



The Role of MSMEs in India's Viksit Bharat Vision

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Abstract

In the journey towards *Viksit Rashtra*, industries specifically Micro, Small, and Medium Enterprises (MSMEs) play an important role in driving economic growth while checking other dimensions of sustainability. This article delves into the role of MSMEs and their contribution as the agents of sustainability, and how the government schemes, technological advancements, and financial support can assist them in continuing doing so. By analysing case studies across sectors such as textiles, automotive, agriculture, and IT, this work demonstrates how MSMEs have successfully adopted sustainable practices which can help in reducing the environmental damage and enhance economic competitiveness. The findings highlight the importance of government interventions, such as the Credit Linked Capital Subsidy Scheme (CLCSS) and the Technology and Quality Upgradation Support (TEQUP) scheme, in overcoming financial barriers and promoting energy efficiency, waste reduction, and social inclusivity. The cases necessitate policy tweaking and seamless execution of the same, and highlighting that MSMEs, when equipped with the right resources, can significantly contribute to India's sustainability agenda and global climate goals. India's path to a sustainable and developed future depends on a delicate balance between economic growth, social equity, and environmental protection. These are the three pillars of sustainability that are also underpinned by the United Nations' Sustainable Development Goals (UN SDGs), a global blueprint to achieve a better and more sustainable future. As India strives toward the ambitious *Viksit Bharat@2047* vision, which

includes each aspect of sustainability, aiming to transform the country into a fully developed and inclusive economy by its 100th year of independence, MSMEs have turned up as key contributors to this sustainable future.

Keywords: MSME, SDG, Sustainability, Viksit Bharat

1. Introduction

Human progress is a continuous interaction of dreams and reality. Our ability to imagine a better world and turn those visions into tangible outcomes has driven this civilization forward. In this context, sustainability has emerged as a guiding principle, balancing economic growth with environmental preservation. For Bharat or India, a nation with immense cultural heritage, diversity and ambition, the transition to a developed economy sustainably is a monumental task, one that requires the active participation of every sector, particularly MSMEs. MSMEs, comprising over 63 million enterprises, are the lifeblood of India's economy, contributing significantly to employment, exports, and Gross Domestic Product (GDP). These industries are engaged in production, manufacturing, processing, preservation and even promotion of Khadi and Village goods. Yet, their role extends beyond economics. These enterprises are critical to achieving India's net-zero goals due to their substantial collective environmental impact. They are spread evenly across urban and rural parts of the nation and also involve socially vulnerable groups and women as the owners. The challenge lies in transforming MSMEs from passive participants into active drivers of sustainability.

The journey toward sustainability has taken centre stage in global economic discussions, particularly in developing nations. For India, MSMEs contribute nearly 30% to the country's GDP, 40% of total exports and 45% to its manufacturing output [3]. MSMEs employ over 120 million of the nation's workforce and are integral to the socio-economic fabric of the nation. However, their widespread operations across resource-intensive industries also mean that they are key contributors to environmental degradation. It should come as no surprise that industries are a big reason for pollution. There are as many as 200 energy intensive manufacturing clusters

in India. Not to mention that India ranks very highly on the presence of PM 2.5 in atmosphere [9]. Our capital city is well known for being in headlines for the notorious air pollution alongside several cities of China, but multiple cities, hosting the clusters of small industries are now going through the same problem. Our MSMEs energy usage is equivalent to 50 million metric tonnes of oil per year. There is still a heavy dependence on fossil fuels, primarily coal. Vulnerability of these industries is such that whenever a disaster strikes, they are affected in the worst possible manner. During Covid-19 crisis, almost 70 percent of these industries closed. These types of pauses can lead to serious disruption in the supply chains as well as in the prices of goods.

MSMEs are essential to the nation's economic growth, as they create employment, and promote regional economic development. However, despite their importance, they face numerous challenges in adopting sustainable practices, like financial constraints and affordable green technology [7]. The government has launched several programs, such as the Zero Defect Zero Effect (ZED) scheme, to help MSMEs reduce their carbon footprint and integrate themselves into sustainable global supply chains [10]. In line with the abovementioned things, this article provides a deeper understanding of how MSMEs can become active participants in India's sustainability agenda through examples and other suggestions.

2. Case Study

This section analyses some of the successful cases from Indian MSMEs, which are working towards the goal of sustainable and *Viksit Bharat*. To gather data and review case study we have utilised various scholarly literature and here we are highlighting the few case studies.

2.1 Sustainable Contributions of MSMEs in Pune [4]

The case study that we are looking at here examines the sustainable initiatives undertaken by selected MSMEs in Pune. For this we looked at MSMEs with a focus on their contribution to the SDGs. By integrating sustainable practices into their business models, these MSMEs have

demonstrated how small enterprises can drive impactful change in environmental stewardship while maintaining economic profitability. These MSMEs have adopted several innovative approaches to sustainability, from water conservation to energy-efficient technologies. The case studies explored in this research illustrate how these enterprises not only comply with environmental regulations but also go beyond compliance to actively promote sustainability. These practices contribute to the SDGs, specifically SDG 6, SDG 7, and SDG 12.

2.2 Case Example 1: Water Conservation by ME Energy

ME Energy, which is a heavy engineering company based in Pune, has implemented significant water conservation measures. Earlier, they faced challenges of water scarcity in the region; to overcome that, the company built a water retention wall and implemented techniques to capture rainwater runoff. This initiative has led to the replenishment of groundwater levels, which benefited both the company and the surrounding communities [4]. These efforts closely align with the SDG 6's target 6.5, whose one of the targets is sustainable water management.

2.3 Case Example 2: Energy Efficiency by Divgi TTS Ltd.

Divgi TTS Ltd. is a manufacturer of auto parts. They have adopted energy efficiency as part of its sustainability strategy. The company migrated to energy-efficient LED lighting and also incorporated water-saving technologies such as foot-operated taps in its production facilities. By lowering its reliance on artificial lighting and minimising water waste, Divgi TTS Ltd. contributes to SDG 7 while also reducing operational costs [4]. The initiatives undertaken by these MSMEs highlight their contribution to India's sustainability goals. Their focus on energy conservation, water management, and resource efficiency, provide us with a model of how small businesses can drive both economic growth and environmental responsibility. While these MSMEs have shown significant progress in adopting sustainable practices, challenges like access to funding for green technologies and the need for greater technical expertise

remain. Government support and industry collaboration will be crucial to enabling more MSMEs to adopt sustainable business models and continue contributing to the SDGs [4].

2.4 Karur District MSMEs: A Hub of Economic and Social Progress [6]

The Karur district of Tamil Nadu is known for its emerging MSMEs, particularly in the textile, engineering, and home furnishing sectors. These MSMEs are important to the local economy, they provide employment opportunities and contribute to [6]. These MSMEs employ a significant portion of the local population, with 45% of the district's manufacturing output and 40% of exports being generated by these enterprises [6]. The region's textile industry, in particular, has gained global recognition for producing high-quality home textiles, which are exported to international markets. This contribution greatly aligns with India's goal of increasing exports and strengthening its position in the global market.

In addition to economic growth, Karur's MSMEs have played a crucial role in social development. By providing jobs to thousands of local residents, reducing poverty and improving the standard of living in the region. They have adopted inclusive employment practices by hiring marginalised groups and ensuring gender diversity in the workforce. By doing so, they contribute to the SDGs of reducing inequality and promoting decent work and economic growth [6]. The region benefits from MSME-driven social initiatives like improving infrastructure and offering fair wages to rural workers [6].

2.5 Women-Led MSMEs: Empowering Women and Driving Inclusive Growth [2]

Women led MSMEs in India have become a powerful force in promoting gender equality and driving socio-economic development. These enterprises, particularly in rural areas, empower women by providing them with entrepreneurial opportunities, helping them to contribute significantly to household incomes and community development. The FICCI Ladies Organisation (FLO) has been a key player in supporting and encouraging women entrepreneurs across diverse sectors [2].

The FLO Compendium of 100 Success Stories of Women in MSME highlights several inspiring women entrepreneurs who have successfully established businesses in various sectors, for example textiles, handicrafts, technology, and food processing. These women not just only create jobs within their communities but also contribute to the national economy by producing goods that are culturally rooted and in demand both domestically and internationally. For instance, enterprises like Aarohana EcoSocial Developments have pioneered sustainable practices by producing eco-friendly products, which helps in preserving India's cultural heritage while progressing towards economic growth [2].

Women-led MSMEs have benefited from government schemes, such as the Prime Minister Employment Generation Programme (PMEGP) and the Stand-Up India initiative, which provide financial assistance and training to aspiring women entrepreneurs. Organisations like the Federation of Indian Women Entrepreneurs (FIWE) offer mentoring and networking opportunities, which supports women in scaling their businesses and integrating into global value chains [11]. These efforts align with SDG 5 and SDG 8 [2].

2.6 Maharashtra MSMEs: Innovation and Regional Growth [5]

Maharashtra is one of India's leading states when we talk about industrial development. The MSME sector in Maharashtra is highly vibrant, which contributes significantly to both industrial output and employment. These enterprises, particularly in the Konkan and Vidarbha regions, have demonstrated innovation in sectors such as agro-processing, manufacturing, and technology, driving regional economic balance and growth [5].

As per a data from 2013, there were 181,119 registered MSMEs in Maharashtra, providing employment to 23.36 lakh individuals. These enterprises contribute extensively to the state's economy, especially in terms of employment generation. Regional disparities exist, with Western Maharashtra accounting for the largest share of MSMEs at 41.45%, followed by the Konkan region with 26.49%. Despite these regional differences, MSMEs remain pivotal to Maharashtra's industrial and economic ecosystem [5].

Adding to their economic contributions, these MSMEs in the state have helped to reduce regional disparities by promoting industrialisation in rural and semi-urban areas. This decentralisation of industries supports balanced regional development and provides livelihood opportunities, mitigating the challenges of unemployment and migration. The Vidarbha region, for example, contributes 13.60% of the state's MSMEs, which significantly boost local employment [5].

2.7 Sustainable MSMEs: Environmental Practices in Action [1]

The ongoing adoption of sustainable practices by MSMEs is essential to balance economic growth with environmental responsibility. Many MSMEs in India have adopted eco-friendly production techniques which focus on minimising environmental impact while maintaining profitability [1].

Some of the good examples of sustainable MSMEs can be seen in the renewable energy and green products sectors. MSMEs operating in solar energy, waste management, and organic farming are driving innovations which help reduce dependency on fossil fuels and enhance resource efficiency. These enterprises contribute significantly to the SDGs, particularly SDG 7, SDG 13, and SDG 11 [1].

2.8 The Surat Textile and Diamond Processing Industry

One interesting case is that of Surat. The city is one of the oldest textile and diamond processing and trading hubs in the nation. Industrial development of this city is dependent on these units and petrochemical plants. But the ecological damage has been sustained due to this, with air quality taking a major hit. The presence of inefficient small boilers and coal to produce energy are cited as the major reason for the emission of Particulate Matters. Furthermore, the absence of Air Pollution Control Devices is widespread among the plants. A study by the World Resource Institute predicted that installation of efficient units along with control devices can reduce the pollution in the cluster by 70%.

3.0 Broader Implications for Policy and Practice

The integration of sustainability into MSME operations can provide these enterprises with a competitive edge in an increasingly eco-conscious global economy. Green certifications, such as ISO 14001, and the adoption of energy-efficient technologies and circular economy principles can help MSMEs access new markets, compete globally and enhance their reputation with environmentally conscious consumers and businesses [12]. The social effect of this will also be felt, especially when there is a promotion of self-employment and entrepreneurship in the Viksit Bharat plan. The World Bank states the economic losses associated with air pollution to be significant for India, showcasing the need to prioritise the actions-based approach and equipping MSMEs to limit the problem.

Another plan could be to design a model and figure out the variables, which can help in ranking different units across the nation based on their performance and effort in the sustainable direction. This approach can help in incentivizing those working and motivate others to do the same.

Lack of data is a major challenge to evaluate the energy consumption and emissions, with a large number of units not monitoring their fuel consumption. Awareness regarding the simple automations and productivity boost due to reduced energy use can work in everyone's favour. Multiple studies voice out the similar challenges. Many small businesses avert from the technical adoption of better practices due to above stated reasons. There exist many plans to assist industries with their conversion to clean energy measures. However localisation and execution of these plans is still an issue. This shows why the goal of good governance is necessary to be there in Viksit Bharat. Pollution control boards, specific ministries and development authorities can address this issue by forming cluster-specific 'Resource Efficiency Plans' to address the environmental concerns of small-scale industries [9]. These cases have also shown that many simple and basic changes can make the overall process more efficient and environment friendly, and it just needs a basic pushover to do so.

4.0 Conclusion

The journey of MSMEs toward sustainability offers crucial lessons for India's Viksit Bharat aspirations. As demonstrated by the cases, MSMEs can become drivers of sustainability through targeted government support, access to finance, and innovative practices. The successful adoption of energy-efficient technologies, circular economy principles, and socially inclusive practices in sectors such as textiles, automotive, agriculture, and IT underscores the economic and environmental benefits of sustainable transitions.

Government schemes like CLCSS, TEQUP, MSE-GIFT and MSE-SPICE have been instrumental in providing the financial backing necessary for MSMEs to make sustainable investments, while green financing schemes have enabled enterprises to adopt energy-efficient technologies. Moreover, the integration of circular economy principles can be economically viable [8].

The social impact of sustainability, powered by the EDSP scheme, highlights how MSMEs can contribute to inclusive growth. The organic farming enterprise in Maharashtra exemplifies how sustainability and social development can coexist, providing employment opportunities and promoting gender equality.

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