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Decoding India's Labour Codes: What Businesses Must Prepare for Without Getting It Wrong

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**BUILDING DURABLE
GROWTH SYSTEMS:
THE MSME
OPPORTUNITY IN
UNION BUDGET
2026**


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From The Editor



In a world marked by geopolitical tensions, supply-chain realignments, and rapid technological disruption, India's MSMEs stand at a decisive crossroads.

The Union Budget 2026 articulates a clear national vision anchored in the government's *Sankalp to Kartavya* framework, translating economic aspirations into actionable priorities. One of its central commitments is the creation of "**Champion MSMEs**": enterprises that are globally competitive, technologically advanced, and capable of scaling beyond domestic markets. The Budget signals a clear intent to strengthen MSME competitiveness through export promotion, innovation, and improved access to finance. Yet the real test lies beyond policy announcements: it lies in how Indian enterprises position themselves in a volatile global marketplace.

As India advances negotiations on the **India-United States Free Trade Agreement** and the **India-European Union Free Trade Agreement**, the opportunity for MSMEs to access larger markets becomes tangible. At the same time, new global trade rules such as the **Carbon Border Adjustment Mechanism** underline the urgency of building greener and more resilient production systems.

But the global context is equally important. Ongoing geopolitical conflicts are disrupting supply chains, raising energy prices, and destabilizing critical shipping routes. These disruptions are increasing freight costs, delaying shipments, and creating uncertainty for exporters, challenges that disproportionately affect MSMEs operating on thin margins.

Yet disruption also creates opportunity. As global supply chains diversify and companies search for reliable manufacturing partners, India's MSMEs have a chance to emerge as trusted suppliers in new value chains.

Meanwhile, conversations at the recent **World Futures Forum & India AI Impact Summit** underline a deeper shift: the future of enterprise will belong to those who combine global market access with innovation, sustainability, and technology-led competitiveness.

For MSMEs, the message is unmistakable: this is not merely a period of uncertainty, but a defining moment to scale, adapt, and lead India's next wave of global economic growth.

Sushma Morthania

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Delhi Cabinet Clears ₹60 - Crore MSME Infra Boost

The Delhi Cabinet approved a ₹60 - crore package for MSME infrastructure development in the month of February 2026. The allocation targets common facility centres, upgraded industrial estates, and shared testing labs. For MSMEs operating in dense clusters, improved infrastructure could directly enhance productivity, quality compliance, and cost efficiency, strengthening their ability to compete in both domestic and export markets.



Interventions launched under EPM to enhance exports of MSMEs

The Government has broadened the Export Promotion Mission (EPM) by introducing seven new interventions to enhance the role of Micro, Small and Medium Enterprises (MSMEs) in international trade. Launched by Shri Piyush Goyal, Union Minister of Commerce and Industry, the measures represent a focused policy effort to tackle persistent constraints faced by small exporters, including limited access to affordable finance, compliance burdens, logistics bottlenecks and market entry challenges, while advancing a more inclusive and resilient export growth strategy for India.

Government Extends Quality Certification Fee Concessions for MSMEs

In a major policy move to strengthen quality upgradation among MSMEs, the Government of India has approved a three-year extension of fee concessions on quality certification beyond the earlier mid-2026 deadline. Under the extension proposed by the Bureau of Indian Standards (BIS), micro units will continue with an 80% reduction, small enterprises with 50%, and medium firms with 20% fee relief. The extension aims to encourage wider adoption of quality standards, enhancing competitiveness and market access for MSME products domestically and internationally.



India - EU FTA Trade Deal Gains Traction

After several stalled rounds, India - EU FTA negotiations resumed momentum following high-level engagements last month. For MSMEs, the proposed deal brings dual implications: expanded access to premium European markets and higher compliance thresholds. Sectors such as textiles, engineering goods, and food processing could benefit from tariff reductions, but stricter norms on sustainability, traceability, and carbon reporting may raise costs. MSME bodies are urging phased timelines and capacity-building support to prevent smaller exporters from being edged out as the agreement advances.



India Energy Week 2026 puts MSMEs in Focus

Held in the month of January, India Energy Week positioned MSMEs as key participants in India's energy transition. Sessions on decentralised renewables, green hydrogen supply chains, and clean-energy manufacturing highlighted the role of small firms as component suppliers, EPC contractors, and service providers. Several public sector undertakings announced vendor-development initiatives aimed at MSMEs. The event underscored that the clean - energy shift is creating new business avenues but only for MSMEs that can align with quality, financing, and delivery expectations. uncertainties, enabling MSMEs to scale shipments without ongoing negotiations.

CBAM Rules Strain India's Steel MSMEs

As CBAM compliance mechanisms were detailed further by EU authorities last month, Indian steel MSMEs reported growing uncertainty. European buyers are renegotiating contracts to factor in carbon costs, squeezing margins for small mills and fabricators. Unlike large producers, MSMEs lack scale to absorb compliance expenses. The situation has renewed demands for cluster-level decarbonisation support and shared infrastructure to help small units remain export-competitive.



₹80,000 Crore Boost for Women on GeM

Government e-Marketplace (GeM) marked seven years of its Womaniya initiative aimed at strengthening women-led Micro and Small Enterprises in public procurement. Since its launch on 14 January 2019, over two lakh women led MSEs have registered on the portal and secured orders worth more than ₹80,000 crore, accounting for 4.7 percent of GeM's total order value and surpassing the 3 percent mandate. By offering a transparent digital interface, Womaniya has enabled women entrepreneurs and SHGs to directly access government buyers, turning policy support into real business growth and local economic impact. efficiency, strengthening their ability to compete in both domestic and export markets.



India's \$125 Billion AI Ambition

India's top conglomerates - Adani, Reliance Industries, Tata Group, and Larsen & Toubro are collectively committing \$125 billion to build the country's AI backbone, mirroring the US Project Stargate initiative. The ecosystem integrates AI-ready data centres with power generation infrastructure, spread across Gujarat, Rajasthan, Maharashtra, and beyond. Reliance is pursuing renewable energy-powered AI campuses, while L&T eyes end-to-end land and infrastructure ownership. Tata is expanding into semiconductors and AI data centres. Analysts at Morgan Stanley estimate the consolidated spend could reach \$15 billion per GW of data centre capacity by 2025.

RBI Doubles Collateral-Free Loans for MSMEs

The Reserve Bank of India (RBI) has doubled the collateral-free loan limit for micro and small enterprises (MSEs) to ₹20 lakh, effective for loans sanctioned or renewed from April 1, 2026. Announced by Governor Sanjay Malhotra during the February 2026 Monetary Policy Review, this measure aims to enhance formal credit access, support entrepreneurship, and strengthen last-mile delivery, especially in underserved rural areas. Banks may extend up to ₹25 lakh based on viability. The decision builds on existing schemes like PMEGP and addresses MSME credit gaps. It also includes reviews of Business Correspondents for better outreach and revised Kisan Credit Card guidelines for allied activities. This policy shift is expected to reduce dependency on informal lenders and boost MSME growth amid economic recovery.



Madhya Pradesh Expands Industrial Land for MSMEs

The Madhya Pradesh MSME department is expanding its industrial land bank to attract new manufacturing investments. By earmarking undeveloped land near interstate borders and offering both raw and developed parcels, the state aims to create affordable industrial clusters with basic infrastructure, tapping into demand from companies in sectors such as manufacturing, agro-processing, and logistics. This supports the central policy direction of revitalising industrial clusters announced in the Union Budget.



Narendra Modi Concluded Two-Day State Visit to Israel; Addressed Parliament and Held Talks with Benjamin Netanyahu

Prime Minister Narendra Modi completed a two-day state visit to Israel, during which he addressed the Israeli Parliament and held wide-ranging discussions with his counterpart Benjamin Netanyahu. The visit opened new avenues for MSMEs through enhanced cooperation in areas such as technology, innovation, defence manufacturing, agri-tech, and water management. Strengthened bilateral partnerships are expected to facilitate joint ventures, technology transfers, and improved market access, enabling Indian small businesses to integrate into high-value supply chains while also attracting investment and collaborative R&D opportunities across emerging sectors.

India and Brazil sign MoU on MSME platform

India and Brazil have signed a Memorandum of Understanding (MoU) in the field of the Micro, Small, and Medium Enterprises (MSMEs). The MoU was exchanged in the presence of Prime Minister Narendra Modi and President of Brazil Luiz Inácio Lula da Silva in New Delhi. The Ministry of MSME in a statement said that the MoU will provide a platform for both sides to discuss the issues concerning MSMEs and explore possible areas of cooperation for mutual benefit in the two countries.



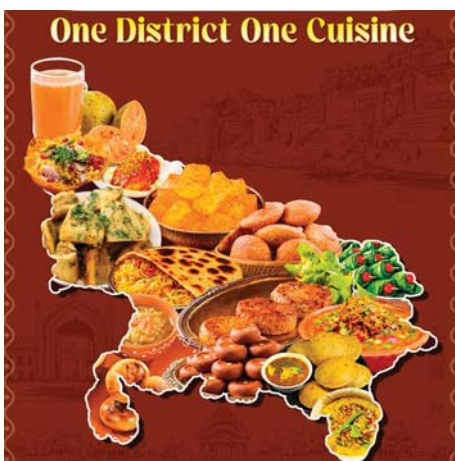
Capgemini joins forces with OpenAI to accelerate new era of AI - powered enterprise transformation with Frontier Alliance

Capgemini has joined forces with OpenAI to launch the Frontier Alliance, a strategic collaboration aimed at accelerating the next phase of AI-powered enterprise transformation. The partnership will focus on scaling advanced AI solutions across industries by combining Capgemini's consulting and integration capabilities with OpenAI's cutting-edge models, enabling organisations to modernise operations, enhance productivity, and unlock new digital business models while strengthening responsible and secure AI adoption.



RBI Calls for Stronger Financial Discipline in MSMEs

Reserve Bank of India Governor Shri Sanjay Malhotra has urged MSMEs to fast-track formalisation, deepen digital adoption, and maintain robust credit discipline to build resilience amid evolving economic conditions. He noted that improving access to timely formal finance remains a central priority for the Reserve Bank of India, while highlighting the sector's critical contribution to growth, jobs, and exports. The message reinforces the regulator's continued push to integrate MSMEs more firmly into the formal financial ecosystem.



UP Budget Pushes 'One District, One Cuisine' to Boost Local MSMEs

The Uttar Pradesh government has allocated about ₹75 crore in its latest budget to roll out the "One District, One Cuisine" initiative, aimed at promoting regional food traditions while strengthening local livelihoods and tourism. The scheme will identify a signature dish for each district and support food entrepreneurs, small vendors, and self-help groups through better quality standards, packaging, and marketing. The move forms part of a broader push to expand grassroots industries and generate employment through MSME-led local economic development.

Manjhi Calls for Rural-Led MSME Growth

Union MSME Minister Shri Jitan Ram Manjhi said India's next phase of economic expansion must be driven by MSMEs in villages and hinterlands rather than metros, stressing that stronger rural entrepreneurship is key to reducing regional disparities and creating sustainable livelihoods. Speaking at the World Futures Forum 2026 in New Delhi, he highlighted the need for decentralised development, positioning grassroots enterprises as central to inclusive growth.



Delhi Winds Down State MSME Lender After Losses

The Delhi government has officially shut down the Delhi Financial Corporation after approval from the Lieutenant Governor, citing prolonged financial losses and high NPAs. A gazette notification states the corporation will now function only for winding-up activities such as recovering dues, settling liabilities, and disposing of assets. A high-powered committee has been formed to oversee the closure process and manage legal and financial obligations, while employee benefits will be handled as per rules.

Advancing AI Readiness and Adoption in Manufacturing MSMEs Session Held at India AI Impact Summit 2026

The session “Advancing AI Readiness and Adoption in Manufacturing MSMEs” held at the India AI Impact Summit 2026 in New Delhi highlighted the growing urgency of equipping small and medium manufacturers with practical AI capabilities. Policymakers, industry leaders, and technology experts emphasised the need for accessible digital infrastructure, targeted skilling, and collaborative innovation platforms to help MSMEs integrate AI into production, quality control, and supply chain processes. The discussion underscored that accelerating AI adoption among MSMEs will be critical for improving productivity, global competitiveness, and resilient industrial growth in the coming decade.





UNION BUDGET 2026

BUILDING DURABLE GROWTH SYSTEMS: THE MSME OPPORTUNITY IN UNION BUDGET 2026

From expanding credit access to strengthening manufacturing clusters and export pathways, the Union Budget 2026 places Indian MSMEs firmly in the spotlight.

Executive Summary

This Industry Report presents the perspective of India's MSME ecosystem on the Union Budget 2026, with a focused examination of its implications for Micro, Small and Medium Enterprises across financing, manufacturing, services, and exports. The analysis is grounded in the

operational realities of MSMEs and evaluates the Budget not only in terms of headline announcements, but also through the lens of implementation feasibility, risk reduction, and long-term competitiveness.

The Union Budget 2026, presented by the Hon'ble Finance Minister on 1 February 2026, places MSEs at the centre of India's growth, employment,

and export strategy. In her Budget Speech, the Finance Minister underscored this priority by stating:

"Micro and small enterprises are the foundation of India's productive economy. Our focus this year is to expand credit, markets, skills, and global access so that small businesses can scale with confidence."

The Budget recognises that while medium enterprises are increasingly integrated into formal supply chains and global markets, MSEs continue to face structural constraints. These include limited access to timely and affordable finance, technology adoption gaps, disproportionate compliance burdens, and restricted access to domestic and international markets. Budget 2026 responds to this asymmetry by differentiating policy instruments, deploying targeted credit expansion, risk-sharing mechanisms, market access reforms, and cluster-based execution models for MSEs, while supporting medium enterprises primarily through system-level improvements in logistics, trade facilitation, compliance simplification, and capital market access.

Importantly, the Budget signals a shift away from short-term subsidies towards building durable economic systems. By strengthening financial architecture, manufacturing ecosystems, export facilitation frameworks, and compliance infrastructure, Budget 2026 positions MSMEs not as beneficiaries of episodic support, but as long-term contributors to India's economic transformation, employment generation, and global value chain integration.

This volume analyses how these Budget 2026 interventions shape MSME outcomes across financing reforms, manufacturing and cluster development, and export enablement, with particular attention to their distributional impact across enterprise sizes and sectors. The report aims to evaluate whether the Budget's design choices effectively mitigate execution risk for smaller firms while facilitating scalable and sustainable growth across the MSME spectrum.

Key Takeaways

From the perspective of India SME Forum, the policy architecture reflected in Budget 2026 represents a maturation of India's MSME strategy, moving from episodic relief measures toward a systems-led growth framework designed to address long-

Budget 2026 represents a maturation of India's MSME strategy, moving from episodic relief measures toward a systems-led growth framework designed to address long-standing structural constraints.

standing structural constraints. The strengthened financing ecosystem, anchored in expanded credit guarantee coverage, digital and cash-flow-based lending, and the introduction of dedicated equity vehicles such as the SME Growth Fund, is expected to deepen formal credit penetration while improving the quality and tenor of capital available to enterprises. This combination is particularly significant because it not only improves liquidity but also enables risk-taking, technology adoption, and capacity expansion, thereby supporting the transition of micro and small firms into more competitive and resilient businesses.

Equally important are the reforms to the Trade Receivables Discounting System (TReDS), which the industry views as a foundational liquidity reform rather than a procedural change. By institutionalising digital invoice acceptance, strengthening risk-sharing frameworks, and expanding platform integration, the reform has the potential to change payment behaviour across supply chains, reduce dependence on informal borrowing, and provide predictable working-capital cycles, a critical factor for MSME survival and growth.

On the production side, the manufacturing strategy reflects a dual-track approach that combines long-term industrial competitiveness with employment intensity. Support for sunrise sectors such as electronics, semiconductors, and life sciences is expected to create new supply-chain opportunities and technology spillovers for MSMEs, while continued emphasis on labour-intensive industries ensures

broad-based job creation and regional economic stability. The revival of legacy clusters and expansion of plug-and-play industrial ecosystems further strengthen this strategy by lowering entry barriers, reducing project gestation periods, and enabling firms to benefit from shared infrastructure, testing facilities, and market linkages, factors that are often decisive for smaller enterprises.

In the services economy, the focus on digital public infrastructure, skilling pipelines, and regulatory predictability recognises the inherently low-capital but high-employment nature of service MSMEs. By reducing compliance friction and enabling digital market access, these measures create an enabling environment for urban entrepreneurship, professional services, and platform-based enterprises to scale sustainably.

Export facilitation reforms represent another major shift, particularly for micro and small exporters participating in e-commerce and direct-to-consumer trade. The removal of operational constraints such as courier export caps, combined with simplified treatment of returns and rejected consignments, reduces downside risk and improves cost predictability, the two factors that historically discouraged smaller firms from entering global markets. These changes, when combined with improvements in logistics and digital trade infrastructure, position e-commerce exports as a credible pathway for incremental internationalisation.

Taken together, the Budget signals a clear transition from a support-centric policy paradigm to an enablement-driven one, where the state focuses on building financial, logistical, regulatory, and digital rails that allow enterprises to grow with greater certainty. In this framework, MSMEs are not viewed merely as beneficiaries of targeted schemes but as central actors in India's long-term strategy for productivity growth, employment generation, regional development, and integration into global value chains.

1. Strategic Vision of Budget 2026 for MSMEs

Budget 2026 adopts a **differentiated approach across Micro, Small, and Medium Enterprises**, recognising that while they operate within a common MSME framework, their constraints, growth trajectories, and policy needs vary significantly.

- **Micro enterprises** require liquidity, livelihood security, and market access
- **Small enterprises** require scale capital, technology upgradation, and formal supply-chain integration
- **Medium enterprises** require growth capital, export competitiveness, technology depth, and predictable regulation

The Budget therefore combines livelihood-oriented measures with growth-oriented systems, positioning MSMEs across the spectrum as contributors to India's long-term economic transformation.

Budget 2026 reinforces the Government of India's vision of building **globally competitive, resilient, and inclusive MSMEs**. The key pillars of this vision include:

- Credit expansion with risk mitigation
- Formalisation and digital integration
- Export competitiveness and global market access
- Employment-intensive growth
- Cluster-based development
- Empowerment of women, youth, and rural entrepreneurs

Rather than relying on short-term subsidies, the Budget strengthens the underlying **rails of growth**, payments, logistics, exports, compliance capability, and capital access—on which future enterprise growth will run.

2. Impact on Financing and Credit Access for MSMEs

2.1 Budget Speech Commitments on Credit In her Budget Speech, the Finance Minister announced:

“To enable micro and small enterprises to grow and formalise, we will significantly expand collateral-free credit through enhanced credit guarantee mechanisms and growth capital support.”

This commitment underpins a series of measures specifically targeting MSMEs, particularly micro and small enterprises that heavily rely on informal or high-cost borrowing.

2.2 Expansion of Credit Guarantee and Risk Mitigation

The Union Budget has significantly amplified the Credit Guarantee Scheme (CGS) administered by CGTMSE, India's flagship credit guarantee mechanism for MSEs. Key enhancements include raising the guarantee ceiling for micro and small enterprises from ₹5 crore to ₹10 crore, unlocking an additional ₹1.5 lakh crore in credit availability over the next five years. Self-Reliant India Fund set up in 2021, proposed with ₹2,000 crore to continue support to micro enterprises and maintain their access to risk capital.

Export-oriented MSMEs can now access term loans up to ₹20 crore with enhanced guarantee cover, particularly benefiting sectors such as chemicals, pharmaceuticals, engineering goods, textiles, and handlooms. For startup-classified MSMEs, the guarantee cover has been doubled from ₹10 crore to ₹20 crore, with a reduced guarantee fee of just 1% applicable to loans in 27 priority sectors, including renewable energy, defence manufacturing, semiconductors, healthcare, and agritech. Budget 2026 expands the **Credit Guarantee framework** to:

- Cover higher loan amounts for micro and small enterprises



- Improve lender confidence through enhanced risk-sharing
- Encourage banks and NBFCs to extend credit to underserved MSMEs

For micro enterprises, this reduces dependence on informal credit. For small enterprises, it enables investment in machinery, technology, and capacity expansion.

2.3 Digital and Data-Based Lending

The Finance Minister noted:

“Digital public infrastructure will be leveraged to ensure faster, cheaper, and more inclusive credit delivery to small businesses.”

The Union Budget 2026-27 introduced reforms to promote digital and data-based lending for MSMEs, enabling faster, more inclusive credit access through digital footprints and data-driven assessment. This includes instant in-principle sanctions for loans based on digital data such as GST returns, ITR filings, bank statements, and credit information reports, reducing reliance on traditional collateral and lengthy documentation. Aligned with broader MSME support measures, like enhanced TReDS integration for invoice discounting, credit guarantees, and customized credit cards for micro enterprises (up to ₹5 lakh limits), these steps aim to leverage India’s digital public infrastructure for quicker approvals, lower costs, better risk assessment via cash-flow and transaction data, and bridging credit gaps for underserved, digitally active MSMEs, ultimately fostering formalization, liquidity, and growth in the sector.

By integrating **GST, Udyam, and Account Aggregator data**, Budget 2026 enables:

- Faster loan approvals
- Inclusion of first-time borrowers
- Improved credit flow to traders, artisans, service providers, and home-based enterprises

This is particularly impactful for microservice enterprises with limited formal financial histories.



2.4 Transformational Reforms in TReDS (Trade Receivables Discounting System)

One of the most consequential announcements for MSMEs in Budget 2026 relates to the strengthening of the TReDS, positioning it as a core pillar of MSME liquidity. The changes include: mandating all Central Public Sector Enterprises (CPSEs) to settle MSME invoices exclusively through TReDS with digital acceptance and transparent timelines; integrating GeM with TReDS for automatic flow of verified purchase orders, deliveries, and invoices to financiers, improving credibility and approval speed; extending CGTMSE credit guarantees to TReDS invoice discounting to lower lender risk and discount rates; and permitting securitisation of TReDS receivables to attract mutual funds, insurance companies, and pension funds, thereby freeing bank capital and deepening liquidity. Together, these structural measures aim to reduce borrowing costs, curb payment delays, enhance MSME bargaining power, and provide sustained relief from working-capital stress.

a) GeM–TReDS Integration

Linking the Government e-Marketplace (GeM) with TReDS eliminates information friction:

- Purchase orders, delivery confirmation, and invoice acceptance data flow automatically
- Financiers gain access to verified, real-time transaction data

This significantly improves invoice credibility and accelerates financing approvals for MSMEs supplying to government buyers.

b) Mandatory TReDS for CPSEs

All CPSEs are now required to settle MSME invoices **only through TReDS**:

- No off-platform settlements
- Digital invoice acceptance
- Transparent payment timelines

This structurally enforces payment discipline and converts CPSEs into anchor buyers for MSME suppliers.

c) Credit Guarantee for TReDS Discounting

Partial credit guarantees through **CGTMSE** cover banks and NBFCs against buyer default:

- Reduces lender risk
- Encourages aggressive bidding on MSME invoices
- Lowers discount rates

d) Lower Cost of Credit and Expanded Access As a combined result of mandatory TReDS, GeM

integration, and credit guarantees:

- Borrowing costs decline structurally
- Invoices from mid-rated buyers become financeable
- Working-capital stress reduces materially

e) Securitisation of TReDS Receivables

Budget 2026 allows the **securitisation of TReDS receivables**, enabling bundled MSME invoices to be sold to mutual funds, insurance companies, and pension funds:

- Frees up bank capital
- Deepens liquidity pools
- Enables scale in invoice financing

f) Overall Impact of TReDS Reforms

If executed effectively, these reforms:

- Improve MSME bargaining power
- Make payment delays harder to sustain
- Institutionalise faster payments
- Reduce the cost of working capital on a sustained basis

India SME Forum views these reforms as structural and transformative, not temporary relief measures.

2.5 The SME Growth Fund: Catalysing Scalable MSMEs

The Finance Minister introduced a **dedicated ₹10,000-crore SME Growth Fund** designed exclusively to catalyse the emergence of MSME sector “champions” with demonstrated growth and scaling potential. This represents the largest single equity allocation for the MSME segment in recent budgets. The fund will operate on a performance-based incentive model, providing equity capital to enterprises that meet select pre-defined criteria such as:

- Demonstrated revenue growth trajectory
- Innovation and technology adoption
- Export potential and international competitiveness

- Sectoral importance and employment generation capacity
- Profitability or path to profitability

Unlike traditional credit-based interventions, the SME Growth Fund represents direct equity participation, signalling a strategic shift toward ownership-based capital formation rather than debt accumulation.

a) Rationale

The Fund addresses the “missing middle” between bank credit and venture capital.

b) Target Beneficiaries

- Growth-stage small and medium enterprises
- Export-oriented manufacturers
- Technology-enabled MSMEs
- D2C and IP-driven enterprises

c) Industry Assessment

India SME Forum views the SME Growth Fund as a cornerstone reform, enabling MSMEs to invest in technology, branding, exports, R&D, and professional governance.

2.6 Self-Reliant India Fund: ₹2,000 Crore Top-Up For Foundational Support

The Self-Reliant India (SRI) Fund, established in 2021 to support micro-enterprises with early-stage equity capital, receives a ₹2,000-crore capital infusion in Budget 2026-27. This top-up underscores the government’s commitment to ensuring foundational access to risk capital for the most vulnerable segment of the MSME ecosystem, newly formed, innovation-driven micro-enterprises with limited collateral and credit history.

The SRI Fund operates as a fund-of-funds, channelling capital through multiple implementing agencies and fintech platforms to reach enterprises in Tier-II, Tier-III towns and rural areas where traditional venture capital access remains absent.



Probable Impact for MSMEs

- **Sustained Access for Early-Stage Enterprises:** The top-up ensures that the pipeline of future MSMEs—today’s promising micro-enterprises—has continued access to patient capital. This directly benefits first-time entrepreneurs, youth startups, and women-led enterprises establishing operations in smaller towns.
- **De-risking Entry to Formality:** By providing equity capital without collateral requirements, the fund incentivises micro-enterprises to register under Udyam and adopt formal financial practices, indirectly improving the overall tax base and organised MSME ecosystem.
- **Geographic Reach and Inclusivity:** Unlike venture capital ecosystems concentrated in metros, the SRI Fund’s fund-of-funds structure prioritises Tier-II and Tier-III towns, directly supporting MSMEs in Maharashtra, Gujarat, Tamil Nadu, Uttar Pradesh, and other high-density MSME regions.
- **Reduced Founder Pressure:** Micro-entrepreneurs often rely on personal savings and high-cost informal financing (moneylenders, suppliers). Equity capital without debt repayment obligations reduces the psychological and financial stress on founders during critical growth phases.

3. Impact on Manufacturing for MSMEs

3.1 Budget Speech Focus on Manufacturing

The Finance Minister stated:

“Our manufacturing strategy will prioritise labour-intensive sectors where micro and small enterprises play a dominant role.”

This explicitly places MSMEs at the heart of industrial policy.

3.2 Demand Creation through Public Investment

Record public capital expenditure announced in Budget 2026 generates downstream demand for:

- Micro suppliers
- Small engineering and fabrication units
- Local manufacturing clusters

This demand creation is particularly important for MSMEs embedded in infrastructure and industrial supply chains.

3.3 Sunrise Manufacturing Sectors

Budget 2026 places strong emphasis on accelerating manufacturing growth in sunrise and strategic sectors that are critical for India’s long-term industrial competitiveness, technological self-reliance, and export expansion. The Budget recognises that sustained MSME participation in these sectors requires predictable policy frameworks, deeper supply chains,

and stronger linkages with large anchor firms and global markets. Budget 2026 places strong emphasis on manufacturing growth in sunrise and strategic sectors, including:

3.3.1 Biopharma and Life Sciences

Budget 2026 strengthens the biopharma and life sciences ecosystem through targeted support for research-led manufacturing, quality infrastructure, and integration of MSMEs into regulated global value chains. A flagship initiative - Biopharma Shakti which has been launched with a dedicated outlay of ₹10,000 crore over the next five years to build a robust biopharma manufacturing and innovation ecosystem encompassing testing infrastructure, regulatory capacity, clinical trial networks, and skills development. This initiative enhances access to testing and certification facilities, encourages domestic production of critical intermediates and advanced biologics, and facilitates faster regulatory clearances for innovation-driven firms. By reinforcing standards, compliance systems, and innovation capacity, the Budget seeks to move MSMEs beyond low-margin contract manufacturing toward higher-value formulation, diagnostics, and biotech applications, while positioning India as a global life sciences manufacturing hub.



Impact

- Reduced compliance uncertainty and access to shared quality infrastructure lower entry barriers for MSMEs.
- Improved credibility enables deeper integration with large pharmaceutical companies and regulated export markets.
- Greater participation in global life sciences value chains supports higher value addition and better margins.
- Stronger domestic capabilities enhance resilience to global supply chain disruptions.
- Collectively, these reforms strengthen India's positioning as a trusted life sciences manufacturing hub.

3.3.2 India Semiconductor Mission (ISM)

Building on the capabilities developed under ISM 1.0, which focused on establishing India's semiconductor manufacturing ecosystem, Budget 2026 announces the launch of **ISM 2.0** with an initial outlay of **₹1,000 crore**. ISM 2.0 shifts emphasis toward producing semiconductor equipment and materials, developing full-stack Indian intellectual property, and fortifying domestic supply chains. The programme also prioritises **industry-led research and training centres** to strengthen technology development and create a skilled workforce aligned with advanced semiconductor manufacturing needs.



Impact

- New opportunities to participate in semiconductor value chains as suppliers of equipment, materials, tooling, and specialised services
- Greater access to design-linked manufacturing and IP-driven opportunities beyond fabrication and assembly
- Improved integration into high-value, technology-intensive supply chains
- Workforce development and skill availability reduce capability gaps for MSMEs
- Strengthens long-term resilience of India's semiconductor ecosystem.

3.3.3 The Electronics Components Manufacturing Scheme (ECMs)

The ECMs, launched in April 2025 with an initial outlay of ₹22,919 crore, has already attracted investment commitments at more than double the original target. To capitalise on this momentum, Budget 2026 proposes to increase the outlay to ₹40,000 crore. The expanded ECMS focuses on strengthening domestic component manufacturing, reducing import dependence, and enabling MSMEs to move deeper into electronics supply chains through scale, quality, and cost competitiveness.

Impact

- Expanded opportunities to integrate as component suppliers, toolmakers, and precision manufacturers
- Improved logistics efficiency and faster customs clearances reduce execution risk and inventory costs
- Policy continuity and scale incentives support MSMEs operating with tight production cycles and high capital sensitivity
- Enables movement up the value chain toward higher-precision, design-adjacent, and export-oriented activities
- Strengthens India's electronics manufacturing base while reducing import dependence over the medium term.

3.3.4 Rare Earths and Critical Minerals:

The Budget announced support for mineral-rich States of Odisha, Kerala, Andhra Pradesh and Tamil Nadu to establish dedicated Rare Earth Corridors.

Impact:

- Promote mining, processing and manufacturing
- Enhance research capabilities

3.3.5 Chemicals and Specialty Chemicals:

Establishment of 3 dedicated Chemical Parks, through challenge route on a cluster-based plug-and-play model

Impact:

- Increase domestic chemical production
- Reduce import dependency

3.3.6 Capital Goods
▪ High-Precision Components and Engineering

Budget 2026 proposes the establishment of **Hi-Tech Tool Rooms by CPSEs at two locations, designed as digitally enabled, automated service bureaus** for the local design, testing, and manufacturing of high-

precision components at scale and at lower cost. These facilities are intended to provide shared access to advanced machinery, design software, prototyping, and testing infrastructure, particularly for MSMEs that are otherwise unable to make high-capex investments independently.

Impact on MSMEs:

- Access to advanced design, tooling, testing, and precision manufacturing infrastructure at lower cost
- Reduced capital barriers for MSMEs in high-precision and tolerance-critical manufacturing
- Improved quality, consistency, and compliance with global manufacturing standards
- Faster prototyping, testing, and time-to-market for complex components
- Enables MSMEs to integrate into high-value supply chains across electronics, semiconductors, defence, aerospace, and medical devices.

▪ Construction and Infrastructure Equipment

The reform on Construction and Infrastructure Equipment focuses on strengthening domestic manufacturing capabilities for machinery used in roads, railways, metros, ports, mining, and urban infrastructure projects. It aims to reduce import dependence by promoting localisation of high-value equipment, encouraging technology upgradation, and supporting a robust capital goods manufacturing ecosystem aligned with India's large-scale infrastructure push.

Impact:

- MSMEs benefit from increased demand as component suppliers, fabricators, and service



providers within domestic equipment supply chains.

- Access to technology upgradation and localisation initiatives enables MSMEs to improve quality, productivity, and global competitiveness.
- Stable infrastructure-led demand supports employment generation and long-term capacity expansion in MSME clusters.

▪ Container Manufacturing and Logistics Equipment

This reform seeks to establish India as a competitive hub for container manufacturing and logistics equipment by addressing chronic shortages and high import reliance. By promoting domestic production of containers and related logistics infrastructure, the initiative aims to lower freight costs, improve supply chain resilience, and support expanding trade and multimodal transport networks. Scheme for Container Manufacturing to create a globally competitive container manufacturing ecosystem, with a budgetary allocation of ₹10,000 crore over a 5 year period.

Impact:

- Reduced logistics costs improve cost efficiency and export viability for MSMEs across manufacturing and trading sectors.
- MSMEs gain opportunities in fabrication, components, repair, maintenance, and ancillary logistics services linked to container ecosystems.
- Improved container availability enhances MSME participation in global value chains through smoother and more reliable cargo movement.

3.4 Employment-Intensive Manufacturing Sectors

In parallel, Budget 2026 strengthens traditional, employment-intensive industries dominated by MSMEs:

- Textiles and apparel
- Food production and processing
- Dairy and allied processing
- Marine and fisheries-based manufacturing
- Sports goods
- Shipbuilding and repair

These sectors are central to job creation and regional economic stability.

3.5 Cluster Development Reforms
Budget Speech Commitment on Industrial Clusters

In her Budget Speech, the Finance Minister stated: *"I propose to introduce a Scheme to revive 200 legacy industrial clusters to improve their cost competitiveness and efficiency through infrastructure and technology upgradation."*

This statement precedes and anchors the cluster-focused interventions announced in the Budget.

3.5.1 Revival of 200 Legacy Industrial Clusters

A major manufacturing-focused intervention in Budget 2026 is the **revival and modernisation of 200 legacy industrial clusters** across the country.

These clusters will benefit from:

- Upgraded common infrastructure and utilities
- Modern testing, design, and quality facilities
- Technology upgradation and skill support
- Market linkage and export facilitation

Cluster-based development enables MSMEs to transition from survival-oriented operations to competitive manufacturing.

3.5.2 Cluster-Based Plug-and-Play Industrial Infrastructure

The Budget proposes the development of cluster-based plug-and-play industrial parks, including Chemical Parks, Mega Textile Parks, and sector-specific manufacturing ecosystems such as sports goods, containers, and construction equipment.

These parks will provide:

- Ready-to-use industrial infrastructure and factory spaces
- Shared utilities and common testing facilities
- Integrated regulatory and environmental clearances
- Sector-focused ecosystem development with anchor firms

Plug-and-play cluster infrastructure lowers entry barriers for MSMEs by reducing pre-operational delays and project gestation, improving predictability, and enabling faster industrial commissioning and value-chain integration.

3.5.3 Textile and Artisan Cluster Modernisation

Under the integrated textiles programme, the Budget places special emphasis on the modernisation of traditional textile and artisan clusters, with a focus on upgrading production technology and strengthening common testing and certification infrastructure.

These clusters will benefit from:

- Modern machinery and production technology support
- Strengthened common testing and certification centres
- Quality, sustainability, and compliance infrastructure
- Targeted support for labour-intensive and artisan ecosystems

Modernised textile clusters improve MSME export competitiveness by enabling global quality compliance, better price realisation, and long-term resilience in international markets.

3.6 For the Labour Intensive Textile Sector the Finance Minister noted an Integrated Programme with 5 sub parts:

(a) The **National Fibre Scheme** for self-reliance in natural fibres such as silk, wool and jute, man-made fibres, and new-age fibres; Promotes self-reliance in natural fibres (silk, wool, jute), man-made fibres, and new-age fibres to strengthen domestic raw material supply chains. The National Fibre Scheme aims to strengthen India's self-reliance across the full spectrum of fibres by enhancing domestic capacity in natural fibres such as silk, wool, and jute, alongside man-made and new-age fibres. The scheme focuses on improving productivity, quality, and value addition through research, innovation, and supply-chain integration, while reducing import dependence.

Impact

- Reduces import dependence and raw material cost volatility.
- Improves reliability of inputs for MSME textile manufacturers (weavers, spinners, garment units), supporting production planning and competitiveness.

(b) **Textile Expansion and Employment Scheme** to modernise traditional clusters with capital support for machinery, technology upgradation and common testing and certification centres; Modernises traditional textile clusters with capital support for machinery, technology upgrades, and establishment of common testing and certification centres. The Textile Expansion and Employment Scheme is designed to modernise traditional textile clusters by providing capital support for advanced machinery, technology upgradation, and the establishment of common testing and certification centres. The scheme aims to enhance productivity, improve quality compliance, and generate large-scale employment by enabling MSMEs and cluster-based units to adopt modern manufacturing practices.



Impact

- Encourages technology adoption and quality compliance.
- Reduces cost of modernization for small units through shared infrastructure.
- Boosts employment through cluster expansion and new business formation.

(c) A **National Handloom and Handicraft programme** to integrate and strengthen existing schemes and ensure targeted support for weavers and artisans; Integrates and strengthens existing support schemes for weavers and artisans and ensures targeted support, quality improvements, and streamlined implementation. The National Handloom and Handicraft Programme seeks to integrate and streamline existing schemes into a unified framework that delivers targeted and outcome-oriented support to weavers and artisans. The programme focuses on income enhancement, design innovation, market access, and social security by addressing long-standing structural challenges such as fragmented support, limited branding, and weak linkages to organized markets.

Impact

- Enhances market access and productivity for traditional MSMEs.
- Better coordination and consolidation of schemes reduces duplication and improves outcomes.

(d) **Tex-Eco Initiative** to promote globally competitive and sustainable textiles and apparels; Promotes globally competitive and sustainable textile and apparel manufacturing and encourages environmentally focused production practices. The Tex-Eco Initiative is intended to promote globally competitive, environmentally sustainable textiles and apparel by encouraging resource efficiency, cleaner production processes, and responsible manufacturing practices. The initiative supports the adoption of sustainable raw materials, waste reduction, recycling, and energy-efficient technologies, while aligning Indian textile production with global ESG and sustainability standards.



Impact

- Opens access to global sustainable markets.
- Supports certification, eco-compliance, and higher value-added products that can command premium pricing internationally.

(e) **Samarth 2.0** to modernize and upgrade the textile skilling ecosystem through collaboration with industry and academic institutions, upgrades the textile skilling ecosystem through collaboration with industry and academic institutions and focuses. Samarth 2.0 aims to modernize and upgrade the textile skilling ecosystem by strengthening collaboration between industry, academic institutions, and training partners. The initiative focuses on demand-driven skill development, curriculum modernization, and the integration of advanced technologies to ensure workforce readiness for evolving industry needs.

Impact

- Ensures MSMEs have access to a skilled workforce familiar with modern textile technology.
- Reduces skills gaps and training burdens on individual enterprises.

3.7 Carbon Capture Utilization and Storage (CCUS)

Aligning with the roadmap launched in December 2025, CCUS technologies at scale will achieve higher readiness levels in end-use applications across five industrial sectors, including, power, steel, cement, refineries and chemicals. An outlay of ₹20,000 crore is proposed over the next 5 years.

Impact

- New supplier and service opportunities: MSMEs can enter CCUS value chains as suppliers of capture equipment, sensors, membranes, piping, compressors, monitoring systems, and engineering services for large industrial plants.
- Technology and innovation push: Demand for affordable, modular CCUS solutions opens space for MSME-led innovation, pilots, and indigenised technologies, especially in cement, steel ancillaries, and chemicals.
- Green compliance advantage: MSMEs linked to large emitters benefit from lower carbon footprints, helping them meet ESG norms, CBAM-related requirements, and retain global buyers.
- Cluster-level deployment: Industrial clusters with MSME concentration can adopt shared CCUS infrastructure, reducing per-unit costs and improving collective sustainability.

3.8 Note on Medium Manufacturing Enterprises

While much of the Budget's direct language focuses on micro and small units, **medium manufacturing enterprises** emerge as critical beneficiaries of system-level interventions:



- Capital access and balance-sheet strengthening
- Export facilitation and logistics efficiency
- Technology depth and automation
- Supply-chain integration

Medium enterprises act as anchors within clusters and value chains, supporting MSME graduation and scale.

3.9 Overall Industry Assessment on Manufacturing

India SME Forum views the manufacturing focus in Budget 2026 as **balanced and forward-looking**, combining:

- Strategic sunrise sectors for long-term competitiveness
- Traditional industries for employment intensity
- Cluster-based interventions for scale and resilience

Together, these measures strengthen MSMEs as **integral contributors to India’s manufacturing, export, and infrastructure growth story.**

4. SERVICES & EXPORTS

(Services-Led Growth, Export Enablement, Employment, Clusters, and MSME Competitiveness)

This volume analyses the impact of Union Budget 2026 on service-sector MSMEs, exporting enterprises, employment creation, clusters, livelihoods, and presents the India SME Forum’s long-term assessment of MSME growth.

4.1 Impact on Service-Sector Micro, Small and Medium Enterprises

Service-sector MSMEs are among the largest contributors to urban employment, entrepreneurship, and services exports in India. Budget 2026 strengthens

this segment primarily through digital public infrastructure, export enablement, skilling pipelines, and regulatory predictability, rather than direct subsidies.

The Budget recognises that service-sector MSMEs, particularly micro and small enterprises, operate with low physical capital but high human-capital intensity. Accordingly, the policy focus is on systems that lower friction, improve scalability, and enable integration into domestic and global markets.

4.1.1 Note on Medium Service Enterprises

Medium service enterprises play a critical role in IT services, logistics, healthcare, professional services, and export-oriented knowledge industries. Budget 2026 supports these enterprises through **capital-market depth, digital infrastructure, and trade facilitation**, enabling scale without excessive compliance burden.

4.2 Budget Speech Emphasis on Services and Urban Employment

In her Budget Speech, the Finance Minister stated:

“Service-sector enterprises, particularly small businesses and professionals, are a major source of urban employment and innovation.”

This recognition is particularly relevant for MSMEs in IT services, tourism, healthcare, logistics, education, retail, and professional services.

4.3 Digital Enablement and Formalisation of Service MSMEs

Investments in digital public infrastructure, broadband expansion, and platform-based service delivery reduce operating costs and expand market reach for:

- Home-based and freelance service providers
- Platform-linked micro enterprises
- Small urban service firms



Digital onboarding and simplified compliance enable gradual formalisation, improving access to credit, insurance, and social security.

4.4 Focus on Sunrise and High-Growth Service Sectors

Budget 2026 places emphasis on sunrise service sectors that are MSME-dominated, employment-intensive, and globally tradable.

4.4.1 High-Powered 'Education to Employment and Enterprise' Standing Committee

A high-powered 'Education to Employment and Enterprise' Standing Committee would be set up to promote the services sector as a core driver of Viksit Bharat with a 10% global share by 2047. The Committee will prioritise areas to optimise the potential for growth, employment and exports, propelling the services of MSMEs.

Impact:

- Will lead to the overall development of the services ecosystem
- Identify sector-specific gaps and provide recommendations
- Will lead to better regulatory compliance and adherence

4.4.2. IT Sector

Clubbing of services: Software development services, IT-enabled services, knowledge process outsourcing services and contract R&D services relating to software development have been clubbed under a single category of Information Technology Services.

Standardisation and Tax benefits: IT firms would have a common safe harbour margin of 15.5 percent applicable to all. The threshold for availing safe harbour for IT services is increased from Rs 300 crore to Rs 2,000 crore. Safe harbour for IT services will be approved by an automated rule-driven process and continued for a period of 5 years at a stretch at its choice.

Fast tracking of the Unilateral APA process for IT services and endeavour to conclude it within a period of 2 years. The period of 2 years can be extended by a further period of 6 months on the taxpayer's request. To extend the facility of modified returns available to the entity entering APA to its associated entities. Provision of tax holidays until 2047 to foreign companies providing cloud services to global customers through India-based data centre services.

Impact:

- Will provide growth and competitiveness
- Will enhance investment opportunities to promote digital infrastructure
- Strengthening the position of India's IT sector globally

4.4.3 AVGC (Animation, Visual Effects, Gaming and Comics)

The AVGC sector consists largely of small studios, freelancers, and IP-driven enterprises.

Budget 2026 supports AVGC MSMEs through:

- Skilling and talent development
- Digital infrastructure
- Export enablement for IP-led services

Impact:

Micro and small studios gain export visibility and scale opportunities, while medium firms benefit from global contracts and IP monetisation.

4.4.4 Tourism and Experience-Based Services

Tourism is one of India's most MSME-intensive sectors, covering homestays, small hotels, tour operators, and experience providers.

Budget 2026 supports tourism MSMEs through:

- Destination development
- Improved connectivity
- Digital platforms for bookings and payments

Impact:

Micro tourism enterprises see higher utilisation and income stability, while small and medium firms professionalise operations.

4.4.5 Medical Tourism and Healthcare Services

Medical tourism and allied healthcare services are fast-growing sunrise segments.

Budget 2026 supports these sectors through:

- Medical value tourism hubs
- Healthcare infrastructure expansion
- Quality and regulatory frameworks

Impact:

Small hospitals, diagnostics centres, wellness clinics,

and allied healthcare MSMEs benefit from increased patient inflows.

4.4.6 Healthcare, Wellness, and Allied Services

Beyond medical tourism, Budget 2026 strengthens MSME participation in diagnostics, wellness, AYUSH, elder care, and home-based healthcare services.

4.5 Overall Industry Assessment on Services

India SME Forum views the Budget 2026 approach to services as **structurally enabling rather than subsidy-driven**. The focus on digital infrastructure, skilling, and export enablement positions service MSMEs as major contributors to urban employment and services exports.

5. Impact on Exporting MSMEs and E-Commerce Exports

Budget 2026 introduces transformational trade facilitation reforms that materially improve export viability for MSMEs, especially through e-commerce channels.

These reforms reduce execution risk, compliance burden, and downside exposure for micro and small exporters.

5.1 Note on Medium Exporting Enterprises

Medium enterprises account for a significant share of India's merchandise and services exports. Trade facilitation, logistics efficiency, and compliance simplification in Budget 2026 are particularly consequential for these firms.

5.2 Budget Speech on Export Inclusion

The Finance Minister announced:

"Our goal is to democratise exports by enabling micro and small enterprises to access global markets, including through e-commerce."

5.3 Key Trade and Customs Reforms Enabling MSME Exports

5.3.1 Removal of ₹10 lakh Courier Export Cap

Budget 2026 removes the ₹10 lakh per-consignment value cap on courier exports, addressing a long-standing operational constraint faced by MSMEs engaged in e-commerce and small-batch exports. The earlier ceiling limited the ability of enterprises to ship higher-value products such as specialised textiles, jewellery, handicrafts, electronics accessories and niche manufactured goods through fast, courier-based channels, often forcing them into costlier and more complex cargo routes. By eliminating this cap, the Budget enables MSMEs to scale order values, improve fulfilment efficiency, and better serve global direct-to-



consumer (D2C) markets. The reform aligns courier exports with the realities of modern digital trade, where order sizes and product values vary widely, and strengthens India's position as a competitive base for high-value, low-volume exports driven by MSMEs.

Impact:

- High-value consignments can be shipped via courier
- No artificial order splitting
- Faster and cheaper logistics

5.3.2 Return-to-Origin (RTO) for Exports

Budget 2026 introduces a critical facilitative reform by allowing returned export consignments to re-enter India as **returns rather than fresh imports**, addressing a major pain point in cross-border e-commerce and courier-based exports. Earlier, export returns, often triggered by customer rejections, delivery failures, or size and specification mismatches, were treated as new imports, attracting customs duties, IGST, and complex compliance requirements. This significantly increased costs and risks for MSMEs, discouraging them from offering flexible return policies to international buyers. By recognising export RTO shipments as returns, the reform reduces financial exposure, improves ease of doing business, and aligns India's export processes with global e-commerce norms, thereby making MSME-led D2C exports more viable and competitive.

Impact:

- Simplified, technology-enabled clearance
- No fresh import duty (subject to conditions)

5.3.3 Simplified Handling of Rejected and Returned Consignments

The simplification of procedures for handling rejected and returned export consignments significantly



reduces operational friction for MSME exporters, particularly those engaged in e-commerce and direct-to-consumer trade. By easing customs processes and eliminating treatment of returns as fresh imports, the reform lowers the cost of failed or reversed transactions, which are inherent to online commerce. This, in turn, reduces working-capital lock-ups caused by duties, taxes, and prolonged clearance timelines on returned goods. The reform improves cash-flow predictability, encourages MSMEs to offer buyer-friendly return policies, and enhances overall resilience in export operations without exposing firms to disproportionate financial risk.

5.3.4 Lower and Uniform Duty on Gifts and Samples

The introduction of lower and uniform duties on gifts and commercial samples removes a key entry barrier for first-time and small exporters seeking to test international markets. By reducing the cost and uncertainty associated with sending samples to overseas buyers, distributors, or consumers, the reform enables MSMEs to undertake market discovery, product validation, and buyer onboarding without disproportionate financial exposure. This is particularly important for design-led, artisanal, and consumer-facing sectors where physical sampling is critical to securing orders. Overall, the measure supports a shift from speculative bulk exports to evidence-based, demand-driven export strategies for MSMEs.

5.4 Sectoral Impact of Export Reforms

High-impact MSME sectors include:

- Handicrafts and handloom
- Home-based manufacturing
- Lifestyle, fashion, and accessories
- Beauty, wellness, and personal care
- Digital-first and D2C brands

These reforms significantly reduce the fear factor associated with exporting.

5.5 E-Commerce Exports as a Growth Engine

E-commerce exports allow MSMEs to directly access global consumers, reduce dependence on large distributors, and scale exports incrementally based on demand rather than large upfront commitments. Budget 2026 positions e-commerce exports as a credible and scalable pathway by combining trade facilitation, logistics simplification, and digital market access.

The effectiveness of this pathway, however, depends on complementary financial, institutional, and operational enablers, outlined below.

5.5.1 Financial Architecture for E-Commerce Exports

E-commerce exports require financial products aligned with short, high-frequency, and return-sensitive cash-flow cycles. Marketplace-linked credit, invoice discounting for confirmed export orders, and faster export proceeds reconciliation, particularly under systems such as EDPMs which are critical to sustaining MSME participation in cross-border digital trade.

Impact:

- Liquidity constraints continue to limit order acceptance and scaling
- Payment delays and returns create disproportionate stress for micro and women-led exporters
- Export growth remains constrained despite improvements in logistics and customs facilitation.

5.5.2 Cluster-Based Execution and Compliance Models

Cluster-level export facilitation enables MSMEs to collectively meet compliance, logistics, and quality requirements demanded by global markets. By pooling resources for packaging, labelling, testing, documentation, logistics coordination, and returns management, clusters function as integrated export-enablement units rather than merely production hubs.

Impact:

- High per-unit compliance costs persist when MSMEs operate individually
- Traditional and decentralised sectors lack scalable export execution mechanisms
- Weakens last-mile delivery of trade facilitation reforms

5.5.3 Data-Driven Export Growth and Platform Analytics

Sustained success in e-commerce exports depends on the effective use of data and analytics. Platform-level insights on demand trends, pricing, consumer preferences, return patterns, and delivery performance allow MSMEs to shift from supply-led production to demand-responsive exporting.

Impact:

- Limited adoption of analytics increases inventory risk
- Higher incidence of unsold stock and return-related losses
- Reduced long-term competitiveness on global digital marketplaces

5.5.4 Cooperative-Led Export Aggregation

Cooperatives play a strategic role in aggregating production from small and marginal producers and scaling exports through collective action. Strengthened capital circulation and favourable tax treatment enable cooperatives to invest in export-oriented infrastructure and act as digital aggregators on global e-commerce platforms.

Impact:

- Export outcomes remain fragmented in the absence of cooperative-led aggregation
- Marginal producers face higher compliance and transaction costs
- Scale efficiency and bargaining power remain underutilised



5.5.5 Marine Exports and Cold-Chain-Intensive Sectors

Reforms recognising fish caught in India’s Exclusive Economic Zone and on the high seas as exports, along with enhanced duty-free access to processing inputs, improve clarity and cost efficiency in marine trade. Complementary investments in cold-chain logistics, temperature-controlled shipping, and digital tracking are essential to unlock e-commerce opportunities in high-value seafood segments.

Impact:

- Value-added marine exports remain constrained by logistics gaps
- Cold-chain-dependent MSMEs face higher compliance and delivery risks
- A high-potential export sector requires deeper integration into digital trade frameworks

5.5.6 Impact on Medium Exporting Enterprises

Medium enterprises account for a substantial share of India’s merchandise and services exports. Simplified customs procedures, predictable export timelines, and logistics efficiency enable these firms to scale operations across multiple international markets while maintaining compliance.

Impact:

- Faster clearances and reduced documentation improve multi-market expansion
- Predictability in export timelines strengthens buyer confidence
- Medium enterprises play a critical role in translating facilitation reforms into export volume growth.

6. Skilling, Employment, and Human Capital for MSMEs

6.1 Budget Speech Commitment on Skilling and Employment

In her Budget Speech, the Finance Minister introduced the skilling and employment reforms by stating:

“Our Government has therefore decided to place a renewed emphasis on the Services Sector to provide a pathway to fulfilling aspirations of a youthful India, with the following measures.”

This line directly precedes the announcement of education-to-employment alignment, sector-specific skilling, and related workforce development initiatives.

Budget 2026 aligns skilling and employment generation with MSME demand.

- Micro enterprises generate entry-level jobs
- Small enterprises create stable shop-floor employment
- Medium enterprises generate skilled and supervisory roles

Apprenticeships and enterprise-linked skills reduce hiring risk and improve productivity.

6.2 Education-to-Employment Alignment

Budget 2026 aligns skilling systems with enterprise demand through an Education-to-Employment and Enterprise Standing Committee.

- Micro enterprises benefit from job-ready graduates for entry-level service and support roles
- Small enterprises gain workforce aligned to evolving business and technology needs
- Medium enterprises access skilled and supervisory talent in emerging areas such as AI and digital services

Demand-driven skilling reduces skill mismatches, lowers hiring friction, and improves productivity across MSMEs.

6.3 Sector-Specific Skill Creation

Budget 2026 targets large-scale, sector-specific skills in healthcare, caregiving, AVGC, tourism, sports, and hospitality.

- Micro enterprises absorb trained workers in labour-intensive service roles
- Small enterprises gain sector-ready staff to scale operations and service quality
- Medium enterprises benefit from specialised skills supporting export-oriented and high-value services

Industry-aligned skilling accelerates employment absorption, enhances service quality, and strengthens MSME competitiveness in high-growth sectors.

6.4 Samarth 2.0 – Textile Skilling Reform

Budget 2026 modernises textile skilling through Samarth 2.0 with strong industry–academia collaboration.

- Micro enterprises gain skilled workers for cluster-based, labour-intensive operations.
- Small enterprises benefit from improved productivity and process adoption.
- Medium enterprises access technically skilled manpower aligned with modern textile manufacturing

Updated curricula and training infrastructure reduce skill gaps and enhance competitiveness of textile MSMEs.

6.5 Mahatma Gandhi Gram Swaraj Initiative – Artisan and Rural Skilling

Budget 2026 strengthens artisan and rural skilling through integrated training, quality and market linkage support.

- Micro enterprises and artisans gain skills for improved production and livelihoods.
- Small rural enterprises benefit from better quality, branding and market access.
- Medium enterprises within ODOP ecosystems gain reliable, skilled supplier bases

Integrated skilling and market linkage improve income stability and sustain rural MSME employment.





6.6 Upgradation of Industrial Training Infrastructure (PM SETU)

Budget 2026 upgrades Industrial Training Institutes under PM SETU to align vocational training with industry needs.

- Micro enterprises gain access to job-ready technical workers.
- Small enterprises benefit from improved vocational skill credibility and reduced training costs.
- Medium enterprises access skilled manpower aligned with modern manufacturing technologies

Upgraded ITIs strengthen industry–training linkages, improve workforce quality, and support cluster-based employment growth.

7. India SME Forum View: Budget 2026 in Long-Term Context

Budget 2026 should be interpreted not as a short-term stimulus package, but as a **structural growth blueprint** for the next phase of India’s MSME and enterprise-led development. Rather than relying on fiscal giveaways or sector-specific subsidies, the Budget prioritises **system-building**, strengthening the foundational enablers of growth such as digital payments, capital market access, export infrastructure, logistics efficiency, and compliance rationalisation.

This shift reflects a recognition that sustainable MSME growth depends less on temporary support and more on **predictable, scalable ecosystems** that reduce friction, lower transaction costs, and improve market access over time. By focusing on trade facilitation, digitalisation, and institutional capacity, the Budget seeks to make Indian enterprises structurally more competitive, both domestically and globally.

For MSMEs aligned with **sunrise sectors**, technology adoption, and global value chains, Budget 2026 provides **strategic direction rather than immediate acceleration**. The emphasis is on enabling enterprises that are willing to formalise, digitise, and integrate with global markets to scale sustainably. The onus now shifts to execution, at the level of institutions, clusters, and enterprises, to translate these systemic reforms into tangible outcomes in productivity, exports, and employment.

In this sense, Budget 2026 signals a maturation of MSME policy, from protection and support towards **participation and competitiveness**, positioning Indian MSMEs as long-term contributors to economic growth rather than short-term beneficiaries of fiscal intervention.

8. Conclusion: MSME Growth Outlook

From the perspective of India SME Forum, the Union Budget 2026 marks a pivotal transition in India’s MSME policy framework, one that shifts the emphasis from reactive support to proactive system-building. The Budget’s architecture reflects a deeper recognition that sustainable MSME growth depends not only on access to finance, but also on predictable markets, efficient logistics, digital capability, skilled human capital, and an enabling regulatory environment. By addressing these interconnected dimensions simultaneously, the policy approach moves toward creating a stable operating ecosystem rather than isolated scheme-based interventions.

At the core of this transition is the strengthening of the financial backbone of the MSME sector. Expanded credit guarantees, the mainstreaming of digital and cash-flow-based lending, and the introduction of equity-oriented growth capital collectively broaden



the financing continuum available to enterprises. This layered approach is particularly important because MSMEs at different stages of maturity require different forms of capital, liquidity for survival, debt for expansion, and equity for scaling and innovation. By improving both the availability and diversity of funding sources, the Budget enhances the sector's capacity to invest in technology, productivity improvements, and market expansion while reducing structural dependence on high-cost informal finance.

The liquidity reforms centred on receivables financing and digital payment ecosystems further strengthen this foundation by addressing one of the most persistent challenges faced by MSMEs: delayed payments and working-capital volatility. By institutionalising transparent, technology-enabled mechanisms for invoice financing and settlement, the policy framework has the potential to reshape payment discipline across supply chains, improve cash-flow predictability, and enhance the overall financial health of small enterprises. This, in turn, creates a virtuous cycle where stronger balance sheets improve creditworthiness, enabling further investment and growth.

On the production side, the Budget's industrial strategy reflects a carefully calibrated balance between competitiveness and inclusivity. Support for high-technology and sunrise sectors positions MSMEs to participate in emerging value chains and capture higher value addition, while continued emphasis on traditional and labour-intensive industries ensures that growth remains employment-rich and geographically dispersed. The revival of legacy clusters and expansion of plug-and-play industrial ecosystems are particularly significant in this context, as they lower entry barriers, reduce fixed costs, and allow smaller firms to access shared infrastructure and capabilities that would otherwise be out of reach. Over time, these interventions can help transition MSMEs from fragmented, low-productivity operations to more organised and globally competitive production networks.

The services and digital economy dimension of the Budget further underscores the forward-looking nature of the policy framework. By prioritising digital public infrastructure, skilling systems, and regulatory simplification, the Budget recognises that future MSME growth will be increasingly driven by knowledge-intensive and platform-enabled business models. This approach not only supports entrepreneurship and job creation in urban centres but also expands opportunities for women, youth, and home-based enterprises to participate in formal economic activity.

Equally transformative are the export facilitation measures, which meaningfully reduce the operational and financial risks associated with cross-border trade. By simplifying procedures, improving logistics predictability, and aligning regulations with the realities of e-commerce and small-batch exports, the policy framework lowers the barriers to international market entry for micro and small enterprises. This democratisation of exports is critical for diversifying India's export base, enhancing resilience to domestic demand cycles, and enabling MSMEs to integrate more deeply into global value chains.

Taken together, the Budget outlines a coherent long-term vision in which MSMEs are not treated merely as beneficiaries of targeted schemes, but as central drivers of productivity, innovation, and employment. The focus on building durable institutional and economic "rails" such as spanning finance, infrastructure, compliance, skills, and market access, reflects a strategic understanding that sustained enterprise growth emerges from ecosystem strength rather than isolated incentives.

Looking ahead, the ultimate impact of these reforms will hinge on effective implementation, coordination between central and state institutions, and the responsiveness of delivery mechanisms to the diverse realities of MSMEs across sectors and regions. Continuous monitoring, stakeholder feedback, and adaptive policy refinement will therefore be essential to translate the Budget's intent into measurable outcomes on the ground.

In sum, Budget 2026 sets the stage for the next phase of MSME evolution in India, one characterised by stronger formalisation, higher productivity, deeper global integration, and more resilient enterprise growth. If executed with consistency and institutional alignment, the measures outlined have the potential to significantly enhance the sector's contribution to investment, exports, job creation, and inclusive economic development over the coming decade.

VOLUME III – ANNEXURES (Reference, Tables, and Supporting Analysis)

This volume contains all supporting tables, scheme-wise allocations, mechanism deep dives, and reference material underpinning the analysis in Volumes I and II. It is intended for policymakers, financial institutions, researchers, and ecosystem stakeholders.

ANNEXURE A:

Budget Speech → Scheme → Beneficiary → Impact Mapping

The table below maps key announcements and themes from the Hon'ble Finance Minister's Budget Speech to specific schemes or interventions, budgetary support (where available), and the primary MSME beneficiary segments.

Budget Speech Theme / Reference	Scheme / Intervention	Budget Outlay / Financial Commitment (FY 2026–27)	Primary MSME Beneficiaries	Expected Impact
Expand collateral-free credit for micro and small enterprises	Credit Guarantee Framework (including TReDS-linked guarantees)	Expanded coverage; higher per-unit limits	Micro & Small Manufacturing and Services	Lower borrowing costs, formal credit access, reduced dependence on informal lenders
Provide patient capital to help MSMEs scale	SME Growth Fund	₹10,000 crore corpus	Growth-stage Small & Medium Enterprises	Long-term equity/quasi-equity capital for scaling, technology and exports
Improve payment discipline for MSMEs	Mandatory TReDS for CPSEs + GeM-TReDS integration	Regulatory reform; guarantee-backed	Micro & Small suppliers to CPSEs	Faster payments, lower working-capital stress
Democratise exports	E-commerce exports facilitation	Embedded in export promotion outlays	Micro exporters, artisans, women-led units	Direct global market access
Strengthen labour-intensive manufacturing	Manufacturing-linked demand via public capex	Record capex (₹12.2 lakh crore)	Micro & Small manufacturers	Higher orders, capacity utilisation
Strengthen MSME clusters	MSME Cluster Development Programme	Enhanced cluster allocations	Cluster-based micro & small units	Shared infrastructure, productivity gains
Credit-led livelihoods for women	SHE Mart, Mission Shakti, NRLM	Dedicated women-centric allocations	Women-led micro enterprises, SHGs	Income security, market access

ANNEXURE B:
**Scheme-wise Budgetary Allocations Relevant to MSMEs
(BE 2026–27)**

This annexure summarises **explicit Budget** Estimates for schemes that materially impact MSMEs, either directly or through ecosystem development.

Scheme / Programme	Ministry / Department	BE 2026–27 Allocation (₹ crore)	MSME Segment Benefited	Nature of Impact
SME Growth Fund	Ministry of Finance / DFS	10,000	Small & Medium Enterprises	Patient growth capital
Export Promotion Mission	Ministry of Commerce & Industry	2,300	Micro, Small & Medium Exporters	Market access, logistics
PM Formalisation of Micro Food Processing Enterprises (PM-FME)	MoFPI	1,700	Micro food-processing units	Formalisation, branding
DAY–NRLM	Ministry of Rural Development	19,200	SHGs, women-led micro enterprises	Credit-led livelihoods
Mission Shakti	MWCD	3,605	Women-led micro & small enterprises	Entrepreneurship support
PM SETU (Skilling via ITIs)	MSDE	6,141	MSME workforce	Skill development
Bio-Pharma SHAKTI	Dept. of Pharmaceuticals	500	MSME pharma & biotech	Technology & R&D
Chemical Parks Scheme	DCPC	600	Chemical MSMEs	Cluster infrastructure
Chemical Parks Scheme	DCPC	600	Chemical MSMEs	Cluster infrastructure
Industrial Corridors (NICDIT)	DPIIT	3,000	Manufacturing MSMEs	Infrastructure & demand
Legacy Industrial Clusters (200)	MoMSME / DPIIT	Allocation announced	Micro & Small cluster units	Productivity & scale

ANNEXURE C:
TReDS Reforms – Mechanism to Outcome Mapping

Reform Lever	What Changes Operationally	Immediate Effect	Structural Outcome for MSMEs
GeM–TReDS Integration	PO, delivery & acceptance data auto-flow	Invoice authenticity	Faster financing, lower risk
Mandatory TReDS for CPSEs	All MSME invoices routed digitally	Enforced payment discipline	CPSEs become anchor buyers
CGTMSE Guarantee on TReDS	Partial guarantee to lenders	Risk sharing	Lower discount rates
Automated Authentication	No manual checks	Faster approvals	Cheaper working capital
Securitisation of receivables	Bundling & sale to MF/ insurance	Liquidity infusion	Scaled invoice financing

Net Result: Structural reduction in MSME working-capital stress and improved bargaining power.

ANNEXURE D:
E-Commerce Export Reforms – Sectoral Impact

Reform	What Changed	MSME Impact
Removal of ₹10 lakh courier cap	No value ceiling on courier exports	High-value D2C exports possible
Return-to-Origin for exports	Returned goods not treated as imports	Reduced downside risk
Simplified returns	Tech-enabled clearance	Faster resolution
Lower duty on samples/gifts	Uniform, lower rates	Easy market testing

High-impact sectors: Handicrafts, handloom, home-based manufacturing, lifestyle, beauty, wellness, D2C brands.

ANNEXURE E:
Women-Led Micro Enterprises & Livelihoods
Key instruments:

- SHE Mart – national and global digital marketplace
- Credit-led livelihoods – NRLM + bank linkage
- Mission Shakti – entrepreneurship, skilling, market access Outcomes:

Outcomes:

- Shift from subsistence to market-oriented enterprises
- Income stability
- Formalisation and financial inclusion

ANNEXURE F:

Budget 2026 Signals Structural Reset for MSMEs

From Credit Expansion to Export Democratisation, the Policy Focus Shifts to Scale, Liquidity and Competitiveness

Union Budget 2026 positions India's MSMEs at the centre of the country's growth strategy, marking a decisive shift from short-term relief measures to long-term ecosystem strengthening.

Union Budget 2026 Key MSME Measures - Infographic Brief		
Focus Area	Key Measures Announced	Why It Matters
Capital & Credit	Expanded Credit Guarantee coverage; 210,000 crore SME Growth Fund (equity); digital cash-flow based lending	Broader access to finance across lifecycle stages-from micro survival to growth capital
Liquidity Reform	Mandatory CPSE onboarding on TREDs; TREDs-GeM integration	Faster receivables discounting: structural reduction in payment delays
Manufacturing & Clusters	Revival of 200 legacy clusters; plug-and-play industrial parks; support for electronics, semiconductors, biopharma	Productivity gains and integration into strategic supply chains
Labour-Intensive Sectors	Continued focus on textiles, handicrafts, marine, food processing, sports goods	Employment stability and export resilience
Exports & Trade Facilitation	Removal of courier export cap; simplified returns handling: customs duty rationalisation	Lower entry barriers for small exporters and e-commerce players
Digital & Services Economy	IT safe harbour reforms; AVGC ecosystem push; tourism and healthcare emphasis	Boost to knowledge-led and service MSMEs
Compliance & Formalisation	Strengthened digital public infrastructure integration (GST, GeM, Udyam, TREDs)	Improved credit profiling, transparency and formal participation
Skilling & Workforce	Industry-aligned skill development initiatives	Enhanced productivity and workforce readiness

The Big Picture

- Moves MSME policy from subsidy orientation to competitiveness orientation
- Strengthens financial architecture across debt and equity
- Institutionalises payment discipline through digital platforms
- Reduces export friction for small enterprises

Budget 2026 lays the foundation for a more resilient, credit-enabled and globally integrated MSME sector -with execution and state-level coordination now critical.



A Revolution, Driven by the Global South



The World Futures Forum 2026, organised by the India SME Forum in collaboration with international partners, brought together policymakers, global institutions, industry leaders and innovators to discuss the future of MSMEs in a rapidly transforming global economy. The two-day forum focused on key themes such as AI adoption, industrial cluster development, digital trade, quality infrastructure and export competitiveness. Experts from across countries shared practical strategies to strengthen MSME productivity, innovation and global market access. The event aimed to move beyond dialogue toward actionable partnerships and solutions for building resilient, technology driven MSME ecosystems.

INAUGURAL

The forum opened with energy and purpose. Senior leaders from the Government of India, UNIDO, and India SME Forum took the stage and from the very first words, it was evident from the outset that the platform aimed for action, not just dialogue

Mr. Vinod Kumar

President, India SME Forum

Mr. Vinod Kumar welcomed the delegates and noted that the world is undergoing a profound economic, technological and geopolitical shift. He stated that participation in the forum reflected “a shared conviction that the future must not simply be anticipated but actively shaped, responsibly and inclusively.” He emphasized that the objective of the two days was to move “from dialogue to direction, from ideas to implementation, and from networks to long-term partnerships.”

Mr. Alejandro Rivera Rojas

Chief of Division for MSME Competitiveness and Job creation, UNIDO

India has everything it needs to lead industrial transformation across the Global South: a vast MSME ecosystem, strong digital public infrastructure, affordable connectivity, a deep scientific talent base, and industrial clusters ready for the next leap. Yet the gap between potential and reality remains wide. “Too many small enterprises remain stuck in the same way of doing things year after year.” Four questions framed the forum’s agenda: how to build more competitive clusters, how AI can accelerate cluster-level innovation, how green patents can support low-carbon technology adoption, and how quality infrastructure can open global export markets for MSMEs.



Mr. Jason Slater

Chief of AI, Innovation and Digital Officer, UNIDO

Mr. Slater stated that “AI and data are preparing a revolution that goes way beyond the fourth industrial revolution.” He compared AI to a fleet of superfast bikes that can take industries further and faster, but cautioned that without safety rules, infrastructure and equitable access, the promise of inclusive deployment could become risky. He announced that UNIDO’s AIM Global alliance, comprising over 300 members across 40 countries, is entering its delivery phase, with India leading the initiative.

Shri Jitan Ram Manjhi

Union Minister for Micro, Small and Medium Enterprises

Drawing from nearly 46 years of public life, he emphasized that despite the scale of our MSME initiatives, their impact has not reached rural India in the way it should. The realities of villages are very different from cities. Income is uncertain, skills are informal, migration is forced, and access to tools, credit, and markets remains limited. If MSME efforts remain confined to cities and semi-urban areas, India’s real challenges will not be addressed. India is a country of villages, and MSME growth must reach the grassroots. There is a strong need to actively promote and spread awareness of MSME schemes in rural areas, to go to villages, communicate in local languages, and involve rural people directly. Only when MSMEs are taken to villages in a planned and inclusive manner will migration reduce, sustainable livelihoods be created, and true national development be achieved. Platforms like the World Futures Forum, organised by the India SME Forum, along with global institutions such as UNIDO, help strengthen this approach by bringing together serious deliberation, global experience, and practical solutions

The session concluded with the formal launch of the AIM Global India Regional Chapter, bringing together leaders from Govt. of India, UNIDO and India SME Forum. The initiative aims to strengthen AI-driven competitiveness among Indian manufacturing MSMEs, with twelve enterprises already joining the platform.

Building Competitive Industrial Clusters: From Strategy to Implementation

One of the most powerful ideas discussed at the World Futures Forum 2026 was also one of the simplest: small businesses grow faster when they grow together. That was the central message of the session, which focused on building competitive industrial clusters and translating global strategy into ground-level action. The session brought together experts from India, Egypt and Spain to demonstrate how cluster development works in practice.

Ms. Emame Wahsh

Business Development and International Trade Professional, Egypt

Ms. Wahsh shared insights from the TIGARA project, funded by the European Union and implemented by the United Nations Industrial Development Organization, which is working with the Mahalla textile cluster of more than 10,000 enterprises across the value chain. The diagnostic revealed familiar gaps such as outdated technology, weak coordination, limited branding and poor global linkages. The objective is to build a globally competitive, EU-compliant textile hub by 2030. “We want to shift from volume to value,” she stated.

Mr. David Fernandez Terreas

Head of Cluster Development, SPRI, the Basque Business Development Agency, Spain

Mr. Terreros presented the Basque region as an example of a mature cluster ecosystem built through sustained investment and policy continuity. “Around 85 percent of cluster members are SMEs, ensuring that initiatives directly benefit small businesses. The Basque Net Zero Industrial Supercluster has supported dozens of industrial plants in assessing carbon footprints and launching innovation projects, demonstrating that sustainability can strengthen competitiveness when approached strategically”.



Shri Vinamra Mishra

Joint Secretary, Ministry of MSME, Government of India

Shri. Mishra highlighted India’s rapid progress in innovation and intellectual property. India has significantly improved its position on the Global Innovation Index, startup numbers have expanded sharply, and annual patent filings have crossed one lakh. Approval timelines have reduced substantially, while 87 IP Facilitation Centres support MSMEs in filing patents, trademarks and geographical indications. The ZED programme has certified over 5.7 lakh MSMEs, and new initiatives are being developed to support energy efficiency and green transition for small enterprises.

Ms. Ebe Muschiali

Industrial Development Officer, UNIDO

“Cluster development is built on collective efficiency. Firms and institutions achieve more together than they can alone. We work at three levels: enabling policy frameworks, strengthening meso-level institutions, and supporting firm-level collective action. Do not create artificial clusters. Build on what already exists, strengthen governance, and promote trust through joint action. Clusters today are not just cost-reduction platforms. They are resilience-building ecosystems that respond to technology shifts, market realignments and sustainability demands.”

Shri Salik Parwaiz

Director, Cluster Development and Export Promotion, Ministry of MSME

“Clusters are not only economic units. They are instruments of inclusive and balanced regional development. In the last five years, we have supported more than 200 projects through Common Facility Centres and infrastructure upgrades. Our next phase integrates digitalization, sustainability, innovation and export promotion. With new trade agreements and the Export

Promotion Mission, clusters must become gateways to global value chains.”

Prof. Carlo Pietrobelli

Policy Advisor on Innovation & Industrial Development, UNESCO Chair in ST&I Policies for Sustainable Development in Latin America at UNUMERIT Maastricht, Professor of Economics at Roma Tre University

“The green transition and digital transformation are structural shifts, not temporary trends. Global value chains are being reshaped, and this creates new entry points for agile clusters. Geographic concentration still matters.

Proximity and collaboration remain powerful drivers of innovation. Clusters can move beyond efficiency to become engines of resilience, inclusion and long-term competitiveness.”

Takeaways

Clusters do not succeed by accident. They require structured diagnostics, clear governance and sustained institutional support. Sustainability and competitiveness can reinforce each other when green transition is treated as a strategic opportunity. India’s growing innovation ecosystem, when integrated through strong cluster frameworks, has the potential to create globally competitive MSME ecosystems.

Innovation, Digitalization & IP in MSME Clusters

The session examined how MSME clusters can protect and scale innovation through digitalization and intellectual property. Speakers from Argentina, Germany, India and UNIDO shared practical experiences on AI adoption, green patents, Industrial IoT and innovation ecosystems.

Ms. Natalia Seiler

Executive Director, Competitiveness Agency of Córdoba, Argentina

Ms. Seiler shared how her agency introduced AI adoption across 27 clusters spanning biotech, automotive, tourism and agritech. She noted that the agency first experimented internally before working with businesses. “We started in our own agency, working like a sandbox. After we gained confidence, we translated it to our clusters and innovation ecosystems.” In less developed clusters, the focus was not on technology but on solving problems. “We don’t talk about AI. We talk about mapping pain points.” Simple digital tools were introduced first, building confidence gradually. She cautioned that “AI for itself is not going to shorten the gap in the Global South. What makes the difference is how we are going to build it,” describing the goal as moving from “human intensive” to “human expansive” models.

Prof. Dr. Joern Block

Director, Steinbeis Transfer Centre for Technology & IP Management, Germany

Green patents are no longer a niche concern. Filings in renewable energy, carbon capture, and energy efficiency are growing faster than almost any other category globally, with China leading and other countries steadily catching up. “Using AI-based text analysis combined with patent classification, we can map innovation strengths across countries and clusters,”



Shri N.R. Meena

Senior Joint Controller of Patents & Designs Head of office, Patent Office Delhi

Most MSMEs do not file patents simply because they do not know they can, or how to. Awareness and proper drafting remain the two biggest barriers to IP protection for small businesses. The incentives, however, are significant: an 80% reduction in filing fees and access to expedited examination for faster processing. The Patent Office has also introduced AI-based tools for automatic allocation of applications to technical experts, ensuring both speed and objectivity. The process is structured, transparent, and far less daunting than most small business owners imagine. “MSMEs should not be afraid of it. It is a fair process and their innovations deserve protection.”

Mr. Sandeep Tandon

National Project Manager, UNIDO

UNIDO’s Facility for Low Carbon Technology Deployment has been running since 2017, and its findings from deploying Industrial IoT across ten sectors carry an

important lesson for MSMEs: the biggest value of smart technology on the factory floor is not environmental. It is productivity. For small and micro enterprises, real-time data visibility meant faster decisions, less downtime, and lower costs. Emission reduction was a welcome bonus, not the primary driver. “Overall plant downtime reduces, productivity improves, and on that basis they can build the case for machine learning and artificial intelligence.” IoT, in other words, is not the destination. It is the stepping stone that makes AI adoption meaningful and measurable for small businesses.

Dr. Ritin Koria

Programme Specialist – Innovation, UNIDO

Innovation is not a single act. It is a systemic process that no single business, ministry, or institution can drive alone. Drawing on UNIDO’s National Innovation and Manufacturing Survey across 56 sectors, one finding stood out: there is too much competition and too little collaboration between India’s premier technical institutions and its second-tier universities. Put them in the same room, and the results change. IITs bring technical depth. Second-tier universities bring entrepreneurial drive. Together, they



can take ideas to market faster. For MSMEs, the mindset shift is equally important. “Don’t think locally, think globally. Borders have blurred. It is no longer national, regional or sectorial. It is supranational.”

Takeaways

The session reinforced that innovation in MSMEs must be protected through IP, strengthened through digital tools and scaled through cluster collaboration. Practical enablers already exist — including 80% fee reduction for MSME patent filings, fast-track examination and AI-based patent analytics. Industrial IoT is demonstrating measurable productivity gains on factory floors, creating a foundation for AI adoption. The key challenge is not complexity or cost, but awareness and coordinated ecosystem support.

From Standards to Markets: Leveraging Quality Infrastructure for MSME Competitiveness



The session examined how quality infrastructure standards, testing, certification and compliance systems can strengthen MSME competitiveness in global markets. Experts from accreditation bodies, testing institutions, certification services and UNIDO discussed practical solutions to reduce export rejections and improve compliance readiness.

Ms. April Chang

Associate Industrial Development Expert, UNIDO

Setting the tone for the discussion, Ms. Chang emphasized the need for focused intervention. “We can’t fix everything at

once. We need to identify the one highest leverage move.” She highlighted the importance of simplifying compliance pathways for MSMEs and announced that UNIDO is developing a digital tool called Quality Map, which will allow exporters to select their product and target market to receive a clear list of applicable standards and requirements. “You pick the product, you pick the export market, and it gives you all the requirements.” The tool is expected to go live in 2026.

Shri Anil Jauhri

Former CEO, National Accreditation Board for Certification Bodies

Most export rejections have nothing to do with product quality. They stem from weak systems. “At different touch points, we need to understand the laws and regulations, have a system for implementation, and then a mechanism for data collection, analysis and improvement.” Basic quality tools like root cause analysis and Pareto charts, combined with risk-based thinking, can eliminate most compliance failures before a shipment ever reaches a foreign border. Build the system first, and the product will take care of itself.

Shri Alok Srivastava

Director General, National Testing House

Shri Srivastava identified awareness gaps and limited access to accredited laboratories as key challenges. “One of the major concerns is the awareness which is lacking,” he stated, noting that many MSMEs are unclear about the standards applicable in specific export markets. National Testing House laboratories are certified under ISO 17025, ensuring international acceptance of test results, and there is a need to expand accredited lab capacity as new Free Trade Agreements open markets with stringent compliance norms. Better hygiene, storage and process controls can significantly reduce technical rejections such as pesticide residues and contamination.

Shri Arvind Kumar Upadhyaya

CEO, STQC Certification Services

The problem is rarely the product. “It is not that the product does not comply. Ultimately it complies, but with a lot of effort, because there are so many gaps in providing the standard documentation.” The evidence gap, as he described it, is where export orders are silently lost. The solution is a credible evidence pack: consistent records, end-to-end traceability, and documentation that creates a clear, verifiable chain from raw material to finished product. Digital tools can make this seamless. QR-code verified certificates and digitally signed reports eliminate authenticity concerns entirely. “If it is digitally signed and the digital signature is valid, no verification is required.” The question of whether a report is genuine simply goes away.

Mr. Sunil Thawani

CEO, Quality Indeed Consulting

“We need to move toward systems-based thinking. Organizations must understand and respect laws and regulations across the entire journey, from sourcing raw materials to final delivery. At every stage, there should be systems for implementation, along with mechanisms for data collection, analysis, insights, and continuous improvement. MSMEs need to build competence to identify the root causes of compliance failures using tools like Pareto analysis, cause-and-effect diagrams, and risk-based thinking. More importantly, quality must be communicated in the language of money. When owners understand that a rejection can lead to a loss of money, they pay attention. Ultimately, we must address the culture of ‘chalega’, where defects are tolerated, and replace it with a culture of quality, prevention, and accountability.”

Takeaways

The session underscored that product quality alone is insufficient for global competitiveness; robust compliance systems, documentation and traceability are equally critical. Export rejections often arise from awareness gaps and weak record-keeping rather than technical failure. India possesses strong accredited testing and certification infrastructure, but MSMEs require better access, simplified guidance and digital verification systems. Tools such as UNIDO’s Quality Map and DigiLocker-style trusted documentation frameworks can significantly reduce compliance uncertainty. For MSMEs targeting global markets, quality infrastructure is not a regulatory obligation but a strategic investment.

Experienced and Practical Solutions for Cluster Development and MSME Competitiveness in India

The concluding session of Day 1 focused on India’s on-ground experience in cluster development. Bringing together an MSME cluster leader, a UNIDO expert and a senior government official, the discussion examined lessons from two decades of implementation and priorities for the next phase of cluster-led competitiveness.

Mr. Vikram Joshi

Owner, Rangotri; Member, Jaipur Block Printing Cluster

In 2003, the Jaipur block printing cluster was on the verge of collapse, torn apart by litigation and internal disputes. Twenty businesses came together, formed a collective, and rebuilt from the ground up. Four things made it work: industrial symbiosis among members, a manageable group size, frequent coordination meetings, and committed leadership. “Twenty is a manageable number. We could



share information very quickly and make decisions very quickly.” Reflecting on national programmes, where 55 of 70 sanctioned textile parks never took off, the message was direct: “We need to learn how to celebrate failure. Go back and see what went wrong, prepare a report, and make sure we don’t make those mistakes again.”

Future-ready clusters must now focus on AI adoption and compliance readiness.

Mr. Alejandro Rivera Rojas

Chief of Division, MSME Competitiveness and Job Creation, UNIDO

India is one of the most significant global examples of cluster development, and elements of UNIDO's own methodology were shaped by lessons learned here. But success is not a reason to stand still. The next phase demands four things: moving up the value chain; deeper integration with universities and research institutions; building resilience against geopolitical and climate shocks; and stronger permanent governance structures. Rural agro-processing clusters represent an overlooked opportunity, where urban migration creates demand while rural production creates livelihoods. UNIDO is also developing global standards for measuring cluster performance, which could improve benchmarking and make it easier for cluster members to access credit, "solving one of the MSME sector's most persistent problems."

Smt. Anuja Bapat

Deputy Director General, Ministry of MSME

India's Cluster Development Programme formalises what micro enterprises do naturally: cluster together and share resources. An all-women embroidery cluster in Moradabad eliminated near-total rejection rates with a single AutoCAD machine. A group of dal mills grew so much through shared infrastructure that members have since moved into protein fortification entirely. "The programme has to keep adapting," as MSMEs



Shri Jitan Ram Manjhi with our Editor in Chief, Ms. Sushma Morthania.

now span sectors from drone manufacturing to electric vehicles. The government is adding testing facilities, R&D support, and reviving 200 legacy clusters, while deregulation "frees up time, money, and bandwidth that small businesses can redirect towards growth."

Takeaways

India's cluster development programme has demonstrated durability and tangible results over two decades. However, emerging challenges including AI integration, ESG compliance, global value chain participation and resilience planning require structural upgrades rather than incremental adjustments. Future-ready clusters will need stronger governance, institutional linkages, performance benchmarking and focused expansion into rural and agro-processing sectors. The path forward lies not in replacing the existing model, but in modernizing it for a more competitive and technology-driven MSME ecosystem.



Day 2

Opening remarks

Mr. Jason Slater

Chief of AI, Innovation and Digital Officer, UNIDO

Mr. Jason Slater brought the room back to first principles. The AIM Global India Chapter, launched the previous day, was not symbolic, he said. It is meant to deliver real solutions, creating a space where any MSME can walk in with a production challenge and leave with a tested answer. Recalling a pen gifted to him by Mr. Vinod Kumar when they signed their joint declaration, he closed with a simple reminder: entrepreneurs are nation builders. The work begins now.



AI for Boosting Productivity & Competitiveness in Industry and Manufacturing

The opening session of Day 2 examined how Artificial Intelligence can improve productivity and competitiveness in manufacturing. Experts from Singapore, Germany, the UK and India discussed digital maturity, practical factory-level use cases, institutional support systems and adoption pathways for MSMEs.

Mr. Raimund Klein

Chief Executive Officer, International Centre for Industrial Transformation, Singapore

Mr. Klein shared insights from global digital maturity assessments, noting that “ninety percent of companies worldwide are stuck in the digital dust,” with only a small fraction prepared for industrial AI adoption. Industrial AI is not about isolated automation, but about the proportion of processes and supply chains operating autonomously. He observed that globally, most companies remain below the first band of a five-level maturity scale, highlighting both the scale of the challenge and the opportunity.

Mr. Thomas Rilke

Division Manager, Deutsche Messe Technology Academy, Germany

Mr. Rilke emphasized that many manufacturers are not yet sufficiently digitised to adopt AI effectively. Substantial productivity gains can be achieved through foundational digitisation before introducing advanced AI tools, underscoring the importance of strengthening digital basics prior to scaling intelligent systems.



Mr. Harish Nachnani

Head – Didactic, Festo India Pvt. Ltd.

Mr. Nachnani illustrated practical AI applications on factory floors, including predictive maintenance, real-time quality monitoring and energy optimization. He explained how AI systems detect early signs of machine irregularities, reducing unplanned downtime. Referring to industry examples, he highlighted measurable reductions in breakdowns through predictive monitoring. He emphasized that similar proportional benefits are achievable for MSMEs operating smaller production lines.

Ms. Christi Thomas

Deputy Head, Commercial AI & Innovation Hub, FCDO, British High Commission, New Delhi

Ms. Thomas identified three key barriers to MSME AI adoption: clarity, competence and cost. She stated that “MSMEs require clear guidance on relevant AI tools and realistic returns, access to skills development, and mechanisms to mitigate upfront investment risks”. She highlighted cluster-based Centres of Excellence as practical platforms where MSMEs can learn, experiment and build confidence before committing capital.

Mr. Arvind Gupta*Head & Co-Founder, Digital India Foundation*

Technology adoption works only when it is driven by need from the bottom up, not imposed from the top down. Twenty years ago, most MSMEs resisted ERP software. Then competitors adopted it, productivity gains became visible, and the rest followed. AI will follow the same curve. “The tipping point will come when the cost of not adopting AI



outweighs the cost of adopting it.” For that tipping point to reach every corner of India’s MSME workforce, localisation is not optional. AI tools that work only in English are tools that exclude. Building them in Hindi, Tamil, Telugu, and other Indian languages is the difference between technology that empowers and technology that divides.

Takeaways

AI is already delivering measurable productivity gains through predictive maintenance, quality monitoring and energy optimization. However, successful adoption depends on strong digital foundations and process clarity. MSMEs should begin with existing data, address inefficiencies systematically and leverage Centres of Excellence for low-risk experimentation. Skills development and language localisation are critical enablers. The central message: start small, build capability gradually and integrate AI strategically rather than impulsively.

Bridging Policy and Practice: MSME Export Readiness in Uttar Pradesh

This fireside conversation focused on translating MSME policy into measurable ground level outcomes. The discussion examined export readiness, digital onboarding, plug and play infrastructure, cluster cooperation and the potential for a Centre of Excellence in Uttar Pradesh.

Shri Raj Kamal Yadav*Managing Director, UPSIC, Government of Uttar Pradesh*

Shri Raj Kamal Yadav highlighted that Uttar Pradesh, with nearly 96 lakh MSMEs, has structured its export enablement strategy across three levels. “The first and foremost is how to bring them into the net of exports,” he said, noting partnerships with platforms such as Walmart, Flipkart and Amazon Global for onboarding and orientation. Many artisans possess world class skills but require support in business communication. “Their product is top notch. Where the lack is how do we engage with buyers? How do we draft good mail? How do we follow up without offending?” The state provides training on such soft skills alongside financial incentives, including reimbursement of up to ₹5 lakh for digital onboarding and cataloguing support.

On infrastructure, he outlined the plug and play factory model. “You just come, give us your requirements, bring your machines and start producing from the next day.” Across Kanpur, Agra and other cities, hundreds of MSMEs are already operating through such facilities.

Explaining the philosophy behind MSME One Connect, he noted, “Do not ask us what we can give you. Tell us what you need and we will curate the solution accordingly.”

**Mr. Jason Slater***Chief of AI, Innovation and Digital Officer, UNIDO*

Following the global call for AIM Centres of Excellence, 15 countries have already expressed interest. The concept is straightforward: create a safe, practical space where an SME can walk in with a real production challenge and walk out with a tested solution, the skills to implement it, and a clear adoption roadmap. “The SMEs are the game changers. They are the future of industrialisation.” By enabling collective experimentation and shared learning, these centres address two of the most persistent barriers at once: the cost of adoption and the fear of getting it wrong alone.

Mr. Vinod Kumar*President, India SME Forum*

Moderating the session, Mr. Kumar underscored the importance of aligning institutional frameworks with

enterprise realities. The discussion reinforced the need for collaborative ecosystems where policy design, digital infrastructure and industry participation work together to enable export competitiveness.

Takeaways

The fireside chat reinforced that effective MSME policy begins with listening rather than prescribing. Uttar

Pradesh's approach, combining digital onboarding, soft skills training, financial incentives and plug and play infrastructure, demonstrates how targeted handholding can accelerate export participation. The ODOP model highlights the strength of cooperative cluster structures and shared facilities. A Centre of Excellence in a state with wide sectoral representation could serve as a practical laboratory for technology driven MSME transformation.



AI and Digitalization for an Inclusive Digital Economy

This session examined how Artificial Intelligence can enable an inclusive digital economy, particularly for MSMEs and underserved communities. Speakers from industry, multilateral institutions and startups discussed adoption barriers, connectivity gaps, cloud infrastructure, practical field applications and the importance of localisation.

Dr. Ajay Singh

Global AI Leader, HCLTech

Mr. Singh identified mindset as the first barrier to MSME AI adoption. He cautioned against adopting AI out of fear of missing out, stressing the need to define the business problem, assess process readiness and evaluate return on investment. Fragmented workflows and poor data quality can undermine AI outcomes. He also highlighted the risks of AI hallucinations, particularly for small enterprises without dedicated technical oversight, underscoring the need for informed and structured adoption.

Ms. Atsuko Okuda

Regional Director, Asia Pacific Region, International Telecommunication Union

Ms. Okuda emphasized that digital inclusion begins with connectivity, noting that 2.2 billion people globally remain offline, with rural communities and women disproportionately excluded. She shared examples of satellite connectivity transforming remote communities, enabling access to digital services, AI tools and new business opportunities. She also referenced ITU's development of over 500 AI standards across governance, agriculture, health and risk management, providing structured frameworks for safe and scalable adoption.

Ms. Shruti Bhatia

Asia AI Workforce Business Go to Market Leader, Microsoft

Ms. Bhatia framed inclusion around three pillars: access, agency and outcome. She highlighted cloud computing as a key enabler for MSMEs through pay-as-you-go models that reduce upfront infrastructure costs. She emphasized that AI tools must reflect local languages and user contexts to ensure meaningful adoption. She also noted that human adaptability and critical thinking remain central to maximizing AI's economic benefits.

Mr. Farrukhbek Alimdjanov*Industrial Development Officer, UNIDO*

Mr. Alimdjanov shared field-level evidence of AI-driven productivity improvements. Precision farming initiatives in Latin America doubled crop profitability within six months, while AI-enabled aquaculture systems in Indonesia significantly increased shrimp production. He cited examples from India where computer vision systems could automate quality inspection, demonstrating how simple, targeted interventions can unlock efficiency gains for MSMEs.

Mr. Pratik Desai*Founder, KissanAI*

Mr. Desai emphasized designing AI tools for end users rather than technologists. KissanAI developed a voice-based agricultural assistant in Indian languages, enabling farmers

to interact naturally without formal training. The system was trained on real farmer conversations to reflect local vocabulary and dialects. He explained that the business model evolved toward enterprise and government partnerships to scale impact. He also highlighted AI's potential to create new entrepreneurial pathways in agriculture rather than displace livelihoods.

Takeaways

An inclusive digital economy requires deliberate design choices. Connectivity, affordability and localisation are foundational. MSMEs need accessible cloud infrastructure, contextual tools and shared platforms to experiment safely. Practical field applications demonstrate that AI can deliver rapid productivity gains when deployed appropriately. Inclusion will depend on whether technology is built for real users in real conditions, not only for advanced digital environments.

A Framework for India's AIM Centres of Excellence

This session examined how India can institutionalise AI adoption for MSMEs through structured Centres of Excellence. The proposed UNIDO Centres of Excellence for Andhra Pradesh and Maharashtra were discussed by state representatives, the India SME Forum and the United Nations Industrial Development Organization, focusing on delivery mechanisms, sectoral priorities and measurable outcomes.

Mr. Jason Slater*Chief of AI, Innovation and Digital Officer, UNIDO*

Mr. Slater clarified that a Centre of Excellence is not a demonstration venue but a working problem-solving institution. An MSME should enter with a production challenge and leave with a tested solution, clarity on required skills and a structured adoption roadmap. The centre must integrate intelligent manufacturing, robotics, workforce transformation and policy support under one framework. Success should be measured through tangible shop floor outcomes such as productivity gains, quality improvement, reduced downtime and energy efficiency. He noted that UNIDO's experience with similar labs globally demonstrates that structured, application-driven centres deliver measurable industrial impact. With 74 million MSMEs, India has both the scale and urgency to implement this model effectively.

Shri Vishwa M*CEO, AP MSME Development Corporation*

Shri Vishwa outlined how the proposed centre aligns with Andhra Pradesh's Swarna Andhra 2047 vision. Core priorities include AI-driven defect detection, predictive maintenance, skilling, deep technology adoption, logistics optimisation and employment generation. The state is witnessing significant



investments, including a 15 billion dollar data centre project by Google and steel sector commitments from ArcelorMittal, increasing the need for technologically capable MSME suppliers. Andhra Pradesh has announced 175 MSME parks and a cluster development policy covering 45 clusters. He observed that finance is not the primary demand from MSMEs. Skilled manpower, technology upgradation, plug-and-play infrastructure and ease of doing business rank higher. The Centre of Excellence is intended to address these structural gaps.

Smt. Manisha Kumbhar*Additional Collector, Government of Maharashtra*

Smt. Manisha described Maharashtra's proposed centre as an anchor institution for Industry 4.0 transition. Key focus sectors include automobiles and auto components, pharmaceuticals, textiles and apparel, and food processing. The centre will provide AR and VR-based training, additive manufacturing exposure, digital twin simulations and AI-driven quality and compliance tools. It will also conduct digital readiness assessments and develop customised

modernisation roadmaps for individual MSMEs, ensuring tailored progression rather than uniform intervention. The state aims to promote women's participation, balanced regional industrial development and sustainable manufacturing practices, positioning the centre as a national benchmark for inclusive industrial transformation.

Mr. Vinod Kumar

President, India SME Forum

Mr. Kumar highlighted a structural challenge within the MSME ecosystem. A large proportion of MSME factories operate machinery that is eight to twenty years old, while domestic machinery manufacturing has not fully aligned with Industry 4.0 standards. MSMEs procure what is available, perpetuating a cycle of outdated technology. He stated Centres of Excellence must demonstrate ideal modern production systems using advanced tools, including simulation and immersive technologies, so entrepreneurs can understand global benchmarks without travelling abroad. He further emphasized building master trainers and creating structured pathways to bridge the gap between engineering graduates and the millions of unfilled MSME jobs through industry-aligned skills

Takeaways

The AIM Centres of Excellence represent a structural requirement for India's MSME ecosystem. The capability gap between global buyer expectations and current MSME capacity is widening. Closing this gap demands physical institutions where modern technology can be demonstrated, skills developed and adoption risks reduced. Both Andhra Pradesh and Maharashtra have articulated readiness through policy alignment and sectoral prioritisation. The direction is clear: upskill, modernise and scale.



Cross Border Trade and Ecommerce: Enabling MSMEs from the Global South to Access Global Markets Digitally

The session focused on one of the most immediate questions for MSMEs: how to sell globally from the factory floor or cluster itself. Representatives from state government, global e-commerce, logistics, trade research and international development discussed export incentives, digital readiness, regulatory shifts and platform-driven access to global markets.

Shri Raj Kamal Yadav

Managing Director, UPSIC, Government of Uttar Pradesh

Shri Yadav outlined Uttar Pradesh's layered export strategy for its 96 lakh MSMEs across diverse clusters. Under the state's Export Promotion Policy 2025, catalogue

development costs are partially reimbursed, including support for high-quality 3D digital catalogues. Sample shipment expenses and freight costs are subsidised, with freight reimbursements capped per unit. International certifications such as SEDEX and LWG are also supported through financial incentives. Beyond subsidies, the Niryat Pradigya Abhiyan programme, implemented in partnership with the India SME Forum, targets strong domestic performers who are ready to transition into exports, helping them take the final step with structured guidance.

Mr. Raimund Klein

Chief Executive Officer, International Centre for Industrial Transformation, Singapore

Mr. Klein emphasized that digital maturity is now a prerequisite for export participation. Global buyers expect real-time inventory visibility, digital documentation and traceability as standard requirements. Emerging compliance norms such as carbon passports, digital product traceability and cross-border data standards will increasingly determine market access. He stressed the importance of government-level mutual recognition of digital certifications so that compliance data generated in India is accepted abroad without duplication, positioning digital trade policy as a strategic priority.



Mr. Srinidhi Kalvapudi*Head, Amazon Global Selling*

Mr. Kalvapudi shared insights from a decade of cross-border e-commerce engagement. Amazon Global Selling currently works with approximately two lakh Indian sellers, with strong growth in cotton home textiles, carpets and home decor. Growth is geographically diverse, spanning clusters in Uttar Pradesh and Tamil Nadu. There are three pillars for inclusive digital trade: affordable access to global marketplaces, the distinctive value of Indian products, and a coordinated ecosystem of infrastructure, policy support and digital literacy. E-commerce has significantly reduced entry barriers that previously limited small exporters.

Mr. Padmanabhan Babu*Founder and CEO, LEXSHIP*

Mr. Babu identified psychological hesitation as a major export barrier. Managing customs, logistics, documentation and payments can be overwhelming for small businesses. LEXSHIP's integrated platform handles end-to-end documentation digitally, eliminating paperwork for its 13,000 exporters. He emphasized building global compliance systems from inception, arguing that delayed compliance becomes more costly over time.

Dr. Arpita Mukherjee*Professor, ICRIER*

Dr. Mukherjee highlighted evolving global trade regulations and rising compliance standards. With geopolitical shifts reshaping trade flows, MSMEs must understand regulatory changes in their key export markets. She recommended

developing plain-language market manuals for MSMEs covering compliance requirements, digital standards and technology expectations. She also emphasized the underexplored potential of cross-border services exports enabled by digital platforms.

Mr. Tomoyoshi Koume*Industrial Development Officer, UNIDO*

Mr. Koume discussed the European Union's Digital Product Passport under its Ecodesign for Sustainable Products Regulation, which will require detailed digital disclosures on materials, manufacturing processes and environmental impact for products entering the EU from 2027 onward. A UNIDO assessment across multiple countries found that smaller firms in India and Bangladesh face significant awareness and capability gaps. Without structured capacity building and data standardisation support, many MSMEs risk losing EU market access. Coordinated action between government, industry and development partners is essential to ensure readiness.

Takeaways

Global markets are evolving rapidly, with rising digital and sustainability standards reshaping access conditions. Regulatory changes such as the Digital Product Passport will significantly impact export eligibility. At the same time, e-commerce platforms have reduced entry barriers and created unprecedented global reach for MSMEs. State incentives, digital infrastructure and compliance readiness must converge. The central message is clear: build globally from the beginning, digitise early, understand compliance requirements and treat international standards as strategic investments rather than obstacles



Closing Remarks

Where Conversations Become Commitments

“ These AIM centres are more than technical hubs. They are practical engines of transformation. ”

“ Bring your use cases, share your challenges and join the global community working to close the digital divide. ”

Mr. Jason Slater

Chief of AI, Innovation and Digital Officer, UNIDO



“ A business with one crore turnover and one with 250 crores are both MSMEs, but their problems are entirely different. ”

“ Go deeper into the clusters. Understand the real ecosystem before designing solutions. ”

Mr. Bhaskaran Kesavan

Tamil Nadu Chapter Head of India SME Forum

“ Every entrepreneur who has taken the risk of starting their business should be able to reach for the stars. ”

“ We wish that for every entrepreneur in the Global South. ”

Mr. Vinod Kumar

President, India SME Forum



“ This is not the conclusion. It is the beginning. ”

“ The work on cluster development, Centres of Excellence and AI adoption for MSMEs will continue without pause. ”

Ms. Sushma Morthania

Director General, India SME Forum



Highlights

Launch of AIM Global India Regional Chapter

The AIM (AI for Industry & Manufacturing) Global India Regional Chapter, part of the AIM Global Alliance led by the United Nations Industrial Development Organization (UNIDO) was launched at the World Future Forum. India SME Forum is the official partner and would lead the Global India Regional Chapter, of the AIM Global Alliance.

Call for Papers

The World Futures Forum 2026 received 36 research papers from across the world, of which five were selected and three presented. The papers explored circular economy transitions, ethical AI and workforce inclusion, and data protection for MSMEs. Together, they reinforced a clear message: digital transformation must be sustainable, inclusive and built on trust.



AI Open Innovation Challenge

UNIDO and India SME Forum launched a global Open Call for AI Innovation Solutions for an Inclusive Digital Economy. The initiative aims to identify scalable digital solutions that empower MSMEs, women, youth and underserved communities across the Global South, connecting innovators to global platforms and technical partnerships. Out of 150 applications, seven were selected. The winners were given a platform to showcase their solutions over 2 days at WFF and are being promoted across the entire global networks of UNIDO & ISF. [bwise](#)



DECODING INDIA'S LABOUR CODES: WHAT BUSINESSES MUST PREPARE FOR WITHOUT GETTING IT WRONG

A historic consolidation of 29 labour laws into four codes. The reform could redefine employment practices, compliance, and workforce security in India. Let's find out how



India's Labour Codes are one of the biggest labour law reforms since Independence, bringing 29 central labour laws under four Codes to simplify compliance, create uniform rules, and modernise the labour system. The Codes aim to standardise wages, streamline employment rules, expand social security coverage, and strengthen workplace safety, with greater use of digital systems and clearer definitions. The Labour Codes are not fully implemented across all states yet. MSMEs are currently operating in a transition phase where old labour laws continue to apply alongside the new Codes.

The Four Labour Codes - Explained for MSMEs

Code on Wages, 2019

The Code on Wages combines earlier laws on minimum wages, payment of wages, bonus, and equal remuneration into a single framework

with one uniform definition of "wages." **The key change is the introduction of a transparent wage structure, including the widely discussed "50% wage principle,"** which means allowances cannot exceed 50% of total pay, directly affecting provident fund, gratuity, overtime, and bonus calculations. For MSMEs, this does not require immediate changes, but salary structures that rely heavily on allowances will face closer scrutiny in the future, making it important to move toward simple, genuine, and defensible wage structures.

An important practical implication that businesses must understand is how allowances are viewed under the evolving wage framework. While many employers assume that allowances automatically fall outside wages, the underlying principle is that wages are defined inclusively unless a specific exclusion applies. Flat allowances that are not clearly

connected to employment-related expenses and are paid universally or regularly are increasingly vulnerable to being treated as wages, particularly when they inflate the allowance portion of compensation beyond the 50% threshold. MSMEs that continue using legacy salary break-ups with multiple fixed allowances may find that these structures increase statutory exposure over time unless rationalised in advance.

Industrial Relations Code, 2020

The Industrial Relations Code brings together laws related to industrial disputes, trade unions, and standing orders into one framework to bring clarity and predictability to employment relationships. **The key change is a shift towards structured and well-documented processes for employment conditions,** dispute resolution, and separation, replacing informal or ad hoc practices. For MSMEs, this does not create

immediate procedural burdens for smaller units, but businesses close to employee thresholds must be careful, as proper records, written policies, and fair processes will increasingly determine compliance outcomes during inspections and disputes.

As wage structures and benefit entitlements become more standardised under the new framework, employment documentation will play a more decisive role in dispute resolution. Clear articulation of salary components, reimbursement policies, performance-linked payments, and termination benefits in appointment letters and internal policies will help MSMEs defend wage-related positions if challenged. Informal understandings or loosely worded contracts are likely to weaken employer positions under the new regime.

Code on Social Security, 2020

The Code on Social Security brings together laws related to Provident Fund, Employees' State Insurance, gratuity, maternity benefits, and welfare measures into a single framework and formally recognises fixed-term employment and new-age work arrangements. The key change is the expansion and standardisation of social security coverage while retaining existing systems for administration. For MSMEs, Provident Fund and ESI continue to be governed by the **EPF Act, 1952** and the **ESI Act**, so no immediate change is required, but fixed-term employees are expected to receive full statutory benefits, including proportionate gratuity, making advance benefit planning increasingly important.

A critical area of interpretation under this Code is the definition of "wages" under Section 2(88). The definition is deliberately broad and inclusive, covering all remuneration

Transforming Labour Governance

Before 29 Existing Labour Laws

Now **4 Labour Codes**

- 01 The Code on Wages, 2019
- 02 The Industrial Relations Code, 2020
- 03 The Code on Social Security, 2020
- 04 The Occupational Safety, Health and Working Conditions Code, 2020

“The promise of the Labour Codes is ‘less complexity, more certainty’, especially for MSMEs that currently struggle with fragmented, multi-law compliance. If implemented with clear state rules, digital-first processes, and risk-based inspections, the Codes can reduce paperwork, improve formalisation, and make compliance practical rather than punitive.”



- Mr. Pratik Vaidya,

Head & Convenor – HR and Compliance Committee (in alignment with the Ministry of Labour and Employment and the Ministry of Micro, Small and Medium Enterprises)
Managing Director & Chief Vision Officer, Karma Management Global Consulting Solutions Pvt. Ltd.



paid for employment unless it is specifically excluded. This means that allowances not expressly listed in the exclusion clauses are generally treated as wages for social security purposes. Commonly used components such as education allowance, fixed medical allowance paid in cash, and regular ex-gratia or incentive payments made during

service typically fall within wages, unless they can clearly qualify as reimbursements of expenses incurred due to the nature of employment.

Even where certain components fall within the exclusion category, the Code introduces a deemed wages principle. If the total value of excluded components exceeds 50% of total remuneration, the excess is automatically added back to wages for social security calculations. This provision significantly limits aggressive allowance structuring and reinforces the need for realistic salary composition.



In practice, only payments that genuinely defray special employment-related expenses stand a stronger chance of exclusion. This requires a clear job-related nexus, payment against actuals or documented claims, non-universal applicability, linkage to duty performance, and robust documentation through expense policies, payroll coding, approvals, and audit trails. Flat allowances without proof or variable linkage are increasingly difficult to defend as exclusions. MSMEs that treat reimbursements casually or label fixed payments as expense defrayals without substance may face reclassification risks during audits or inspections.

Occupational Safety, Health and Working Conditions Code, 2020

The Occupational Safety, Health and Working Conditions Code brings together multiple laws on workplace safety, health, working hours, and employment conditions into a single framework. The key **change is the expansion of safety and working-condition requirements beyond factories** to include offices, warehouses, logistics units, and service-sector establishments. For MSMEs, this means safety compliance is no longer limited to periodic inspections, as maintaining basic safety standards, proper records, and contractor discipline becomes a regular operational responsibility.



“ Finally, the New Labor Code is a positive change. The business must transition without panic and preparation with expert advice. Do not try to experiment for the first time if there is a lack of subject matter knowledge.. ”

- Mr. Debashish Das,
 Founder, Vrddi, Small and Medium Enterprise expert, Life Member India SME Forum

As workforce structures formalise under the Labour Codes, safety obligations will increasingly intersect with employment documentation, contractor management, and attendance records. MSMEs must ensure that safety responsibilities extend uniformly across permanent, fixed-term, and contract workers, supported by consistent documentation and training records.

Labour Codes at a Glance			
Labour Code	What Has Changed	Impact on MSMEs	How MSMEs Benefit
Code on Wages, 2019	Introduces one clear definition of wages and limits excessive allowances.	Salary structures with low basic pay may face higher PF and gratuity exposure.	Clear wage rules reduce confusion and future wage-related disputes.
Industrial Relations Code, 2020	Brings structured rules for employment terms, disputes, and separations.	Clear hiring, exit processes, and proper documentation will help MSMEs reduce compliance risk.	Predictable processes help reduce disputes and sudden labour issues.
Code on Social Security, 2020	Creates a unified framework for PF, ESI, gratuity, and new work models.	Fixed-term staffing requires advance planning for statutory benefits.	Clear benefit coverage improves workforce stability and compliance certainty.
OSH & Working Conditions Code, 2020	Expands safety and working-condition rules beyond factories to offices.	MSMEs must maintain basic safety systems and proper workplace records.	Safer workplaces and simpler registration reduce inspection and accident risk.



Situations That Trigger Penalties or Punishments Under the New Labour Codes

Across the new labour law framework, penalties or punishments are triggered when employers default on core statutory obligations rather than on intent or scale. These include underpayment or delayed payment of legally mandated wages and benefits, failure to register establishments or workers and deposit statutory contributions after making deductions, denial of maternity, gratuity, or social security benefits; non-maintenance or falsification of mandatory records and registers, obstruction of inspectors or refusal to furnish documents, undertaking layoffs, retrenchments, closures, strikes, or lockouts without following prescribed procedures, engaging in unfair labour practices and violating workplace safety, health, or welfare norms especially where such lapses result in serious injury or death.

While first-time, non-serious violations are generally met with higher monetary fines and opportunities for compounding after notice, repeated, wilful, fraudulent, or hazardous non-compliance continues to attract severe penalties, including imprisonment and personal liability of company officers, reflecting a compliance-first but accountability-driven enforcement approach under the Codes.

Way Ahead for implementing labour codes

MSMEs must continue complying



“
Designation Doesn't Matter - Nature of Duty Does
”

- Adv. SK Gupta,
Supreme Court Of India

with existing PF and ESI laws without change, as incorrect assumptions about Code implementation can create immediate compliance risks, while at the same time preparing for a system that is becoming more digital, more standardised, and more closely scrutinised. Wage structures, in particular, will face deeper examination, especially where allowances, reimbursements, and incentive payments are used without adequate linkage, documentation, or policy support. Poorly structured allowances can directly affect future PF, gratuity costs, employee take-home pay, and dispute outcomes.

One area where many MSMEs are unprepared is fixed-term employment

and gratuity planning. Fixed-term contracts are legally recognised employment arrangements, not informal or temporary engagements. Statutory benefits cannot be denied simply because employment is for a defined period. Gratuity planning for fixed-term workers needs to move from an afterthought to a planned financial and compliance decision, supported by proper contracts, service tracking, and provisioning.

Together, the Industrial Relations Code and the OSH Code also push MSMEs toward better internal discipline. Clear service conditions, documented termination processes, grievance mechanisms, workplace safety systems, and well-defined reimbursement and allowance policies are becoming essential rather than optional. MSMEs that invest in structure and clarity will face fewer disputes and smoother inspections.

MSMEs need to navigate this transition effectively by focusing on strengthening fundamentals and seeking professional guidance to interpret compliance requirements correctly rather than waiting for final notifications. Proactively reviewing wage structures, validating PF and ESI coverage, identifying contractor-related risks, estimating gratuity exposure, improving safety documentation, rationalising reimbursements, and digitising compliance records will help businesses remain fully compliant today while steadily preparing for the future.

Seen together, the Labour Codes are not merely a consolidation of laws but a meaningful shift towards stronger compliance, better governance, and clearer workforce accountability in India. MSMEs that prepare thoughtfully without disturbing systems that are already compliant will find themselves better equipped to handle inspections smoothly, minimise disputes, and build lasting credibility with regulators, employees, and business partners. **bwise**



IMPACT OF RECENT REFORMS ON MSME EXPORTS

The Export Promotion Mission in the Union Budget 2026 aims to strengthen MSMEs' role in India's export growth story. Can it become a key catalyst for MSME-led export growth?

Union Budget 2026

Micro, Small and Medium Enterprises (MSMEs) contribute hugely to India's exports. The key export sectors include garments, leather goods, handicrafts, electronics components, sports goods, processed food and many other products that are sold around the world. However, MSMEs often face serious challenges in terms of limited funds, complex paperwork, losses when shipments are returned and delays at ports. The Union Budget 2026 has addressed many of these practical problems by introducing key reforms.

Lower Production cost and improved cash flows

MSMEs face high production costs as raw materials and imported inputs can be costly due to customs duties. Budget 2026 works on this bottleneck as it has reduced or removed duties on several key inputs used across sectors including textiles, leather, electronics, and gems and jewellery. As raw materials costs decrease, it will lead to lower production costs. This in turn will increase MSME competitiveness in global markets. The Budget has provided duty exemptions on capital goods which will make it cheaper for MSMEs to upgrade their machinery and improve product quality to meet international standards.

MSMEs struggle with working capital as their money gets blocked when goods are stuck at ports and duties are not paid quickly. The Budget 2026 has introduced measures including deferred duty payments in certain cases which means that businesses do not have to pay customs duty immediately. This reduces their financial pressure. Related to returned goods they would not be treated as fresh imports as in earlier cases exporters had to pay duty again in case of returns causing huge losses. This protects MSMEs from unexpected financial shocks. This measure therefore improves cash flow and reduces financial risks for MSME exporters.

Simpler and Faster Customs Procedures

Small businesses usually have limited staff and find the customs procedures complicated, time consuming and overwhelming. Budget 2026 has proposed a single digital window for customs clearance. Now exporters can complete custom procedures online in an easy manner. Risk-based clearances for trusted exporters will fasten up the movement of goods. What it means for MSMEs is that faster customs clearance will help in quicker delivery for international buyers increasing their reputation as reliable suppliers and building long term relationships. The Budget has extended export timelines for sectors such as garments and leather. This could be crucial as many MSMEs deal with fluctuating and seasonal demands. This measure will provide extra time to manage inventory, find new buyers and complete export obligations without tension and stress. It will also reduce the risk of penalties because of delays.

Big Push for E-Commerce Exports

One of the most significant reforms for MSME exporters has been the removal of the ₹10 lakh cap on courier exports. Small exporters earlier were not able to send high-value shipments through courier mode beyond this limit. This new reform will help exporters

across handicrafts, fashion products, jewellery, and specialty goods as they can export higher-value goods directly to customers abroad through online platforms without middlemen. Small businesses usually test foreign markets by sending large shipments which could lead to losses. Lower and more uniform duties on samples and gifts will now allow MSMEs to send smaller quantities before committing to bulk orders encouraging safer and smarter exporting.

Export Promotion Mission

Shri Piyush Goyal has launched seven additional interventions under the Export Promotion Mission (EPM), a flagship initiative of the Department of Commerce focussing on empowering MSMEs for global markets. They aim to address structural challenges faced by MSMEs, such as high cost of

capital, limited access to diversified trade finance instruments, compliance burdens in international markets, logistics disadvantages, and barriers to market entry. The Export Promotion Mission works on a holistic ecosystem approach by combining financial enablers under 'Niryat Protsahan' and trade ecosystem support under 'Niryat Disha', delivered through a unified and digitally monitored framework. The Export Promotion Mission is focussing on making exporting easier, cheaper, and less risky for MSMEs. Through Niryat Protsahan, businesses are assisted with lower interest costs, easier access to credit, and support when entering new markets. Through Niryat Disha, they get help with certifications, logistics, overseas warehousing, and finding buyers. Together, these measures aim to reduce financial stress, improve cash



Union Budget 2026-27 - Export Reforms for MSMEs

Reform	Description	Impact on MSME Exports
Removal of ₹10 lakh Courier Export Cap	The per-consignment value cap on courier exports is completely removed	MSMEs, artisans and e-commerce sellers can export higher-value products directly, enabling efficient D2C exports and scaling without splitting shipments
Improved Handling of Returned & Rejected Consignments	Technology-enabled identification and processing of returned/exported goods.	Reduces costs and delays linked with returns, improves cash flow and reduces export risk
Customs Simplification & Digital Clearance	Plans to integrate cargo clearances via single digital customs window and faster procedures	Faster export clearance reduces delays and costs for MSME exporters
Duty-free Export for Fish Catch Beyond Territorial Waters	Fish caught in EEZ or high seas treated as export without duty	Benefits seafood MSMEs and reduces trade friction in marine export value chains
Expanded Trade Facilitation Infrastructure	Broad logistical reforms including Unified Customs platforms, non-intrusive scanning and automated risk assessment	Improves reliability of export operations and reduces clearance times
Export-Friendly Duty Rationalisation	Broader duty and compliance reforms that support export competitiveness	Enables MSMEs to offer competitive pricing in export markets

Niryat Protsahan – Promoting Export Finance & Market Confidence

Intervention	Focus / Mechanism	Impact on MSMEs
Export Factoring Support	Interest subvention of 2.75% on factoring costs; ₹50L ceiling per MSME annually	Enhanced access to working capital and liquidity
Credit Assistance for E-Commerce Exporters	Direct E-Commerce Credit Facility: Support up to ₹50 lakh with 90% guarantee coverage Overseas Inventory Credit Facility: Support up to ₹5 crore with 75% guarantee coverage Interest subvention of 2.75% will be available, subject to an annual ceiling of ₹15 lakh per applicant	Supports online exports, Decreases finance cost
Support for Emerging Export Opportunities	Shared-risk instruments for high-risk or new markets	Reduces entry risk, Encourages market diversification
Interest Subvention for Pre- and Post-Shipment Export Credit (Under Implementation)	Interest support on export credit availed before shipment (packing credit) and after shipment (post-shipment credit).	Reduces cost of export finance Improves working capital cycle Enhances price competitiveness in global markets
Collateral Support for Export Credit (Under Implementation)	Credit guarantee / risk-sharing mechanisms to reduce collateral burden for exporters.	Eases access to formal credit, Enables first-time and small exporters to secure loans, Reduces dependence on informal or high-cost borrowing

Niryat Disha – Enabling Compliance, Logistics & Trade Intelligence

Intervention	Focus / Mechanism	Impact on MSMEs
TRACE (Compliance Support)	Partial reimbursement of 60% under the Positive List and 75% under the Priority Positive List for testing, inspection & certification; annual ₹25L ceiling per IEC	Reduces cost of international compliance; Improves credibility, Opens premium markets
FLOW (Overseas Warehousing & Fulfilment)	30% support for warehouse & fulfillment project costs; max 3 years subject to prescribed ceilings and MSME participation norms	Enables access to overseas warehouses and e-commerce hubs
LIFT (Freight & Transport)	Partial reimbursement of up to 30% of eligible freight expenditure, subject to a ceiling of ₹20 lakh per IEC per financial year	Lowers shipping costs, Expands participation in exports Mitigates geographical disadvantages
INSIGHT (Trade Intelligence & Facilitation)	50% of project cost, with up to 100% support for proposals from Central and State Government institutions and Indian Missions abroad, subject to notified ceilings	Strengthens market knowledge, Promotes district/cluster facilitation; Develops informed decisions
Market Access Support (MAS) (Under Implementation)	Assistance for participation in international trade fairs, buyer-seller meets, exhibitions, and market promotion activities.	Expands global visibility, Facilitates buyer discovery, Strengthens brand positioning internationally

flow, reduce compliance and shipping costs, and open doors to global markets.

Conclusion

The recent reforms under Union Budget 2026-27 and the EPM focus on making MSME exports more competitive, resilient, and future-ready.

By decreasing input costs, simplifying customs procedures, improving cash flows, and removing barriers to e-commerce exports, the Budget has addressed long-standing operational bottlenecks faced by small exporters.

The interventions under Niryat Protsahan and Niryat Disha as part

of the Export Promotion Mission strengthen access to finance, reduce compliance burdens, improve logistics support, and develop market intelligence. Together, these measures focus to create a more enabling export environment supporting MSMEs to scale their operations and expand into global markets with greater confidence. **businesswise**



THE ‘**FATHER OF ALL DEALS**’? INDIA-US TRADE RESET AND WHAT IT MEANS FOR MSMES

Beyond Tariffs, Negotiations & Trade Deals : The Promise and Complexity of India–U.S. Free Trade Agreement.

India is expected to move closer to one of its most consequential trade partnerships in recent years through the proposed India–U.S. Bilateral Trade Agreement (BTA). Once formally implemented, the agreement would open preferential access for Indian exporters to the United States’ nearly USD 30-trillion market.

For India’s micro, small and medium enterprises (MSMEs), which form the backbone of the country’s export ecosystem, this agreement would

go beyond policy intent. It would likely bring tariffs lower, improved price competitiveness, larger order volumes, and easier entry into the U.S. market, making exports more viable and predictable.

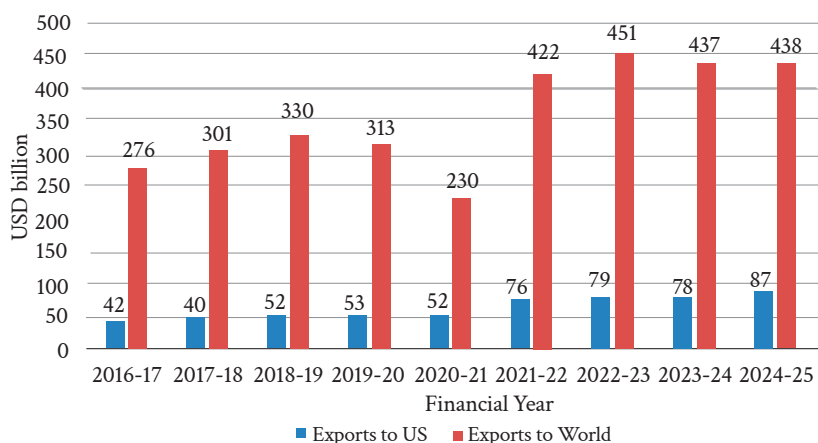
The United States, too, would stand to gain. The agreement would help American companies diversify supply chains, reduce reliance on a limited number of manufacturing countries, and secure dependable sourcing from India. At the same time, U.S. firms would gain wider

access to India’s expanding market for industrial goods, advanced technology and services, strengthening long-term economic and strategic ties.

Lower Tariffs, Higher Confidence

In 2024, India’s exports to the U.S. reached USD 86.35 billion. A significant portion of these exports earlier faced reciprocal tariffs of up to 50 percent, which reduced competitiveness despite steady demand.

India's Merchandise Exports Trends



Source : Ministry of Commerce, Government of India

margins, and give MSMEs the confidence to plan long-term supply contracts with U.S. buyers.

Textiles, Leather and Gems: Strong Gains for MSME Clusters

The textile and apparel sector, dominated by MSMEs, would emerge as one of the biggest beneficiaries. Import duties on many products would be reduced from 50 percent to 18 percent, while silk products would receive zero-duty access to the USD 113-billion U.S. market. This would strengthen India's position in products such as garments, carpets, bed linen,

Gains Across Sectors

Sector	Earlier Tariff	New Tariff	U.S. Market Size	Key MSME Impact
Textiles & Apparel	Up to 50%	18% (Silk: 0%)	USD 113 bn	Boost to garments, carpets, bed linen, yarn, baby wear
Leather & Footwear	Up to 50%	18%	USD 42 bn	Expansion in value-added leather exports, jobs
Gems & Jewellery	Up to 50%	18% (Diamonds, platinum: 0%)	USD 61 bn (USD 29 bn at 0%)	Gains for diamonds, lab-grown stones, jewellery
Home Décor	Up to 50%	18% (select items: 0%)	USD 52 bn (+ USD 13 bn at 0%)	Furniture, lighting, furnishings benefit
Toys	Up to 50%	18%	USD 18 bn	MSME integration into global supply chains
Machinery (non-aircraft)	Up to 50%	18%	USD 477 bn	Large untapped export growth (current exports USD 2.35 bn)

Source : PIB Research (Release Id : 2225318)

Under the proposed agreement, this situation would change meaningfully. Tariffs across major product categories would be reduced, zero-duty access would be extended to selected sectors/exports, and exemptions would provide greater certainty, particularly for small exporters.

Of the USD 40.96 billion in exports previously affected by reciprocal tariffs, nearly three-fourths now face a reduced duty of 18 percent, while about one-fourth would enjoy zero-duty access. An additional structural duty relief of USD 1.04 billion would fall under exempt categories with no extra duty. Together, these measures would lower export costs, improve



baby wear, yarn, curtains and blankets. The tariff relief would be especially significant as Indian exporters compete with countries like Bangladesh, Vietnam, Cambodia, Sri Lanka and Pakistan, many of which already enjoy lower tariffs in the U.S. market. The revised structure would help Indian MSMEs compete more effectively on price as well as quality. Leather and footwear exports would also benefit from tariff reductions to 18 percent, opening up a USD 42-billion market. MSME-driven leather clusters could see higher exports, greater value addition and improved employment prospects. In gems and jewellery, tariffs would fall to 18 percent, while diamonds, platinum and coins would attract zero



duty across a USD 29-billion market. MSMEs engaged in cut and polished diamonds, lab-grown diamonds and jewellery manufacturing would be well placed to expand.

Machinery, Toys and Home Décor: New Growth Opportunities

The agreement would create fresh opportunities for MSMEs in manufacturing. Machinery and parts (excluding aircraft components) would attract an 18 percent duty instead of 50 percent, improving access to a vast USD 477-billion U.S. market. At present, India exports only USD 2.35 billion worth of these products, indicating significant scope for growth. Home décor products, including furniture, cushions, lamps, quilts and furnishings, would also face lower tariffs of 18 percent, while selected items such as chandeliers and illuminated signs would receive zero-duty access. The toy sector, another MSME-led industry, would benefit from reduced duties, helping Indian manufacturers integrate more deeply into global value chains.

Agriculture: Growth Without Harming Farmers

Agricultural exports would receive carefully calibrated benefits. The U.S. would apply zero additional duty on USD 1.36 billion worth of Indian

agricultural exports, covering spices, tea, coffee, fruits, nuts, cereals, bakery products and processed foods. Of this, USD 1.035 billion would enjoy assured zero reciprocal tariff, reducing uncertainty for exporters and farmers alike. At the same time, sensitive sectors, including dairy, meat, poultry, cereals, millets, pulses, oilseeds and genetically modified foods, would remain protected. This balance would support export growth without exposing Indian farmers to import shocks. The agreement would also ensure zero additional duty access for USD 38 billion worth of industrial exports. These would include aircraft parts, machinery components, generic medicines, pharmaceutical ingredients and basic auto parts. Improved access to intermediate inputs such as semiconductor materials, specialty chemicals, electronics components, battery materials and precision tools would further strengthen MSME supply chains and support domestic manufacturing.

Digital Trade: New Avenues Beyond Goods

Beyond physical exports, the agreement would strengthen digital trade cooperation. India, now the world's fifth-largest exporter of digitally delivered services, would benefit from fewer regulatory

barriers and better-aligned digital trade rules. This would open new opportunities for MSMEs in IT services, SaaS, fintech, health-tech, artificial intelligence and cloud-based solutions, while access to advanced technology infrastructure would support innovation and scale.

A Note on Implementation

While the broad framework of the agreement has been outlined, official notifications and detailed implementation guidelines are still awaited. Recent U.S. court rulings and evolving trade positions, along with tariff-related policy signals linked to leadership changes and reviews associated with Donald Trump, indicate that timelines and final terms may see adjustments. Exporters are advised to track official announcements before making firm commitments.

Looking Ahead

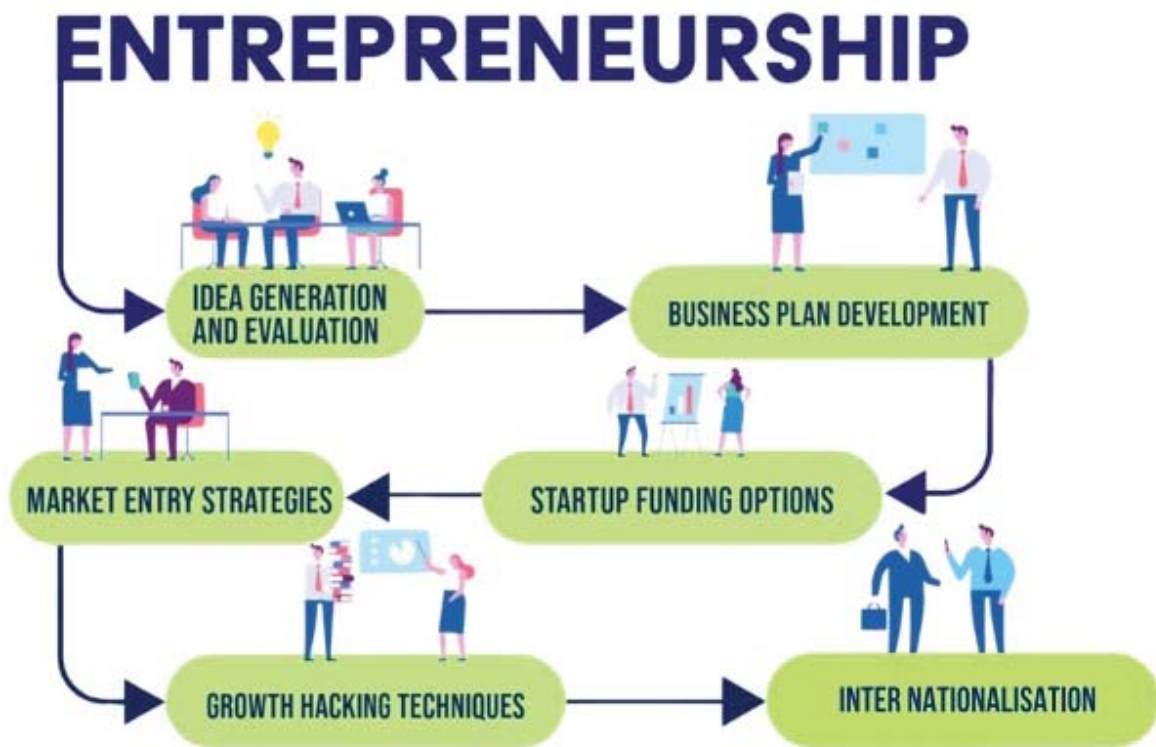
The proposed India-U.S. Bilateral Trade Agreement would mark a major step forward for India's export ambitions. With deep tariff cuts, zero-duty access across key sectors, stronger digital cooperation and well-designed safeguards, the agreement would support sustainable, long-term export growth.

For MSMEs, the opportunity is clear. Improved market access, lower costs and greater certainty would help firms scale up, diversify products and move up the value chain. Export-oriented clusters in textiles, leather, gems and jewellery, machinery, home décor, agriculture and digital services would be better positioned to grow and integrate with global supply chains.

As global buyers seek reliable and diversified partners, India would stand out as a competitive and trusted supplier. MSMEs that focus on quality, compliance, innovation and capacity expansion would be well placed to turn this agreement into stronger exports, healthier margins and meaningful job creation, laying the foundation for inclusive, export-led growth in the years ahead. **bwise**

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for Micro, Small and Medium Enterprises



INDIA–EU FTA: A Strategic Reset for Indian MSMEs in Global Trade

As India deepens trade ties with the European Union, the India–EU FTA could be a turning point for MSMEs seeking global scale.” For MSMEs, it promises wider market access alongside the challenge of higher global standards.

The conclusion of the India–European Union Free Trade Agreement (FTA) represents more than the closure of a long and complex negotiation. It signals a strategic recalibration of India’s trade ambitions away from episodic, price-led exporting and towards deeper integration with advanced global value chains. India and the EU already share a robust trade relationship, with

Bilateral Merchandise trade standing at USD 136.5 billion (2024-25), with Indian exports to the EU amounting to USD 75.8 billion. The FTA provides preferential access covering over 99 per cent of India’s exports by trade value and engagement with a USD 24-trillion combined market. The agreement places Indian MSMEs at the centre of a high-stakes opportunity, one that rewards preparedness as much as competitiveness.

For MSMEs, the significance of the India–EU FTA lies not merely in tariff reductions, but in the certainty it brings. The EU is among the world’s most regulated markets, where predictability in rules, standards, and enforcement often matters more than headline concessions. By creating a stable, rules-based framework, the FTA lowers the structural barriers that have historically limited MSME participation in European markets.

From Market Access to Market Integration

Unlike earlier trade arrangements focused primarily on lowering duties, the India–EU FTA seeks to enable integration. This distinction matters. MSMEs are often constrained not by demand, but by fragmented supply chains, compliance costs, and limited ability to commit to long-term contracts. The FTA addresses these frictions by aligning product rules with existing supply chains, simplifying certification processes, and enhancing regulatory cooperation.

Sectoral Implications: Where MSMEs Gain the Most

Under the FTA, around 70 per cent of all product categories that account for 90 per cent of Indian exports by trade value will have immediate duty elimination. These categories span across sectors such as textiles, leather and footwear, tea, coffee, spices, sports goods, toys, gems and jewellery, and certain marine products, sectors that have been traditionally and are presently dominated by the presence of MSMEs and drive Indian exports with a total value of USD 33 billion, presently facing import duty between 4% to 26% in the EU. Below is a detailed and sector-specific breakdown of the agreement and its impact on various Product groups:

Textiles and Apparel: The elimination of tariffs of up to 12 per cent across all textile and apparel tariff lines restores India's competitiveness in a market where preferential access has historically



favoured other exporters. For MSME-led clusters engaged in garments, made-ups, and home textiles, this translates into improved margins and stronger negotiating power with EU buyers. More importantly, zero-duty access supports a move towards longer-term sourcing relationships, critical for stability in a sector prone to demand volatility, creating a focused path to empower rural and women entrepreneurs

Gems and Jewellery: In gems and jewellery, where MSMEs dominate both processing and design, tariff elimination of up to 4 per cent across 100 per cent of trade value improves cost efficiency in a high-value market that imports USD 79.2 billion worth of products from this sector. However, the deeper shift lies in the FTA's intellectual property framework. By reinforcing design and trademark protection, the agreement nudges MSMEs away from anonymous manufacturing towards brand-led and design-driven exports—an essential transition for sustaining competitiveness.

Engineering Goods and Auto Components: Engineering exports, including auto components and industrial machinery, stand to gain from the removal of tariffs that earlier reached as high as 22 per cent. For MSME suppliers, the opportunity is less about immediate export volume and more about supply chain positioning. Predictable access to the EU market improves the case for technology upgrading, process standardisation, and long-term vendor relationships with European manufacturers. The FTA opens floodgates to a market of USD 2 trillion.

Marine Products and Agri-Processed Foods: Tariff reductions of up to 26 per cent for marine products and enhanced access for agri-processed goods such as tea, coffee, spices, gherkins, and processed foods covering 100 per cent of the trade value, support MSMEs operating at the intersection of agriculture and exports. The agreement carefully

The agreement places Indian MSMEs at the centre of a high-stakes opportunity, one that rewards preparedness as much as competitiveness.

balances liberalisation with safeguards for sensitive sectors, reinforcing a shift towards value-added, traceable, and compliant exports rather than raw commodities. For rural and coastal MSMEs, this improves income stability while raising the compliance bar, especially for states like Andhra Pradesh, Gujarat, and Kerala, providing a boost to India's blue economy.

Leather and Footwear: With tariffs of up to 17 per cent eliminated at entry into force, leather and footwear MSMEs gain immediate cost competitiveness. Yet, as with other sectors, tariff relief alone is insufficient. Regulatory cooperation and simplified procedures under the FTA are likely to matter more over time, particularly as EU buyers increasingly prioritise sustainability, design, and ethical sourcing.

Medical instruments and appliances: India is a manufacturing hub for high-quality and advanced medical equipment, including but not limited to Lenses, Spectacles, medical devices, measuring and testing instruments, the agreement will cover over 99 per cent of all product categories in the sector and witness tariff reductions up to 6.7 per cent.

Services sector: Commitments have been secured from the EU for 144 service subsectors, including IT/ITes, professional services, education, and other business services. This will help Indian service providers engage with a stable and conducive regime in the EU. Provisions have been outlined for

SECTOR-WISE TARIFF REDUCTION AND THEIR IMPACT AT A GLANCE			
Sector	Earlier Tariffs	Tariffs after FTA	Impact
Textiles & Apparel	Up to 12%	Eliminated	Restores price competitiveness; improves margins; strengthens rural and women-led clusters.
Gems & Jewellery	Up to 4%	Eliminated	Improves cost efficiency in a USD 79.2 billion import market.
Engineering Goods & Auto Components	Up to 22%	Eliminated to Zero, over 5-10 years.	Enhances supply chain integration; opens access to USD 2 trillion EU market.
Marine Products	Up to 26%	Reduced/Eliminated to near zero	Strengthens competitiveness for coastal MSMEs; improves income stability.
Agri-based & Processed Goods	Ranging from 36% to 150%	Eliminated to zero per cent depending on specific products	Encourages value-added exports; increases compliance and traceability focus.
Leather & Footwear	Up to 17%	Eliminated at entry into force	Immediate cost advantage; improves export viability.
Medical Instruments & Appliances	Up to 6.7%	Reduced or eliminated completely	Expands Competitiveness in precision healthcare
Home Décor & Furniture	Up to 10.5%	Eliminated	Strengthens artisan clusters; improves global positioning.

both business entities and independent professionals, covering IT, R&D and higher education, creating expanded opportunities for Indian businesses, professionals and for establishing a knowledge-driven trade.

Home decor, Wooden crafts, and Furniture: Lower duties of up to 10.5 per cent provide enhanced access to a bigger market, catalyzing the productive capacity and expansion of Indian wooden, bamboo and handcrafted furniture, fostering competitiveness on a global scale and strengthening India's role in international furniture supply chains.

The Real MSME Enablers: Rules, Standards, and Certainty

A defining feature of the India-EU FTA is its attention to operational detail. Product-Specific Rules (PSRs) are aligned with existing supply chains, allowing flexibility in sourcing inputs and explicitly recognising MSME constraints. The introduction of self-certification through Statements

of Origin reduces administrative burden, addressing one of the most persistent pain points for small exporters.

Equally significant is enhanced cooperation on Sanitary and Phytosanitary (SPS) and Technical Barriers to Trade (TBT) measures. Rather than diluting standards, the FTA improves transparency, information exchange, and recognition of conformity assessments

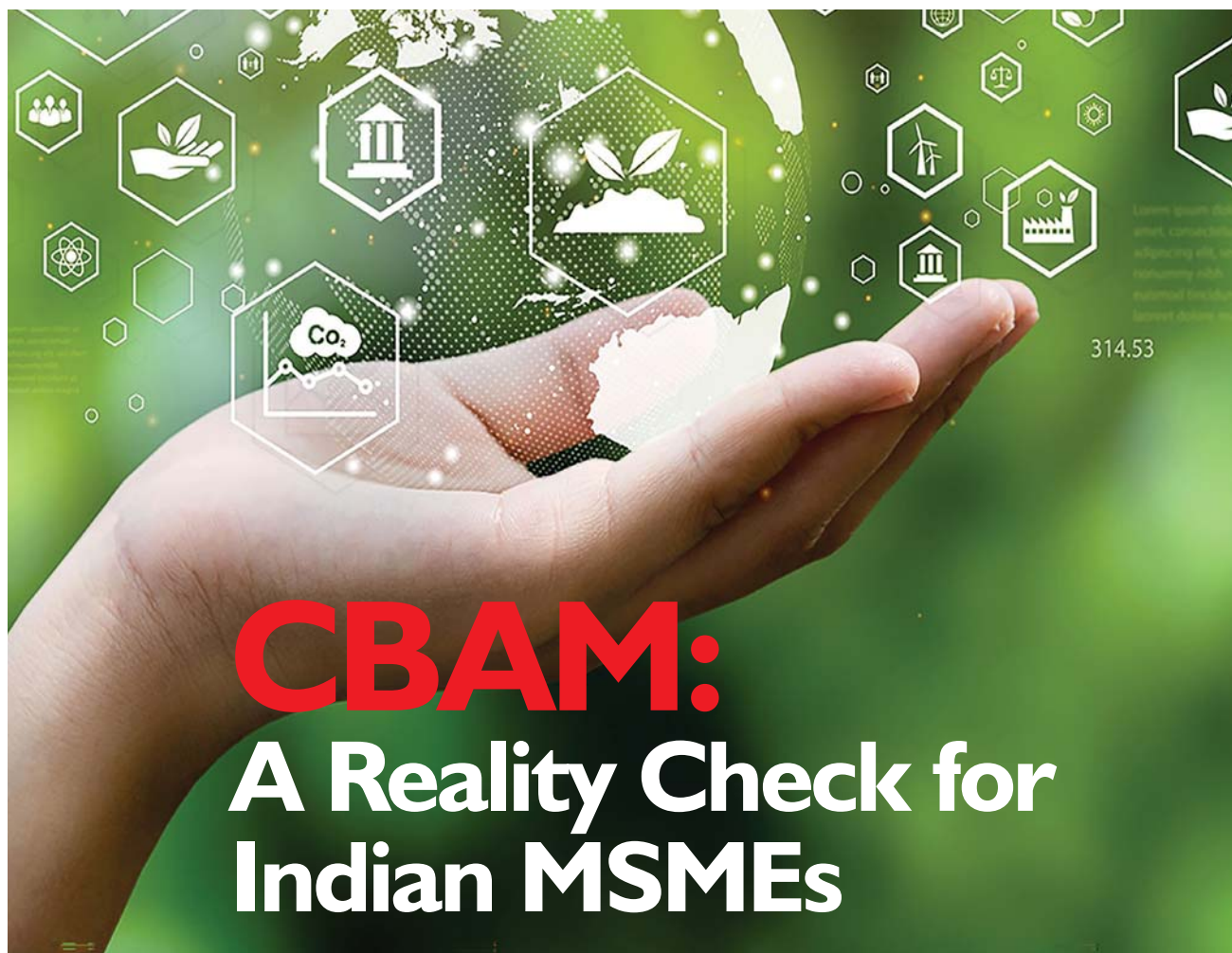
Intellectual Property as a Growth Lever for MSMEs

The India-EU FTA's intellectual property framework has important implications for MSMEs seeking to move beyond cost-based exporting. By reinforcing TRIPS-level protections for trademarks, designs, trade secrets, and traditional knowledge, the agreement reduces risks associated with branding, design registration, and innovation in the EU market.

For MSMEs in sectors such as textiles, jewellery, engineering, and traditional products, stronger IP safeguards improve confidence in developing proprietary offerings and engaging in technology partnerships. Over time, this creates conditions for a shift from contract manufacturing to higher-value activities such as co-development, brand ownership, and licensed production.

Structural Shift in Global Engagement

The India-EU FTA represents a structural shift in how Indian MSMEs engage with global markets. Rather than offering a short-term export boost, it establishes a framework that rewards consistency, compliance, and capability. By combining tariff liberalisation with clearer rules, regulatory cooperation, and stronger IP safeguards, the agreement lowers long-standing barriers that have limited MSME participation in advanced economies. **bwise**



CBAM: A Reality Check for Indian MSMEs

A climate policy with global trade implications : For Indian MSMEs exporting to the European Union it could mean both compliance challenges and a push toward greener competitiveness.

The European Union's Carbon Border Adjustment Mechanism (CBAM) marks a structural shift in global trade as it links climate action with market access. As per the CBAM, importers to the EU across steel, aluminium, cement, electricity, fertiliser and hydrogen sectors need to pay a carbon price as per their greenhouse gas emissions embedded in imported products. For Indian Micro, Small and Medium Enterprises (MSMEs), across these

sectors the transition of CBAM into its payment phase from January 1, 2026 has brought in significant economic and operational challenges.

Impact on MSMEs

The EU is a crucial export destination for India as it accounts for nearly 32–45 per cent of India's annual steel exports at 3–4 million tonnes. It is estimated that more than 30,000 MSMEs would be impacted by the CBAM increasing their compliance costs by 5–8%. Carbon charges have increased to \$275–350 per tonne from

\$80–95 per tonne due to dependence on default emission benchmarks. It is expected that steel and aluminium exporters would have to reduce their prices by 15–22 per cent to retain their access to EU markets.

A large number of MSMEs have limited access to capital and operate on thin profit margins and usually have carbon intensive production processes. They do not have access to technical tools for measuring, reporting, and verifying (MRV) emissions as required by the EU

due to financial crunch. In absence of such verified data, MSMEs are bound to resort to default values prescribed by the EU which are higher than actual emissions leading to greater carbon liabilities. They are handicapped by lack of investment in machine upgrades, third party verifications and applying energy transition measures.

Strategies to Combat CBAM

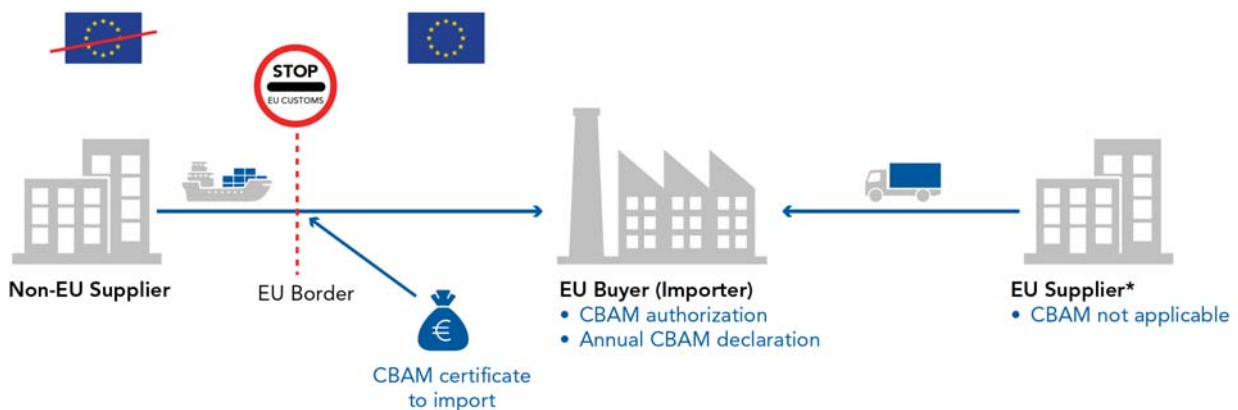
MSMEs are moving towards compliance by focusing on strategic action points. Firms are working on

their carbon accounting systems by tracking their process emissions, raw materials and energy consumption. Trade bodies and Industry associations are enabling MSMEs with capacity building programmes, providing verified agencies and MRV related infrastructure support along with ready to implement toolkits. MSME are also transitioning to cleaner fuels, energy efficient machinery and adopting renewable sources of energy. MSMEs are also accessing government led financial instruments, technology

upgradation programmes and green credit schemes to enhance their compliance. Market diversification has been an active strategy as well. MSMEs are exploring opportunities across Asia, Africa, Middle East with limited carbon regulations. Policy advocacy too remains critical with MSMEs advocating for mutual recognition, enhanced technological support and seek relief. For the high impact sectors, MSMEs can refer to the toolkit as seen in the table:

Sector wise toolkit for MSMEs				
Sector	Key Emission Sources	Data Required	Calculation Focus (EU Annex IV)	Action Points
Steel	Coke/coal combustion, furnace emissions, electricity use	Fuel input (coal, coke, gas), electricity (kWh), production output (tonnes), scrap ratio	Direct process emissions + indirect electricity emissions per tonne	Install energy meters; track scrap usage; maintain batch-level production logs
Aluminium	Electricity consumption (primary), smelting emissions	Electricity consumption (kWh/tonne), fuel use, production output	High focus on indirect emissions (electricity intensity)	Use latest CEA grid factor; explore renewable PPAs; document smelting data
Cement	Calcination (clinker), kiln fuel combustion, electricity	Limestone input, clinker ratio, fuel consumption, electricity use	Process emissions from calcination + fuel emissions + indirect emissions	Monitor clinker-to-cement ratio; improve kiln efficiency; record raw material chemistry
Fertiliser	Natural gas reforming, process emissions, electricity	Gas consumption per tonne, process efficiency, electricity use	Direct emissions from reforming + indirect electricity emissions	Track gas input intensity; monitor reformer efficiency; digitise production logs
Hydrogen	Production method (grey/blue/green), electricity use	Electrolyser efficiency, electricity source, fuel inputs	Production pathway emissions + electricity intensity	Document renewable source (if green); record electrolyser load factor; maintain energy logs

As per Regulation (EU) 2023/956 and Implementing Regulation (EU) 2023/1773 of the European Commission, Central Electricity Authority, Bureau of Energy Efficiency



Government CBAM Support for MSMEs

Components	Scheme/Action	Related Ministry/Authority
Financial Assistance	Collateral-free loans for clean tech adoption Green Export / CBAM Adjustment Funds	CGTMSE Ministry of Commerce MSME
Technical Assistance & Training	MSME-DIs training on low-carbon production	MSME
Policy & Regulatory Guidance	GeM Portal for market access - TReDS for faster export financing	GeM TReDS
Incentives for Low-Carbon Production	Capital subsidies & tax incentives - Renewable energy access - Customs duty reductions	MSME Ministry of Power CBIC (Customs)
Sector-Specific Measures	Steel & Aluminium: Energy-efficient furnaces, cluster grants Cement: Low-carbon clinker tech support Chemicals/Fertilizers: MRV tools, green credit lines Textiles: Energy-efficient looms/machinery Electronics: Duty reductions, grants for low-carbon production	Steel: Ministry of Steel Cement: Ministry of Commerce & MSME Chemicals/Fertilizers: Ministry of Chemicals & Fertilizers, CGTMSE Textiles: Ministry of Textiles Electronics: Ministry of Electronics & IT
Guidance & Helpdesk	Stepwise guidance on funding, training, compliance	MSME Ministry of Commerce CGTMSE

Source: Ministry of MSME Annual Reports, CGTMSE guidelines, Foreign Trade Policy 2023, GeM and TReDS, operational frameworks and sectoral policy initiative



The Union Budget 2026 has planned to allocate ₹20,000-crore outlay over 5 years for Carbon Capture, Utilization and Storage (CCUS) deployment across key industrial sectors including power, steel, cement, refineries and chemicals. By facilitating shared CCUS infrastructure and supplier ecosystems (e.g., capture equipment, sensors, compressors, monitoring systems), MSMEs will be able to adopt modular carbon-mitigation

solutions at lower cost and with less investment risk. This will enhance their capacity to generate verified emissions data, a critical requirement as per CBAM, and reduce their reliance on default emission benchmarks that inflate carbon liabilities.

Way Ahead

Though CBAM poses a challenge for Indian MSMEs, it also

highlights an opportunity to work on structural challenges to ensure compliance and resilience. With the help of government schemes and initiatives, industry association and trade body led capacity building programmes, MSMEs are equipping themselves with better compliance systems. Efforts are also being made to focus on decarbonisation by transitioning to cleaner fuels and diversifying export markets. **wise**



FROM POLICY TO PLATFORM:

Reinventing India's MSMEs

India's MSMEs power the nation's economy, but navigating technology, finance, and government systems has often slowed their growth. A new wave of digital platforms aims to change that story.

India's Micro, Small and Medium Enterprises (MSMEs) are rightly called the backbone of the economy generating millions of jobs, driving exports, and sustaining economic activity across cities, towns and villages. Yet, despite their importance, many MSMEs have long struggled with limited market access, delayed payments, outdated technology, and complex government procedures that slow growth. Recognising these challenges, the Government of India has accelerated its digital reform agenda, and at the Fifth Meeting of the National MSME Council, two major platforms were launched: the MSME Technology Transfer Portal

(MTTP) and the **Udyami Bharat Portal**. Together, these initiatives aim to simplify access to technology, streamline government services, and create a more supportive and digitally empowered ecosystem for small businesses to grow and compete.

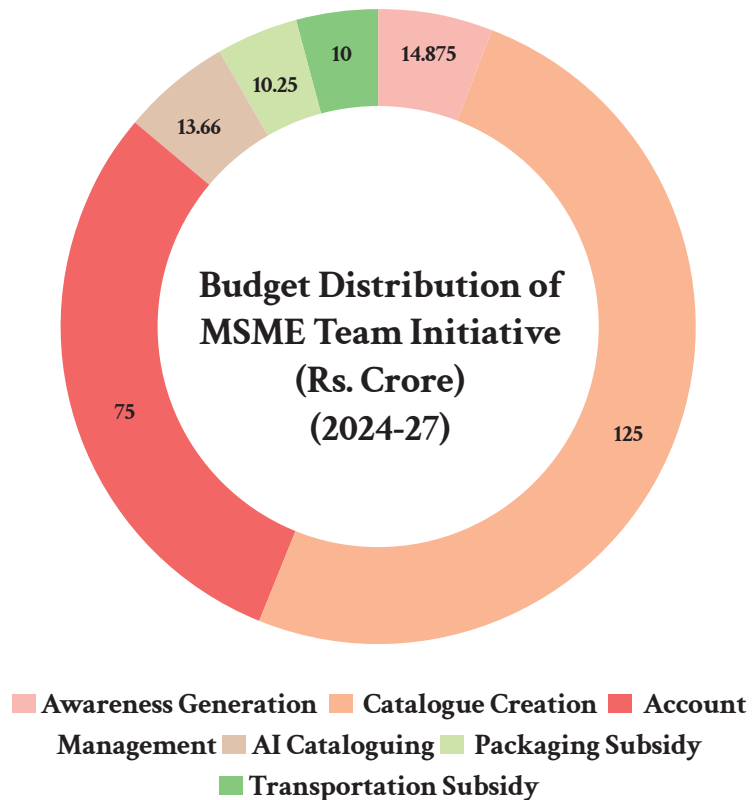
Small businesses often struggle to access modern machines, new production methods, testing facilities, and expert guidance. The MTTP has been created to solve this problem. MTTP is a single digital platform that connects MSMEs with advanced technologies, skill training, testing support, and help in commercialising Intellectual Property (IP). By integrating the Support for Commercialisation of Intellectual Property (SCIP) programme under the MSME Innovative Scheme, the portal helps bridge the gap between innovation and real business use.

Simply put, it helps turn ideas and research into practical solutions for your factory or workshop.

MTTP provides MSMEs with practical support to upgrade and grow. It offers access to Technology Centres with facilities such as CNC machining, robotics, additive manufacturing, electronics fabrication, metrology, and product development to improve quality and reduce costs.

It also includes Industry 4.0 training in automation and digital manufacturing, along with innovation and IPR support, covering design assistance, IPR filing guidance, IP commercialisation, and integration with MSME Champions and Digital MSME schemes, helping businesses turn ideas into market-ready products.

If you need better machinery, improved processes, higher productivity, skilled manpower and innovation support, MTTP gives you access to all of this on a single platform with expert guidance and government support.



For many entrepreneurs, the biggest challenge is not running the business, it is navigating government procedures. Different portals for registration, loans, grievances, certifications and schemes often mean confusion, delays and lost opportunities. The Udyami Bharat Portal has been launched to change this experience completely.

Designed as a “Portal of Portals,” Udyami Bharat brings together key MSME services and links them with important platforms of other ministries into one unified digital gateway. Whether you want to register your business, apply for a loan, raise a complaint, access quality certification schemes, or use online dispute resolution, you no longer need to visit multiple websites. Several major services are already integrated, along with selected state portals, and more are being added.

For MSMEs, the benefit is practical and immediate: less paperwork, less confusion, and faster access to schemes and support. It saves time, reduces effort, and makes government assistance easier to reach

and allows entrepreneurs to focus on what truly matters: growing their business.

Delayed payments have long hurt MSMEs, especially when larger buyers take months to clear invoices, putting severe pressure on working capital. To tackle this, the government launched a dedicated **Online Dispute Resolution (ODR)** mechanism in December 2023, allowing small businesses to raise and resolve payment disputes digitally without going through lengthy court procedures. Working alongside the MSME Samadhaan system and Micro and Small Enterprises Facilitation Councils (MSEFCs), the platform ensures a more structured and time-bound resolution process. The response has been strong, over 13,000 cases involving more than ₹3,000 crore have already been registered, showing that MSMEs are increasingly using this digital route to recover dues faster and strengthen their financial stability.

Together, these initiatives represent more than new schemes, they reflect

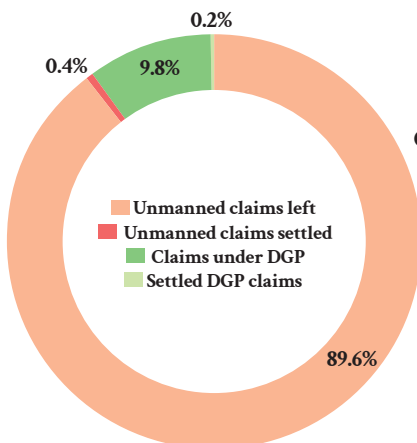


Together, these initiatives represent more than new schemes, they reflect a new mindset.

a new mindset. The shift is from temporary support to long-term empowerment, from paperwork to platforms, and from fragmented systems to an integrated digital ecosystem. By building strong digital foundations, the government is not just helping; it is creating tools that allow MSMEs to stand stronger, move faster, and compete smarter.

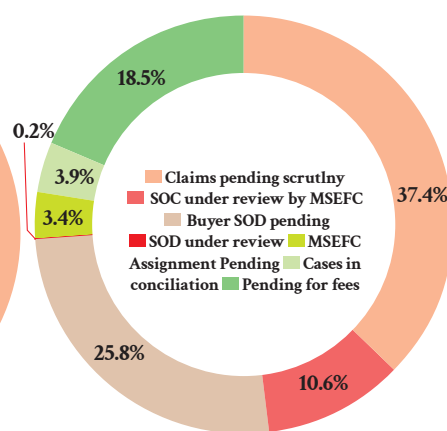
If embraced widely, these platforms can redefine the journey of India’s small businesses making technology accessible, government support seamless, and dispute resolution time bound. With fewer barriers and better systems, MSMEs can scale with confidence, plug into modern supply chains, and expand into new markets. In empowering its smallest enterprises, India strengthens its largest economic force by laying the groundwork for a more resilient, competitive, and future-ready economy. **bwise**

Pre-MSEFC Data
(As in March, 2026)



The pie chart shows the distribution of pre-MSEFC case statuses on the MSME ODR Portal. In total, 3,285 claims have been filed by MSEs.

MSEFC Data
(As in March, 2026)



The pie chart presents the distribution of case statuses under the MSEFC dispute resolution process based on data from the MSME ODR Portal. A total of 11,246 claims has been filed by MSEs, and 5 cases have been settled during conciliation.



UNLOCKING GROWTH

The Rise of SME Exchanges in India and Their Bright Future for Small Entrepreneurs

Democratizing access to equity capital for growth-oriented enterprises. SME exchanges could become one of the most significant financial reforms for India's MSME sector.

Moxesh Zota from the diamond hub of Surat, Gujarat, transformed his family's humble Ayurvedic apothecary into Zota Health Care, a small pharma venture battling to scale affordable generics for rural India amid capital constraints and costly loans. In 2017, he made a bold move by listing on NSE Emerge with a ₹58.5-crore SME IPO that was oversubscribed nearly 16 times, injecting rocket fuel for explosive growth. The funds powered WHO-GMP-compliant facilities, a product explosion from 200 to over 500 formulations, nationwide distribution, e-pharmacy partnerships, and exports across Asia and Africa, driving dramatic revenue surges and turning Zota into a trusted name in accessible healthcare. By 2019, the company proudly migrated to the NSE mainboard, its share price now soaring well above ₹1,000 (recently trading around ₹1,280-₹1,330 as of early February 2026), with a market cap exceeding ₹4,300 crore. Today, through its Davaindia generics chain and wellness initiatives, Moxesh's journey vividly illustrates how India's SME exchanges can catapult a local dream into a powerful national brand that heals millions.

Bridging the Credit Gap: Why SME Exchanges Matter for MSMEs

India's entrepreneurial landscape thrives on MSMEs, which form the true backbone of the economy. But despite their massive scale and contribution, MSMEs face a persistent and daunting challenge: access to affordable finance. A staggering credit gap, estimated at ₹25-30 lakh crore, continues to plague the sector, with traditional banks covering only a fraction of needs, leaving most businesses reliant on costly informal sources such as moneylenders or family funds. Barriers like inadequate collateral, limited credit history, poor documentation, and informal structures further widen this divide, especially for micro-enterprises and women-led ventures.

This financing bottleneck is precisely why dedicated SME exchanges have become transformative. Introduced in 2012, the BSE SME platform and NSE Emerge provide a specialised avenue for MSMEs to raise equity capital through Initial Public Offerings (IPOs). These platforms operate with relaxed eligibility norms compared to

BSE SME and NSE Emerge – Key Statistics

Exchange Name	Number of Companies Listed	Funds Raised to Date (Approx. INR Crores)	Total Market Capitalization (Approx. INR Crores)	Companies Migrated to Main Board
BSE SME	482	6,650	1,45,000	185
NSE Emerge	398	9,550	1,28,000	138

the main board: minimum issue sizes as low as ₹1 crore, simplified disclosure requirements, and flexible profitability thresholds. By listing publicly, MSMEs gain collateral-free equity, which not only funds immediate growth needs but also enhances credibility. Audited financials, transparent governance, and market visibility reduce information asymmetry, making it easier to secure subsequent bank loans at better terms and lower interest rates. Government initiatives, including the Credit Guarantee Fund Trust for Micro and Small Enterprises and priority sector lending norms, complement this equity pathway, creating a powerful hybrid financing model.

The growth of SME exchanges has been nothing short of spectacular. From tentative beginnings with just a handful of listings in the early years, the platforms exploded in popularity. In calendar year 2025, a record 267–269 SME IPOs raised approximately ₹11,430–₹12,172 crore, with average issue sizes climbing to around ₹45 crore. This surge reflected strong post-pandemic recovery, heightened retail investor enthusiasm, digital market access, and improved issuer quality. While listing gains moderated (averaging 9–12% in 2025, with roughly 67% of issues delivering positive returns), the year demonstrated deepening confidence and maturation in the segment.

Cumulative impact is equally impressive. Since its inception, over 1,500–1,800 companies have listed on BSE SME and NSE Emerge. Several hundred have graduated to the main board, highlighting a clear upward mobility path. Regional leaders like Gujarat and Maharashtra continue to drive momentum, and in early 2026, the pipeline remains robust with multiple fresh listings and Draft Red Herring Prospectuses in process.

Global Precedents: Proven Models of SME Exchanges Worldwide

India’s SME exchange journey gains even greater context when viewed alongside international success stories. These platforms demonstrate how tailored equity markets can sustainably empower smaller businesses, offering lessons in flexibility, incentives, and policy support.

The Alternative Investment Market (AIM) at the London Stock Exchange, launched in 1995, is a global pioneer. With no minimum market capitalisation or profitability requirement and light-touch ongoing rules, it has supported over 4,000 companies (33% international in recent years) to raise nearly £136 billion cumulatively. In 2025, AIM

companies raised £2.7 billion, delivering a weighted-average post-IPO performance of +21.2%, with an average market capitalisation of £104 million per company. Tax incentives, such as the Enterprise Investment Scheme (which offers 30% income tax relief to investors) and Venture Capital Trusts, have been key drivers. Hundreds of firms have graduated to the main LSE board, proving AIM’s role as an effective stepping stone for growth companies across sectors.

Canada’s TSX Venture Exchange (TSXV), operational since 1999 as a dedicated junior market, excels in continuous capital formation for early-stage SMEs, particularly in resources, mining, and technology. As of early 2026, it hosts approximately 1,736 issuers with a market capitalisation of around CAD 153 billion. Rather than relying solely on IPOs, TSXV facilitates frequent secondary and supplemental financings (often billions of CAD annually across the platform). Its multi-tiered structure enables smooth graduations to the senior Toronto Stock Exchange (dozens per year), helping junior firms scale into established players.

In the emerging-market space, China’s Beijing Stock Exchange (BSE), launched in 2021 with a sharp focus on innovative “Little Giant” SMEs in technology and advanced manufacturing, has scaled rapidly. By late 2025, it had listed over 285 companies (more than 80% of which were SMEs), with 24 IPOs in 2025 alone, raising approximately RMB 6.9–7.2 billion (~₹7,500–8,000 crore). Its market capitalisation exceeds RMB 900 billion, backed by strong government policy alignment for tech self-reliance and inclusive finance.

“Government initiatives like the ₹10,000 crore SME Growth Fund, mandatory TReDS adoption, expanded MSME definitions, and SME exchange listings improve liquidity, financing access, visibility, and scaling opportunities.”



- Ms Radha Kirthivasan,
Head – Listing & SME, Bombay Stock Exchange

Parameter	India (BSE SME + NSE Emerge)	AIM (UK)	TSX Venture (Canada)	Beijing BSE (China)
Launch Year	2012	1995	1999	2021
Listed Companies	~880	~619	~1,736	~285
Cumulative Funds Raised	~₹16,200 crore	~£136 billion	High annual (CAD billions)	Rapidly growing
2025 Activity	267–269 IPOs, ~₹11,500 crore	~22 new, £2.7 billion	Multiple financings (CAD several bn)	24 IPOs, RMB ~7 billion
Market Cap (approx.)	~₹2,73,000 crore	~£60–135 billion (est.)	CAD 153 billion	RMB 900+ billion
Key Strength	Highest SME IPO volume, easy migration, retail-driven	Flexibility + tax incentives	Continuous financings for juniors	Policy-backed innovative SMEs
Avg. Issue/Deal Size	~₹45 crore	Larger (avg. market cap £104 m)	Variable, often private placements	Smaller, tech-focused
Graduations/Migrations	Hundreds to mainboard	Regular to main LSE	Dozens yearly to TSX	To senior Chinese boards

Comparative Analysis: India's SME Exchanges in a Global Context

India's platforms lead the world in volume of SME IPOs (267–269 in 2025 alone), reflecting the sheer scale of its MSME ecosystem and retail-investor participation. Global peers, while smaller in listing numbers, often feature larger average deal sizes, deeper institutional involvement, and complementary tools such as tax breaks or ongoing financing mechanisms. Here is a snapshot comparison (approximate figures as of early 2026; currency conversions illustrative):

India's model shines in democratisation and volume, directly tackling its 25–30 lakh crore credit gap. Global examples highlight opportunities to adopt hybrid features, such as UK-style tax relief for retail/SME investors, Canadian-style ongoing financing flexibility, or China's innovation-targeted policy support, to make Indian SME exchanges even more robust.

Looking ahead, several trends point to greater democratisation:

- Potential further easing of norms (such as reduced minimum issue sizes and ESG-focused listings),
- Blended finance models combining equity with debt and guarantees,
- Enhanced global outreach for export-focused firms,
- Strong business optimism is reflected in rising MSME confidence indices and a crowded 2026 IPO pipeline.



These developments position SME exchanges as inclusive launchpads, helping micro-entrepreneurs escape debt traps, invest in technology, expand markets, and compete globally.

Challenges and the Way Ahead

Of course, challenges remain: post-listing volatility, compliance costs for the tiniest firms, and the need for disciplined valuations require ongoing attention. Regulatory tightening and policy momentum are addressing these, fostering long-term sustainability.

Recent policy developments are accelerating inclusivity. The Union Budget 2026–27 introduced a landmark ₹10,000 crore SME Growth Fund aimed at nurturing “future champions” through patient equity capital, targeting high-potential MSMEs, especially rural, women-led, export-oriented, and tech-driven firms. A top-up to the Self-Reliant India Fund, alongside reforms in the Trade Receivables Discounting System (TReDS) for faster liquidity, further strengthens the ecosystem. The expanded MSME definition, raising micro-enterprise thresholds, brings lakhs more tiny businesses into the formal fold, easing qualification for support and SME exchange IPOs. With Udyam registrations surpassing 7.63 crore, digital formalisation is progressing rapidly, aided by AI-driven credit assessments, fintech integrations, and GST-linked data.

SME exchanges have evolved from niche platforms into vital engines of inclusive growth. From modest 2012 launches to the record-breaking 2025 performance and policy-backed expansion in 2026, they embody India's entrepreneurial dynamism. For millions of small business owners dreaming of expansion, innovation, and legacy without crippling debt, BSE SME and NSE Emerge offer not just capital, but credibility, visibility, and a genuine pathway to lasting success. As reforms deepen and participation broadens, these platforms are poised to transform tomorrow's micro-entrepreneurs into India's next generation of champions. **wise**



FROM IDEA TO BRAND:

The MSME Innovative Scheme Changing Everything

Innovation drives competitiveness, but protection sustains it. India's MSME Innovative Scheme is helping small businesses turn ideas into protected, scalable assets.

How the MSME Innovative Scheme is Transforming Ideas into IP-Protected, Competitive Brands

A small workshop in a tier III town, where a torn notebook holds sketches of what could become India's next breakthrough product. Or a village cluster meeting where craftspeople discuss designs that might one day compete globally. These aren't just entrepreneurial dreams, they're the new reality for thousands of MSMEs across India, thanks to a quiet revolution in innovation support.

For decades, the journey from clever idea to market-ready, IP-protected product felt impossible: limited resources, sparse technical know-how and constant fear of copying stood in the way. Today, that gap is transforming into a launchpad.

The Game-Changer: What is the MSME Innovative Scheme?

The MSME Innovative Scheme isn't just another subsidy, it's a comprehensive ecosystem launched by the Ministry of

MSME bringing three powerful components under one roof. Incubation support helps formalize and scale your startup or early-stage venture. The design scheme connects you with expert designers for product development, styling and user experience. The IPR component, delivered through Intellectual Property Facilitation Centres, helps protect your innovations through patents, trademarks, geographical indications and design registrations.

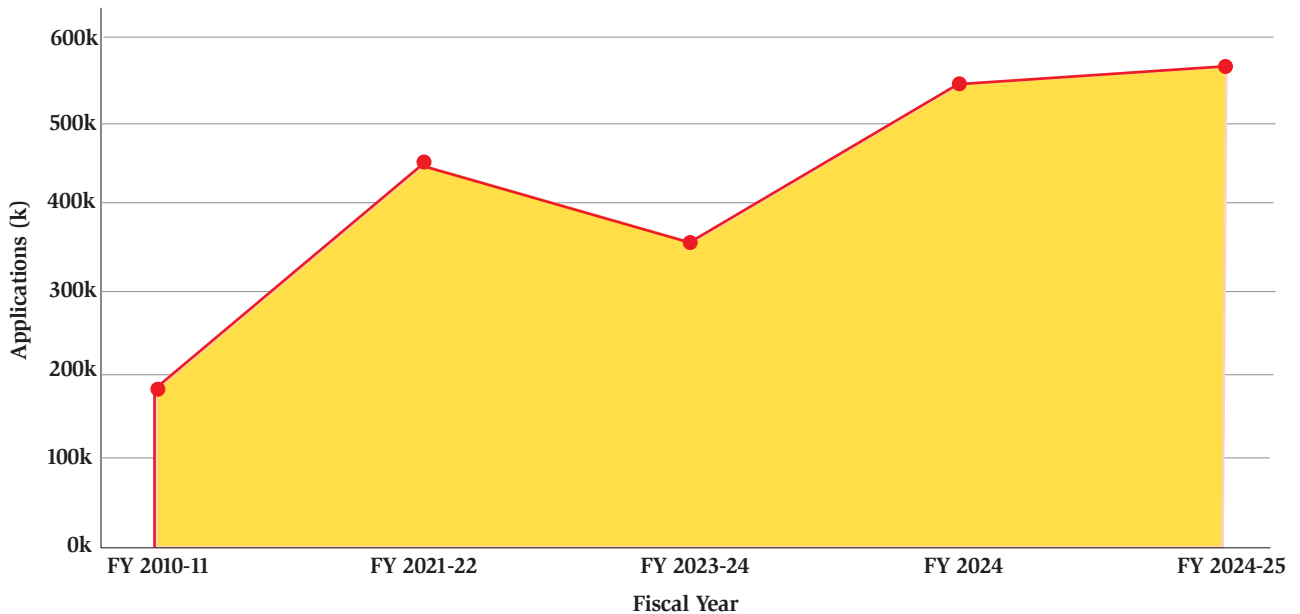
Think of it as your one-stop shop for turning raw ideas into viable, scalable business propositions while building your brand and protecting what makes you unique. Across India, hundreds of MSME Development Institutes, Technology Centres and IPFCs guide you from application to reimbursement.

Show Me the Money: What's In It for Your Business?

Under the Design Scheme, you can receive up to ₹40

Nearly 3x growth reflects expanding MSME entrepreneurial activity

Rising Trademark Applications in India (2010-2025)



Source: PIB PRESS RELEASE

lakh for design projects. The government covers 75% of costs for micro enterprises and 60% for small and medium enterprises, dramatically cutting expenses for hiring design professionals and building prototypes. Grants released in stages tied to project milestones.

Got a brilliant idea, design or patent ready to scale? The scheme offers equity support up to ₹1 crore to help you commercialize and attract additional private funding.

The IPR component reimburses you for protecting your intellectual property. For domestic patents, you can claim up to ₹1 lakh, while foreign patents attract reimbursement of up to ₹5 lakh. Geographical Indication registrations are covered up to ₹2 lakh, design registrations up to ₹15,000 and trademarks up to ₹10,000. These reimbursements slash the financial barrier to protecting your brand, making even global IP protection feasible for small units.

Beyond the Rupee: Building an Innovation Mindset

Here's what makes this scheme truly transformative: it's not just handing out money. It's fundamentally changing how MSMEs think about their business.

Through Design Awareness Programmes, you'll attend seminars, workshops and talks that show how design creates value in usability, affordability and marketability. You'll learn to shift from commodity production to creating value-added, user-centric products that customers actually want.

Incubation cells provide mentorship, lab access and guidance on product-market fit, transforming your unit from a production house into a lean, innovation-oriented

business. IPFCs counsel you on patent searches, identify technology gaps, advise on licensing opportunities and help commercialize your IP. You'll start seeing intellectual property as a core business asset that opens doors to new markets and partnerships. Over time, these interventions embed a culture where innovation, branding and IP protection become routine.

Real Numbers, Real Impact

Since launch, the scheme has delivered measurable results. Over 900 ideas have been approved for financial assistance within months of rollout, with more than ₹36 crore allocated to innovation-ready MSMEs. A significant share goes to design and IPR-linked projects, showing growing MSME interest in product differentiation. The



expanded IPFC network now spans multiple MSME DIs and technology centres, each eligible for up to 1 crore in milestone-based grants.

MSMEs across India report lower costs for product development, faster access to IP protection that reduces imitation risk and enhanced market differentiation through better design and IP-backed brands. Case studies highlight local manufacturers who have upgraded product lines, entered new markets and improved pricing power after using this support.

Your Voice Matters: What MSMEs Are Saying

The reimbursement-based support reduces upfront cash flow pressure you invest first, then get reimbursed, making planning easier. There's easy access via IPFCs and MSME DIs for guidance on whether to file patents, trademarks or GIs. Workshop-based awareness successfully demystifies design and IP for first-time entrepreneurs.

However, the scheme's reimbursement mechanism faces a significant gap between policy intent and ground-level execution. MSMEs and IPFCs encounter prolonged disbursement delays, bunching of payments toward fiscal year-end and persistent procedural ambiguities that disrupt cash flows for resource-constrained enterprises.

Why delays in IPR reimbursement hurt MSMEs

Delayed IPR reimbursements impose a multi-layered burden on MSMEs that extends far beyond mere administrative inconvenience. Most micro and small enterprises pay filing and professional fees upfront from constrained working capital, anticipating timely recovery of a significant portion. When reimbursements stretch across many months, that locked capital becomes unavailable for core operational needs raw materials, salaries, marketing or debt servicing forcing units to either scale back activities or resort to high-cost borrowing. For a micro enterprise, even ₹50,000 to ₹1,50,000 trapped in the reimbursement pipeline can determine whether it hires additional staff or defers critical orders.

Delays fundamentally alter how MSMEs perceive IP investment. When entrepreneurs lose confidence in the subsidy's reliability, they retreat to informal protection strategies, undermining the scheme's core objective of cultivating robust IPR culture. IP begins appearing as a high-risk cost center rather than a strategic, government-supported asset.

IPFCs and professional service providers often structure business models around expected reimbursement flows. Persistent delays force them to carry extended receivables, reducing scheme accessibility for smaller and rural units and weakening ecosystem mobilization.

Compliance anxiety compounds these challenges. MSMEs fear delayed claims may lapse with the fiscal year or that minor documentation gaps discovered late will disqualify entire reimbursements. This uncertainty discourages repeat



engagement and slows the transition from unbranded local products to protected, competitive offerings capable of commanding premium positioning in domestic and international markets.

Why This Matters for India's Future

Every rupee spent on design, incubation and IP protection unlocks multiple rupees through higher margins, better exports and brand differentiation. Innovation-oriented MSMEs create skilled jobs and reduce dependence on imported designs or generic competition, deepening local value chains.

Supporting trademarks, GIs and design registrations helps local products become recognizable brands from handicrafts and food to technical components building a 'Brand India' ecosystem. With robust IP protection, MSMEs can confidently enter international markets, avoid copying and enhance negotiating power in global supply chains, positioning Indian enterprises as innovation leaders rather than cost competitors.

Your Next Steps: From Idea to Impact

The MSME Innovative Scheme is more than a financial program; it's a catalyst for transforming how you think about your business. By making innovation tools accessible, reimbursing branding and IP costs and nurturing continuous improvement, this scheme helps you become brand-oriented, IP-smart and globally competitive.

The gap between your clever idea and a market-ready, IP-protected brand has never been smaller. The infrastructure is in place. The support is real. The only question is are you ready to take the leap?

Connect with Centre for Intellectual Property Research, Promotion & Facilitation (CIPRPF - <https://ciprpf.com/>) to learn how the MSME Innovative Scheme can fuel your business growth. Your innovation journey starts with one conversation. **bwise**

“ONE FAMILY, ONE ENTREPRENEUR”

How Andhra Pradesh is Weaving a Global Future for its Grassroots Makers



A simple question by Shri N. Chandrababu Naidu is triggering a systemic shift in governance.

Breaking departmental silos could accelerate manufacturing growth across Andhra Pradesh, beginning with the textile clusters of Visakhapatnam.

In the narrow lanes of Visakhapatnam’s textile clusters, Lakshmi runs a small tailoring unit with three borrowed sewing machines. Her monthly orders barely cover the rent, and when a bulk order comes in, she has to turn it down because she lacks the machinery to deliver at scale.

This is not just Lakshmi’s story. This is the reality for over ten thousand women entrepreneurs across Visakhapatnam and its surrounding districts who remain trapped in what

many call the survival zone. They possess the skills and their orders are growing, but the capital for modern equipment remains beyond reach.

Something remarkable is unfolding in Andhra Pradesh that promises to change this reality completely.

When Three Departments Decide to Work as One

What makes the Andhra Pradesh story unique is how it is being built. For the first time, three major government departments have come together with

a shared mission. The Andhra Pradesh Micro, Small and Medium Enterprises (APMSME) department, the Mission for Elimination of Poverty in Municipal Areas (MEPMA), and the Society for Elimination of Rural Poverty (SERP) are working in complete coordination to fulfill Chief Minister Chandrababu Naidu’s powerful vision of ‘One Family, One Entrepreneur.’

Chief Minister Naidu asked a simple question that changed everything: if we want every family to have an entrepreneur, why are

our departments working separately when the challenges faced by small entrepreneurs are the same? That question sparked an unprecedented collaboration, leading to a comprehensive infrastructure strategy that addresses entrepreneurs at every level across the entire state.

The Audit That Changed Everything

Over the past six months, the India SME Forum, working closely with MEPMA, conducted a comprehensive audit of Self-Help Groups across Andhra Pradesh. The audit team visited clusters in different districts, documenting what entrepreneurs were making, what equipment they had access to, what orders they were getting, and most importantly, what opportunities they were losing.

The findings painted a clear picture. In Visakhapatnam, textile clusters showed immense potential. In Guntur, food processing entrepreneurs had skills but lacked modern packaging equipment. In Anantapur, handicraft makers needed better finishing tools. Each cluster had its own strengths and its own specific equipment gaps.

The audit revealed that women possessed excellent skills and loyal customers, but they were consistently losing bulk orders to larger manufacturers for one simple reason: they could not match the quality and speed that only modern machinery can deliver. More importantly, the audit showed that different clusters needed different solutions. A one-size-fits-all approach would not work.

Chief Minister Naidu's vision of 'One Family, One Entrepreneur' moves from slogan to reality when three government departments align their efforts.

Ten thousand entrepreneurs across Andhra Pradesh are about to discover what they are truly capable of when barriers fall and opportunities rise.

Two Clear Pathways to Growth

Based on these audit findings, MEPMA and SERP, working with India SME Forum, developed a two-tier strategy that addresses both local production needs and aspirations for global competitiveness.

The first tier involves creating cluster-based, sector-specific Common Facility Centers throughout Andhra Pradesh. These are manufacturing hubs located right where entrepreneurs are concentrated, equipped with the specific machinery that each cluster actually needs. The textile cluster in Visakhapatnam is the first such center being established. It will house equipment specifically chosen for the garment and textile work that local entrepreneurs are already doing, bringing modern technology to their doorstep.

The Common Facility Center being established in Visakhapatnam's textile cluster is nothing short of remarkable. Spanning 50,000 square feet, this facility will house Japanese precision cutting machines, Taiwanese digital design systems, European finishing equipment, and Korean quality testing apparatus. Technology that even large factories struggle to afford will be available to the smallest entrepreneur in the cluster.

The facility functions like a complete garment factory, with design zones featuring 3D body scanners and virtual sampling systems, production floors with sophisticated manufacturing workflows, and finishing equipment that delivers international-grade quality. When you work here, you are not just using machines but learning how modern export-oriented manufacturing actually functions.

For twenty-five selected entrepreneurs each cycle, the incubation zone offers completely free workspace for six months, along with dedicated mentoring and access to all machinery. During this period, experts guide you through business registration, quality certifications, export documentation, and everything needed to operate as a formal enterprise ready for global markets.

These Common Facility Centers are practical, accessible solutions. If you are a textile entrepreneur in visakhapatnam, you do not need to travel far or learn completely new skills. You simply upgrade your existing work with better equipment available in your own neighborhood. Similar centers are being planned for food processing clusters, handicraft clusters, and other sectors across different districts, each customized to local strengths and market demands.

The Advanced Center of Excellence: Taking It Global

The second tier is something even more ambitious. APMSME, collaborating with India SME Forum and the United Nations Industrial Development Organization (UNIDO), is establishing an advanced Center of Excellence that will be the first of its kind in Andhra Pradesh. This flagship facility goes beyond shared manufacturing to create a complete ecosystem for entrepreneurs ready to compete in international markets.

The advanced Center of Excellence will offer world-class technology procured from the best manufacturers across the globe, comprehensive training programs aligned with international standards, direct connections to global buyers and export houses, support for obtaining

international quality certifications, and mentorship from industry experts and UNIDO specialists. This is where entrepreneurs graduate from local production to becoming export-ready enterprises capable of fulfilling large international orders.

The Economics That Finally Make Sense

Imagine you receive an order for five hundred designer blouses worth ₹2 lakh. But to deliver this order, you need a computerized embroidery machine that costs ₹12 lakh. No bank will finance equipment costing six times your annual income. So you turn down the order. Your skills remain the same, but your business never grows.

Multiply this story by ten thousand entrepreneurs. That is the scale of lost opportunity the audit uncovered. The Common Facility Centers break this cycle by making expensive equipment accessible through shared usage. Instead of one entrepreneur buying one expensive machine, hundreds share access to equipment chosen specifically for their sector. Each pays only for the hours they actually use. The capital barrier simply disappears.

You register with MEPMA if you are in an urban area, or with SERP if you are from a rural region. Once registered, you book time slots at the Center, bring your materials, use modern machinery to execute your work, and pay a small fee based on actual usage. This keeps production local, costs manageable, and quality consistent.

Support That Goes Beyond Machines

Both the Common Facility Centers and the advanced Center of Excellence recognize something crucial. For women entrepreneurs, especially mothers, the biggest barrier is often childcare. Many turn down opportunities because they have no safe place to leave their children.

The Common Facility Centers break this cycle by making expensive equipment accessible through shared usage.

The facilities tackle this with dedicated creche and day-care services, with trained caregivers providing nutritious meals and safe play areas. Mothers can focus completely on their work, transforming part-time workers into full-time entrepreneurs.

The “Baithak” spaces function as exhibition halls and retail showcases, where you display your products professionally. Buyers, retailers, and customers visit regularly to discover new suppliers. You build relationships with bulk purchasers and learn what the market actually wants. Additionally, the centers function as material aggregation hubs, collectively negotiating bulk purchases directly from mills, giving you better quality at lower prices.

A Blueprint for All of Andhra Pradesh

What is happening in Visakhapatnam is just the beginning. Based on the comprehensive audit, MEPMA, SERP, and India SME Forum are mapping out Common Facility Centers across Andhra Pradesh. Each will be cluster-based and sector-specific, responding to what local entrepreneurs actually need rather than imposing generic solutions.

Food processing clusters will get modern packaging and preservation equipment. Handicraft clusters will receive finishing and quality enhancement tools. Each center will be designed around the existing strengths of that particular cluster, making it easier for entrepreneurs to adopt new technology without abandoning their traditional skills.

This cluster-based approach ensures that no entrepreneur is left behind simply because they live far from a major city. The infrastructure comes to where the entrepreneurs already are, preserving local employment and strengthening community-based production.

The Promise of Levelled Ground

Lakshmi’s narrow lane is about to open into a highway. Through the Common Facility Center in her textile cluster, the borrowed sewing machines that limit her capacity will be supplemented by world-class equipment she can access right in her neighborhood. If her business grows and she is ready for international markets, the advanced Center of Excellence will provide the global connections and export support she needs.

Her small orders will grow into bulk contracts, and most importantly, she will not walk this path alone. Hundreds of women entrepreneurs will work alongside her, sharing not just equipment but experiences, challenges, and solutions.

Chief Minister Naidu’s vision of ‘One Family, One Entrepreneur’ moves from slogan to reality when three government departments align their efforts, when comprehensive audits inform smart infrastructure planning, when UNIDO brings global expertise, and when India SME Forum bridges policy and ground reality.

Ten thousand entrepreneurs across Andhra Pradesh are about to discover what they are truly capable of when barriers fall and opportunities rise. The cluster-based Common Facility Centers will strengthen local production, while the advanced Center of Excellence will create pathways to global markets. The story is being written right now, and you can be part of it. **bwise**

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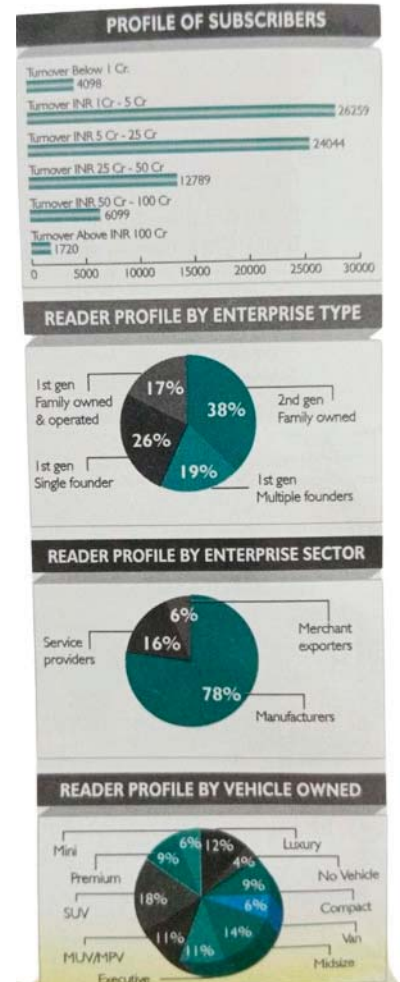
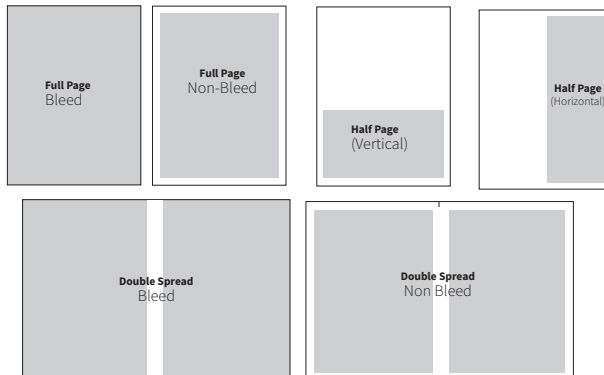
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