policymakers, industry leaders and visitors. It offered delegates an opportunity to engage directly with the makers behind these products, transforming the exhibition into a vibrant space for dialogue, appreciation and market visibility. Amid discussions on Artificial Intelligence, exports, finance and industrial competitiveness, the showcase served as a powerful reminder that Maharashtra's economic strength is built not only on innovation and technology but also on the enduring legacy of its traditional industries and skilled artisans.

Leaders Speak at the Summit

Maharashtra is steadily progressing towards its vision of becoming a $1-trillion economy, and MSMEs will remain at the heart of this transformation. The addition of nearly 1.5 million MSME units in just 15 months reflects the entrepreneurial strength of our state. Our continued focus is on creating a robust ecosystem that enables these enterprises to scale, innovate, and contribute meaningfully to inclusive economic growth.

- Dr. Uday Samant,
Hon'ble Minister for Industries, Government of Maharashtra

Maharashtra is India's undisputed MSME powerhouse; we lead the nation. Our MSMEs are not just participants in Maharashtra's economy; they are the engine driving our journey towards becoming a USD 1 trillion economy by 2030. To every awardee: your recognition today is not just a trophy; it is Maharashtra's acknowledgement of your commitment, your perseverance, and your contribution to this State's economy. MSSIDC's commitment is clear: to be a partner, an enabler, and a catalyst for every MSME in Maharashtra, from the micro unit in Vidarbha to the export-ready enterprise in Pune.

- Dr. P. Anbalagan,
IAS, Principal Secretary, Industries, Government of Maharashtra

Maharashtra is India's undisputed MSME powerhouse; we lead the nation. Our MSMEs are not just participants in Maharashtra's economy; they are the engine driving our journey towards becoming a USD 1 trillion economy by 2030. To every awardee: your recognition today is not just a trophy; it is Maharashtra's acknowledgement of your commitment, your perseverance, and your contribution to this State's economy. MSSIDC's commitment is clear: to be a partner, an enabler, and a catalyst for every MSME in Maharashtra, from the micro unit in Vidarbha to the export-ready enterprise in Pune.

- Shri Vikas Pansare,
IAS, Managing Director, MSSIDC

Strengthening Financial Access & Trade Facilitation for MSME

"We are here to ensure that every entrepreneur leaves with at least one actionable idea they can apply in their business. The true success of this summit will be measured by whether participants do something differently on Monday because of what they learned today."

- Mr. Ravindra Bhan,
Member of the Board, India SME Forum

"The biggest challenge for MSMEs is access to working capital. TReDS enables businesses to unlock funds from receivables without collateral, improving cash flow and supporting growth."

- Mr. Amit Sachdev,
Co-Founder and COO, M1Exchange

"Delayed payments continue to constrain MSME growth. TReDS enables businesses to unlock working capital through invoice discounting, ensuring faster liquidity without collateral."

- Mr. Sanjeev Shriwas,
Regional Head - West, Invoicemart

"MSMEs must look beyond traditional markets to drive export growth. Exim Bank supports this journey by reducing payment risks, improving access to working capital, and helping businesses expand into global markets with confidence."

- Ms. Yogita Hattangadi,
General Manager, Exim Bank

"Digital lending has made finance more accessible for MSMEs. Using GST data and cash-flow insights, banks can offer faster approvals and unsecured loans, making growth capital easier to access."

- Mr. Rohan Srivastava,
Head – Business Loan & Equipment Finance, Axis Bank

"Many MSMEs don't lack funding, they lack awareness of the financing options available. Better financial literacy and informed guidance can significantly improve access to capital and unlock growth."

- Mr. Alok Kedia,
COO, FinAGG Group

"For exporters, securing payments is often a bigger challenge than securing orders. ECGC reduces credit risks through export insurance, enabling MSMEs to expand confidently while encouraging greater bank financing."

- Mr. Vivek Tiwari,
Assistant General Manager, Head of Country Underwriting and International Relations Department, ECGC

Expanding Global Footprint - Policies, FTAs & MSME Growth Strategy

❝ The biggest opportunity for MSMEs is to think globally from the outset. With digital platforms, AI, and e-commerce making exports more accessible than ever, entrepreneurs should focus not just on selling products, but on identifying markets where they can create the highest value and build sustainable, export-led businesses. ❞

- Mr. Vinod Kumar,
President, India SME Forum

❝ Global e-commerce has made international expansion more accessible than ever before. MSMEs can test products in international markets with minimal upfront investment, gain direct customer feedback, and scale quickly through digital marketplaces. Today, even a single entrepreneur can build a globally recognized brand by leveraging the right platform and ecosystem. ❞

Mr. Piyush Garg,
Sr. Export Enablement Manager, Amazon

❝ India remains a trusted sourcing destination with immense opportunities for global partnerships. Entrepreneurs should leverage technology, strengthen their digital presence, and position their products for international markets, as the global marketplace is now within the reach of every business. ❞

Dr. Abdulhasan Al Dairi,
Chairman, Bahrain SMEs Society

❝ Quality and standards remain the foundation of export success. Regardless of the marketing effort behind a product, international buyers will only return when quality consistently meets global expectations. MSMEs should avoid creating separate standards for domestic and export markets and instead adopt world-class quality benchmarks across all operations. ❞

Shri Amit Sharma,
Joint DGFT

❝ Successful exports begin with the right market strategy. MSMEs should identify where they fit in global value chains and align their products with market demand, trade opportunities and risk considerations. ❞

Shri Milind Hardikar,
Chair- ASSOCHAM Maharashtra State Council

❝ Export success rests on three pillars - capability, credibility and consistency. MSMEs must focus on innovation, quality and value creation to compete successfully in global markets. ❞

Mr. Harsh Patel,
CEO, Water & Shark

Empowering Women Exporters From Packaging to Global Supply Chains

Export success begins with being export-ready. MSMEs must understand global market requirements, compliance, certifications, and international standards. With the right preparation, market knowledge, and support, many more women-led enterprises can build sustainable export businesses.

Ms. Sushma Morthania,
Director General, India SME Forum
Moderator

Beyond product quality, packaging, branding, and storytelling play a vital role in building customer trust and market success. By combining a strong product with professional packaging and effective digital communication, entrepreneurs can compete successfully in both domestic and global markets.

Ms. Minali Agarwal,
Founder, PepPlay

Packaging is more than presentation, it is central to export success. MSMEs must integrate packaging, quality standards, testing and compliance into product development to compete globally.

Dr. Subodh Juikar,
Joint Director, Indian Institute of Packaging

The foundation of export success is confidence in the product, backed by quality, innovation, and a clear understanding of market requirements. With the right mentorship, export readiness support, and guidance on documentation and certifications, women entrepreneurs can successfully build globally competitive brands.

Ms. Bhavna Nagarani,
Founder, A + a Pets

Packaging should be integrated into product design from the outset. By focusing on sustainability, compliance, testing, certification, and logistics early, MSMEs can enhance competitiveness, strengthen their brand, and improve access to global markets.

Mr. Rajesh Kumar Gera,
Advisor & Chief Strategist, SIES School of Packaging

Women-led enterprises can expand their export potential by focusing on value addition, quality packaging, and international compliance. With access to digital tools, finance, capacity building, and strong partnerships, women entrepreneurs can scale their businesses and integrate into global value chains.

Dr. Bernadette Ouédraogo,
Permanent Secretary, Agrodia Africa

Digital & AI-Driven Transformation for MSMEs

Women entrepreneurs need equal access to opportunities, finance, information, and global markets, not special treatment. Strengthening support through international standards, packaging, logistics, and business networks can boost women's participation in exports, driving more inclusive and resilient economic growth.

Ms. Barbara Terenzi,
President, World Union of Small and Medium Enterprises (WUSME), San Marino

Women entrepreneurs have significant untapped potential in international trade. By strengthening capabilities in quality, packaging, branding, certification, and market access through targeted training and export facilitation, they can compete more effectively in global markets and contribute to India's export growth.

Shri Vikas Pansare,
Managing Director, MSSIDC

Digital visibility is essential for MSMEs seeking global growth. By combining online presence and data-driven market insights with compelling brand storytelling, businesses can build customer trust, differentiate their products, and compete more effectively in international markets.

Ms. Yashita Mukhi,
Head of apps & International Growth, Google India

Digital transformation begins with small steps. By adopting AI to understand customers, identify new markets, and improve decision-making, MSMEs can enhance productivity and competitiveness. The key is to start learning, ask better questions, and integrate AI into everyday business operations.

Shri Sanjeev Sharma,
Director of Partner Solution Architects for India & South Asia, Microsoft

Technology must be accessible to every MSME. Affordable cloud computing, AI solutions, and digital infrastructure can improve efficiency, boost competitiveness, and enable businesses of all sizes to participate in India's next phase of economic growth.

Shri Tarun Kalra,
Head - Jio Cloud, Product & GTM, Jio Platforms Ltd

For traditional manufacturers, digital transformation begins with simple, practical steps. By adopting digital tools to generate leads, improve efficiency, reduce wastage, and connect with global buyers, MSMEs can strengthen their competitiveness and scale in international markets.

Mr. Dharmesh Goswami,
Partner - Industrial and Infrastructure Development, KPMG India

Building Bharat: WOMEN AT THE FOREFRONT OF MSMEs

From Adwitiya Collection to Haxor, women-led enterprises are redefining entrepreneurship across India. This article explores how ambition, innovation, and enabling support are helping these businesses grow despite everyday market challenges.

In the small northeastern state of Tripura, 66% of all registered MSMEs are women-owned, making this the highest share of any state or union territory in the country. West Bengal follows at 62%, Mizoram at 60%. These aren't the states that usually make headlines for entrepreneurship, and that is exactly the point. The MSME story in India isn't being written only in Mumbai boardrooms or Bengaluru co-working spaces, but some of its sharpest growth is happening in places policy conversations rarely look at.

Zoom out, and the sector these women are building inside is enormous by any measure. MSMEs now generate 31.1% of India's GDP, 35.4% of manufacturing output, and 48.5% of the country's exports - a sector, in short, that isn't on the margins of the economy but is the economy, in the way that matters most: employment, exports, and everyday enterprise spread across every district in the country. Yet inside that scale sits a quieter, more uneven story. Nationally, women-owned enterprises make up just 20.5% of all MSMEs registered on the Udyam portal, contributing 18.73% of employment but only 10.22% of turnover. Tripura's 66% shows what's possible when registration and ownership align; the 10.22% shows how far scaling still must go. And it's the actual frontier of "Building Bharat," the space where the next wave of this story either gets written or doesn't.

The good news is that the frontier is moving fast, and it hasn't slowed down since. Since Udyam registration began in July 2020, the number of women-owned MSMEs on the portal nearly doubled in under a year - from 1.17 crore in December 2023 to over 2.2 crore by November 2024. By November

2025, that figure had climbed to 2.86 crore; by 28 February 2026, it had crossed 3.07 crore (3,07,42,621 women-led enterprises, to be exact). In barely six years, in other words, the count has gone from a standing start to more than three crores.

What does that shift look like from inside an actual business, rather than a spreadsheet? That's where two founders come in: building very different things, in very different corners of the same ecosystem.

Credit, Closing the Gap One Loan at a Time

Credit is the clearest example of that access problem. The Credit Guarantee Scheme for Micro and Small Enterprises offer women-owned enterprises a 10% concession on annual guarantee fees and 90% guarantee coverage, against 75% for other entrepreneurs. The Ministry of MSME's Yashasvini Campaign, launched on 27 June 2024, exists to spread awareness of schemes like this one, because access, more often than eligibility, is the real bottleneck. It's easy to read that as a policy line item; it means something different when a founder describes it in her own words. Aditi Garg, who runs Adwitiya Collection - a fashion jewellery brand making high-quality 24-carat gold-plated pieces - has used this scheme to expand her business. "Ultimately, you need money to grow," she says. "These government benefits help brands like us a lot." That's the credit gap closing, one collateral-free loan at a time.

The awareness gap also shows up in how differently entrepreneurs discover and use support. Kkanchan Gupta, founder of Haxor - India's first dedicated adaptive clothing and wellness brand, designing magnetic-closure and wheelchair-friendly garments for seniors and people managing illness or disability - has drawn on a wider spread of institutional backing: recognition through the Startup India ecosystem, a National Winner title at MSME Hackathon 3.0, support from the Ministry of Social Justice & Empowerment, and ₹1 crore in funding from IFCI Ventures. "Government support has helped us accelerate innovation, build credibility, and scale inclusive solutions," she says. Two very different products - jewellery and medical-grade apparel - draw on two different parts of the same support ecosystem.

That ecosystem doesn't just hand out money; it's also meant to correct a pattern the data hints at, that women's enterprises often start smaller and stay smaller. Both founders' stories suggest why. Neither began with a business plan built for scale. Aditi spent six years running her jewellery business alongside a Chartered Accountancy course before committing to it full-time in 2019, "at that time it was not my passion," she admits of the business's early years.

Kkanchan's starting point was even less strategic: watching her mother's illness made her realise that "getting dressed can become one of the biggest daily challenges during illness or ageing," and she decided, from there, to build a category of adaptive clothing that barely existed in India at the time. These aren't founders who set out chasing turnover projections. They're founders solving a problem in front of them, and only later discovering the scale that problem could reach.

The Expensive Lessons Behind Every Small Business

That's also why the "small and undercapitalised" pattern isn't really a talent gap, but it's a learning-curve gap, and a costly one. Aditi's early jewellery collections reflected her own taste rather than what customers wanted and were priced too high as a result; it took a deliberate shift before the business found its footing: "from my choice to everyone's favourite," as she puts it.

Kkanchan assumed customers would instantly grasp the value of adaptive clothing; instead, buyers compared it to ordinary apparel on price and looks alone, until Haxor invested heavily in demonstration and storytelling to close that understanding gap. These are the kinds of expensive lessons that better market access, mentorship, and early credit, the exact things scheme like CGTMSE and Yashasvini are designed to provide, could shorten considerably for the next entrepreneur.

None of this suggests the gap closes on its own or purely through policy. Aditi describes e-commerce itself as a test of patience, "you have to be ready for new challenges every day", and Kkanchan had to rebuild her entire communication strategy on realising that caregivers, not end wearers, were her real decision-makers. Government support created the opening; the actual work of building a durable, scalable enterprise still sits with the entrepreneur.

If Tripura's 66% is the proof of what's achievable, and the national 10.22% turnover share is the distance still to travel, then women like Aditi and Kkanchan are the micro story of where that distance closes: one collateral-free loan, one hard-won pricing lesson, one rebuilt customer strategy at a time. Every scheme, every hard lesson, and every founder's story in this piece is a small measure of that gap shrinking. bwise

I run a packaged snacks and fruit processing unit in Maharashtra. Over the last three years, our products have gained traction with modern retail chains and distributors across neighboring states. Our turnover has crossed ₹2 crore, and demand is growing faster than we anticipated.

The challenge is that our current machinery is running at full capacity, and we need additional equipment and working capital to fulfill larger orders. Several banks have offered loans, but I am uncomfortable pledging personal assets or taking on large EMIs when input costs remain volatile. At the same time, rejecting new orders could mean losing market share to competitors. How can I finance expansion without putting the business under excessive financial stress?

-an entrepreneur from Mumbai

Expert Answer:

The key to financing business expansion may lie in diversifying funding sources rather than relying entirely on a single loan. Instead of taking on a large amount of debt upfront, it may be worth considering a phased approach that combines bank finance, internal cash generation, and other financing options.

One option could be to discuss an equipment loan with your existing bank. Unlike a general business loan, an equipment loan is specifically designed to finance the purchase of machinery and production equipment. Since the loan is linked to the asset being financed, the machinery itself may often serve as the primary security, potentially reducing the need to pledge additional personal assets. Businesses with a healthy banking relationship and a good repayment track record may also be able to access competitive interest rates, flexible repayment terms, and MSME-specific financing solutions aligned with their cash flow cycle.

When approaching a lender, it may help to prepare a well-structured expansion plan outlining the proposed increase in production capacity, expected growth in sales, projected cash flows, and any confirmed or potential orders. Demonstrating that the proposed investment is supported by growing market demand can strengthen the financing proposal.

Alongside external finance, MSMEs may also benefit from reviewing the funds already available within the business. Examining the working capital cycle by reducing receivable periods where feasible, negotiating better payment terms with customers, and optimising inventory levels can help release additional liquidity. Excess stock of raw materials or packaging materials often locks up capital that could otherwise support business expansion.

If purchasing new machinery immediately is not essential, alternatives such as machinery leasing, hire-purchase arrangements, or supplier-financed installment plans may also be worth exploring. Similarly, outsourcing a portion of production through job work or contract manufacturing for six to twelve months can provide additional capacity while allowing the business to assess whether increased demand is likely to be sustained before making a significant capital investment.

MSMEs may also consider checking their eligibility for government-supported financing and credit facilitation schemes that can reduce the cost of expansion or improve access to finance. Depending on the nature of the business and investment, schemes such as the Credit Linked Capital Subsidy Scheme (CLCSS), the Prime Minister's Employment Generation Programme (PMEGP), the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE), and financing support from the Small Industries Development Bank of India (SIDBI) may be relevant.

A combination of prudent working capital management, phased capacity expansion, suitable financing options, and effective utilisation of government support can help MSMEs expand in a financially sustainable manner while keeping repayment obligations and business risks under control.

Pro Tip: Before applying for finance, it may be useful to explore both the JanSamarth Portal and the Udyami Portal. JanSamarth helps MSMEs check their eligibility for various government-backed credit schemes and connects them with participating lenders through a single platform. The Udyami Portal, on the other hand, provides access to a wider range of MSME support services, including information on government schemes, market linkages, skilling initiatives, and business development opportunities.

I own a small auto-component manufacturing unit with around 45 employees. Rising labour costs, machine downtime, and inventory planning issues have started affecting margins. Everywhere I look, people are talking about Artificial Intelligence, but most examples seem to come from large corporations with dedicated technology teams and multi-crore budgets.
I do not have an IT department, and I cannot afford expensive technology experiments. Is AI genuinely useful for a business of my size, and if so, where should I start to see measurable results?

-an entrepreneur from Indore

Expert Answer:

Artificial Intelligence (AI) need not be viewed as an expensive investment reserved for large companies. Today, many cloud-based AI solutions are affordable and accessible to MSMEs, making it possible to address specific operational challenges without requiring a dedicated IT team or large technology budgets.

For a manufacturing unit facing machine downtime, rising labour costs, and inventory planning issues, a practical starting point may be to identify the operational challenge that has the greatest impact on profitability. If machine downtime is the primary concern, AI-powered predictive maintenance solutions may help identify potential equipment failures before they occur, reducing unplanned downtime and maintenance costs. If inventory planning is proving more difficult, AI-based inventory management tools may help improve demand forecasting and optimise stock levels. Similarly, AI-enabled quality inspection systems can assist in identifying product defects more consistently, reducing rework and improving product quality. Beyond the factory floor, AI may also help automate routine tasks such as invoice processing, report generation, document management, and customer communication, allowing employees to focus on higher-value activities.

MSMEs interested in exploring these technologies may also benefit from the support available through the MSME Technology Centres under the Ministry of MSME. These centres provide training, technical consultancy, skill development, and exposure to Industry 4.0 technologies, including AI, automation, robotics, IoT, and data analytics. They also support enterprises in improving productivity, enhancing quality, and modernising manufacturing processes, enabling businesses to evaluate new technologies with lower risk and greater confidence. In addition, AI awareness and capacity-building programmes offered by the Ministry of Electronics and Information Technology (MeitY) may help entrepreneurs better understand practical AI applications before making technology investment decisions.

Rather than attempting to implement AI across the entire organisation, it may be worthwhile to begin with a small pilot project focused on a clearly defined business objective, such as reducing machine downtime, improving inventory planning, enhancing quality inspection, or automating routine administrative work. Monitoring the outcomes over a few months can help assess whether the solution is delivering measurable improvements in productivity, quality, or operational efficiency before expanding its use across other functions.

Pro Tip: Before investing in any AI solution, identify a specific business problem you want to solve. Starting with a focused pilot project, measuring the results, and scaling gradually may prove to be a more practical and cost-effective approach than attempting a large-scale transformation from the outset.

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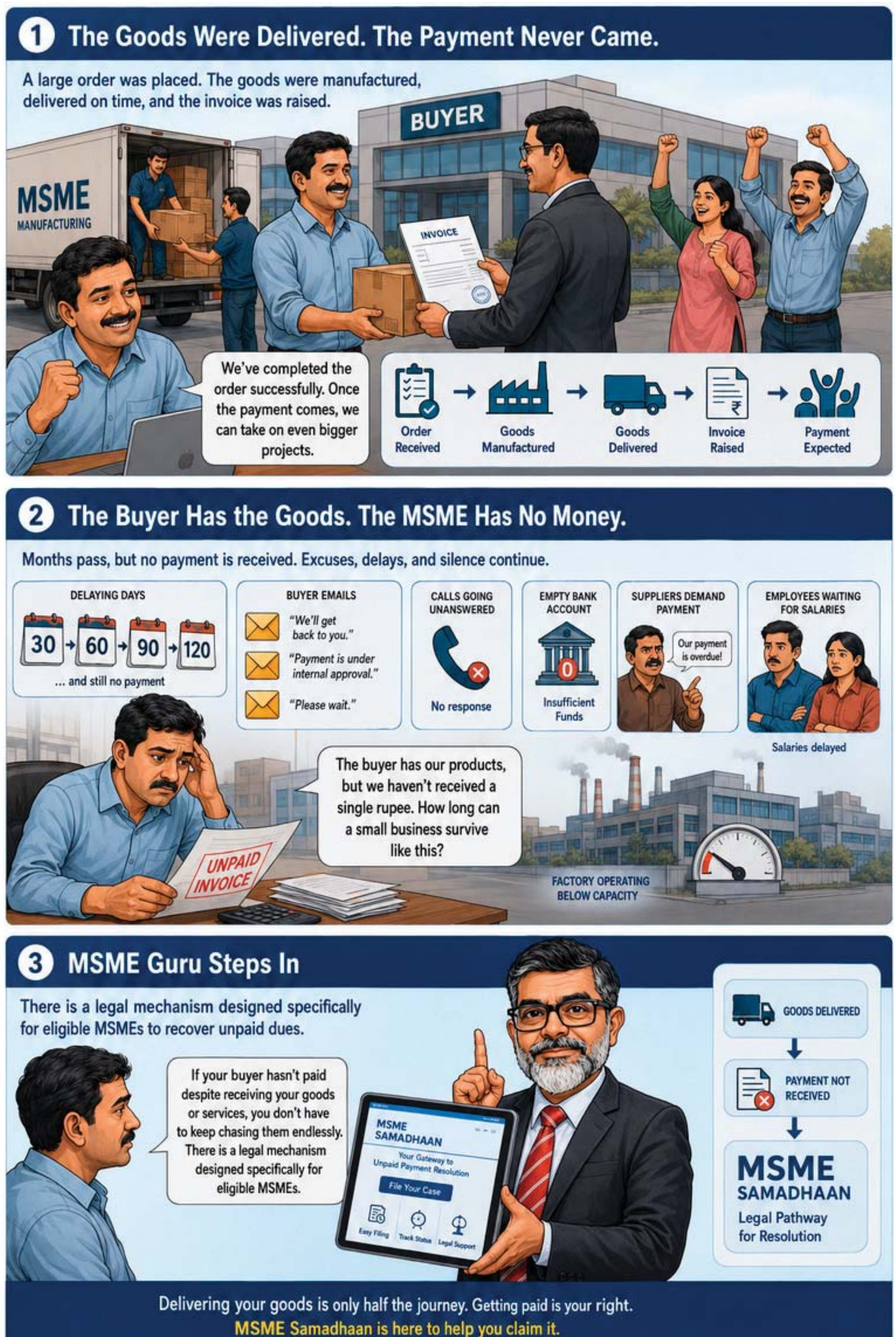

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