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# MSME Sampark -

Bi-annual report on latest in  
MSME Lending ecosystem

2<sup>nd</sup> Edition



**#MSMEAcchaHai**





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## MR. SHACHINDRA NATH

Founder & Managing Director,  
U GRO Capital

## Foreword

As we celebrate the spirit of entrepreneurship and innovation defining India's Micro, Small, and Medium Enterprises (MSMEs), the second edition of 'MSME Sampark' stands as a testament to the vibrant lending ecosystem supporting these dynamic businesses. UGRO's theme '**MSME Accha Hai**' resonates deeply, recognizing the critical role MSMEs play in driving economic progress, creating employment opportunities, and fostering local communities. India's GDP growth has been steadily increasing, with a growth rate of 8.2% in 2023-24, making it one of the fastest-growing major economies globally. The MSME sector contributes significantly to this growth, accounting for nearly 30% of India's GDP and employing over 150 mn people.

The strength of NBFCs has further bolstered the MSME sector's growth. NBFCs have demonstrated remarkable resilience and adaptability, with assets under management (AUM) growing at a compound annual growth rate (CAGR) of 15% over the past five years. Their ability to reach underserved markets and provide customized financial solutions has made them an indispensable part of the MSME lending ecosystem. Government initiatives and the adoption of digital technologies, such as fintech and artificial intelligence, are expected to enhance credit accessibility, reduce costs, and improve risk management.

By August 2024, we have serviced over 1,10,000 customers, revolutionizing the MSME credit landscape with our data-driven underwriting platform. In the second edition of 'MSME Sampark,' a comprehensive study conducted by U GRO examines over 39,000 MSMEs, revealing a strong recovery trend and robust growth post-pandemic. Spanning three years and covering a PAN India footprint, the study focuses on businesses with turnovers under 1bn crores. It highlights healthy credit penetration across sectors and regions, with smaller entities increasingly borrowing, primarily through collateralized loans, underscoring the need for timely, affordable working capital. Loan disbursements in the MSME segment have risen, reflecting industry growth and expansion, with Light Engineering emerging as the largest sector in terms of outstanding credit and turnover share, followed by sectors such as Food Processing, Hospitality, Healthcare, Auto Components, Chemicals, and Electrical Equipment. Additionally, a study of over 12,000 micro-sized MSMEs shows rising credit penetration into the sector, reflecting lenders' positive views on their resilience and recovery. The reduction in gold loans and a higher proportion of term loans indicate a gradual transition into mainstream lending. Through these sectors insights when compared to the broader macro sectors, we aim to illustrate our commitment to advancing formal credit systems and transitioning away from the informal lending practices. The pages of this report highlight the innovative financing solutions, technological advancements and collaborative efforts that are empowering MSMEs to thrive while also identifying areas that require further support to bolster growth.

As we navigate the evolving landscape of MSME lending, this report serves as a valuable resource for stakeholders, policymakers, and industry leaders. Let us continue to support and celebrate the **MSME spirit**, which is, indeed, '**Accha Hai**' for India's economic future.



## MR. AVINASH GUPTA

Managing Director &  
CEO - India  
Dun & Bradstreet

## Introduction

India achieved an 8.2% growth in FY24 despite facing a challenging global macroeconomic environment, characterized by restrictive monetary policies, geopolitical uncertainty, trade restrictions and supply chain disruptions. India is expected to demonstrate strong growth momentum in the coming years supported by a robust consumer base driven by one of the largest working-age populations along with the rise in the affluent and middle-class population, the upgrade in its physical and digital infrastructure and a conducive policy environment.

In the Union Budget 2024-25, the Government reiterated its commitment to pushing India's long-term growth prospects through growth-enabling reforms that would support the structural transformation of the economy. These include enhancing public digital infrastructure in critical segments such as agriculture and land records, emphasising labour-intensive manufacturing, focusing on women-led growth and women's entrepreneurship besides others. The initiatives taken towards technology adoption and digitalisation will further support the current initiatives taken by the government to formalise of MSMEs and enhance their access to credit and markets.

The formalisation of MSMEs and enabling their growth in size and scale is crucial to increasing their contribution to GDP, which has remained at around 29%-30% during FY18-FY22. The data on MSME registration on UDYAM signals rapid formalisation of small businesses, including women entrepreneurs. Women MSMEs account for 20% of total MSMEs registered on UDYAM; however, this share increases significantly when Informal Micro Enterprises (IMEs) are considered. As on January 2024, women-owned IMEs account for more than 71% of the total IMEs, contributing to more than 71% to employment since the portal's inception on January 2023.

The 2<sup>nd</sup> edition of the report explores the performance of MSMEs in the context of the current global and Indian economic landscape. The report covers the post-pandemic performance of a selected sample of MSMEs, focusing on their growth and credit dynamics across different markets for seven selected sectors.

Your feedback on this report is highly appreciated, and I hope you find it both insightful and valuable.



## Dr. ARUN SINGH

Chief Global Economist  
Dun & Bradstreet

## Executive Summary

- ▶ Globally growth to dip, albeit slightly in 2024 from 2023, before picking up pace in 2025 as inflation eases further and monetary policy continues to loosen.
- ▶ Over the past 30 years, India has achieved GDP growth of over 7% in 16 of those years. The current macroeconomic environment in India is favourable for maintaining a high growth trajectory. India's is projected to be strong, with its contribution to the global GDP expected to double between 2009 and 2029. Additionally, India's per capita GDP in US dollars is anticipated to double by 2029.
- ▶ The number of MSMEs registering on the UDYAM portal has nearly doubled each year since it was launched in FY21, reflecting the rapid formalisation of small businesses. This formalisation improves their access to various government policy initiatives, such as financial support, subsidies, and market access.
- ▶ The registration of women-led MSMEs on the UDYAM portal is also doubling annually, despite their small share of the overall MSMEs registered on UDYAM.
- ▶ Currently, one in five UDYAM-registered MSMEs is led by women, and these businesses contribute to one in five jobs created by MSMEs, even with lower investment and turnover. Women-led MSMEs are generally smaller than their counterparts, accounting for only one in ten rupees of investment and turnover.
- ▶ Although MSMEs contribute about 30% to GDP and generate significant employment, their share in commercial credit (non-food credit) remains low at around 6.3% in FY24. This share however, improved by 60 basis points across both Scheduled Commercial Banks (SCBs) and Non-Banking Financial Companies (NBFCs) from FY19 to FY24.
- ▶ Despite high interest rates, credit growth to MSMEs remains strong. The decrease in delinquency rates also suggests that MSMEs are managing their credit repayments responsibly, which in turn enhances their borrowing prospects.
- ▶ The government in the Union Budget for 2024-25 reiterated its focus on the development of MSMEs and labor-intensive manufacturing by offering a comprehensive package that includes funding, regulatory changes, technology support, and initiatives for women entrepreneurs.
- ▶ The initiatives taken towards technology adoption and digitalisation will further support the formalisation of MSMEs and improve their access to credit and markets.

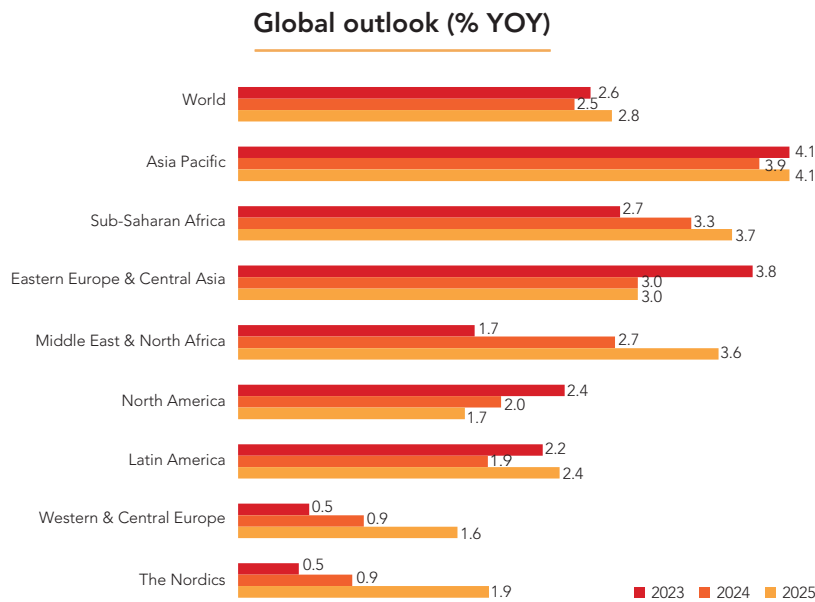
## Key highlights of MSMEs studied across seven selected sectors

The sectors studied in the report are Light Engineering, Food processing, Electrical Equipment, Chemicals, Auto Component, Hospitality and Healthcare sector.

- ▶ MSMEs continue to recover post-pandemic, with over 50% of our studied sample recording more than 10% year-over-year growth in sales from May 2021 to March 2024.
- ▶ Healthy penetration of credit is evident across the studied sample of MSMEs across seven sectors in India.
- ▶ Growth in sanctions of new loans and improved access to working capital is observed across the studied sample of MSMEs. The proportion of working capital loans to total secured debt (working capital and long-term secured loans) increased from 66% in Q1 2023 to 71% in Q4 2023.
- ▶ The debt-to-turnover ratio of MSMEs has improved in the seven sectors for the quarter ending March 2024 compared to the quarter ending September 2023. This improvement is evident in firms with a turnover of less than ₹ 5 crore in the light engineering, food processing, hospitality and healthcare sectors. While this varies across the other three sectors, i.e. electrical equipment (₹ 10-20 crore turnover), chemicals (₹ 5-10 crore turnover), and auto components (₹ 10-20 crore turnover).
- ▶ Average new debt has also improved across different sizes of firms, with those having more than ₹ 20 crore turnover witnessing the most increase across all seven sectors.
- ▶ A steady increase in credit penetration is also observed post-pandemic in micro enterprises.
- ▶ The increase in the share of regular term loans from 57% in 2020 to 88% in 2023, along with the rise in the proportion of larger ticket loans (> ₹ 10 lakhs) from 19% in 2020 to 40% in 2023 for micro enterprises, reflects lenders' confidence in the resilience and potential of these firms.

# Macro Overview: Global

Globally growth to dip, albeit slightly in 2024 from 2023 before picking up pace in 2025



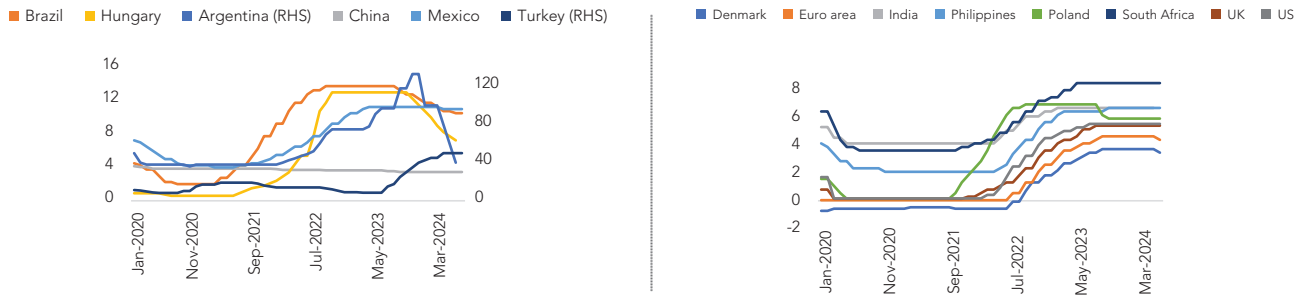
Source: Havers' Analytics and Dun & Bradstreet

- ▶ Global growth slowed markedly in 2023 and we expect growth to remain subdued in 2024 and pick up pace in 2025.
- ▶ As of mid-2024, we have seen divergence in outcomes and prospects around the world in terms of economic growth, inflation, and policy responses.
- ▶ On balance, global short-term economic prospects have improved over the course of the year and is expected to continue through the second half of 2024 and into 2025 as inflation eases further and monetary policy continues to loosen, supporting steady growth. Macroeconomic risks, in our view, have become more balanced.
- ▶ Key European economies are improving, while Asia Pacific offers the best growth opportunities in 2024. The Israel-Hamas conflict disrupts Middle East stability. Latin America's growth will slow in 2024 but improve in 2025. The Nordic economies are recovering, although at a much slower pace than that seen in other parts of Europe. Chronic challenges such as persistently high inflation, tighter financial constraints, and ever-growing public debt burdens are likely to remain impediments to economic recovery in the Sub-Saharan African region in 2024.
- ▶ The key challenge to growth emanates from restrictive monetary policy, fiscal consolidation, high debt levels, geopolitical uncertainty, restrictive trade policies along with the supply chain disruptions.



## Restrictive monetary policy settings globally are likely to have larger consequences for small businesses in servicing their debt obligations.

Central Bank policy rate (end-of-period,%)

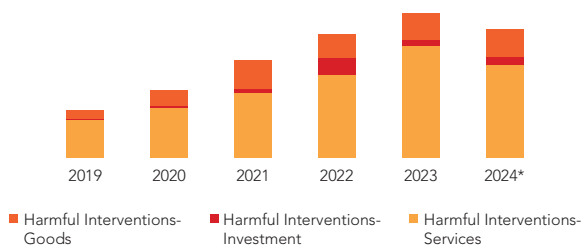


Note: Argentina and Turkey is plotted on the Right Axis i.e. Right Hand Side (RHS) and the rest of the economies are plotted in the Left-Hand Side of the axis  
Source: BIS

- ▶ Monetary policy remained restrictive in over 85% of the world's economies in 2023.
- ▶ In 2024, given that inflation is likely to fall more slowly and in a less linear way, this will result in more restrictive policy settings than initially anticipated at the beginning of the year.
- ▶ In developed economies, monetary easing has not proceeded as quickly as expected. Central Banks across developing countries have started easing to support growth.
- ▶ Higher interest rates and lower medium-term growth prospects further complicate the debt dynamics with consequences for small business to service their debt obligations.

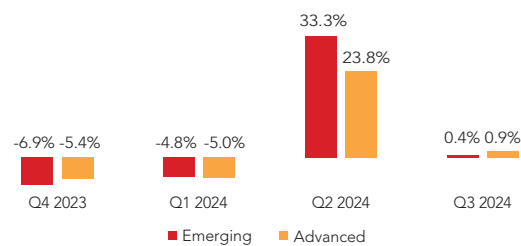
## Rise in trade interventions and geopolitical risks have dented the supply chain optimism of businesses.

Trade restrictions (Nos)



Note: \*Data for 2024 is upto 1st week of June 2024  
Source: Global trade alert and Dun & Bradstreet

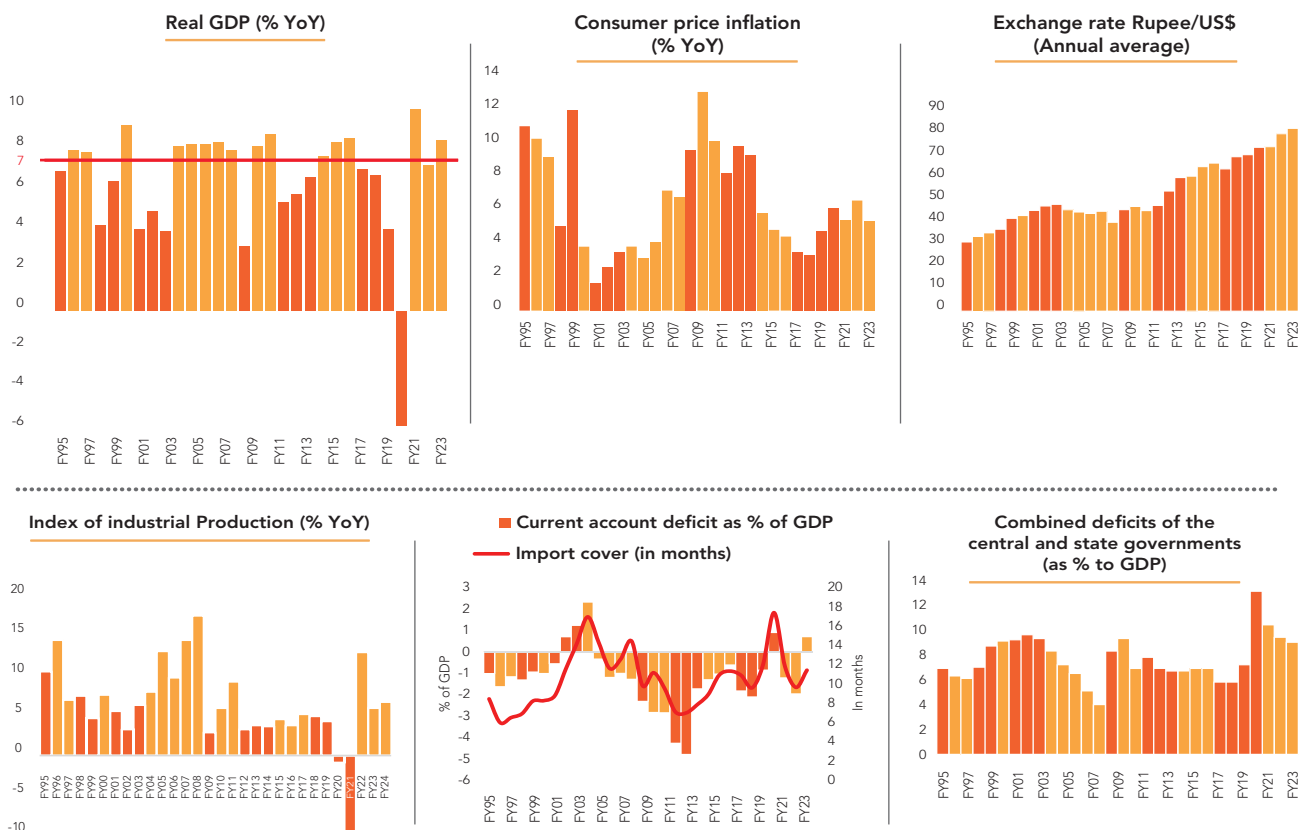
Global Business Supply Chain Continuity Index (% QoQ)



- ▶ In recent years, geopolitical risks from elections, polarization, and conflicts within and between states have increased, challenging efforts to maintain business resilience.
- ▶ The Geopolitical Risk Index, developed by Dario Caldara and Matteo Iacoviello, surged after Russia's invasion of Ukraine in March 2022 and reached its highest point since April 2003, when the U.S. invaded Iraq. It spiked again in October due to the Israel-Hamas conflict and remains elevated. Additionally, new trade restrictions more than tripled in 2023 compared to 2019, and financial sanctions have also increased, disrupting trade and the global supply chain.
- ▶ Disruptions at two critical shipping routes i.e. Suez Canal and Panama Canal accounting for 15% and 5% of global maritime trade volume have led to higher shipping and freight charges and longer delivery time impacting both large and especially small businesses who run on thin margins.
- ▶ Dun & Bradstreet's Global Business Supply Chain Continuity Index which tracks the optimism of large, medium and small businesses across 32 countries reveals that after the fall in optimism in Q4 2023 and Q1 2024, supply chain optimism has increased since Q2 2024. Businesses globally now anticipate that supply chain risks will remain at current elevated levels and have adapted to this new environment.
- ▶ The increase in overall optimism for supply chain is largely driven by small businesses' whose optimism rose sharply (+21.8%) in Q3 2024, supported by their ability to source locally. On the other hand, optimism for large and medium-size businesses are still showing signs of concern and dropped by 2.4% and 13.4% respectively as they are more exposed to the vagaries of higher shipping charges, congestion across routes, and lengthier routes.

# Macroeconomic Overview: India

India has moved from being in the “fragile five” to becoming the fifth-largest economy in the world, by nominal GDP, in 2021 and is expected to overtake Germany by 2027.



Note: The years India recorded a GDP growth of more than 7% is highlighted in yellow  
Source: Reserve Bank of India (RBI)

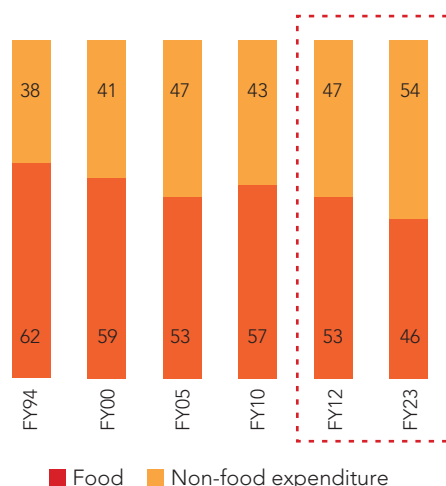
- ▶ Over the 3 decades India has been able to clock a growth rate above 7% in 16 out of 30 years. The current macroeconomic environment is highly conducive to sustaining a high growth phase.
- ▶ Today, India's core inflation is at a 4 year low in FY24, its current account deficit has turned into a surplus, and the gross non-performing assets (GNPA) ratio is at a multi-year low of 2.8% as of the end of March 2024. India's external sector remains resilient and the key external vulnerability indicators continue to improve.
- ▶ India is expected to grow strongly over the years, with its contribution to world GDP projected to double from 2009 to 2029. Per capita GDP in US dollars is also anticipated to double by 2029.
- ▶ High per capita income will increase consumption spending for households, creating more opportunities for businesses.
- ▶ Estimates<sup>1</sup> suggest that from FY21 to FY31, the number of affluent households (with annual incomes over ₹3 mn) will increase by 113 mn, and middle-class households (with annual incomes between ₹0.5-1 mn) will grow by 283 mn.

<sup>1</sup> PRICE ICE 360

## Shifts in consumption pattern would require MSMEs to adapt through innovation, technology, and strategic changes to meet evolving consumer demand.

### Where are the rural households spending today compared to a decade ago?

Rural average MPCE: Share of food and non-food



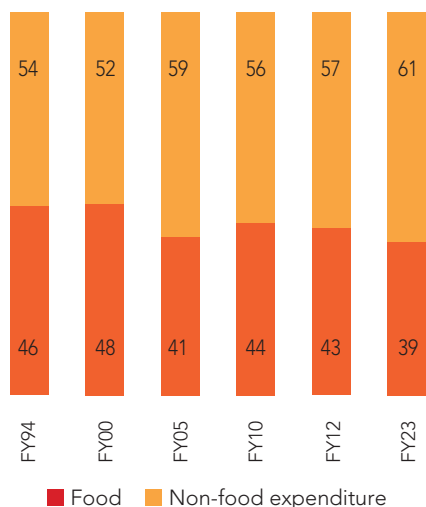
Source: NSSO

Change in share in the consumption basket (%)

FY23 vs FY12		FY23 vs FY12	
1. Conveyance	3.4	1. Cereal	-5.8
2. Durable goods	2.0	2. Fuel and light	-1.3
3. Beverages, processed food, etc.	1.7	3. Vegetables	-1.2
4. Toilet articles & other household consumables	1.1	4. Pulses and pulse products	-1.0
5. Consumer services excluding conveyance	1.1	5. Sugar & salt	-0.9
6. Fruits (dry)	0.6	6. Clothing & bedding	-0.8
7. Pan, tobacco & intoxicants	0.6	7. Spices	-0.5
8. Rent	0.3	8. Education	-0.2
9. Milk and milk products	0.3	9. Footwear	-0.2
10. Fruits (fresh)	0.3	10. Edible oil	-0.2

### Where are the urban households spending today compared to a decade ago?

Urban average MPCE: Share of food and non-food



Source: NSSO

Change in share in the consumption basket (%)

FY23 vs FY12		FY23 vs FY12	
1. Conveyance	2.1	1. Cereal	-3.0
2. Beverages, processed food, etc.	1.7	2. Education	-1.1
3. Durable goods	1.6	3. Vegetables	-0.8
4. Toilet articles & other household consumables	1.1	4. Clothing & bedding	-0.7
5. Pan, tobacco & intoxicants	0.8	5. Pulses and pulse products	-0.7
6. Fruits (dry)	0.5	6. Other taxes & cesses	-0.6
7. Medical (non-hospitalization)	0.4	7. Sugar & salt	-0.6
8. Consumer services excluding conveyance	0.3	8. Fuel and light	-0.4
9. Rent	0.3	9. Spices	-0.3
10. Milk and milk products	0.2	10. Edible oil	-0.3

- ▶ The government's survey on monthly per capita consumption expenditure (MPCE) shows that MPCE for rural households increased 2.7-fold in FY23 from FY12, while that of urban households increased 2.5-fold over the same period.
- ▶ The results also show a narrowing gap between rural and urban consumption. In FY23, the average urban household spent 71.2% more than its rural counterpart, compared to 84% more in FY12 and 91% more in FY05.
- ▶ The share of expenditure on conveyance, durable goods, beverages and processed food saw the largest increase from FY12 to FY23 for both rural and urban households. Additionally, the expenditure on durable goods has risen noticeably, reflecting an increase in the average consumer's purchasing power.
- ▶ According to a study, by 2030, it is estimated that India will witness a 4x growth in consumer spending. The rapid growth in digitalisation is also expected to fuel consumer spending in the one of the youngest nations in the world.

The continued global supply chain disruption is likely to have dented the optimism level of Indian large and medium businesses while optimism of small business appear to have revived

### India's Supply Chain Scenario

Supply Chain Continuity Index (SCI) (QoQ growth)

	2023 Q4	2024 Q1	2024 Q2	2024 Q3
India	-8%	5%	26%	-3%

Supply Chain Continuity Index (SCI) (QoQ growth): By Firm Size

	2023 Q4	2024 Q1	2024 Q2	2024 Q3
Large	-14%	12%	17%	-48%
Medium	6%	-8%	67%	-13%
Small	-15%	14%	-2%	65%

Supply Chain Continuity Index (SCI) (QoQ growth): By Sectors

	2023 Q4	2024 Q1	2024 Q2	2024 Q3
Accommodation & Food Service Activities	0%	0%	14%	-7%
Construction	-13%	3%	33%	12%
Financial & Insurance Activities	0%	0%	9%	9%
Information & Communication	0%	-2%	16%	1%
Manufacture Of Automotives	-18%	26%	30%	-16%
Capital Goods	-10%	11%	24%	15%
Chemicals, Rubber, Plastics, & Pharmaceuticals	-32%	19%	60%	-26%
Electricals, Electronics, & Hardware Manufacturing	14%	-10%	57%	1%
Food, Beverages, & Tobacco	-5%	0%	2%	-8%
Metals	-14%	23%	31%	-6%
Manufacture Of Textiles, Wood, Paper, & Leather	-11%	13%	35%	-4%
Mining	-7%	-2%	58%	-42%
Other Services	0%	0%	16%	1%
Real Estate Activities	0%	0%	-4%	26%
Transportation & Storage	0%	-1%	2%	26%
Utilities	-17%	3%	57%	-26%
Wholesale & Retail Trade	-18%	23%	44%	-15%

Source: Dun & Bradstreet survey

- ▶ Despite the disruptions in the global supply chain, optimism of Indian businesses for their supply chain continuity recovered since the start of 2024 but fell in Q3 according to a survey conducted by Dun & Bradstreet.
- ▶ The continuation of the supply chain disruptions might have taken a toll on business who are more exposed to the global supply chain. Nearly six months of continuous attacks on vessels in the Red Sea have led to increased shipping charges, route congestion, and longer routes. The Drewry WCI composite index stood at USD 5,868 per 40ft container for the week ending July 4, 2024, marking a 298% increase compared to the same week last year. Although this is 43% below the peak of USD 10,377 during the pandemic in September 2021, it is still 313% higher than the pre-pandemic average of USD 1,420 in 2019.
- ▶ The SCI faltered in Q3 2024, driven by large and medium players whose optimism deteriorated significantly reflecting the challenges of an interconnected global supply chain.
- ▶ However, smaller businesses appear to be more optimistic benefiting from their ability to source locally and as they are expected to reduce their supplier concentration risk and lower supplier cost.

# MSMEs at the centre stage of policy making



## In the Union Budget for 2024-2025, the government focused on creating a more favourable credit environment and market access for MSMEs.

The budget emphasised MSMEs and labour-intensive manufacturing by offering a comprehensive package that included funding, regulatory changes, technology support, and initiatives for women entrepreneurs aiming to help MSMEs grow and compete globally.

The initiatives taken towards technology adoption and digitalisation will aid in the formalisation of MSMEs and enhance their access to credit and markets. The planned Digital Public Infrastructure (DPI) programme will enhance efficiency, profitability, and innovation within the private sector, particularly benefiting MSMEs, by providing affordable access to public infrastructure. A shift from traditional asset-based lending to incorporating MSMEs' digital footprints in credit decisions, along with the abolition of the Angel Tax, will create a more favorable credit environment for MSMEs and start-ups. To further facilitate credit availability, new SIDBI branches will expand service coverage for MSMEs.

Aligned with the government's focus on four key groups – the poor (Garib), women (Mahilayen), youth (Yuva), and farmers (Annadata) – significant efforts are being made to support artisans and craftspeople engaged in 18 trades under the PM-Vishwakarma Yojana. The allocation for the PM Vishwakarma scheme has been increased fivefold to ₹ 48.2 billion for FY25 (BE). Additionally, planned e-commerce export hubs with integrated regulatory and logistical frameworks will streamline trade and export services, helping indigenous artisans reach a global audience.

Government Initiatives throughout the years	Financial Support for MSME Growth - Union Budget 2024-2025
<p><b>2014</b> - Pradhan Mantri MUDRA Yojana (PMMY)</p> <p><b>2015</b> - Udyog Aadhaar Memorandum (UAM)</p> <p><b>2016</b> - Stand-Up India Scheme</p> <p><b>2017</b> - MSME Samadhaan, MSME Sambandh</p> <p><b>2018</b> - 59-minute loan portal, Interest Subvention Scheme for MSMEs</p> <p><b>2019</b> - MSME Support and Outreach Program</p> <p><b>2020</b> - Emergency Credit Line Guarantee Scheme (ECLGS)</p> <p><b>2021</b> - Raising and Accelerating MSME Performance (RAMP) Program</p> <p><b>2022</b> - Revised Credit Guarantee Scheme for MSMEs</p> <p><b>2023</b> - Credit guarantee trust, Vivad se Vishwas scheme</p>	<p><b>Budget Allocation</b></p> <ul style="list-style-type: none"> <li>• For Ministry of MSME: INR 22k Crores</li> <li>• Funds for central sector schemes for MSMEs: INR 22k Crores</li> </ul> <p><b>Loan Enhancements</b></p> <ul style="list-style-type: none"> <li>• Mudra Loans for 'Tarun' category limit: Increased to INR 20 lakh for borrowers who have repaid earlier loans</li> <li>• Micro and Small Enterprise-Cluster Development Programme (MSE-CDP): INR 400 crores</li> </ul> <p><b>Credit Facilities</b></p> <ul style="list-style-type: none"> <li>• Guarantee Emergency Credit Line (GECL): ~INR 10k Crores for additional working capital loans to MSMEs</li> <li>• Raising and Accelerating MSME Performance (RAMP): INR 1,170 Crores for credit guarantees to improve credit access</li> <li>• MSME Champions Scheme: INR 55 crores for MSME modernisation</li> <li>• Credit Guarantee Scheme: INR 100 crores for manufacturing sector</li> </ul> <p><b>Others</b></p> <ul style="list-style-type: none"> <li>• 24 new MSME branches by year-end, will enable SIDBI to cover 168 of 242 major MSME clusters thereby expanding its reach amongst MSMEs</li> </ul>

## Schemes to support and empower women MSMEs

Currently, 20.4% of 63.4 mn registered MSMEs in India, are led by women. These women-led MSMEs are predominantly in operating in the micro and cottage sectors employing as many as 27 mn individuals. Increasing the number of women-owned MSMEs is crucial for economic development. Private studies have estimated that one third of all new jobs created by women-owned MSMEs went to women employees, thus boosting local economies.

To empower women entrepreneurs, the government has introduced numerous schemes at both central and state levels to support their business development and growth. Despite there being over 500 schemes for MSMEs by both central and state governments (key schemes for MSMEs and their impact are given in Annexure 1), we have focused on highlighting the impact of key schemes tailor-made to support women entrepreneurs.

### Key Central Government schemes

The Central Government of India has launched several schemes to support and empower women entrepreneurs.

Finance & credit related schemes	Impact*
<b>Prime Minister Employment Generation Programme (PMEGP): 2008 to January 2024</b>	Projects supported - 301,306 projects led by women entrepreneurs. Subsidy provided - ₹ 90.8 bn.
<b>Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE): 2000 to January 2024</b>	1.7mn guarantees approved for women entrepreneurs.
<b>Pradhan Mantri Mudra Yojana (PMMY): 2015 to June 2024</b>	Loans sanctioned - ~330 mn loans (68% of total) for women entrepreneurs. Funds deployed - ₹ 13 tn (44% of total)
<b>Other schemes:</b> Mahila Udyam Nidhi Scheme, Bhartiya Mahila Business Bank Loan, Annapurna Yojna, Trade-Related Entrepreneurship Assistance and Development (TREAD), Self-Reliant India (SRI) Fund, Startup India Seed Fund Scheme (SISFS), etc.	

\*Note: We have tried to highlight the impact of the scheme through the number of MSMEs benefited, the amount of funds disbursed or sanctioned and infrastructure created to support MSMEs

Community development and networking	Impact
<b>Deendayal Antyodaya Yojana - National Rural Livelihoods Mission: 2011 to January 2024</b>	Network - 99.8 mn women mobilized into 9 mn Self Help Groups (SHGs) Credit availed from banks - ₹ 8.15 trn
<b>Procurement &amp; Marketing Support Scheme: FY20 to July 2024</b>	Procurement from women entrepreneurs – ₹ 87 bn (1% of total procurement from MSEs) Women benefitted - ~58,000 Improvement in women's share: FY20 – 0.3%; FY25 – 1.5%
<b>Other schemes:</b> Scheme of Fund for Regeneration of Traditional Industries (SFURTI), PM Vishwakarma, Rashtriya Mahila Kosh, etc.	

Skill development and promoting women entrepreneurship	Impact
<b>Skill Upgradation and Mahila Coir Yojana: FY23</b>	Artisans supported - 740 artisans (FY23). Funds disbursed - ₹ 9.3 mn
<b>Skill Upgradation and Mahila Coir Yojana: FY23</b>	Assistance provided - ₹ 9.8 mn
<b>Women Entrepreneurship Platform (WEP): Since 2018</b>	Outreach - 26,500 women have registered and benefitted from the platform.
<b>Other schemes:</b> Nai Roshni- Scheme for Leadership Development of Minority Women; Stree Shakti Package for Women Entrepreneurs, Trade-Related Entrepreneurship Assistance and Development (TREAD), Entrepreneurship and Skill Development Programme (ESDP), Swalamban (NORAD), Support to Training and Employment Programme for women (STEP), MSME Champions, etc.	

## A glance through the allocations on major schemes for MSMEs over the years

(Green indicates increase from the previous year and red indicates decrease)

	FY20	FY21	FY22	FY23	FY24	FY25
In ₹mn	Actuals	Actuals	Actuals	Actuals	Revised Estimates	Budget Estimates
Scheme for Fund for Regeneration of Traditional Industries (SFURTI)	1,818	3,491	3,724	20	25	2,600
Coir Vikas Yojana	709	807	798	871	922	1,031
Coir Udyami Yojana	20					
Solar Charkha Mission	461					
Khadi Grant (KG)	3,705	2,222	3,743	3,328	3,337	4,615
Khadi Vikas Yojana	3,610	1,781	3,055	2,970	4,228	5,152
Gramodyog Vikas Yojana	807	374	566	472	536	605
<b>Total - Development of Khadi, Village and Coir Industries</b>	<b>11,129</b>	<b>8,674</b>	<b>11,886</b>	<b>7,661</b>	<b>9,047</b>	<b>14,003</b>
ASPIRE (Promotion of Innovation, Rural Industry and Entrepreneurship)	14	133	86	40	40	200
Credit Linked Capital Subsidy and Technology Upgradation Scheme	7,584	11,201	1,126			
MSME Champions Scheme			8,750	441	527	547
<b>Total - Technology Upgradation and Quality Certification</b>	<b>7,598</b>	<b>11,334</b>	<b>9,963</b>	<b>481</b>	<b>567</b>	<b>747</b>
Prime Minister Employment Generation Programme (PMEGP)	24,644	19,058	28,894	27,332	29,582	23,000
Credit Support Programme	5,552		16,800	80,000	5,000	0
Interest Subvention Scheme for Incremental Credit to MSMEs	3,500	3,500				
Guarantee Emergency Credit Line (GECL) facility to eligible MSME borrowers			74,450	1,05,000	1,40,000	98,129
<b>Total - Prime Minister Employment Generation Programme (PMEGP) and Other Credit Support Schemes</b>	<b>33,696</b>	<b>22,558</b>	<b>1,20,144</b>	<b>2,12,332</b>	<b>1,74,582</b>	<b>1,21,130</b>
Credit Linked Capital Subsidy (CLCS)					23	6
Procurement and Marketing Support Scheme	799	127	52	275	866	650
International Cooperation Scheme	69	18	33	113		
<b>Total - Market Promotion Scheme</b>	<b>868</b>	<b>145</b>	<b>84</b>	<b>388</b>	<b>866</b>	<b>650</b>
Studies, Publicity & International Cooperation (SPIC)					300	270
Mahatma Gandhi Institute for Rural Industrialisation	100	62	75	85		
Promotional Services Institutions and Programme	2,558	1,303	1,307	1,775		
Information, Education and Communication	36	38	29	39		
Assistance to Training Institutions	297	240	480	220	150	300
Fund of Funds			1,804	3,928	5,750	5,750
Entrepreneurship cum Skill Development Programme (ESDP)					650	990
<b>Total - Entrepreneurship and Skill Development</b>	<b>2,990</b>	<b>1,643</b>	<b>3,694</b>	<b>6,046</b>	<b>6,550</b>	<b>7,040</b>

	FY20	FY21	FY22	FY23	FY24	FY25
In ₹mn	Actuals	Actuals	Actuals	Actuals	Revised	Budget
Infrastructure Development and Capacity Building	4,359	3,958	2,445			
Establishment of New Technology Centres	1,280	486	246	100	159	4,500
Technology Centre Systems Programme (TCSP) EAP				1,236	2,000	3,500
Construction of Office Accommodation- Capital Outlay on Public Works	150	236	122	136		
Raising and Accelerating MSME Performance - RAMP				2,694	10,000	11,700
Micro and Small Enterprise-Cluster Development Programme (MSE-CDP)				1,196	1,800	4000
Tool Rooms & Technical Institutions (TR/TIs)				1,010	1,400	1,400
Promotion of MSMEs in NER and Sikkim				494	500	500
Infrastructure Development and Capacity Building- EAP Component	2,662	3,271	1,448			
Infrastructure Support to TCs/TSs/DIs and Capital Outlay on Public Works (Construction of Office Accommodation)				151		
<b>Total - Infrastructure Development Programme</b>	<b>8,451</b>	<b>7,951</b>	<b>4,260</b>	<b>7,016</b>	<b>15,859</b>	<b>25,600</b>
Database Research Evaluation and Other Office Support Programme	80	14		15		
Survey, Studies and Policy Research			20	13		
National Schedule Caste/Schedule Tribe Hub Centre	796	1,200	1,019	1,350	1000	999
<b>Total - Research and Evaluation Studies</b>	<b>876</b>	<b>1,214</b>	<b>1,038</b>	<b>1,378</b>	<b>1,000</b>	<b>999</b>
<b>PM Vishwakarma</b>					9,895	48,240
<b>Total - Central Sector Schemes/Projects</b>	<b>65,608</b>	<b>53,518</b>	<b>1,51,069</b>	<b>2,35,301</b>	<b>2,18,690</b>	<b>2,18,685</b>
<b>Total Budget Allocation to Ministry of MSME</b>	<b>66,976</b>	<b>54,553</b>	<b>1,49,800</b>	<b>2,35,409</b>	<b>2,21,380</b>	<b>2,21,380</b>

Source: Union Budget

Note: The data does not add up to the total because of rounding off.

Total allocation of central schemes does not reconcile with total budget allocated to Ministry of MSMEs, as its excludes any recoveries made during the year. The central schemes also excludes grants to Mahatma Gandhi Institute for Rural Industrialisation, an autonomous body.

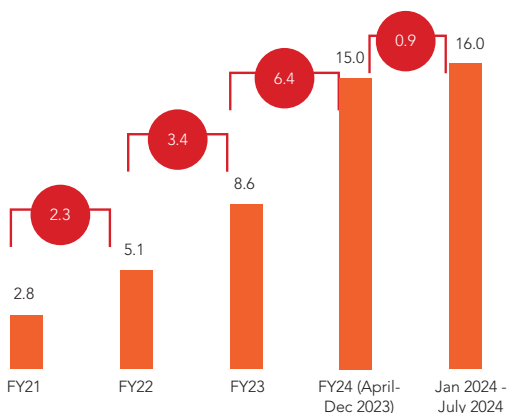


# Insights on MSMEs & Credit Environment

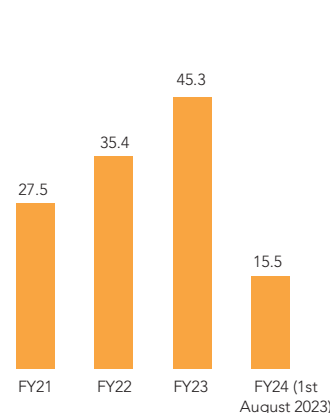
## The increase in registration of MSMEs on UDYAM portal signals rapid formalisation of small businesses.

- ▶ From FY18 to FY22, the contribution of MSMEs to India's GDP has been around 29% to 30%. By 2027, MSMEs are expected to increase their GDP contribution to 35-40% up from the current ~30%. Unlocking the potential of MSMEs is crucial for India to achieve its goal of becoming a Viksit Bharat (a developed economy) by 2047.
- ▶ To enhance the GDP contribution of MSMEs, it is essential to focus on the formalisation of small businesses and their growth in size and scale.
- ▶ Udyam, which provides a unique identity to MSMEs, aims to digitalise and streamline processes, as well as help them access to various government schemes i.e. financial support including priority sector lending, market access, and subsidies.
- ▶ MSMEs registering on UDYAM have almost doubled each year since its inception in FY21, indicating the rapid pace of formalisation of small businesses and improved access to various government policy initiatives.
- ▶ There are 47.6 mn MSMEs registered on UDYAM as on 8<sup>th</sup> July 2024 including the 19.9 mn MSE or informal micro enterprises registered on the UDYAM assist platform. The Ministry of MSMEs had introduced the Udyam Assist Portal (UAP) to assist informal MSEs, who were facing hurdles due to the compulsory requirement of PAN/ goods and services tax (GST) documents, to register under UDYAM since January 2023.
- ▶ Maharashtra leads other states in India with 14% of total registered MSMEs, followed by Uttar Pradesh (11%) and Tamil Nadu (9%).
- ▶ While the majority of registered MSMEs are micro-enterprises, states like Maharashtra, Gujarat, and Uttar Pradesh have a significant number of small and medium enterprises, highlighting regional variations in business development.
- ▶ Excluding the MSEs registered in UDYAM assist platform, Maharashtra consistently showed the highest employment numbers, representing 12.4% of total, followed by Tamil Nadu (10.9%) and Uttar Pradesh (9.1%) during FY21 to August 2023.

MSMEs registered in UDYAM portal including informal micro enterprises (in mn)



Employment generated by MSMEs registered in UDYAM (in mn)



Employment generated by MSMEs registered in UDYAM (in mn) - Top 10 states

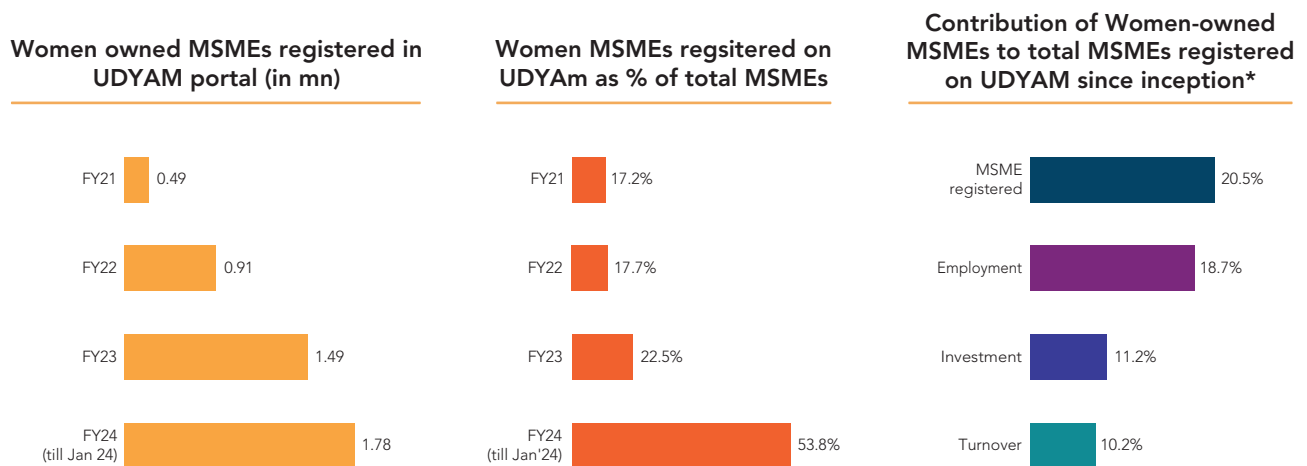
	FY21	FY22	FY23	FY24 (1st August 2023)
Maharashtra	4.5	4.6	4.9	1.4
Tamil Nadu	3.3	4.1	4.7	1.5
Uttar Pradesh	2.1	2.8	4.2	2.2
Karnataka	2.0	2.8	3.6	1.3
West Bengal	1.1	2.0	2.9	0.8
Rajasthan	1.5	2.5	2.8	0.8
Andhra Pradesh	0.7	1.2	2.7	0.7
Telangana	1.6	2.0	2.7	0.9
Gujarat	2.5	2.2	2.4	0.8
Bihar	0.7	1.4	2.2	0.6

■ MSMEs registered in UDYAM portal including informal micro enterprises (in lakhs)

Note: The data for employment does not include employment generated by informal MSE in the UDYAM Assist Platform  
Source: UDYAM, PIB

## 1 out of 5 UDYAM-registered MSMEs is led by women, contributing to 1 out of 5 jobs but only 1 out of 10 rupees in investment and turnover.

- ▶ Women constitute 50% of India's population yet lead 20% of MSMEs in India and contribute to 3.09% of industrial output.
- ▶ The pace of registration of women-led MSMEs on UDYAM is also doubling annually even though they account for low share of overall UDYAM registered MSMEs. Currently, one in five UDYAM-registered MSMEs is led by women, contributing to one in five jobs created by MSMEs, despite having lower investment and turnover. Women-led MSMEs tend to be smaller than their counterparts, representing only one in ten rupees of investment and turnover. When including Informal Micro Enterprises (IMEs) registered on the UDYAM Assist portal, this number increases significantly. Women-owned IMEs account for 71% of the total IMEs and contribute 71% to employment since the portal's inception on 11 January 2023.
- ▶ Women are more likely to engage in the micro sector in areas such as handicrafts, cottage industries, and cash crop businesses than in small and medium enterprises.



Note: \* Inception denotes 1st July 2020 to 31st Jan 2024  
Source: UDYAM

## Benefits of UDYAM registrations

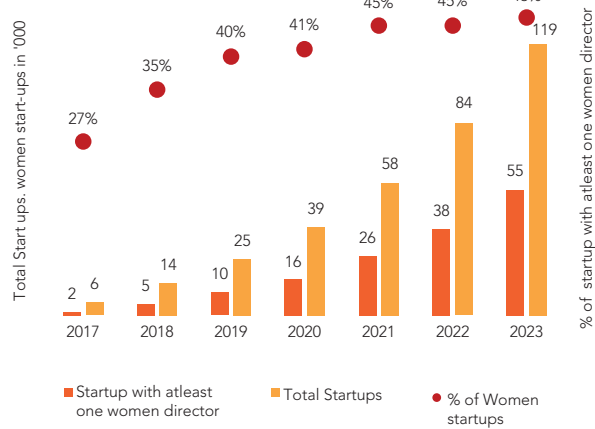
<b>Financial Support</b>	<ul style="list-style-type: none"> <li>▶ Collateral -free loans</li> <li>▶ Reduced interest rates</li> <li>▶ Protection from delayed payments</li> <li>▶ Eligible for government MSME schemes</li> </ul>
<b>Subsidies</b>	<ul style="list-style-type: none"> <li>▶ 50% subsidy on trademark and patent registration fees</li> <li>▶ 75% subsidy on ISO certification fees</li> <li>▶ NSIC performance and credit rating fees subsidy</li> <li>▶ Electricity bill discount</li> <li>▶ Industrial Promotion Subsidy (IPS) Subsidy Eligibility</li> <li>▶ Government security deposit (EMD) waiver</li> <li>▶ Potential tax exemptions</li> </ul>
<b>Market Access</b>	<ul style="list-style-type: none"> <li>▶ International trade access</li> <li>▶ Marketing &amp; promotion support</li> <li>▶ Technology upgradation help</li> </ul>

Source: UDYAM

## Rising entrepreneurship: The vibrant start-up ecosystem in India

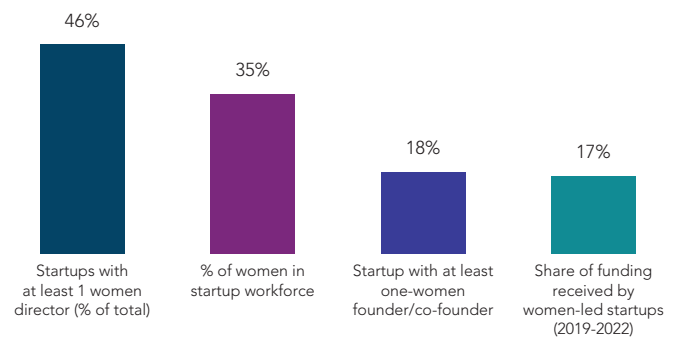
- ▶ As per DPIIT, India boasts over 119,000 recognized startups, growing at a CAGR of ~86% over 2016-2023.
- ▶ Recognized startups have made a substantial impact on the employment landscape, creating over 1.25mn direct jobs.
- ▶ Around 55,000 (~46%) of recognized startups have at least one female director.
- ▶ Among women-led startups, the majority are in the IT/ITES sector (12%), followed by healthcare (10%) and education (6%).
- ▶ Tier-2 and Tier-3 cities are fostering a dynamic startup ecosystem, with 50% of startups originating from these locations.

### Start-ups in India - Rise in women start-up over the years\*

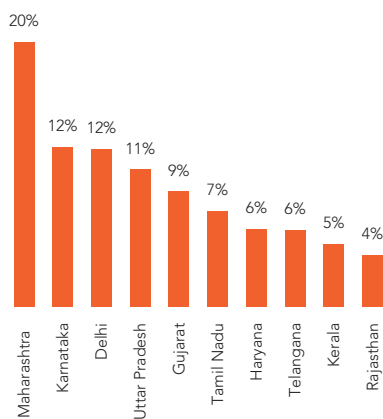


Note: \*Data is cumulative

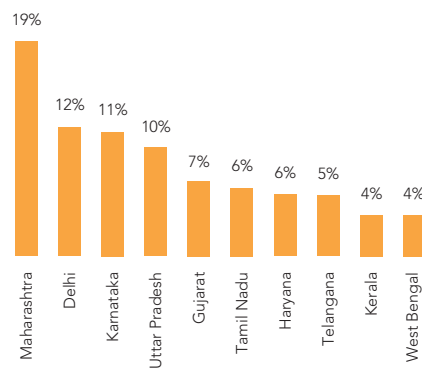
### Role of women startups in the startup ecosystem in India



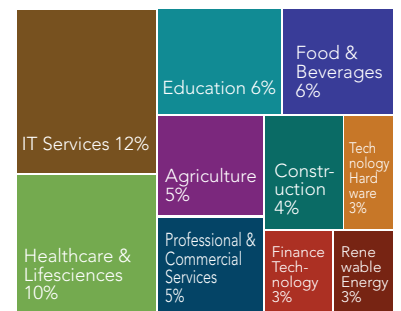
### Top 10 states with largest share of startups during 2019-2022



### Top 10 states with largest share of startups with at least one-woman director during 2019-2022



### Presence of women startup in sector- Top 10 sectors (% share)

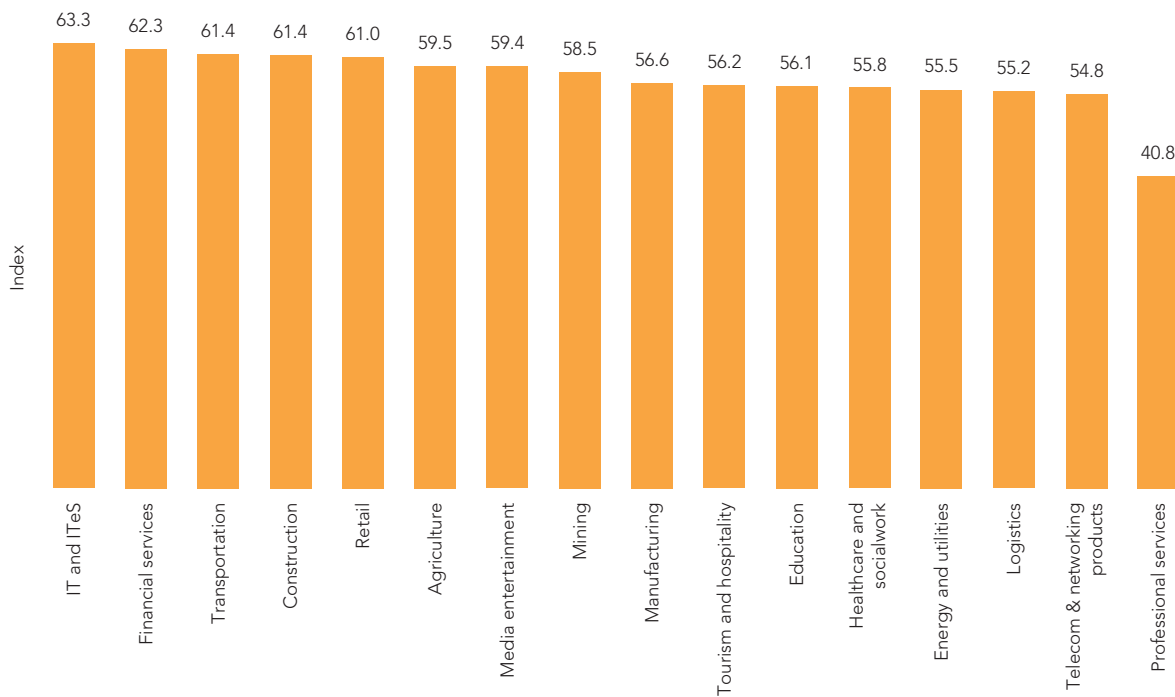


Source: DPIIT, Lok Sabha Q&A

## Digitalisation can empower MSMEs to increase in size and scale

- ▶ Adopting digital technologies is essential for the growth and competitiveness of Indian MSMEs. Utilizing advanced tools can help these enterprises overcome limitations, boost efficiency, enhance competitiveness, and foster innovation.
- ▶ According to a study by Dun & Bradstreet and Vodafone, a statistically significant positive correlation exists between digital maturity and turnover. There is a 17% higher likelihood of increased turnover with greater digitalisation. This highlights the strategic advantages of investing in digital technologies to expand operations and market presence.
- ▶ Private studies have found that digitally engaged MSMEs were 2.1 times more likely to sell goods nationwide than their offline counterparts and 4.6 times more likely to export internationally.
- ▶ Going ahead, MSMEs can leverage the digital public infrastructure envisioned by the government to increase their digital footprints.

**Digital Maturity Index (DMI) 2024 of MSMEs across sectors**



Note: The values of the Digital maturity Index ranges from 0-100, where higher values represent higher level of digital maturity.

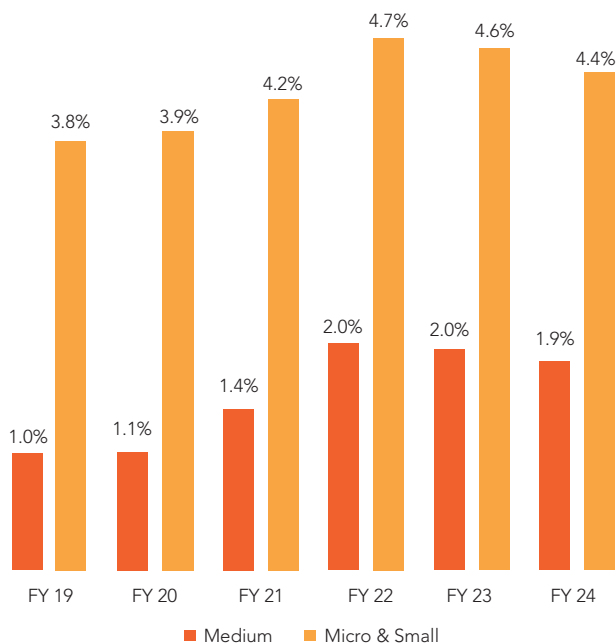
Source: Vodafone and Dun & Bradstreet

## The growth and share in non-food credit disbursed by the SCBs and NBFCs to the micro and small firms have improved from FY19 to FY24.

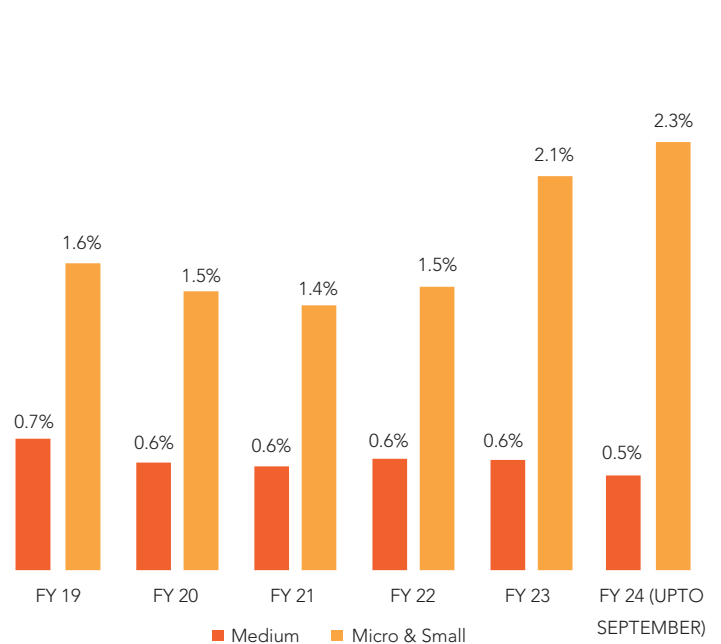
- ▶ Despite around 30% contribution to GDP and high employment generation, MSMEs share in commercial credit (non-food credit) remains low at around 6.3% in FY24. Although this has improved since FY19 (4.9%).
- ▶ Data shows, both the growth and share in non-food credit disbursed by the SCBs and NBFCs to the micro and small firms improved over the years. The share in credit to micro and small firms to non-food credit have improved by 60 bps points across both SCBs and NBFCs from FY19 to FY24.
- ▶ Despite high interest rates, credit growth to MSMEs remains buoyant. Compared to overall non-food bank credit growth at around 20% in FY24, SCBs credit growth to micro and small businesses stood at 14.7% and to medium firms at 13.3%, although this was higher than large industries at 6.5%.
- ▶ According to TransUnion CIBIL-SIDBI report, the overall loan portfolio delinquency rate of MSME declined to a two-year low of 2.3% in Q2 FY24. The falling delinquency rate suggests that MSME appear to be managing their credit repayments responsibly which in turn are improving their borrowing prospects.
- ▶ The private banks have the least number of delinquent portfolios at 1.5%, while for PSBs and NBFCs this stood at 3.2% and 2.9% respectively in Q2 FY24. Compared to Q2 FY19, this has fallen by 290 bps points for SCBs, 80 basis points for Private sector banks and 70 basis points for NBFCs.

### MSMEs' share in non-food credit by SCBs and NBFCs

MSME's Share in Non-Food Credit by SCBs (%)



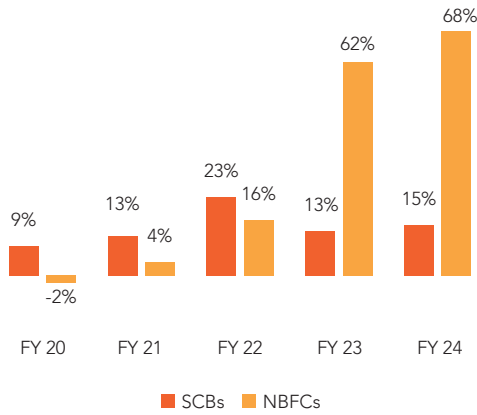
MSME's Share in Non-Food Credit by NBFCs (%)



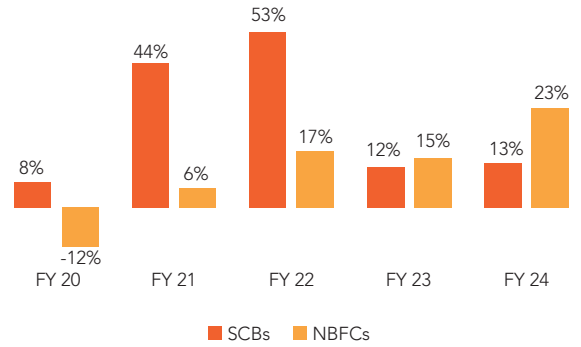
Source: Reserve Bank of India (RBI)

# Credit growth to micro, medium and small firms

## Credit growth to micro and small firms (% YoY)



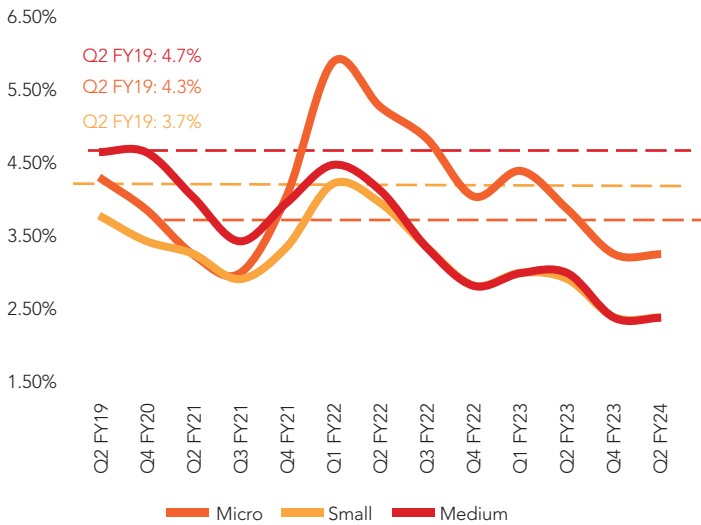
## Credit growth to medium firms (% YoY)



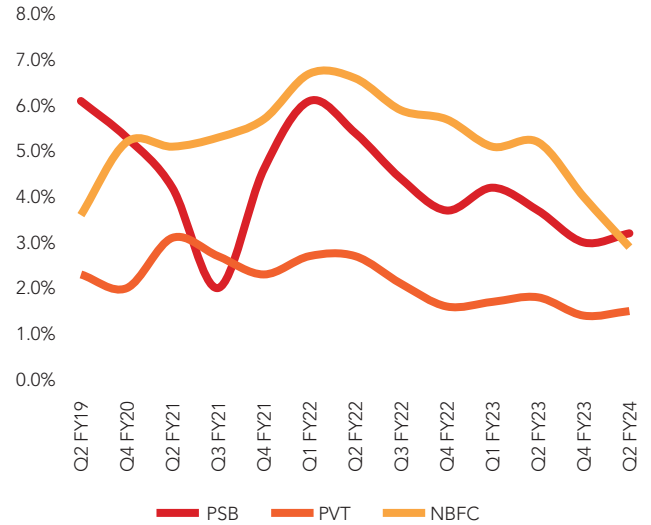
Note: For NBFCs data for FY24 is upto September  
Source: Reserve Bank of India (RBI)

# Delinquency rate across business size and lenders

## Delinquency Rate by MSME Segment (%)



## Delinquency Rate by Lenders (%)

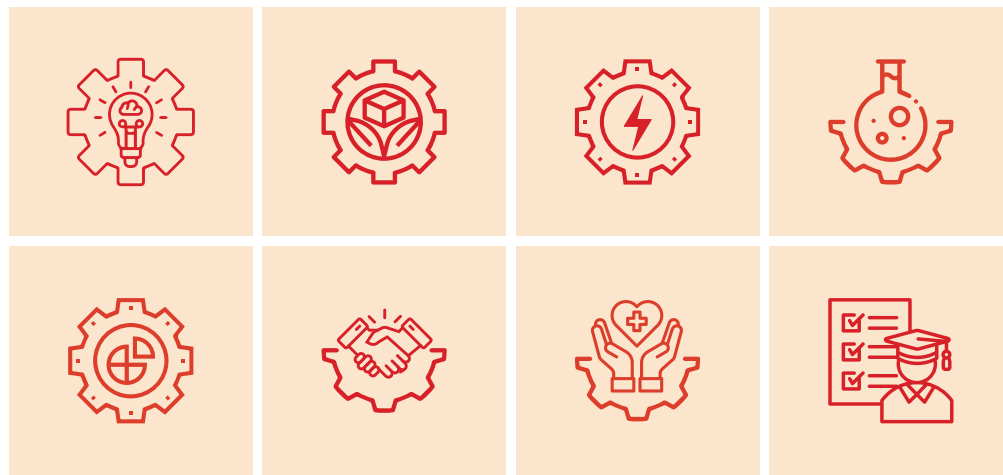


Source: TransUnion CIBIL-SIDBI



# Insights on MSME performance on eight selected sectors

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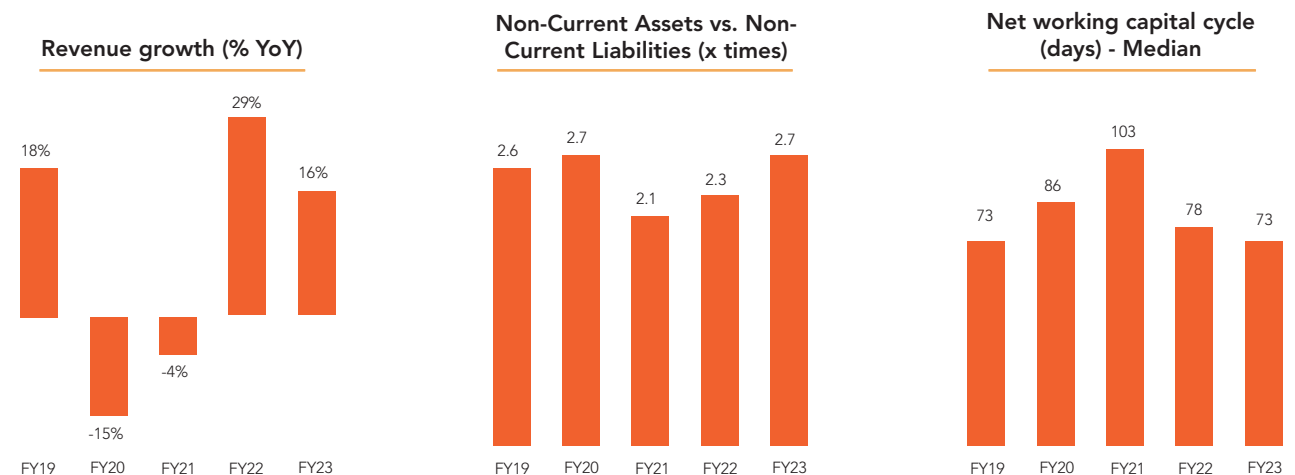
# Light Engineering Sector

## Key developments in the sector

- ▶ In July 2024, DPIIT announced the reopening of the application window for the PLI scheme for white goods, starting on July 15, 2024, for a duration of 90 days.
- ▶ Since its launch in 2021, the telecom equipment manufacturing sector has generated revenues of ₹500 bn and exports of approximately ₹105 bn under the Production Linked Incentive (PLI) Scheme for Telecom and Networking Products, attracting investments of ₹34 bn.
- ▶ The Directorate General of Trade Remedies (DGTR) has recommended maintaining anti-subsidy duties of up to 29.9% on welded stainless-steel pipes and tubes from China and Vietnam to protect domestic producers.
- ▶ The metal casting sector is estimated (by private agencies) to grow at a CAGR of 6% from 2023 to 2033, reaching US\$ 179 bn, driven by rapid infrastructural development, urbanization, and industrialization.
- ▶ The Indian cables and wires industry, along with fast-moving electric goods (FMEG) products, will reach ₹1.8 trn in FY23, with a projected CAGR of approximately 10% over the coming years, driven by growth in the infrastructure and real estate sectors-as estimated by private agencies.

## MSME Performance: Key Financial Ratios

- ▶ In our analysis of MSME companies in the sector, revenue increased by 16% in FY23, compared to 29% in FY22 (from a low base), driven by domestic demand from key industries such as automobile, infrastructure, consumer durables, defense, and railways.
- ▶ Net working capital cycle reached the pre-pandemic levels of 73 days, signaling normalization of trend.
- ▶ Investment in the sector is driven by increased demand from manufacturing sectors towards automation, robotics, high-precision and high-efficiency tools.
- ▶ Furthermore, government initiatives such as Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY), BharatNet, the Gati Shakti initiative, Jawaharlal Nehru National Urban Renewal Mission (JNNURM), and Pradhan Mantri Awas Yojana (PMAY) to support investment in the sector.



Source: CMIE, Dun & Bradstreet





# Food Processing Sector

## Union Budget 2024 Announcement

- ▶ The allocation for Production-Linked Incentive (PLI) Scheme in the Food Processing Industry increased to ₹ 14.4 bn in FY25 (BE), from ₹ 11.5 bn in FY24 (RE).
- ▶ The allocation to Blended Capital Support to Finance Startups for Agriculture and Rural Enterprise Relevant for Farm Produce Value Chain has been increased to ₹ 625 mn in FY25 (BE), from 'nil' in FY24 (RE).
- ▶ Financial assistance will be given to establish 50 multi-product food irradiation units in the MSME sector. In addition, the government will facilitate the establishment of 100 food quality and safety testing labs with NABL accreditation.
- ▶ In line with PM SVANidhi Scheme, the government envisions to support each year, over the next five years, the development of 100 weekly 'haats' or street food hubs in select cities.
- ▶ Customs duty on shea nuts reduced from 30% to 15% and for other roasted nuts and seeds, including areca nuts increased from 30-150%.

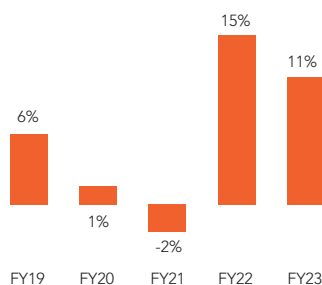
## Impact

The government's initiatives to enhance the entire agricultural value chain from production, storage to processing, quality control, branding, and marketing will benefit small players by enabling them to leverage the supply chain infrastructure. Additionally, the ease of access to both domestic and global markets for MSMEs will improve through the government's plan to support street food hubs in select cities and establish E-Commerce Export Hubs. The creation of essential food irradiation, quality, and safety testing labs will further support MSMEs, helping to increase the level of food processing in India, which is currently low compared to developed nations.

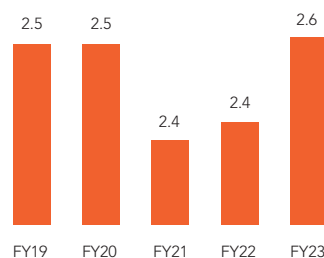
## MSME Performance: Key Financial Ratios

- ▶ Analysis of selected MSME companies in the sector reveals double-digit revenue growth over the past two post-pandemic years. Factors such as robust external demand, increased share of processed foods in Indian household consumption, and government support for MSMEs in food processing is likely to have driven this growth.
- ▶ Processed food exports as a share of agricultural exports rose from 13.7% in FY14 to 25.6% in FY23, while their share in total household consumption expenditure nearly doubled from FY05 to FY23.
- ▶ Recent years have seen increased investments in the food processing sector to develop modern infrastructure throughout the value chain from farm to market. This growth is supported by credit-linked subsidies, incentives for MSMEs, and government initiatives that have led to the establishment of 41 mega food parks (24 operational), 948 cold storages with a total capacity of 1.816 mn metric tons, and the promotion of 14 One District One Product (ODOP) brands.
- ▶ The sector exhibits a low working capital-to-turnover ratio, indicating stable operational efficiency, while its financial position has strengthened, with the NCA/NCL ratio improving to 2.6x, similar to pre-pandemic levels.

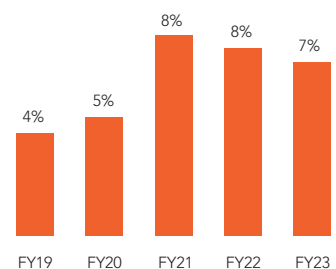
Revenue growth (% YoY)



Non-Current Assets vs. Non-Current Liabilities (x times)



Working Capital to Turnover ratio (%)



Source: CMIE, Dun & Bradstreet



# Electrical Machinery Sector

## Union Budget 2024 Announcement

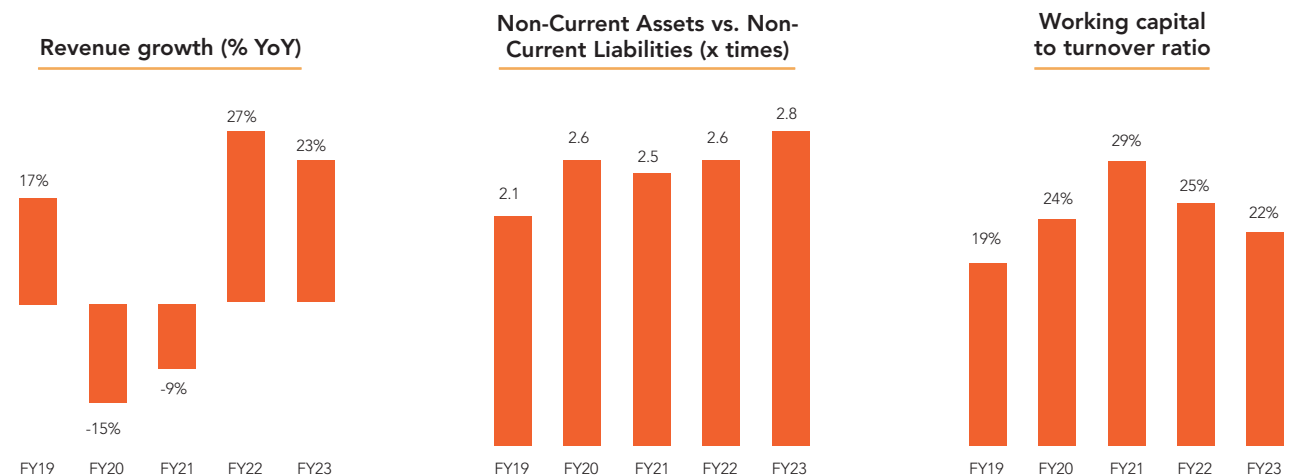
- ▶ Customs duties fully exempted on 25 critical minerals.
- ▶ Reduction in customs duty
  - Certain additional capital goods for use in manufacture of solar cells and modules from 7.5% to 'nil'.
  - Printed Circuit Board Assembly (PCBA) of cellular mobile phone from 5/7.5% to 'nil'.
  - Charger/Adapter of cellular mobile phone from 20% to 15%.
  - Oxygen Free Copper for use in manufacture of resistors from 5% to 'nil'.
  - Graphite from 7.5/5% to 2.5%.
  - Silicon Quartz and silicon dioxide from 7.5/5% to 2.5%.

## Impact

The reduction in the custom duties for critical minerals such as graphite, silicon quartz, and silicon dioxide, as well as capital goods used in manufacturing solar cells and modules, aims to reduce input costs, promote export competitiveness, correct the inverted duty structure, and boost domestic manufacturing in the electrical equipment sector.

## MSME Performance: Key Financial Ratios

- ▶ Our study shows that post pandemic, revenue grew by more than 20% for MSMEs in the sector for two consecutive years till FY23.
- ▶ This is likely to have been driven by higher external demand (CAGR of electrical equipment exports increased by 3x over FY14-23) along with increase in domestic demand from key sectors like railways, defence, power, etc.
- ▶ The long-term investment by MSMEs, though lower than the pre-pandemic years, has remained high and consistent driven by various infrastructure initiatives taken over the years such as Jawaharlal Nehru National Urban Renewal Mission (JNNURM), and Pradhan Mantri Awas Yojana (PMAY) and other infrastructure projects under Gati Shakti.
- ▶ The net working capital-to-revenue ratio declined to 22% in FY23 from 25% in FY22, though it remains above the pre-pandemic level of FY19 (19%).



Source: CMIE, Dun & Bradstreet



# Chemicals Sector

## Union Budget 2024 Announcement

- ▶ The net budgetary allocation to the Department of Chemicals and Petrochemicals, under the Ministry of Chemicals and Fertilisers, decreased to ₹ 2.6 bn (BE) in FY25, from ₹ 5.7 bn in FY24 (RE).
- ▶ The allocation to Production-Linked Incentive (PLI) Scheme for promotion of domestic manufacturing of critical Key Starting Materials (KSMs)/Drug Intermediates (DIs) and Active Pharmaceutical Ingredients (APIs) in India has been increased to ₹ 580 mn in FY25 (BE), from ₹ 161 mn in FY24 (RE).

### Indirect taxes

#### Chemicals and Plastics

- BCD rate for Ammonium Nitrate increased to 10% from 7.5%
- BCD rate for PVC Flex films increased to 25% from 10%

#### Laboratory Chemicals

- BCD rate increased to 150% from 10% falling under Chapter 98020000

#### Critical Minerals

- 25 Critical Minerals has been exempted from BCD to boost sector

#### Others

- Effective BCD on MD for use in the manufacture of Spandex Yarn is reduced to 5% from 7.5% subject to IGCR
- Effective BCD on specified parts falling under Chapter 28, 29 or 38 for use in manufacture of connectors is reduced to NIL from 5%/7.5%

## Impact

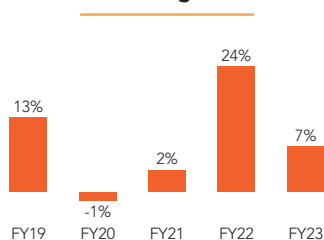
The various announcements to boost the manufacturing and infrastructure sector is likely to boost the chemical sector, including construction chemicals, etc. The PM Surya Ghar Muft Bijli Yojana to install solar rooftop panels is expected to spur the demand of chemicals such as silicon. The adjustments made in customs duties reflect a strategic emphasis on domestic manufacturing and sustainability, with increase in duties on ammonium nitrate and PVC flex films designed to protect and promote local manufacturing industries.

The focus on encouraging private sector-driven research and innovation at a commercial scale, supported by a financing pool of ₹ 1 tn along with the prioritization of the manufacturing and infrastructure sectors, will provide a significant boost to the Indian chemical industry.

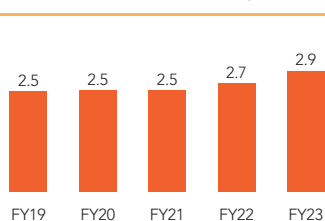
## MSME Performance: Key Financial Ratios

- ▶ In the studied sample, revenue growth for FY23 stood at 7%, compared to 24% in FY22, driven by various factors including weak global demand and inventory destocking by customers following a slow revival of China's economy.
- ▶ Investment in the sector is driven by increasing domestic demand from the automotive, textiles, construction, water treatment, and plastics industries, along with opportunities from the global supply chain shift due to the China+1 strategy.
- ▶ The NCA/NCL ratio has been improving since FY21, as asset growth continues to outpace growth in long-term liabilities.

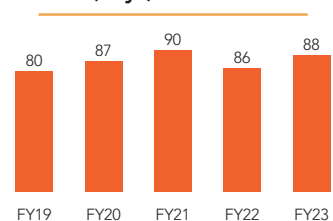
Revenue growth



Non-Current Assets vs. Non-Current Liabilities (x times)



Net working capital cycle (days) - Median



Source: CMIE, Dun & Bradstreet



# Auto Components Sector

## Union Budget 2024 Announcement

### ► Budget Allocation

- Automotive sector - Increased by 2.6X to ₹ 64.2 bn in FY25 (BE) from FY23
- PLI scheme for automobiles and auto components - Increased by 5.7X to ₹ 35 bn in FY25 (BE) from FY24

### ► New Scheme for Manufacturing of Electric Passenger Cars (SMEC) - Allocation of ₹ 130 mn in FY25 (BE).

### ► New Electric Mobility Promotion Scheme (EMPS) 2024 - Allocation of ₹ 5 bn for FY25 (BE).

### ► Import duties waived on 25 minerals, including lithium. Customs duty exemption is being extended to import of capital goods and machinery required for manufacture of lithium-ion cells for batteries used in electric vehicles.

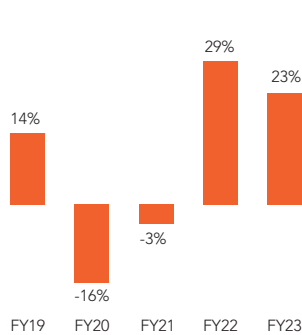
## Impact

In the Union Budget, the thrust on electric vehicles and electronic automobile components remains high, marked by the introduction of two new schemes, the EMPS 2024 and SMEC, along with increased allocation to the PLI schemes. The EMPS 2024 aims to accelerate the adoption of electric two-wheelers (e-2W) and electric three-wheelers and develop the electric vehicle (EV) manufacturing ecosystem in the country. The scheme targets the support of 372,215 EVs, including 333,387 e-2Ws and 38,828 e-3Ws. The SMEC Scheme will incentivise investments in establishing EV manufacturing capacity, including physical infrastructure, such as plants and machinery, charging stations and assets developed or acquired by companies. These initiatives will boost the MSMEs in the auto component sector.

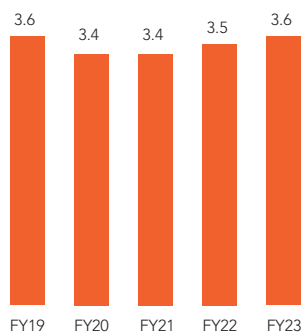
## MSME Performance: Key Financial Ratios

- Our study of MSME companies in the sector shows revenue growth remained robust at 23% YoY in FY23, driven by growth in domestic vehicle sales (20% YoY) and a market shift towards larger, more powerful vehicles and higher consumption of value-added components.
- Investment in the sector is fueled by strong demand momentum and various government policies such as the Production Linked Incentive (PLI) scheme for the auto component sector and subsidies to encourage EV adoption.
- The financial position of MSMEs (selected sample) is improving, with the Non-Current Assets (NCA)/Non-Current Liabilities(NCL) ratio returning to pre-pandemic levels of 3.6x in FY23.

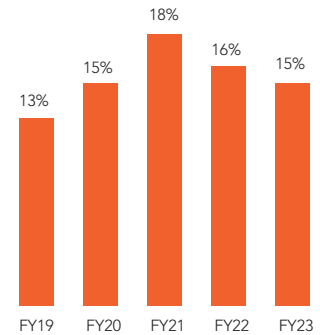
Revenue growth (% YoY)



Non-Current Assets vs. Non-Current Liabilities (x times)



Working capital to turnover ratio (%)



Source: CMIE, Dun & Bradstreet



# Hospitality Sector

## Union Budget 2024 Announcement

- ▶ The budgetary allocation for the Ministry of Tourism increased by 46% to ₹ 24.8 bn in FY25 (BE), from ₹ 16.9 bn in FY24 (RE).
- ▶ The allocation towards Integrated Development of Tourist Circuits around specific themes (under the Swadesh Darshan Scheme) doubled to ₹ 17.5 bn in FY25 (BE), from ₹ 8.1 bn in FY24 (RE).
- ▶ The budget has allocated ₹ 2.4 bn for the Pilgrimage Rejuvenation and Spiritual, Heritage Augmentation Drive (PRASHAD) scheme in FY25 (BE) compared to ₹2.0 bn in FY24 (RE).
- ▶ The government has announced a plan, Purvodaya, for the all-round development of the eastern region, covering Bihar, Jharkhand, West Bengal, Odisha and Andhra Pradesh.

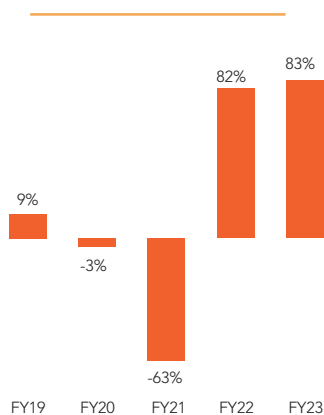
## Impact

The numerous announcements aimed at developing tourism and related infrastructure will benefit small businesses within the sector, which heavily rely on public infrastructure and local government support for growth. Focusing on specific areas, such as the Vishnupad and Mahabodhi temple corridors, the development initiatives for Rajgir and Nalanda as tourist centers, along with Odisha, will facilitate the establishment of new businesses and create employment opportunities.

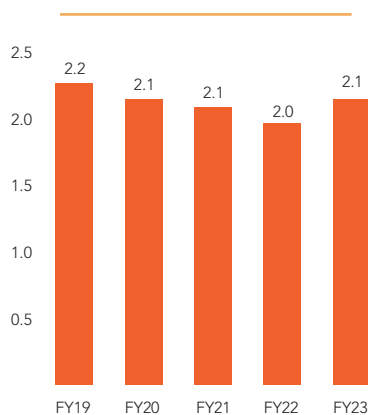
## MSME Performance: Key Financial Ratios

- ▶ Analysis of MSME companies in FY23 showed robust revenue growth, up 83% year-over-year, driven by increased domestic leisure travel and foreign tourist arrivals.
- ▶ EBITDA margins improved, rising from 19% in FY22 to 35% in FY23, likely due to cost-optimization measures implemented during the pandemic.
- ▶ Long-term investments in the hospitality sector are bolstered by government policies aimed at developing tourism infrastructure and promoting initiatives like Swadesh Darshan, PRASHAD, and NIDHI.

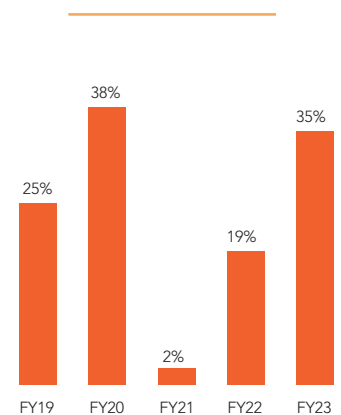
Revenue growth (% YoY)



Non-Current Assets vs. Non-Current Liabilities (x times)



EBITDA margins (%)



Source: CMIE, Dun & Bradstreet



# Healthcare Sector

## Union Budget 2024 Announcement

- ▶ Allocation of ₹ 909.6 bn to for the country's healthcare sector. ₹ 876.6 bn have been allocated to the health and family welfare department and ₹ 33.0 bn to the health research department.
- ▶ Allocation to the Ayushman Bharat - Pradhan Mantri Jan Arogya Yojana (PMJAY) scheme increased from ₹ 68 bn (RE) in FY24 to ₹ 73 bn in FY25.
- ▶ The allocation for Pradhan Mantri Ayushman Bharat Health Infrastructure Mission (PMABHIM) increased by 52% to ₹ 32 bn in FY25 (BE) from ₹ 21 bn in FY24 (RE), to support health infrastructure, surveillance and health research funding needs.
- ▶ The allocation to Production-Linked Incentive (PLI) Scheme for promotion of domestic manufacturing of critical Key Starting Materials (KSMs)/Drug Intermediates (DIs) and Active Pharmaceutical Ingredients (APIs) in India has been increased to ₹ 580 mn in FY25 (BE) from ₹ 161 mn in FY24 (RE).

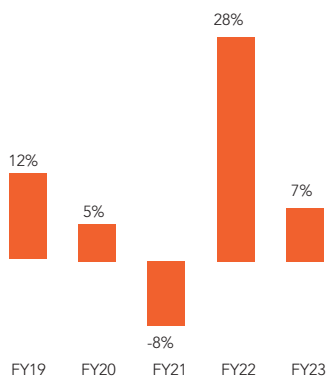
## Impact

The budget's emphasis on healthcare infrastructure, manufacturing capabilities (medicines) and reduced dependency on imports, will support domestic players, especially small players. The increased allocation to Ayushman Bharat will help the MSMEs as it promotes the MSME-owned hospitals. The strong emphasis on R&D and removal of angel tax for start-ups is expected to boost start-ups in the health-tech sector.

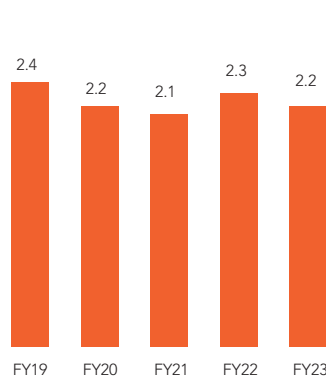
## MSME Performance: Key Financial Ratios

- ▶ In FY23, revenue in the health care sector have moderated post their following its post-pandemic surge. However, the growth in the sector is expected to rebound, driven by increased per capita healthcare spending and expanded health insurance coverage, particularly through government schemes like Ayushman Bharat Pradhan Mantri - Jan Arogya Yojana (AB PM-JAY). In 2023, approximately 27,000 empaneled hospitals under the scheme provided around 17 mn hospital admissions, with a total authorized government expenditure of ₹ 250 bn.
- ▶ Investments by MSMEs continue to rise, supported by the government's 'Atmanirbhar Bharat' initiatives and the PLI schemes. Under the various PLI schemes for the sector, 40 greenfield projects have commenced operations and for medical devices, 26 applicants have been approved (11 MSMEs) for 138 products.
- ▶ In FY23 EBITDA margins have declined compared to FY22, largely due to increased operational costs, particularly for essential inputs such as medicines, medical consumables, diagnostic consumables, and surgical instruments, etc.

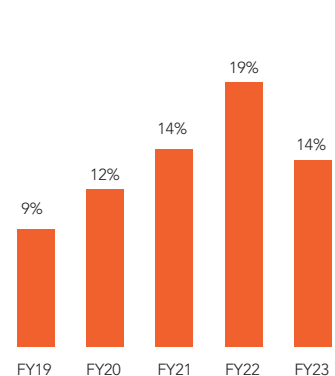
Revenue growth (% YoY)



Non-Current Assets vs. Non-Current Liabilities (x times)



EBITDA margins (%)



Source: CMIE, Dun & Bradstreet



# Education Sector

## Union Budget 2024 Announcement

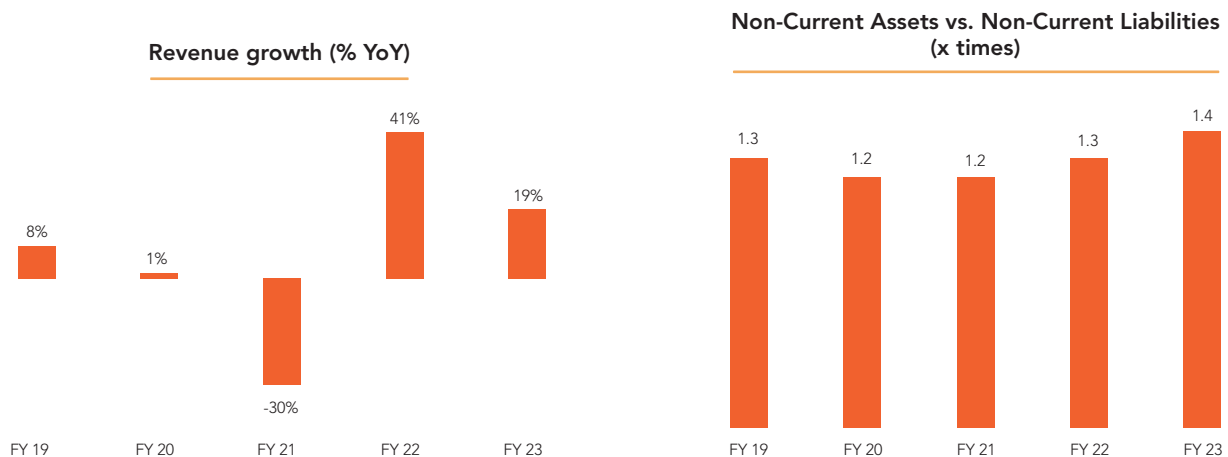
- ▶ The allocation for education, employment, and skilling has been budgeted at ₹1.5 tn for FY25. The allocation to the education sector increased by 15% to ₹1.3 tn in FY25 (BE), and the allocation to the Ministry of Skill Development and Entrepreneurship increased by 38.6% to ₹45.2 bn in FY25 (BE).
- ▶ Skilling Programme and Upgradation of Industrial Training Institutes, a centrally sponsored scheme in collaboration with states and industries, has been allocated ₹600 bn with a view to revamp 200 hubs and 800 spoke ITIs, augment the capacity of 5 national institutes for training of trainers and benefit 2 mn students.
- ▶ A comprehensive integration of e-shram portal with other portals will provide a mechanism to connect job aspirants with potential employers and skill providers.

## Impact

The budget emphasises skilling initiatives to bridge the gap between industry requirements for a skilled workforce and youth skill development, employment generation, and job formalisation. The challenge MSMEs face in obtaining skilled employees is expected to be addressed, as they often hire low-skilled, low-wage workers and train them to meet their needs. Incentives for businesses to hire employees and formalize jobs through EPFO contributions will enhance financial inclusion, access to credit, and social security for the MSME workforce.

## MSME Performance: Key Financial Ratios

- ▶ In the studied sample of MSME companies, revenue growth remained in double digits in FY23, and is likely to be driven by increase in demand for private schools and coaching centers, fueled by the growing aspiration for English-medium education and enrollment in premium institutes.
- ▶ The non-current asset to non-current liabilities shows an upward trend since FY20. MSME investment in the sector is driven by rising demand, further supported by government initiatives like Right to Education Act, New India Literacy Programme, Pradhan Mantri Kaushal Vikas Yojana, etc.



Source: CMIE, Dun & Bradstreet



# **MSMEs Through a Practitioner's Lens: by UGRO Capital**

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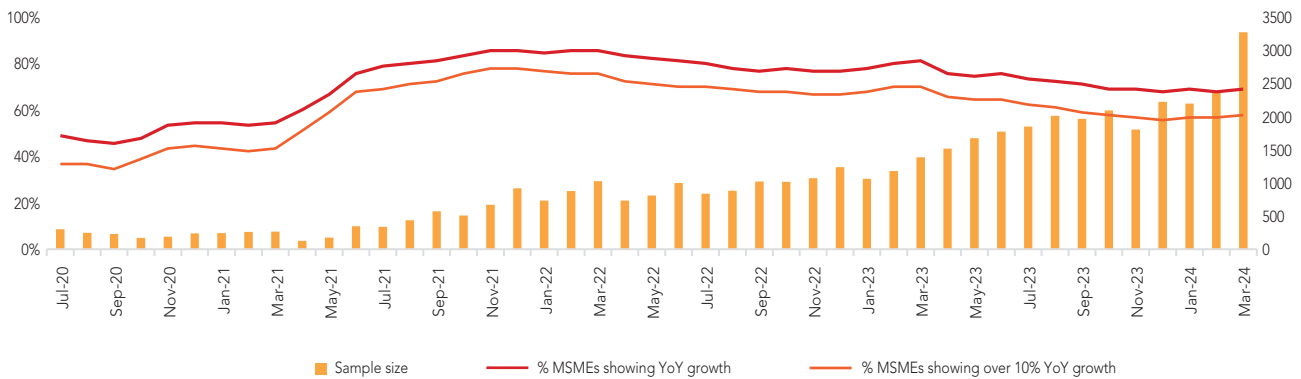




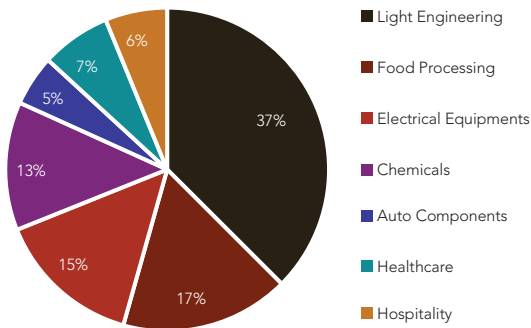
## A wide MSME sample representing U Gro capital's target segment and presenting a perspective on life of small businesses;

Sample of 39,000+ MSMEs have been observed during a 3+ year timeframe. The sales recovery trend continues strongly, is reflective across sectors, and the pandemic now seems to be a thing of the past.

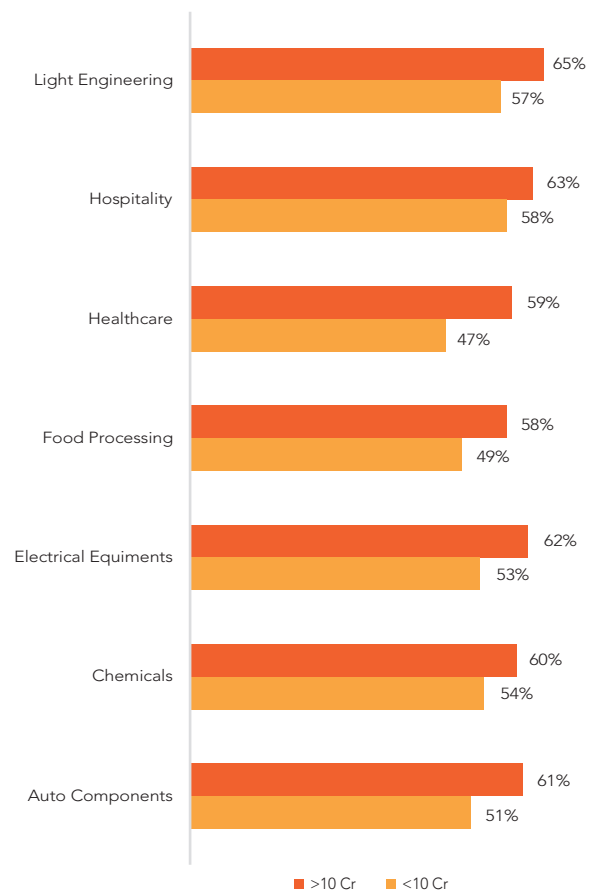
39,000+ MSMEs studied at various points during a three-year timeframe	
During Pandemic Period	3 Years Post Pandemic
Business activity and sales growth starts	Majority of customers showing YoY sales growth



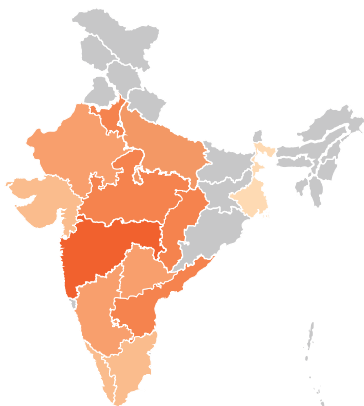
### Well distributed sectoral representation



### % entities exhibiting >10% YoY growth



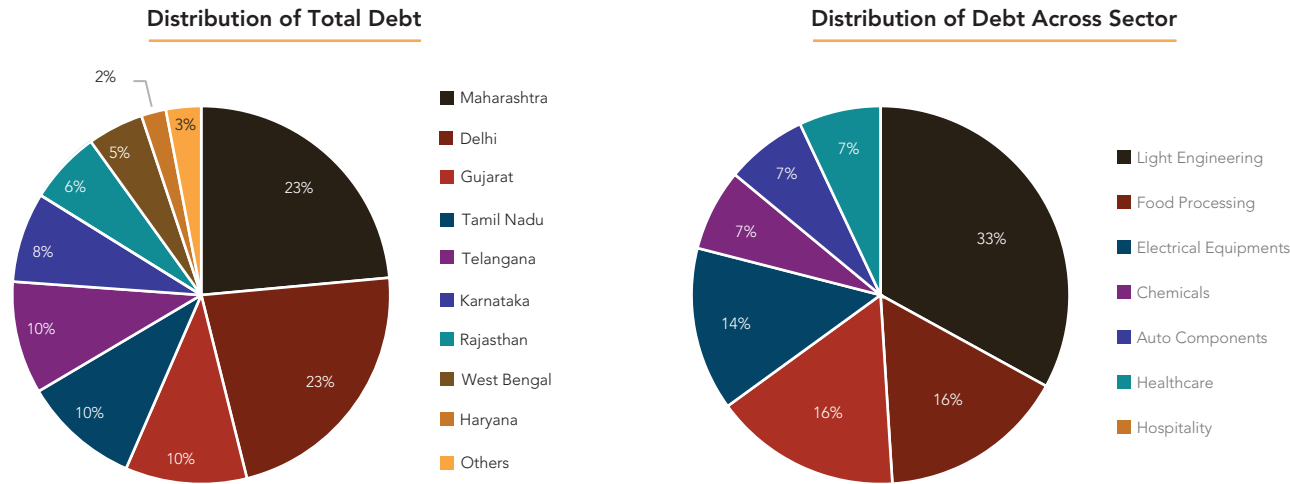
### Representing a PAN India footprint



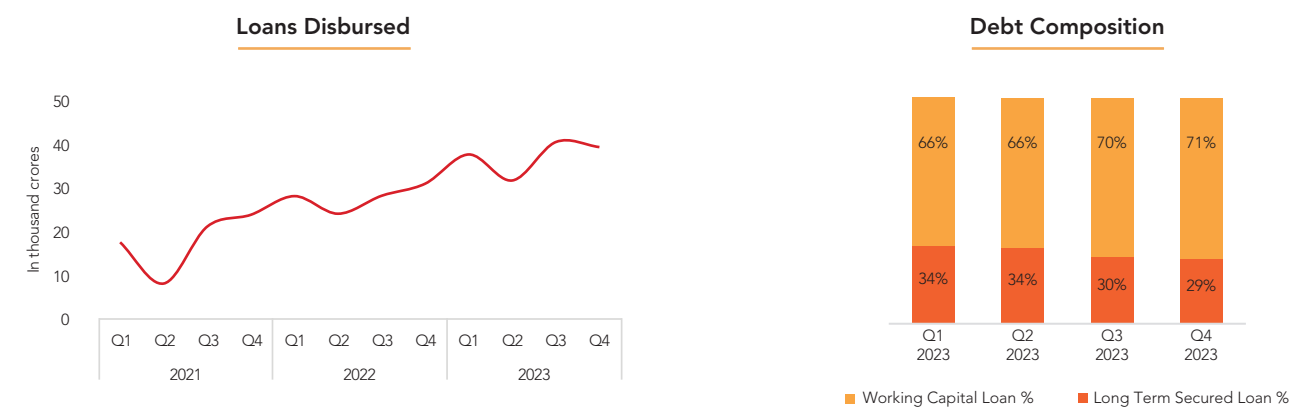
## Healthy Penetration of credit is visible across the studied universe of business entities with Light Engineering is the dominant sector followed by Electrical Equipments & Food Processing;

At the same time, new sanctions trend continues to show an upwards trajectory with improving contribution of short term/ working capital credit facilities.

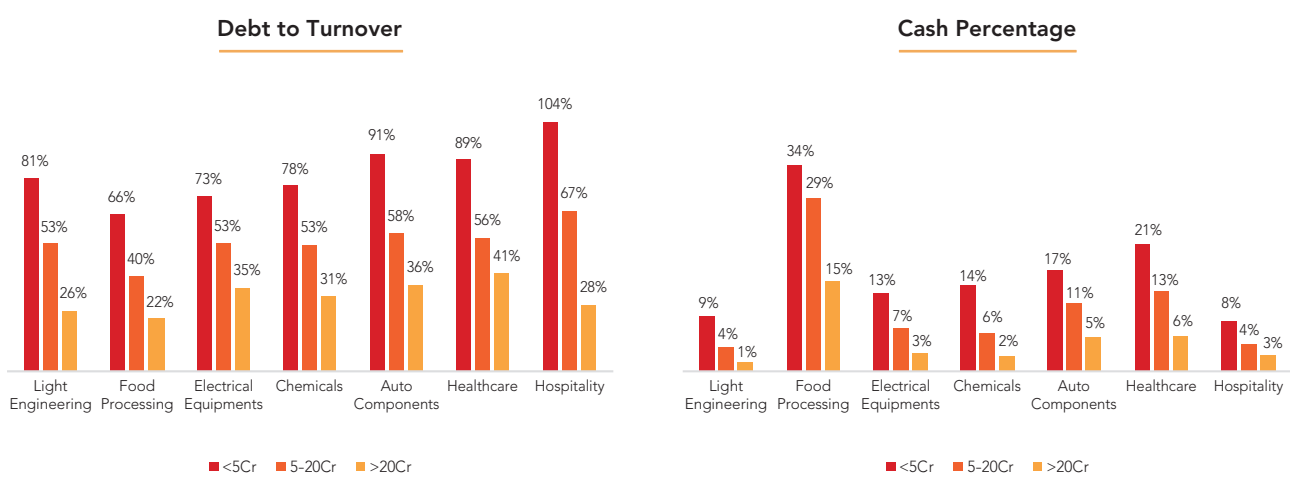
### Credit penetration across sectors and markets



### Growth in new sanctions with improving access to working capital



### For smaller entities, access to growth capital will lead to formalization





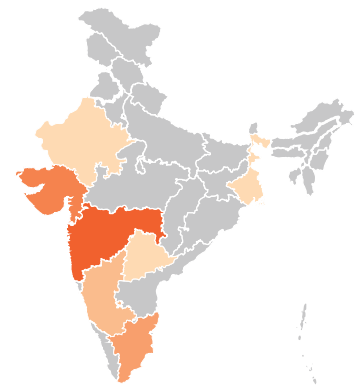
# Light Engineering

Semi-finished and finished metal works is the dominant sub-industry with highest market size and the most efficient sub-sector in terms of debt to total turnover. Overall sector footprint can be seen across India, with Maharashtra being the dominant market with subsector hubs such as Gujarat for plastic/ glass/ ceramic products.

## Prominent sub-sectors and their products

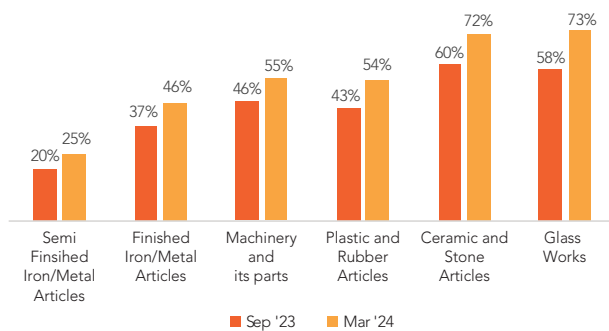
Sub Sector	Products Sold	Relative Share	Median Turnover	No. of Clients
Semi-finished Iron/Metal Articles	Steel bars & rods, Ingots, Flat-rolled articles -Sheets etc.	53%	7Cr	25-100
Finished Iron/Metal Articles	Steel pipes & tubes, Structures-Molding boxes, Hardware fixtures	18%	4Cr	25-125
Machinery and its Parts	Hand tools, Pumps, Printing Machines, Lab equipments	15%	3.5Cr	25-125
Plastic and Rubber Articles	Plastic articles- containers (boxes, bags etc), Household articles	10%	4Cr	25-200
Ceramic and Stone Articles	Ceramic constructional goods, Toilet articles, Stone articles etc	3%	3Cr	25-200
Glass Works	Safety glass, Glass containers, Glass fibres etc.	1%	5Cr	50-250

### Geographical Distribution



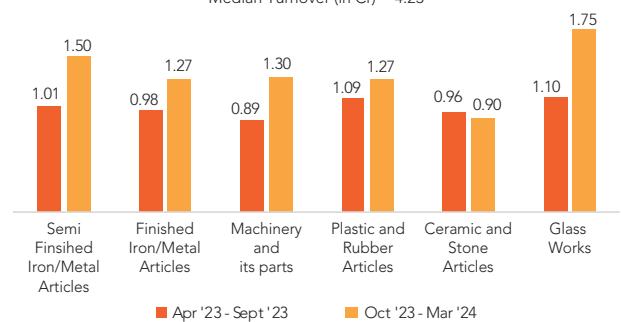
## Credit penetration and new sanctions across subsectors

### Debt to Turnover



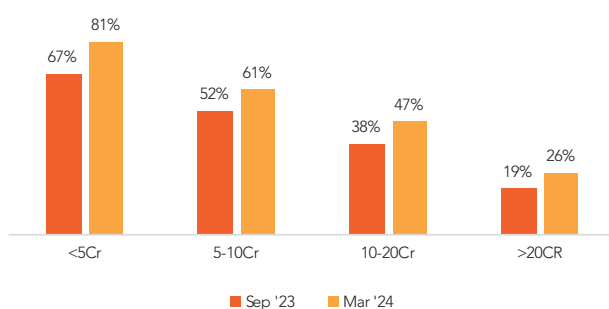
### Avg. New Debt per person

Median Turnover (in Cr) = 4.23

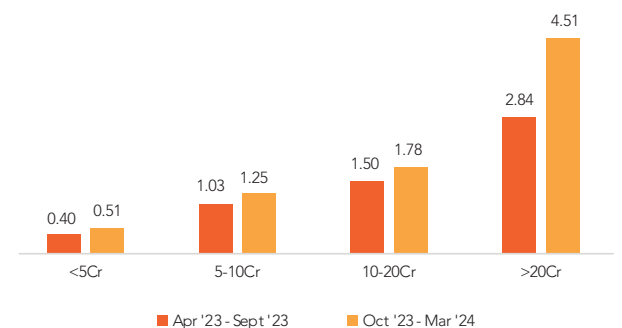


## Growth trends visible across all sizes of entities

### Debt to Turnover



### Avg. New Debt per person





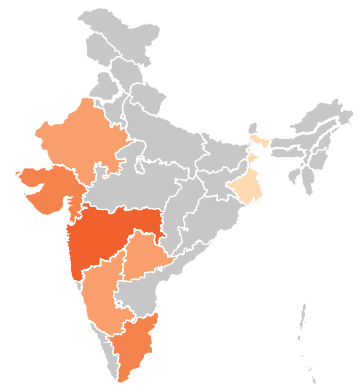
# Food Processing

Oil seeds/ oil, fruits and vegetables, bakery, cereals are the dominant sub-sectors. Cash proportion is highest in food processing industry as compared to other sectors. Overall sector footprint can be seen across India with Maharashtra, Gujarat and Rajasthan being the dominant markets.

## Prominent sub-sectors and their products

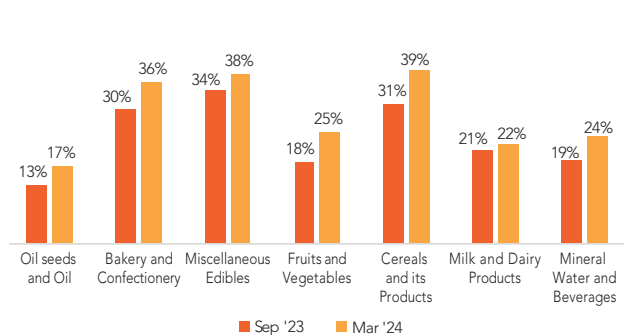
Sub Sector	Products Sold	Relative Share	Median Turnover	No. of Clients
Oil Seeds and Oil	Palm Oil, Soyabean oil, Sunflower-seed, Ground-nuts, coconut	24%	10Cr	25-125
Bakery and Confectionery	Sugar, Bread, Cakes, Ice cream , Cocoa preparations etc	18%	5Cr	25-150
Miscellaneous Edibles	Tea, Spices, Poultry, Honey, Meat, Fish etc	15%	6Cr	10-100
Fruit and Vegetables	Leguminous vegetables, Nuts, Dry fruits, Dates etc	15%	7.5Cr	5-75
Cereals and its Products	Rice, Wheat, Maize, Barley, Sorghum, Wheat flour etc	14%	7Cr	5-50
Milk and Dairy Products	Milk, Cream, Butter, Cheese, Curds, Yogurt, Buttermilk etc	7%	7Cr	10-125
Mineral Water and Beverages	Mineral water, Vinegar etc	7%	5Cr	10-125

## Geographical Distribution



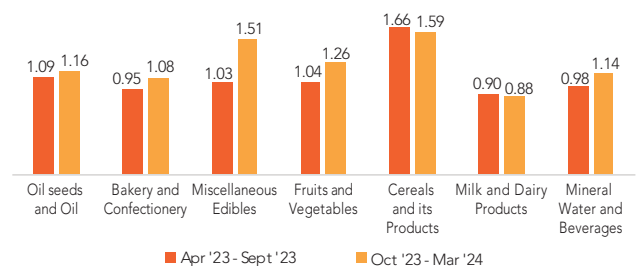
## Credit penetration and new sanctions across subsectors

### Debt to Turnover



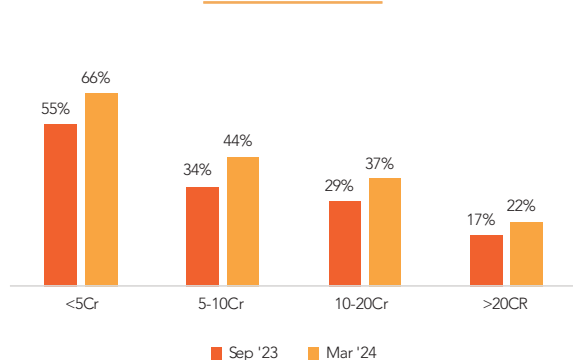
### Avg. New Debt per person

Median Turnover (in Cr) = 6.08

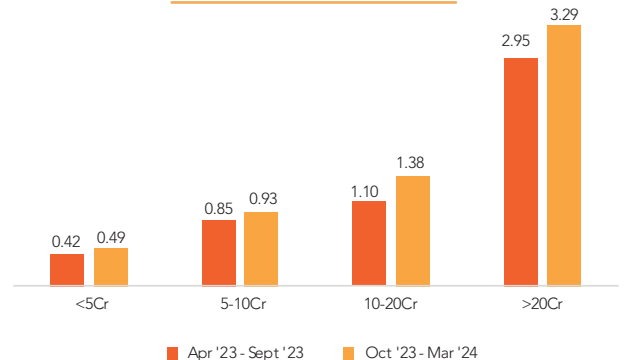


## Growth trends visible across all sizes of entities

### Debt to Turnover



### Avg. New Debt per person





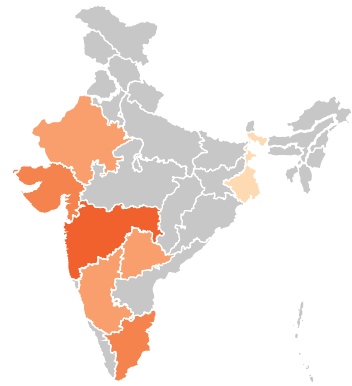
# Electrical Equipments

Electronic equipments, electrical appliances, electronic machines, electrical circuit components are the dominant sub-industries. Overall sector footprint can be seen across India with Maharashtra being the dominant market with subsector hubs such as Gujarat and New Delhi.

## Prominent sub-sectors and their products

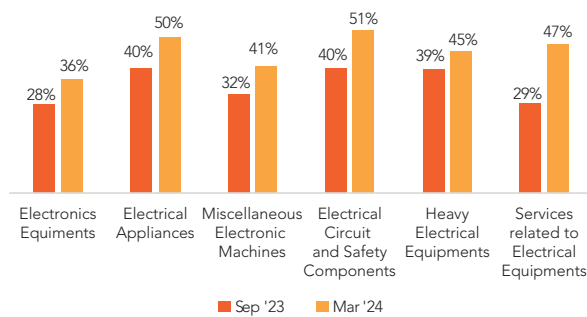
Sub Sector	Products Sold	Relative Share	Median Turnover	No. of Clients
<b>Electronics Equipments</b>	Semiconductor devices, ICs, Monitors, Projectors, Cameras etc	32%	6Cr	25-175
<b>Electrical Appliances</b>	Lamp, AC, TV, Refrigerator, Vacuum pump, Electric furnace	24%	4Cr	50-275
<b>Miscellaneous Electronic Machines</b>	Data processing machines, Office machines, Primary cells etc	20%	6Cr	25-300
<b>Electrical Circuit and Safety Components</b>	Switches, MSBs, Cables, Wires, Resistors, Capacitors etc	17%	5Cr	25-200
<b>Heavy Electrical Equipments</b>	Transformers, Electric motors and generators etc	7%	5Cr	25-125
<b>Services related to Electrical Equipments</b>	Maintenance services of telecommunication equipments	1%	5Cr	5-50

## Geographical Distribution



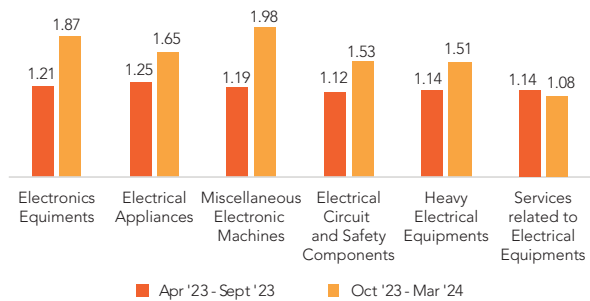
## Credit penetration and new sanctions across subsectors

### Debt to Turnover



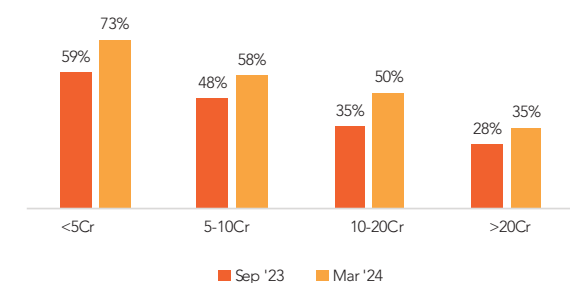
### Avg. New Debt per person

Median Turnover (in Cr) = 5.14

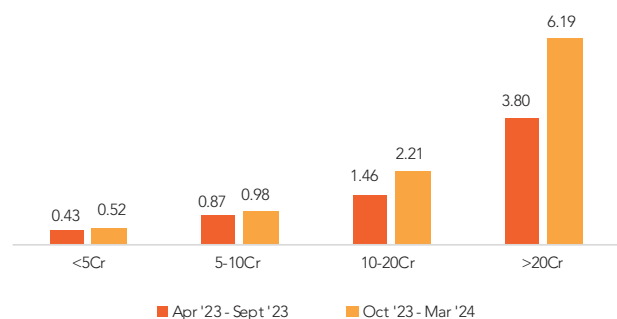


## Growth trends visible across all sizes of entities

### Debt to Turnover



### Avg. New Debt per person





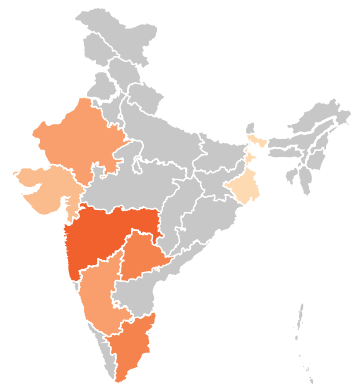
# Chemicals

The sector comprises of entities dealing with inorganic and organic chemical substances as well as varied chemical products; inorganic and organic chemicals, insecticides/ fungicides/ washing agents and fertilizers constitute ~54% of the sector. Prominent other subsectors are plastic and rubber products, minerals and constructional goods and coloring matters.

## Prominent sub-sectors and their products

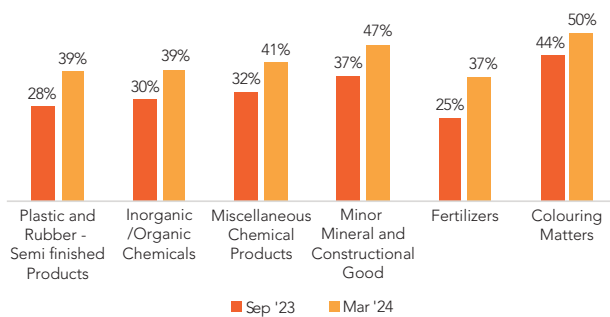
Sub Sector	Products Sold	Relative Share	Median Turnover	No. of Clients
Plastic and Rubber - Semi finished Product	Plastic - plates, sheets, films, Synthetic rubber etc	29%	5Cr	25-125
Inorganic/Organic Chemical	Alcohols, Acids, Oxides, Hydrocarbons etc	27%	8Cr	25-125
Miscellaneous Chemical Products	Insecticides, Fungicides, Binders, Toilet preparations etc	19%	5Cr	25-200
Minor Minerals and Constructional Goods	Cement, Sand, Pebbles, Gravel, Marble, Gypsum, lime etc	13%	3Cr	10-100
Fertilizers	Organic & chemical fertilizers etc	6%	7.5Cr	25-325
Colouring Matters	Paints, Varnishes, Putty, Inks, Pigments etc	6%	5.5Cr	25-175

### Geographical Distribution



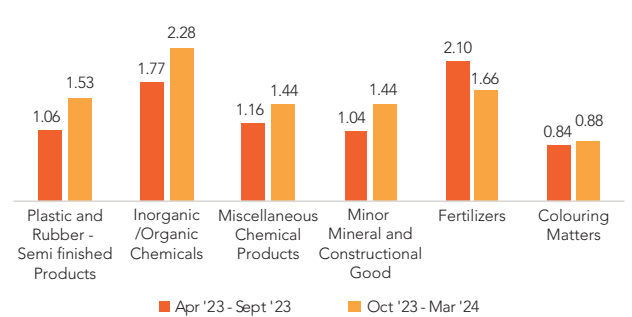
## Credit penetration and new sanctions across subsectors

### Debt to Turnover



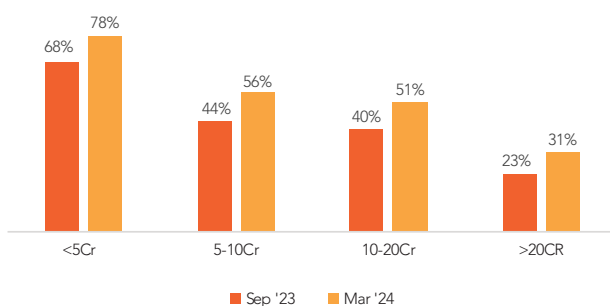
### Avg. New Debt per person

Median Turnover (in Cr) = 4.88

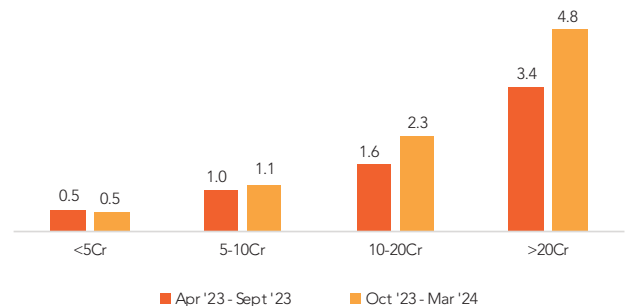


## Growth trends visible across all sizes of entities

### Debt to Turnover



### Avg. New Debt per person





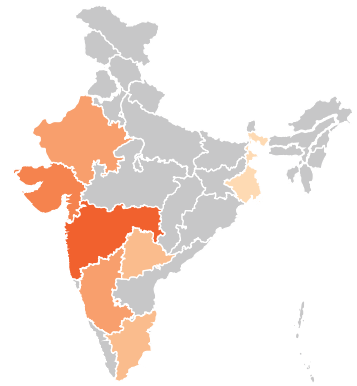
# Auto Components

Motor vehicles and auto parts such as transmission parts, body and chassis constitute 75% of the sector, which has significant SME presence due large number of small parts required to make end product.

## Prominent sub-sectors and their products

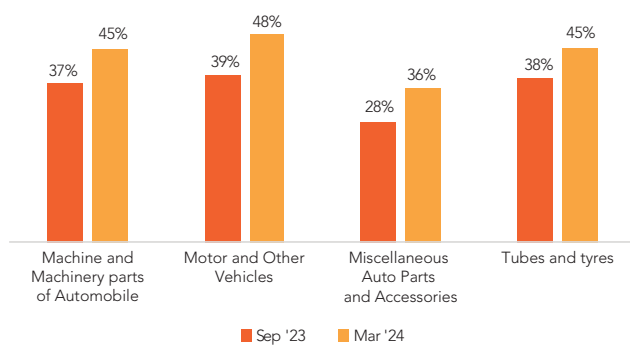
Sub Sector	Products Sold	Relative Share	Median Turnover	No. of Clients
Machine and Machinery Parts of Automobile	Body & Chassis, Transmission shaft, Gear, Ball or roller bearing etc	43%	5Cr	10-100
Motor and Other Vehicles	Motorcycles, Passenger motor vehicle, Tractors, Bicycles etc	35%	6Cr	10-100
Miscellaneous Auto Parts and Accessories	Parts & accessories of vehicles, Electric light, Windshield wiper etc	16%	5.5Cr	25-100
Tubes and Tyres	Tubes and tyres	6%	6Cr	75-350

### Geographical Distribution

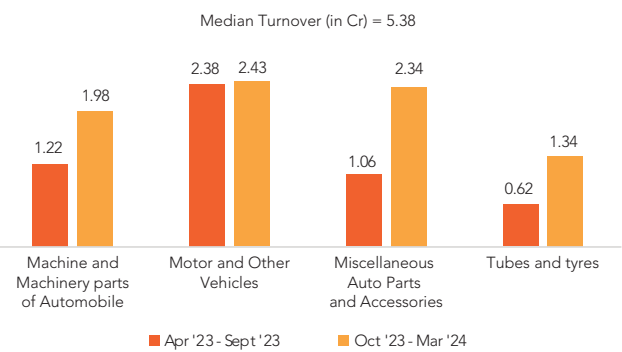


## Credit penetration and new sanctions across subsectors

### Debt to Turnover

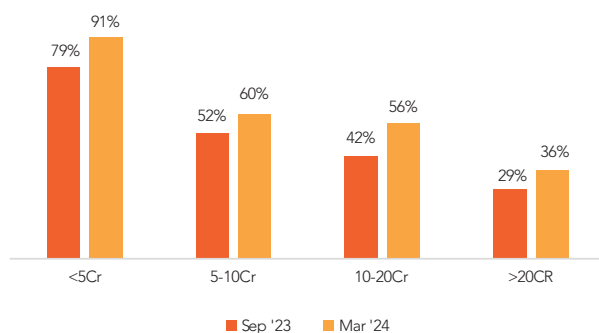


### Avg. New Debt per person

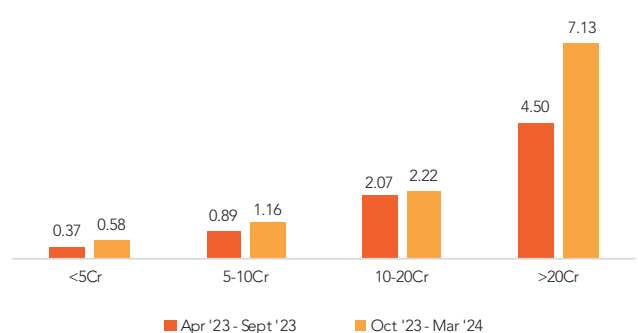


## Growth trends visible across all sizes of entities

### Debt to Turnover



### Avg. New Debt per person





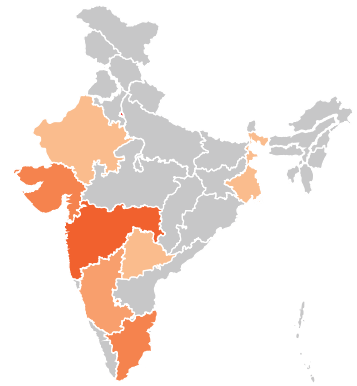
# Hospitality

Personnel services, transport and logistics, travel rental, hotel/ tourism/ dining constitute large part of the sector with highest debt to turnover ratio observed in hotel/ tourism and F&B industry.

## Prominent sub-sectors and their products

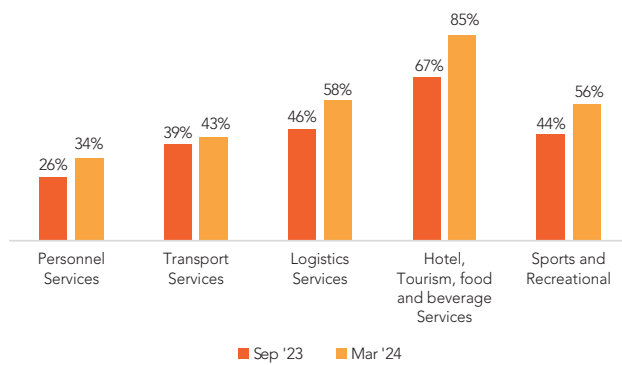
Sub Sector	Products Sold	Relative Share	Median Turnover	No. of Clients
Personnel Services	Labour supply, Contract staffing, Placement services etc	39%	8Cr	10-25
Transport Services	Rental services of road vehicles, Cargo handling etc	22%	7.5Cr	10-100
Logistics Services	Courier, Packaging, Delivery services etc	18%	5Cr	10-100
Hotel, Tourism, Food and Beverages Services	Fine Dining, Catering, Accommodation services etc	15%	8Cr	10-75
Sports and Recreational	Sports equipments, Entertainment services etc	5%	3Cr	25-200

### Geographical Distribution

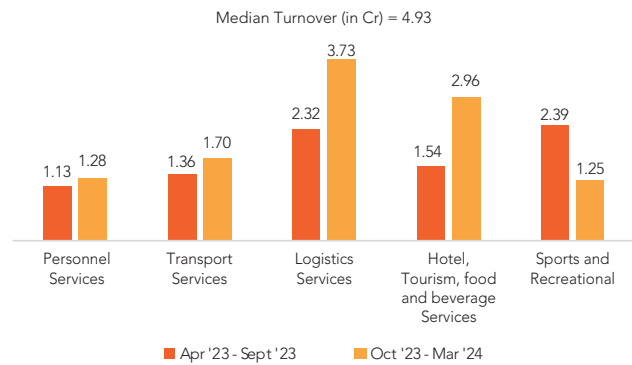


## Credit penetration and new sanctions across subsectors

### Debt to Turnover

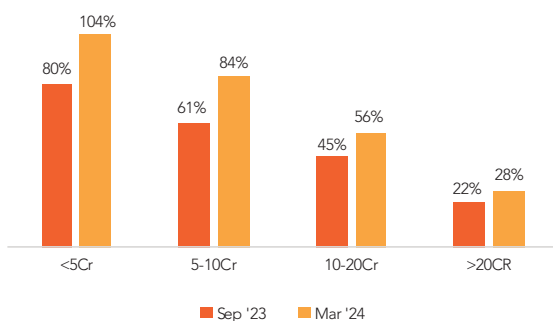


### Avg. New Debt per person

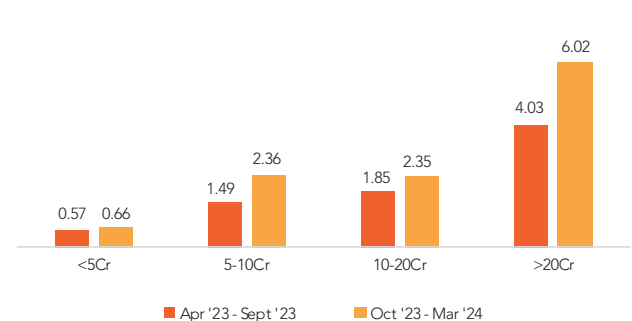


## Growth trends visible across all sizes of entities

### Debt to Turnover



### Avg. New Debt per person



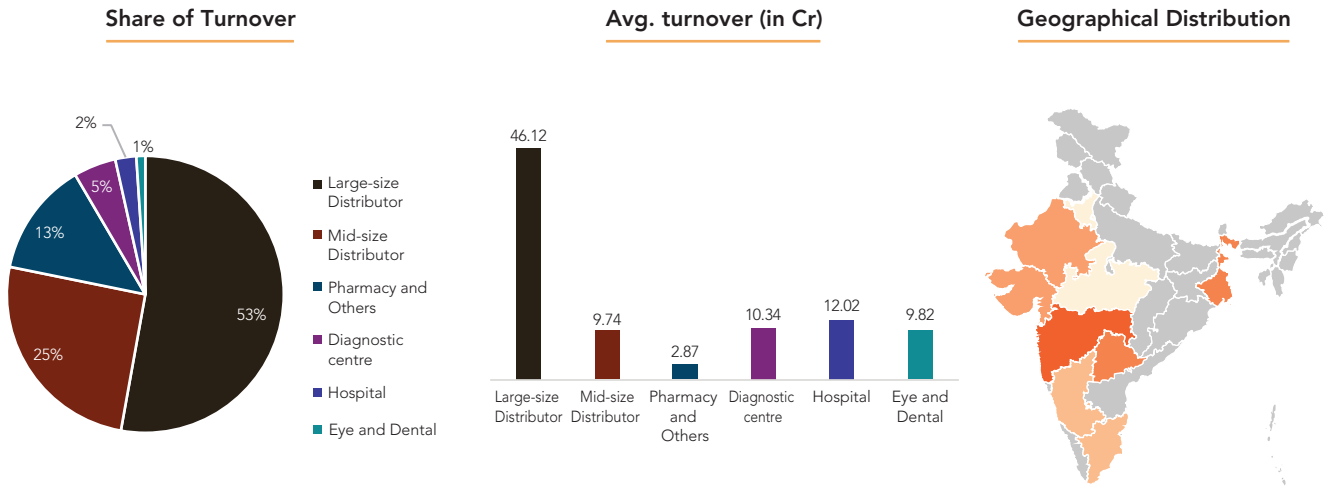




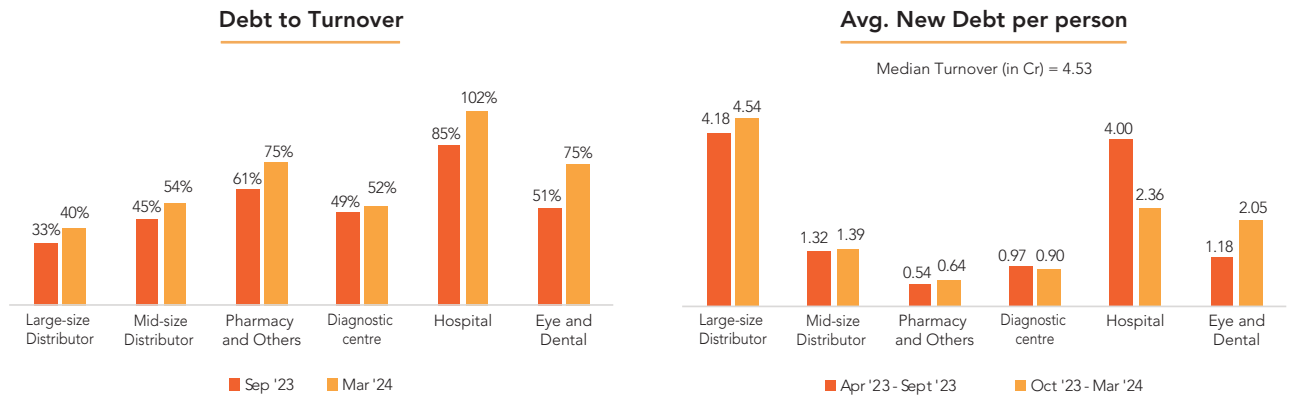
# Healthcare

Healthcare delivery and service (dealers, distributors, hospitals, diagnostic centres) constitutes major share of the market. Sub-sectors in Healthcare pans from large distributors to end use service providers, with their unique growth capital requirements which can be serviced through various business loan and equipment financing solutions.

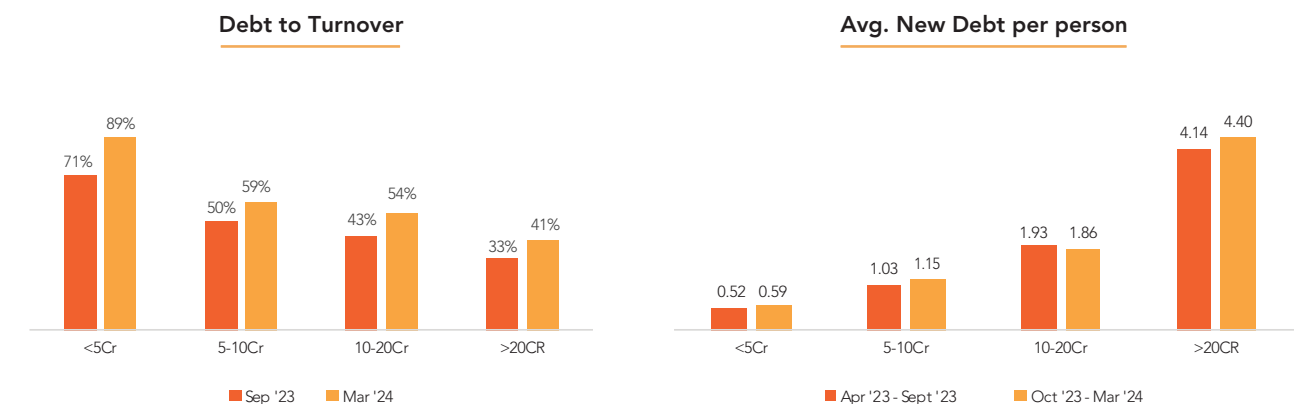
## Prominent sub-sectors and their products



## Credit penetration and new sanctions across subsectors



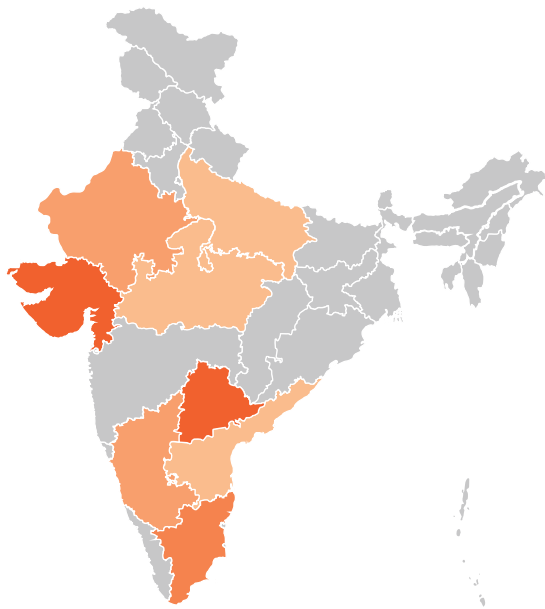
## Growth trends visible across all sizes of entities



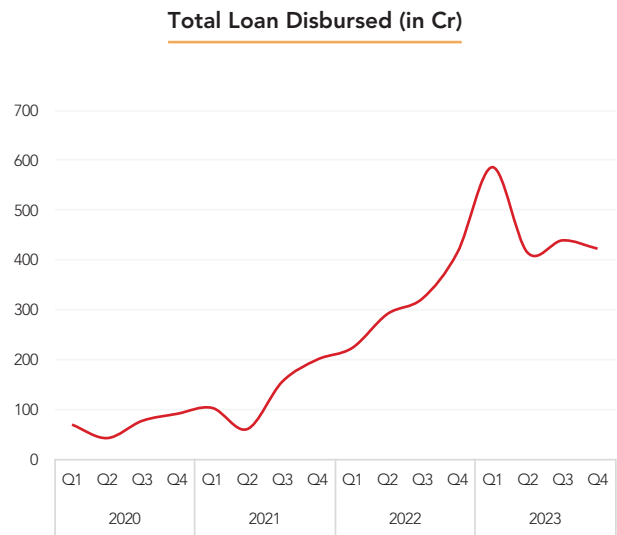
# GRO-MICRO

Study has been done across 12,000+ micro-sized MSMEs; steady and increasing credit penetration into the sector, together with higher contribution of term loans as well as larger ticket sized (>10 lakhs) loans reflect lenders' confidence on their resilience and potential.

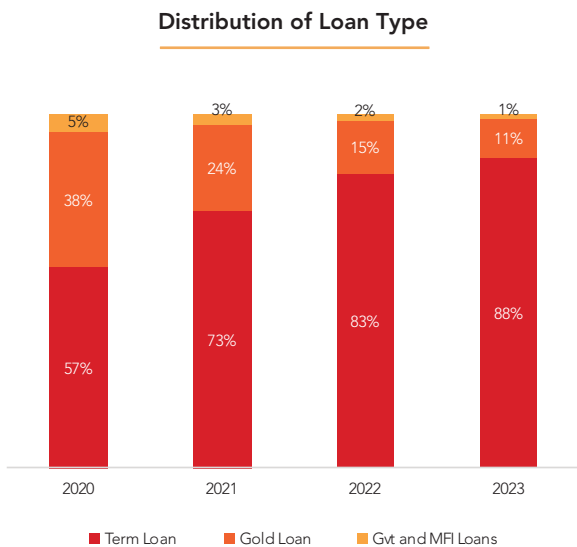
Study representing 12,000+ MSMEs across UGRO Capital's geographical footprint



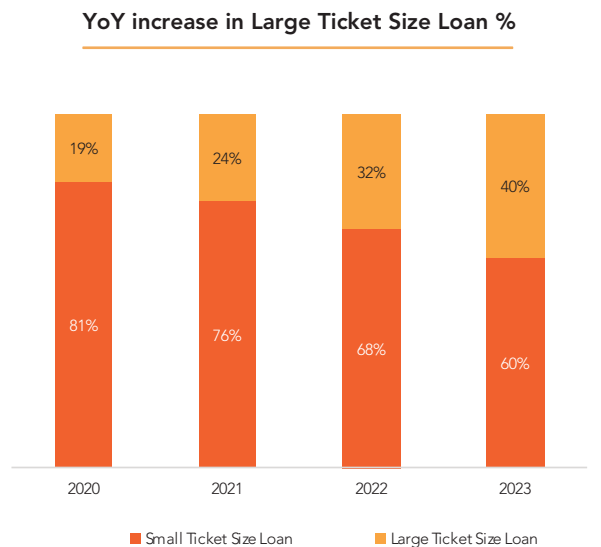
Increase in yearly new sanctions across the years



Increasing proportion of regular term loans in yearly new sanctions



Increasing proportions of bigger ticket size (>10 lakhs) loans



## Annexure 1: Key Policy Measures to Support MSME Development

Over the years, the government has implemented various policies aimed at supporting the growth and development of MSMEs. These government initiatives have played a crucial role in assisting the segment to maintain resilience and recover from the slowdown caused by the pandemic.

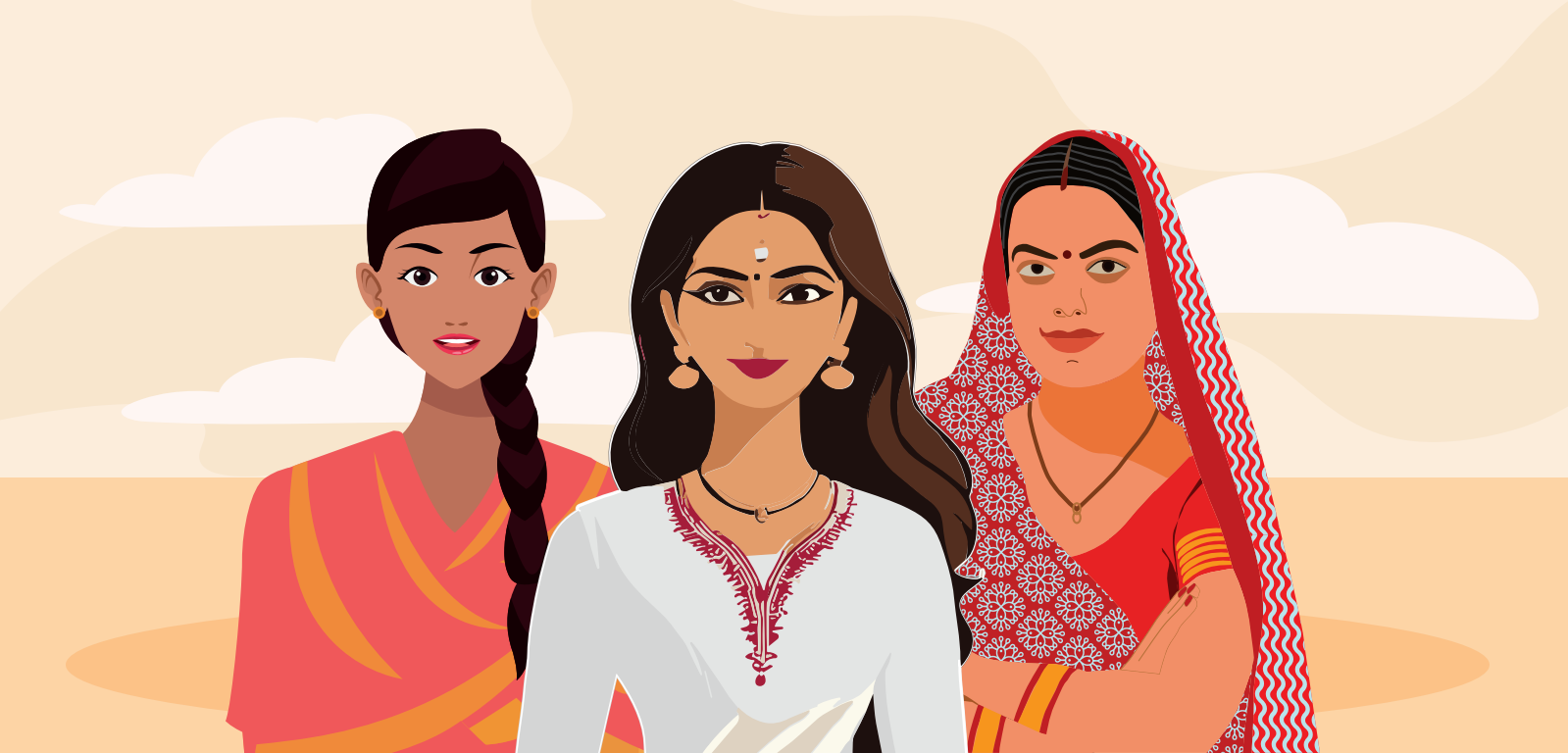
Finance & credit related schemes	Impact
<b>Credit Guarantee Fund Scheme (CGTMSE): 2000 to October 2023</b>	Cumulatively 11 mn proposals have been accorded guarantee approvals for ₹ 4.244 trn.
<b>Credit Lined Capital Subsidy Scheme (CLCSS): FY17 to FY22</b>	Total no. of Units benefited- 47100. Total subsidy disbursed ₹ 32.5 bn
<b>Pradhan Mantri MUDRA Yojana: 2015-July 2024</b>	484.2 mn loans amounting to ₹ 29.5 trn sanctioned.
<b>Micro Credit Scheme (PMSvaNidhi): 2015-July 2024</b>	Number of beneficiaries - 6,455,429 sanctioned amount- ₹ 122.433 bn.
<b>59 minute loan: (2018 to May 2024)</b>	0.229 mn loans, involving ₹ 698.23 bn have been disbursed.
<b>Other schemes:</b> Self-Reliant India (SRI) Fund, Fund of Funds for Startups (FFS), Startup India Seed Fund Scheme (SISFS), 2% interest subvention for all GST registered MSMEs on incremental credit, Credit Guarantee Scheme for Subordinate Debt (CGSSD) for Stressed MSMEs, Priority Sector Lending, Trade Receivables e-Discounting System (TReDS), etc.	

Productivity & competitiveness related schemes	Impact
<b>Micro and Small enterprises Cluster Development Programme (MSE-CDP): 2003-December 2023</b>	Total projects approved 580, Completed 308, In progress 257
<b>Scheme of Fund for Regeneration of Traditional Industries (SFURTI): FY16-FY24 (25th December 23)</b>	No of clusters approved is 513. Amount Approved ₹ 13.4 bn. Artisans benefitted – 298,580.
<b>Rising and Accelerating MSME Performance (RAMP) programme: 2022-FY24</b>	As of January 2024, total expenditure = 8.6 bn. A total of 5,55,000 MSMEs are specifically targeted for enhanced performance, increase of about - 70,500 women MSMEs is envisaged.
<b>Khadi and Gramodyog Vikas Yojana (KGVY): 2019- December 2023</b>	1,256 Khadi Institutions (KIs) have been supported benefitting 1,45,758 artisans with a fund disbursement of ₹ 2.17 bn.
<b>Other schemes:</b> Development of Production Infrastructure Scheme, Strengthening of Infrastructure of Existing and weak Khadi Institutions and Assistance for Marketing Infrastructure, Scheme of Surveys, Studies and Policy Research, Promotion of MSMEs among SC/STs & in North -Eastern States (NER) etc.	

Technology upgradation related schemes	Impact
<p><b>MSME Champions Scheme</b></p> <p><b>Sub-schemes:</b></p> <ol style="list-style-type: none"> <li>MSME Sustainable (ZED): April 2022-December 2023</li> <li>MSME Competitive: March 2023-December 2023</li> <li>MSME Innovative: March 2022-December 2023</li> </ol>	<ol style="list-style-type: none"> <li>MSME Sustainable ZED: A total of 0.44 mn MSMEs have been registered.</li> <li>MSME Competitive: 6,561 MSMEs have been registered.</li> <li>MSME Innovative: 643 Host Institutes (HIs) have been approved. 20 Intellectual Property Facilitation Centres (IPFCs) have been set up, 74 Patents, 942 trademarks have been approved and 48 Design registration have been sanctioned.</li> </ol>
<p><b>Establishment of New Technology Centres / Extension Centres</b></p>	<p>As of 2023, 15 new Technology Centres (TC) are being established and modernization of the existing TCs across the country is being done.</p> <p>20 Technology Centres (TCs) and 100 Extension Centres (ECs) are being established across the country. As of Dec 2023, 21 Extension Centres (ECs) have become operational.</p>
<p><b>Other schemes:</b> Tool Rooms &amp; Technical Institutions (TR/TIs) Rejuvenation, Modernisation and Technological Upgradation of Coir Industry, Scheme of Science and Technology of Coir Board, In-house test laboratory scheme for Khadi and Village Industries etc.</p>	

Marketing assistance & export related schemes	Impact
<p><b>Public Procurement Scheme (2012-June 2024)</b></p>	<p>Central Ministries/Departments/Central Public Sector Enterprises (CPSEs) and departments procured a total of ₹ 824.31 bn (33.30%) from MSEs. A total of 2,36,452 MSEs benefitted from this procurement. ₹ 32.56 bn worth procurement from women MSEs</p>
<p><b>GeM- Government e-Marketplace (11 November 2018 - February 2024)</b></p>	<p>50.7% of the total orders, amounting to ₹ 605.93 bn, have been awarded to Micro and Small Enterprises (MSEs). Orders worth ₹ 222 bn, have been fulfilled by women led MSEs</p>
<p><b>Districts as Export Hub (DEH) (The One District One Product (ODOP) initiative)</b></p>	<p>Products with export potential identified from all 765 districts of the country. (February 2023)</p>
<p><b>Other schemes:</b> Procurement and Marketing Support Scheme (P&amp;MS), International Cooperation Scheme (ICS), Single Point Registration Scheme: Domestic Marketing Promotion Scheme. International Marketing Promotion Scheme, Barcode Scheme, Scheme for Providing Financial Assistance to Coir Units for Export, Scheme for Trade and Industry Related Functional Support, Market Promotion &amp; Development Scheme (MPDA) (Khadi sector), Vendor Development Programme (VDP) for Ancillarisation, MSME Global Mart Portal etc.</p>	

Schemes for skill development & promoting entrepreneurship	Impact
<b>Prime Minister's Employment Generation Programme (PMEGP): 2008 to November 2023</b>	More than 0.928 mn micro-enterprises have been assisted across the country with disbursement of Margin Money subsidy of ₹ 345.17 bn, generating a total estimated employment for around 7.83 mn individuals.
<b>A Scheme for Promotion of Innovation, Rural Industries &amp; Entrepreneurship (ASPIRE)</b>	During the period from January 2023 to December 2023, four new Livelihood Business Incubator (LBIs) were approved under ASPIRE and 25,468 beneficiaries were trained, out of which 1,458 were wage employed. Additionally, 225 micro-enterprises were established via the incubation programs conducted in the LBIs.
<b>Entrepreneurship and Skill Development Programmes (ESDP)</b>	1,579 programmes have been conducted, benefiting 84,716 individuals under the scheme, Entrepreneurship Skill Development Programme (ESDP), from January 2023 to December 2023
<b>PM Vishwakarma Scheme (September 2023-December 2023)</b>	As on 30th December 2023, a total of 4.88 mn enrolments have been made. A total of 0.132 mn applications have been registered successfully under the scheme.
<b>Other schemes:</b> Assistance to Training Institutions, Craftsmen Training Scheme (CTS) for imparting digital skills etc.	





# Credentials

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## About UGRO Capital Ltd.

UGRO Capital Limited is a DataTech Lending platform, listed on NSE and BSE, pursuing its mission of “Solving the Unsolved” for the small business credit gap in India, on the back of its formidable distribution reach and its Data-tech approach.

The Company’s prowess in Data Analytics and strong Technology architecture allows for customized sourcing platforms for each sourcing channel - GRO Plus module which has uberized intermediated sourcing; GRO Chain, a supply chain financing platform with automated end-to-end approval and flow of invoices; GRO Xstream platform for co-lending, an upstream and downstream integration with fintechs and liability providers; and GRO X application to deliver embedded financing option to MSMEs. The credit scoring model GRO Score (3.0), a statistical framework using AI / ML driven statistical model to risk rank customers, is revolutionizing the MSME credit by providing on-tap financing like consumer financing in India.

U GRO Capital has pioneered in the Co-lending model in India through relationships with 10+ Large Public Sector Banks and large NBFCs and built a sizeable off-balance sheet asset of more than 45% of its AUM through the GRO Xstream platform. As of August 2024, in short period of 5 Years, U GRO has built an AUM of Rs. 9300+ crores. It has served over 1,10,000+ customers across 9,000+ different pin codes, scrutinizing over 2,10,000+ bank statements, 70,000+ GST records, and processing more than 1,60,000+ GRO Score logins.

Looking ahead, U GRO Capital remains steadfast in its dedication to leverage technology, data-driven insights, and industry expertise to provide innovative financial solutions that meet the evolving needs of MSMEs.

For more information, please visit: <http://www.ugrocapital.com/>



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Dun & Bradstreet India has a special focus on helping entrepreneurs enhance their visibility, increase their credibility, expand access to global markets, and identify potential customers & suppliers, while managing risk and opportunity.

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