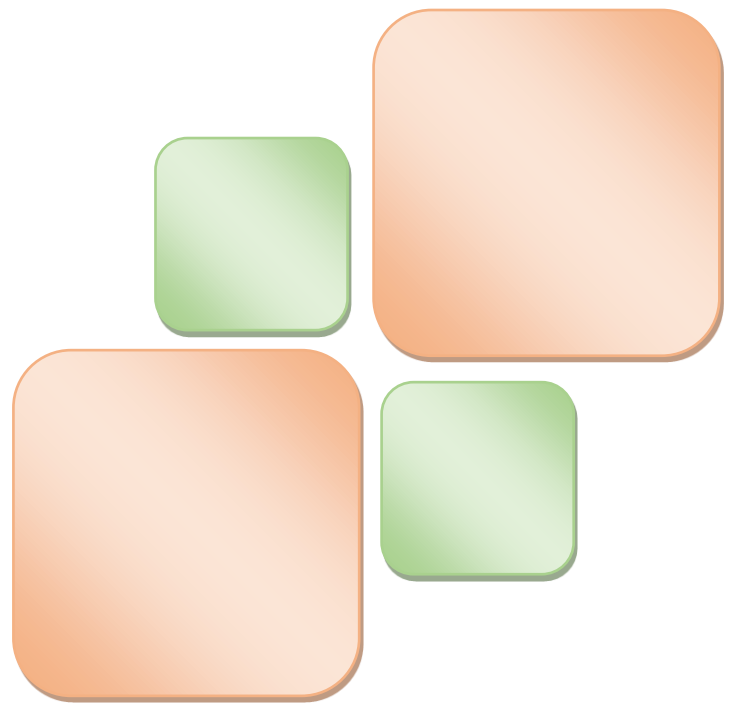




Government of
MADHYA PRADESH



Strategic Investment Plan (SIP)

for

Madhya Pradesh

under

**Raising & Accelerating MSMEs
Performance (RAMP) Scheme, GoI**



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Abbreviations

Abbreviations

A2F	Access to Finance
A2M	Access to Market
ACP	Annual Credit Plan
ADB	Asian Development Bank
AICTE	All India Council of Technical Education
AIF	Alternative Investment Fund
AIGGPA	Atal Bihari Vajpayee Institute of Good Governance and Policy Analysis, Bhopal
AMDCF	Assistance to Medical Device clusters for Common Facilities
AOP	Automated Order Processing
APEDA	Agricultural, and Processed Food Products Export Development Authority
API	Active Pharmaceutical Ingredient
ASEAN	Association of Southeast Asian Nations
ASPIRE	A Scheme for Promotion of Innovation, Rural industries and Entrepreneurship
ASSOCHAM	Associated Chambers of Commerce and Industry of India
ATDC	Apparel Training and Design Centre
ATI	Assistance to Training Institutes
B2B	Business to Business
B2C	Business to Customer
BDO	Block Development Officer
BDS	Business Development Services
BEE	Bureau of Energy Efficiency
BIS	Bureau of Indian Standards
BoQ	Bill of Quantities
BPO	Business Processes Outsourcing
BRAP	Business Reforms Action Plan
CA	Chartered Accountant
CAD	Computer Aided Designing
CAF	Common Application Form
CAGR	Compound Annual Growth Rate
CAM	Computer Aided Machining
CBFTE	Capacity Building of First Time MSE Exporters
CCC	Champions Curation Cell
CEDMAP	Centre for Entrepreneurship Development, Madhya Pradesh
CETP	Common Effluent Treatment Plant
CFCs	Common Facility Centres
CFO	Chief Finance Officer
CFTRI	Central Food Technological Research Institute
CGM	Chief General Manager
CGPDTM	Controller General of Patents Designs and Trademarks

CGS	Credit Guarantee Scheme
CGTMSE	Credit Guarantee Funds Trust for Micro and Small Enterprises
CHAMPIONS	Creation and Harmonious Application of Modern Processes for Increasing the Output and National Strength
CIBIL	Credit Information Bureau India Limited
CII	Confederation of Indian Industry
CLCS	Credit Linked Capital Subsidy
CLCS-TUS	Credit Linked Capital Subsidy and Technology Up-gradation Scheme
CLSS	Credit Linked Subsidy Scheme
CNC	Computerized Numerical Control machine
COHANDS	Central Organization for Handicrafts
COVID	Corona Virus Disease
CPPP	Central Public Procurement Portal
CPSE	Central Public Sector Enterprises
CPWD	Central Public Works Department
CRD	Credit Rating Database
CSO	Central Statistics Office
CSR	Corporate Social Responsibility
CSSM	Centrally Sponsored State Managed
CSTRI	Central Staff Training and Research Institute
CVC	Central Vigilance Commission
DC	Development Commissioner
DDUGKY	Deen Dayal Upadhyaya Grameen Kaushalya Yojana
DEAP	District Export Action Plan
DEPC	District Export Promotion Council
DFC	Dedicated Freight Corridor
DFOs	Development and Facilitation Office
DGCIS	Directorate General of Commercial Intelligence and Statistics
DGFT	Director General of Foreign Trade
DGT	Director General of Training
DICCI	Dalit Indian Chamber of Commerce and Industry
DIN	Director Identification Number
DIPIP	Department of Industry Policy and Investment Promotion
DLI	Disbursement Linked Indicator
DLRC	District Level RAMP Committee
DoMSME	Department of Micro, Small and Medium Enterprises
DPIIT	Department for Promotion of Industry and Internal Trade
DPR	Detailed Project Report
DTIC	District Trade and Industries Centre
EAP	Entrepreneurship Awareness Program
EC	Environmental Clearance

ECGC	Export Credit Guarantee Corporation
EDII	Entrepreneurship Development Institute of India
EDP	Entrepreneurial Development Program
EIC	Export Import Council
EoDB	Ease of Doing Business
EPC	Exports Promotion Council
EPCH	Export Promotion Council of Handicraft
EPF	Employee Provident Fund
EPI	Environmental Performance Index
ERP	Enterprise Resource Planning
ESDM	Electronics System Design and Manufacturing
ESDP	Entrepreneurship Skill Development Program
ESI	Employees' State Insurance
ESTP	Employment through Skill Training and Placement
ETP	Effluent Treatment Plant
FAQs	Frequently Asked Questions
FDI	Foreign Direct Investment
FGDs	Focussed Group Discussions
FICCI-Flo	FICCI Ladies Organisation
FMCG	Fast-Moving Consumer Goods
FPO	Farmer Producer Organization
FRI	Forest Research Institute
FSSAI	Food Safety and Standards Authority of India
FTA	Free Trade Agreement
FY	Financial Year
GCPC	Gujarat Cleaner Production Centre
GDP	Gross Domestic Product
GEF	Global Environment Facility
GeM	Government Electronic Marketplace
GGTP	Gender, Greening, Technology and Private Sector
GI	Geographical Indication
GIS	Global Investors Summit
GMV	Gross Merchandise Value
GoI	Government of India
GoMP	Government of Madhya Pradesh
GSDP	Gross State Domestic Product
GST	Goods and Service Tax
GSTN	Goods and Services Tax Network
GVA	Gross Value Added
HCI	High Commission of India
HRD	Human Resource Development

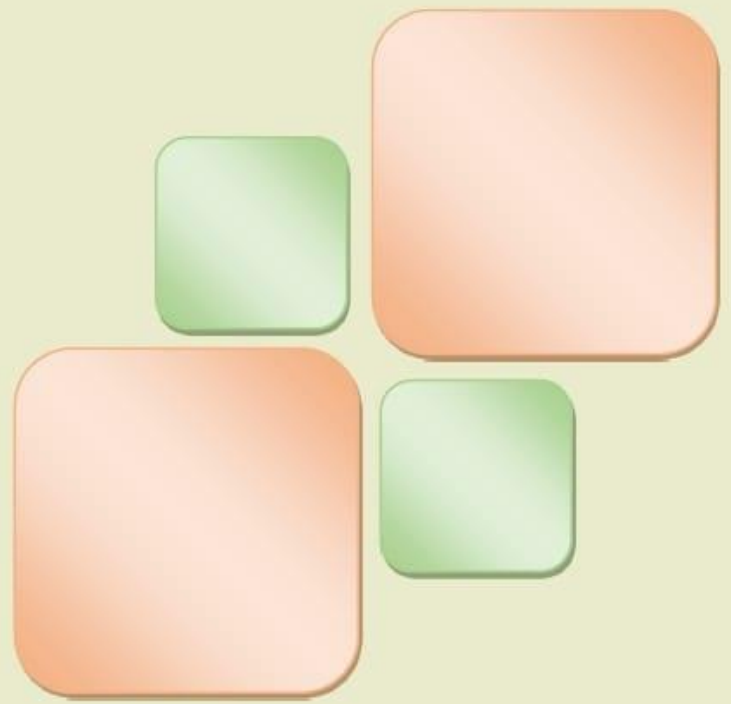
IC	International Co-operation
ICT	Information and Communications Technology
ID	Infrastructure Development
IECs	Import Export Council
IFLDP	Indian Footwear and Leather Development Programme
iGOT	Integrated Government Online Training
IGTR	Indo German Tool Room
IICD	Indian Institute of Crafts and Design
IIFM	Indian Institute of Forest Management
IIFT	Indian Institute of Foreign Trade
IIITDM	Indian Institute of Information Technology Design and Manufacturing
IIM	Indian Institute of Management
IIPA	Indian Institute of Public Administration
IIT	Indian Institute of Technology
IMF	International Monetary fund
INR	Indian Rupee
INVEST	Integrated New Venture Establishment
IPRs	Intellectual Property Rights
ISI	Indian Standards Institute
ISO	International Organization for Standardization
IT	Information Technology
ITC	International Trade Centre
ITES	Information Technology & Engineering Services
ITI	Industrial Training Institute
JD	Joint Director
JSS	Jan Shikshan Sansthan
KPI	Key Performance Indicator
KVIC	Khadi and Village Industrial Corporation
LBIs	Livelihood Business Incubators
LCT	Low Carbon Technologies
LEP	Local Enterprise Partnership
LFPR	Labour Force Participation Rate
LMIS	Labour Market Information System
MANIT	Maulana Azad National Institute of Technology, Bhopal
MAPCET	Madhya Pradesh Council of Employment & Training
MBFC	Madhya Pradesh Business Facilitation Cell
MCRRP	MSME Competitiveness Programme - Post-COVID Resilience and Recovery Programme
MDP	Management Development Programme
MDTC	Multi-Disciplinary Training Centre
MEA	Ministry of External Affairs
MFCA	Material flow cost accounting

MFIs	Micro Finance Institutions
MFP	Minor Forest Produce
MGIRI	Mahatma Gandhi Institute of Rural Industrialization
MMKSY	Mukhya Mantri Kaushal Samvardhan Yojana
MMKY	Mukhya Mantri Kaushalya Yojana
MMSKY	Mukhya Mantri Seekho Kamao Yojana
MMSY	Mukhya Mantri Swarojgar Yojana
MMT	Million Metric Tons
MMUKY	Mukhya Mantri Udyam Kranti Yojana
MNC	Multinational Corporation
MoFPI	Ministry of Food Processing Industries
MoMSME	Ministry of Micro Small and Medium Enterprises
MoU	Memorandum of Understanding
MP	Madhya Pradesh
MPLUN	Madhya Pradesh Laghu Udyog Nigam
MPSC	Madhya Pradesh Startup Centre
MPSSDEGB	Madhya Pradesh State Skill Development & Employment Generation Board
MSDE	Ministry of Skill Development and Entrepreneurship
MSE	Micro and Small Enterprises
MSE-CDP	Micro and Small Enterprises Cluster Development Programme
MSEFC	Micro and Small Enterprises Facilitation Council
MSME	Micro Small and Medium Enterprises
MSMED	MSME Development Act
MUDRA	Micro Units Development and Refinance Agency
MYUY	Mukhyamantri Yuva Udyami Yojana
NABARD	National Bank for Agriculture and Rural Development
NAOP	Non-Automated Order Processing
NAPS	National Apprenticeship Promotion Scheme
NBFCs	Non-Banking Financial Corporations
NCVT	National Council for Vocational Training
NGOs	Non-Government Organization
NID	National Institute of Design Bhopal
NIFT	National Institute of Fashion Technology Bhopal
NIMSME	National Institute for Micro, Small and Medium Enterprises
NMCP	National Manufacturing Competitiveness Programme
NPIU	National Project Monitoring Unit
NSDC	National Skill Development Council
NSDP	Net State Domestic Product
NSIC	National Small Industries Corporation
NSQF	National Skill Qualification Framework
NSS	National Sample Survey

NSSO	National Sample Survey Office
NSTI	National Skill Training Institute
NSWS	National Single Window System
OBC	Other Backward Castes
ODOP	One District One Product
ODR	Online Dispute Resolution
ONDC	Open Network of Digital Commerce
OPEX	Operational Expenditure
OSOP	One Station One Product
PAN	Permanent Account Number
PBD	Pravasi Bharatiya Divas
PforR	Program for Results
PHDCCI	PHD Chamber of Commerce and Industry
PLFS	Periodic Labour Force Survey
PMEGP	Prime Minister Employment Generation Programme
PMFME	Pradhan Mantri Formalisation of Micro Food Processing Enterprises
PMKK	Pradhan Mantri Kaushal Kendra
PMKVY	Pradhan Mantri Kaushal Vikas Yojana
PMMY	Pradhan Mantri MUDRA Yojana
PMS	Procurement and Marketing Support
PMSBY	Pradhan Mantri Suraksha Bima Yojana
PMU	Program Management Unit
PPP	Public Private Partnership
PSU	Public Sector Undertaking
QCI	Quality Council of India
RAMP	Raising and Accelerating MSME Performance
RBI	Reserve Bank of India
RCMC	Registration cum Membership Certificate
RDAT	Regional Directorates of Apprenticeship Trainings
RDSDE	Regional Directorates of Skill Development and Entrepreneurship
RECP	Resource Efficient and Cleaner Production
RPL	Recognition of Prior Learning
RRB	Regional Rural Bank
RSETI	Rural Self-employment Training Institute
RXIL	Receivables Exchange of India Ltd
SBI	State Bank of India
SC	Scheduled Caste
SCVT	State Council for Vocational Training
SEAC	Safety Environmental Assurance Centre
SEIAA	State Environment Impact Assessment Authority
SEBI	Security and Exchange Board of India

SECI	State Energy & Climate Index
SEZs	Special Economic Zones
SFURTI	Scheme of Fund for Regeneration of Traditional Industries
SHGs	Self Help Groups
SIDBI	Small Industries Development Bank of India
SIP	Strategic Investment Plan
SISFS	Startup India Seed Fund Scheme
SLBC	State Level Bankers Committee
SMART	Specific, Measurable, Achievable, Relevant and Time-bound
SMEs	Small and Medium Enterprises
SMILE	SIDBI Make in India Loan for Enterprises
SNA	State Nodal Agency
SNZ	Special Notified Zones
SOP	Standard Operating Procedure
SPICe	Simplified Performa for Incorporating Company Electronically
SPoC	Single Point of Contact
SPV	Special Purpose Vehicle
SSCs	Sector Skills Council
ST	Scheduled Tribe
SUPRABHA	Sustainable Partnership for Rooftop Solar Acceleration in Bharat
TAN	Tax Deduction & Collection Account Number
TAT	Turn Around Time
TBI	Technology and Business Incubators
TCs	Technology Centres
ToT	Training of Trainers
TPM	Total Productivity Management
TR & TIs	Tool Rooms & Technical Institutions
TREAD	Trade Related Entrepreneurship Assistance and Development
TReDs	Trade Receivables Discounting System
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNIDO	United Nations Industrial Development Organization
UNSPS	United Nations Standard Products and Services
USA	United States of America
USD	United States Dollar
UT	Union Territory
VDP	Vendor Development Program
VET	Vocational Education and Training
WDC	Women Development Cell
WPR	Worker Population Ratio
XGN	eXtended Green Node
YoY	Year on Year

YSY	Yuva Swabhiman Yojana
ZED	Zero Defect Zero Effect



Executive Summary



1. Executive Summary

Madhya Pradesh enjoys a unique locational advantage, being situated at the geographic centre of India. While the State is blessed with its natural and locational advantages, the Government has also been undertaking several initiatives to create a conducive business environment. Over the last decade, the State has witnessed a radical transformation in terms of economic and social development through consistent efforts of State functionaries. The State has recorded impressive growth in Gross State Domestic Product (GSDP), supplemented by the creation of a robust support infrastructure in terms of roads, water supply and irrigation capacity, and 24X7 power supply. The State is focusing on diverse sectors like Pharma, Textile, Auto, IT & Electronics, Tourism, and New & Renewable Energy, along with natural resource-based sectors like Food Processing and Mining. The abundant manpower of the State has been developed into a skilled technical workforce (with 65% of the state population in the working-age group), with the presence of world-class institutes like IIM, IIT, AIIMS, NIFT, IIFM, Engineering colleges and several ITIs.

Micro Small & Medium Enterprises (MSMEs) of Madhya Pradesh contribute significantly to the economic growth and creation of employment opportunities across the state. The Government of Madhya Pradesh has brought outstanding initiatives in providing an enabling ecosystem for MSMEs, such as a conducive MSME development policy, the extensive effort for cluster development promotion, entrepreneurship development & ease-of-doing-business initiatives. It has also leveraged multiple GoI schemes to benefit MSMEs.

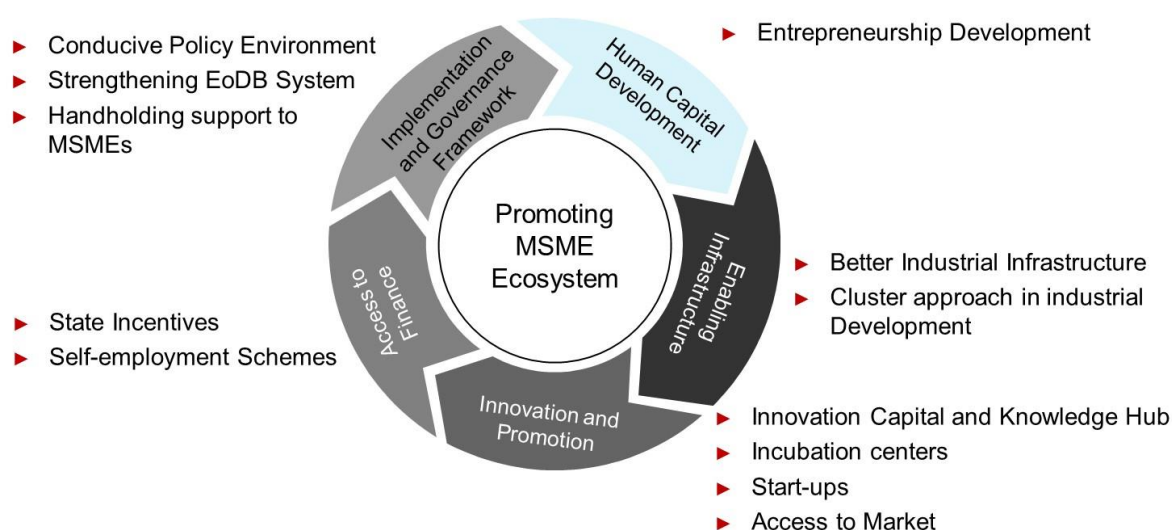


Figure 1: Activities of DoMSME for MSME Promotion

The Government of India (GoI) has also undertaken multitude of initiatives to help transform MSMEs. In a similar direction, the Ministry of MSME (MoMSME) has launched the MSME Competitiveness Programme - Post-COVID Resilience and Recovery Programme (MCRRP), supported by the World Bank's Raising and Accelerating MSME Performance (RAMP) program, to assist MSMEs and solve their problems. RAMP aims to foster institutional support, expand market access, raise financing availability, bolster institutions and governance, and encourage environmentally friendly behaviour.

One of the important components of RAMP identifies participating states to develop a comprehensive Strategic Investment Plan (SIP), which will serve as the blueprint for MSME transformation in State.

In order to create a comprehensive and progressive MSME development strategy, Madhya Pradesh Laghu Udyog Nigam (MPLUN), the Nodal Agency for implementing the RAMP Scheme in Madhya Pradesh, has designed this SIP after stakeholder consultation, workshops,

baseline study, benchmarking, and analysis of the diagnostic study. To obtain insight into MSME difficulties and gather information for the report, a thorough diagnostic exercise involving a thorough survey, in-depth interviews, and focused group discussions was done.

Madhya Pradesh plans to utilize RAMP to accomplish the following goals:

1. Year 1 of RAMP as “Year of Enterprises”
2. Institution Building with Focus on Digitization of Department
3. **5000 Champion MSMEs** and **500 Green MSMEs**
4. One University/ College in every district to have an incubation cum innovation centre
5. Facilitation Support to MSMEs through RAMP Help Desk and MBFCs at Divisional Headquarters

1.1. SIP Vision

The SIP aims to develop a holistic and transformative MSME development strategy. SIP seeks to provide an institutional framework for forward-looking MSMEs and foster an ecosystem that is robust, effective, and productive by establishing strong connections between various stakeholders. Aligned with the RAMP Scheme objective and its Gender Greening Technology Partnership (GGTP) Strategies, Madhya Pradesh Vision under RAMP is:-

*“Aligning with the Gender Greening Technology & Private Partnership (GGTP) Agenda, Madhya Pradesh under RAMP aims to Cover **1 Lakhs MSMEs** and create **5000 Champion MSMEs (500 Green MSMEs)** by focusing on regional economic and social balance, forging partnerships by creating a conducive atmosphere.”*

Madhya Pradesh has identified five aspects to achieve this vision and intends to attain it in the coming ten years. The five aspects are as under:-

Promoting regional economic and social balance	Facilitating Gender Diversity leading to Inclusive Growth	Preserving the environment by increasing the green financing	Forging Partnerships & Facilitating Innovation	Export Ignition and Promotion
<ul style="list-style-type: none"> Economic and social parity DICCI and FICCI Flo as an operating partner 50 MSEs in each of the tribal districts must be scouted and bank credits be provided to these MSEs 	<ul style="list-style-type: none"> Increase women participation to 5.1% from 3.34% Targeting 8.8% growth YOY basis for 5 years and then 14% for the next 5 years 	<ul style="list-style-type: none"> Target must be set to achieve 40 points (24.1 in 2022) in Environment Sustainability to improve ranking on the next State Energy and Climate Index by 10 positions Municipal body's revenue increment by 5% in year on year after three years 	<ul style="list-style-type: none"> Identification, Engagement and Onboarding of private players Innovation Centre to be set up in one university each in all 52 districts of the state 	<ul style="list-style-type: none"> Ace the category in landlocked states by increasing the state's share to 2.2% from 1.82% (FY2022-23) in net exports from India in first two years and then, targeting 5.5% in net Indian exports Export Action Plan for each districts

Figure 2: MP RAMP Vision: 5 Pillars

1.2. Approach Methodology for SIP Preparation

The approach adopted by the study team for the preparation of the SIP is a comprehensive, multifaceted, and systematic process that integrates secondary research and initial stakeholder consultations. This multifaceted approach ensures a robust foundation for the study, enabling the team to gather relevant information and establish a clear direction for subsequent activities. The steps that are undertaken as part of the strategy to summarize the

research for the preparation of the SIP based on empirical evidence, case studies, and use cases are as follows:

1. **Surveys:** A comprehensive diagnostic exercise through an extensive survey, in-depth interviews, and focused group discussions were conducted to gain insights into MSME challenges and gather data for the report.
 - a. 5500 registered & 500 unregistered MSMEs surveyed, covering all 52 districts
 - b. 49% OBC, 8% SC, 4% ST Units surveyed
 - c. 15% Female Unit Owners
2. **Cluster Visits:**
 - a. 06 Clusters
 - b. 5 Zones Covered
 - c. 03 Mega Consultation Workshops conducted In Jabalpur, Bhopal and Indore
3. **Stakeholders**
 - a. 11 Industry Associations
 - b. 9 FIs ; 3 TReDS Platforms
 - c. 4 Skill Development Agencies
 - d. 2 Capacity Building Institutes
 - e. Export Partners
 - f. Govt Departments
4. **Diagnostic Study Analysis**
 - a. Survey Analysis
 - b. FGDs Analysis
 - c. Workshops Analysis
 - d. Stakeholder Meeting Analysis
5. **Finalization of Budget and Interventions for SIP**
 - a. Budget Finalization
 - b. Interventions Proposal
6. **SIP Draft Finalization**
 - a. Budget and Interventions finalized
 - b. Presentation to State RAMP committee for inputs
7. **SIP Submission post approval from State RAMP Committee**

1.3. Diagnostic Study

A diagnostic study was conducted to learn more about the problems currently plaguing MSMEs. It included desk research, stakeholder interviews, focus group talks, and MSME surveys. A thorough methodology was used, which involved visiting industrial clusters, engaging in various stakeholder consultations, and performing 6000+ field surveys.

Following a careful examination of the replies received, the following main problems that MSMEs are dealing:

1. **Access to Finance:** 60% of MSMEs raised the issue of collateral by the banks and FIs for taking loans. However, more than 80% of MSMEs still want to obtain funds through banks. Awareness about Government schemes is the major issue.

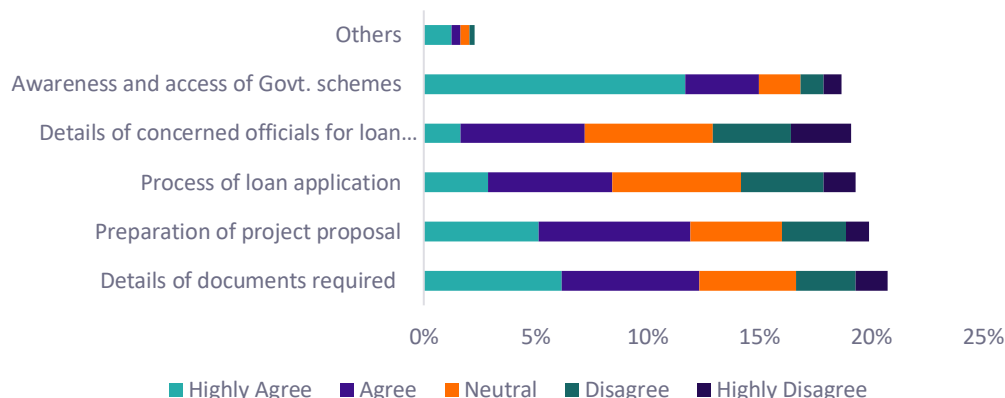


Figure 3: Challenges of MSME in area of Access to Finance

Most enterprises (15%) agreed that being aware of and having access to government programs may make it easier for them to obtain bank financing. It is followed by creating project proposals (12%) and completing loan documentation requirements (12%).

2. **Access to Market:** The survey's findings show that more than 86% of MSMEs sell their products in the neighbourhood and adjacent regions. It demonstrates how MSMEs in the State rely on the local market. Furthermore, 9% of MSMEs mentioned that they only sell their goods within the State.

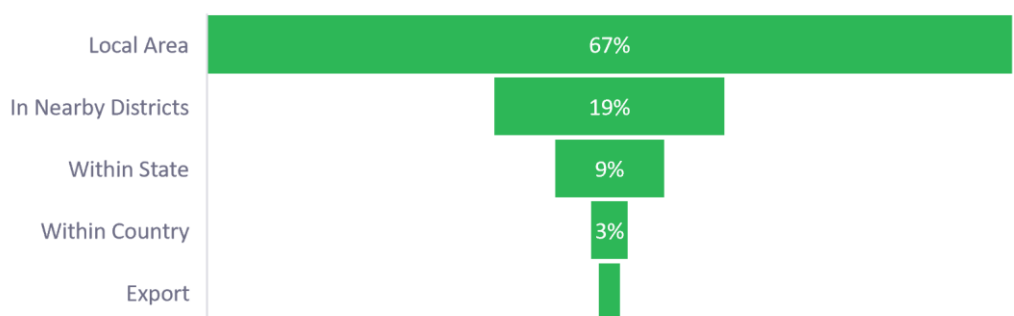


Figure 4: Market Area of Access to Market

MSMEs primarily rely on owner-to-owner communication. However, MSMEs have begun using the Internet and social media due to recent advancements in information technology. 75% of MSMEs have access to social media accounts, including WhatsApp, Instagram, Facebook, Twitter, YouTube, and websites. It implies that they can reach out to new clients via these channels. MSMEs are unable to fully utilize the promise of social media due to a lack of time and social media marketing competence.

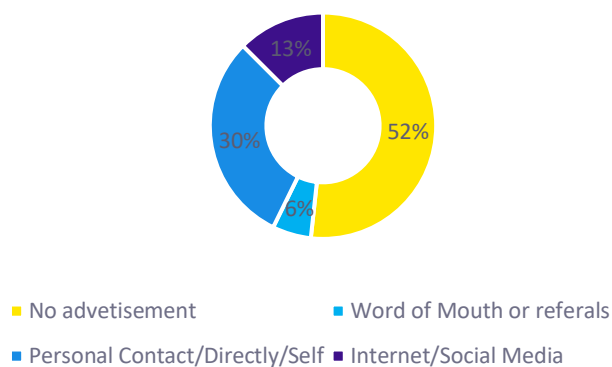


Figure 5: MSMEs access to social media

9% of the surveyed MSMEs export their goods or services. The majority of MSMEs that export belong to medium-sized businesses. Small (7%) and medium (12%)-sized businesses are the ones that export the most goods/services. The top three nations or regions that MSMEs from Madhya Pradesh export, according to the survey results, are Gulf region, mainly Dubai, Oman, Australia.

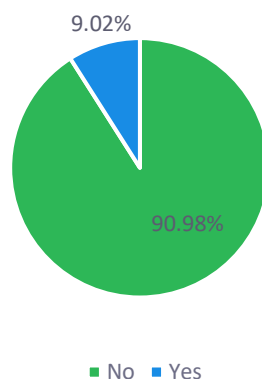


Figure 6: Survey of MSMEs export of Good/Services

- Raw Material Procurement:** The study has analysed the potential advantages and challenges of sourcing raw materials from local vendors and traders. The majority of the surveyed enterprises (76%) source their raw materials from local vendors and traders, followed by states that are close by or neighbouring. Locally sourced raw materials are first obtained by businesses within a 50 km radius, then within a 50 to 150 km range.

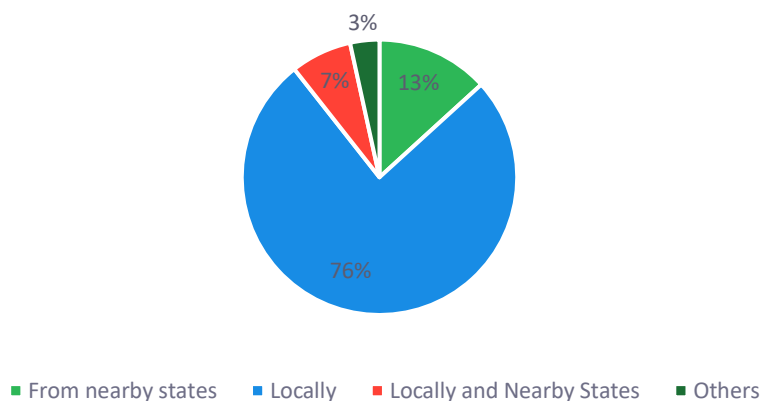


Figure 7: Survey of open market and home based businesses infrastructure issues

4. **Infrastructure:** Most of the surveyed businesses are open market-based, then home-based. It suggests that businesses are not aware of industrial parks, districts, clusters, etc. The owners of the units have brought up a few infrastructure-related concerns, including sewage disposal, energy supply, water amenities, road connectivity, solid waste management, and storage. 15% of MSMEs raised issues of waste disposal, 14% of MSMEs have water supply issues, while 18% of MSMEs raised concern on 24*7 electricity. 15% of MSMEs raised issues of waste disposal, 14% of MSMEs have water supply issues, while 18% of MSMEs raised concern about 24*7 electricity.
5. **MSME Capabilities:** The survey highlighted that 70% of MSMEs are not aware of the scheme, and 60% of MSMEs operate on outdated technology, making the upgradation costs much higher. MSMEs also find it difficult to approach design/technology centres due to a lack of awareness/ unavailability of appropriate platforms. 37% of MSMEs have labour requirement-related issues, and only 21% of MSMEs surveyed provide On the Job Training (OJT) to fill the skill gap. MSMEs also showed willingness for technology upgradation, quality improvement and packaging.
6. **Ease of Doing Business (EoDB):** Under EoDB, major concerns raised by MSMEs were multiple taxes and charges being levied, issues regarding licenses, certifications and

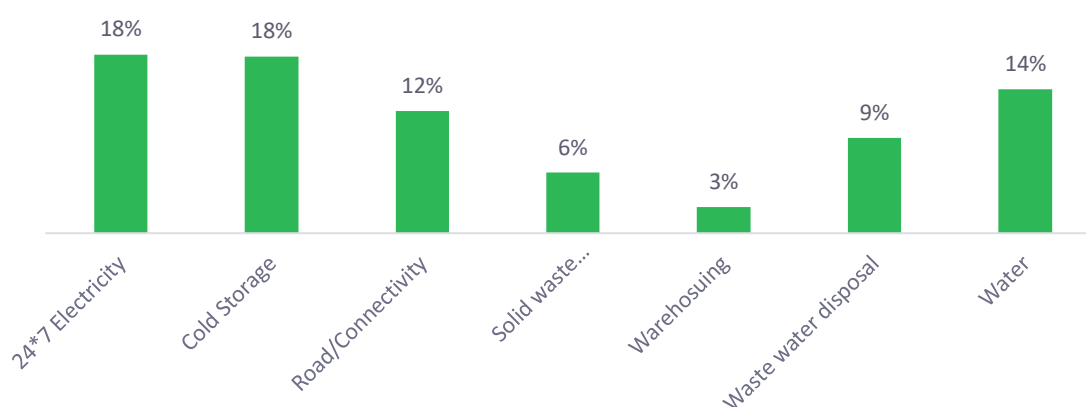
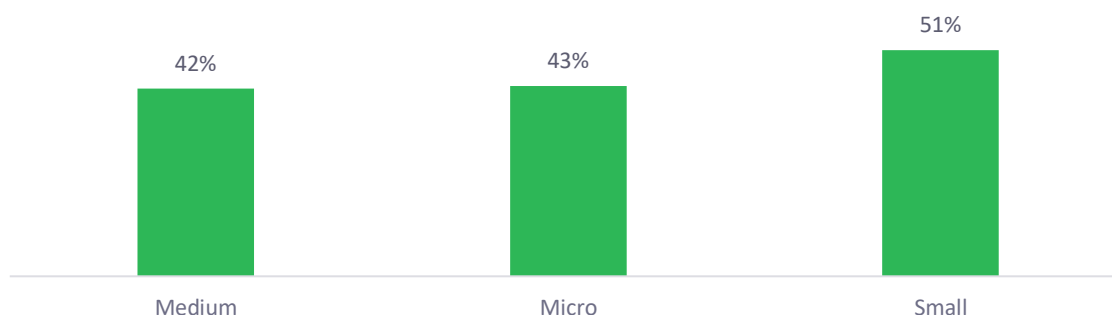


Figure 8: Survey of Issues related to Infrastructure

approvals and their renewal frequency, obtaining permissions for new industries is a major challenge and Imposing voluntary certifications and licences which are not required for a particular industry. Further, there is no agency to handhold or support MSMEs to obtain certifications or compliances.

7. **Green initiative:** We need to employ green technology that promotes sustainable development if we want to thrive in environmental protection and industrialization. The



government has promoted a number of programs and laws that allow MSMEs to adopt and expand their operations without affecting the environment in an effort to stimulate the use of new and environmentally friendly technologies. However, over half of the surveyed businesses had some understanding of green efforts and considered sustainable development to be important. Micro- and medium-sized businesses are the two types of businesses that are least concerned with green efforts.

1.4. Pillars Of SIP For Madhya Pradesh & Their Interventions

We have identified **Six important tracks** which will play an instrumental role in MSME competitiveness of the State in the coming years. We have identified **Six important tracks** which will play an instrumental role in the MSME competitiveness of the State in the coming years. All the identified pillars are linked to the Disbursement Linked Indicators (DLIs).

1. Ease of Doing Business (EoDB)

In a quest to make Madhya Pradesh an attractive destination for investment, the Government of Madhya Pradesh has taken up a series of measures to improve the investment climate & make investors' experience at par with leading economies in the world. The State Department used to give various subsidies under IPP 2004, 2010 and 2014, where MSMEs had to claim subsidies under various heads viz quality certification reimbursement, interest subsidy, mandi fee exemption, entry tax, electricity duty exemption, margin money assistance etc. and multiple agencies to deal with to get various concessions. Most of the units in micro categories had no choice but to compromise their work and go to various departments for information. Under the new MSME Development Policy, 2021, facilitation and support are provided to MSMEs **through single concession**. However, MSMEs still face multiple challenges when it comes to getting approvals and clearances, which hinders their daily operations.

2. **MSME Capabilities:** Some of the biggest challenges MSMEs face are the complexity of processing documents, unawareness of schemes, outdated technology and labour shortage. Thus, there is a need to augment the existing ecosystem to improve MSME competitiveness.
3. **Capacity Building:** The need for skilled labour is unfulfilled in the MSMEs. There is always a shortage of labour. On the other hand, there is a lack of trained labour as the skill training institutes are operating on old and outdated machinery. The need for skill development and capacity building is crucial for MSMEs to stay competitive in the market. The availability of skilled labour can help increase productivity and quality, resulting in better products and services. Capacity-building measures such as training programs can also help MSMEs enhance their competitiveness and performance.
4. **Access to Finance:** MSMEs face challenges to avail loans to start a new unit or for expansion of the existing units. Major reasons preventing MSMEs from applying for loans include non-availability of required documents, unawareness of the loan process, low CIBIL, and less demand for products/services.

5. **Access to Market:** Many of the MSMEs are unconnected to digital platforms and only rely on the local market to sell their product. Further, the transportation cost for the export of goods is high as Madhya Pradesh is a landlocked State.
6. **Delayed Payments-Samadhan:** One of the biggest challenges is delayed payments. The buyers do not abide by the MSME policy's rule of 45 days payment to the seller. Thus, there is a need for awareness generation and capacity building of government functionaries for enhancing resolution rates and technological improvement.

1.5. Recommendations

In the context of rapidly changing business needs of MSMEs of Madhya Pradesh and leveraging active support from RAMP initiatives, we have divided our solution spanning **Five strategic pillars and four enablers** which are aligned to the core theme of RAMP. The interventions aim to **cover 1 Lakhs MSMEs of Madhya Pradesh with 5000 Champion MSMEs (including 500 Green MSMEs)** and involve firming up a Strategic eco-system plan (covering all the stakeholders) with an objective to create an enabling environment that prioritizes investments summarily for making MSMEs competitive and strengthening institutions/enterprises through resource mobilization, advocacy, and capacity building. The strategic pillars identified cater to the entire value chain process of MSMEs. The Interventions under each of the pillars will help support MSMEs in enhancing their competitiveness.

Awareness & Sensitization

Problem Statement

- ▶ MSMEs are huge in number in Madhya Pradesh. However, many of these MSMEs are unaware of various policies and schemes that support MSMEs.
- ▶ Major reason of poor Onboarding on TReDs platforms is lack of awareness: 15% of MSMEs felt that Awareness can resolve access to finance issues.

Suggested Interventions

- ▶ It is proposed that GoMP will use various methods of media for promotion and awareness of the RAMP and related schemes/policies. The budget these are to be decided as per Samwaad rates of the State government or as per quotations of the vendors, whichever is beneficial for the state.
- ▶ Organize workshops, focused group discussions and training programs to educate both new and existing MSMEs about the available financial aids to support MSMEs.
- ▶ Aggressive awareness campaigns to encourage MSME onboarding to TReDS platform. (100 MSMEs per district)
- ▶ Awareness generation and sensitization of 5,000 MSMEs to adopt new and green technology
- ▶ Awareness Generation Programmes for MSMEs on SAMADHAN portal

Capacity Building

Problem Statement: One of the biggest challenges faced by MSMEs is the unavailability of semiskilled and skilled labour and MSMEs' limited capacity to improve their skills.

Suggested Interventions

- ▶ Sector-specific Entrepreneurial Development Programs (EDP) will be developed for people who qualify for managerial, technical, and entrepreneurial skills. It is proposed to train individuals.
- ▶ **RAMP Help desk** will be set up at each DTICs
- ▶ Mechanism shall be developed for identification of **5000 Champion MSMEs and 500 green MSMEs** for scale up program.
- ▶ Below activities shall be carried out under each of the pillars:-

Access to Finance

- ▶ Training Workshops for 1000 MSMEs during the RAMP Program period on receivable financing and CERSAI
- ▶ 1000 MSMEs will be targeted with workshops for Orientation on the Input Tax Credit Process

Access to Market

- ▶ Training to MSMEs on getting ZED certifications (100 MSMEs per district with approx. 30% women-led/promoted MSMEs)
- ▶ Training to MSMEs on GeM (3000 MSMEs every year)
- ▶ Training to state department (high priority) to onboard on GeM (30 State officials every quarter and approx. four trainings)
- ▶ Training to MSMEs on E-Commerce (ONDC, Amazon, Flipkart Onboarding etc.)
- ▶ Training to 10000 MSMEs on certification for export promotion on "how to export."
- ▶ Vendor Development Program for 500 MSMEs
- ▶ Anchor Vendor Facilitation and Matchmaking

MSMEs competitiveness

- ▶ Training to MSMEs on getting LEAN certifications (1 Workshop for approximately 50 MSMEs from each district)
- ▶ Training to MSMEs on getting Innovate Scheme: Design certifications with support institutions (includes 300 Women MSMEs) (unit cost is more because of the consultation charge of institutions)
- ▶ Training to MSMEs on Innovate Scheme: IPR
- ▶ Training to MSMEs on Innovate Scheme: Incubation support (approx. 200 MSMEs per Year, out of which 40 women-led MSMEs) -

- ▶ Capacity building of 500 MSMEs to adopt new and green technology
- ▶ Instituting a feedback collection mechanism for assessing the effectiveness of the training and capacity building programmes
- ▶ Workshops and campaigns in collaboration with Associations, Clusters & thinktanks to educate 5000 MSMEs about ESG & RECP Practices
- ▶ Hire training partners as per the skilling needs of proposed clusters or needs of MSMEs for specialized training of individuals. Regarding the same, we propose to hire training partners in the state under RAMP Scheme.

Institution Strengthening

Problem Statement

- ▶ Capacity of DTIC and MPLUN to deliver such multistakeholder and long-term engagement is limited.

Suggested Interventions:

- ▶ We propose to have a dedicated bench/team of representatives placed within the MSME Department that will help the MSMEs to understand the issues and thereby represent their case to the disputing department. **MSME Business Facilitation Centre (MBFC) will be established in each divisional headquarters.**

Capacity building activities for Institutional Strengthening

- ▶ Training Need Assessment of DTIC officials (52 districts visit for total of four times)
- ▶ Training Need Assessment of MPLUN
- ▶ Capacity building of MPLUN officials across domain, functional and behavioural competencies (2 times)
- ▶ Capacity building of officials from DTICs, Dols and State corporations of MP (55 DTICs+ two trainings per year for four years)

Improving Market Access

Problem Statement

- ▶ Madhya Pradesh is a landlocked state; thus, MSMEs bear high costs of transportation and freight to transfer the goods to port regions for exports.
- ▶ No proper market linkages are available for MSMEs.

Suggested Intervention:

- ▶ Export Promotion
- ▶ Centralized digital trade platform that integrates all export-related processes, documentation, and compliance requirements, updates
- ▶ Leveraging District Export Action Plan to devise a strategy

- ▶ MSME Enablement on Digital Commerce: GeM, ONDC, MSME Global Mart, Amazon, Flipkart etc
- ▶ Vendor Development Workshops and Anchor-Vendor Matchmaking Process
- ▶ Onboard marketing agency to undertake branding and promotional activities
- ▶ Since it is difficult for all MSMEs to attend national/ international trade fairs, it is proposed to organise regular buyer-seller meets/events in the state for match-making buyers with sellers.

SAMADHAN

Problem Statement

- ▶ Samadhaan portal is meant for grievance redressal of MSMEs. However, there have been unacceptable lags in providing the resolution due to the lack of manpower and lack of awareness in MSMEs.

Suggested Intervention:

Awareness and Outreach

- ▶ Launch a comprehensive awareness campaign
- ▶ Collaborate with NGOs and community leaders to spread awareness

Training and Sensitization

- ▶ Organize sensitization workshops to help the team understand SAMADHAN portal

Enhancing Resolution Rates

- ▶ Collaborate with experts to provide support for resolutions
- ▶ Implement a systematic tracking mechanism to monitor the progress and outcomes

Technical Improvements

- ▶ Invest in technology upgradation: MSME Dispute Resolution Management System to improve the user interface.
- ▶ MSEFC Circuit Bench: MSEFC at the district level on need basis

Ease of Doing Business (EoDB)

Problem Statement

- ▶ EoDB window needs to be improved in order to facilitate MSMEs.
- ▶ MSMEs are unaware of the 'Ease of Doing Business' – single window portal.

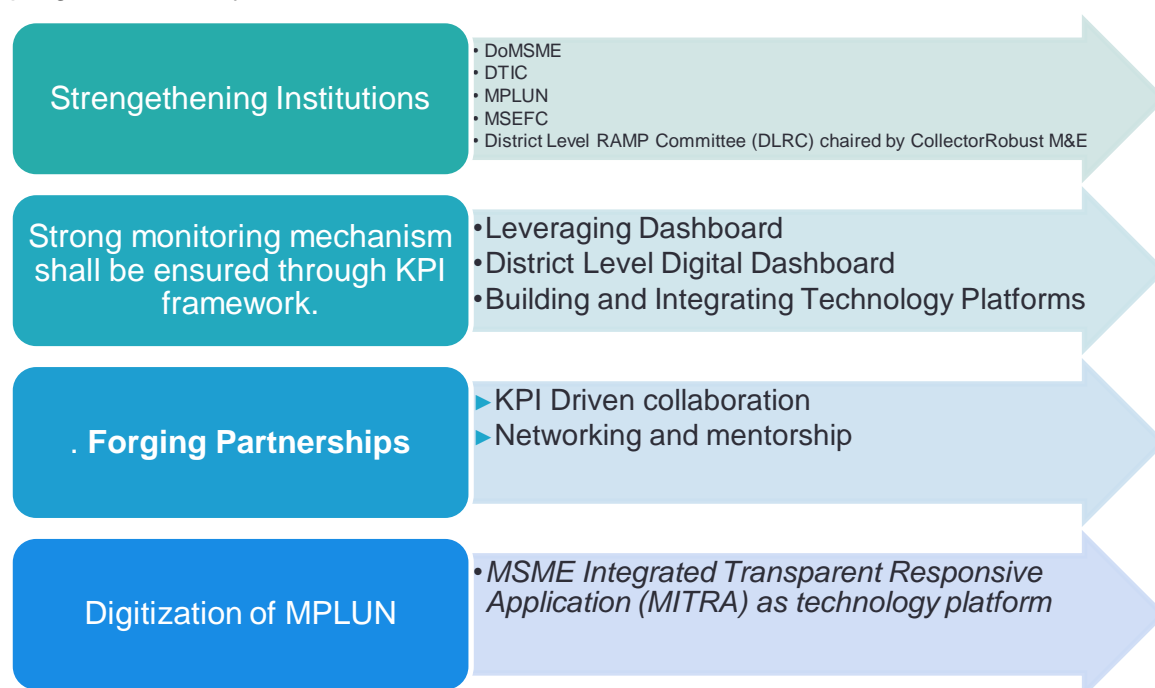
Suggested Intervention

- ▶ It is proposed to collaborate with the MP Invest portal and suggest MSME specific interventions. This will also facilitate MSMEs in undertaking timely registrations/renewal process within the single window online portal.

- ▶ **Inter-Departmental Collaboration:** Encourage regular coordination and collaboration between different departments
- ▶ Establish a centralized information portal for approvals required by MSMEs and implement a time-bound approval mechanism.
- ▶ **Business Support and Consultation:** Offer online resources, webinars, and workshops to educate MSMEs about the EoDB process
- ▶ **Monitoring and Feedback:** Implement a monitoring system and Collect feedback from businesses regarding their experiences with the EoDB

Enablers

We have identified measures/catalysts to support the entire implementation of RAMP program in Madhya Pradesh. These are:-



1.6. Budget

As per Section 11.5 of the RAMP Programme Implementation Manual, the World Bank will disburse funds to the Government of India (GoI) based on the achievement of Disbursement Linked Indicators (DLIs) by the Ministry of MSME. All six DLIs for the RAMP Programme are applicable to both the Central Government and State Governments. These DLIs serve as benchmarks for the release of funds, ensuring that the relevant objectives of the RAMP Programme are met, particularly in relation to the collaboration between the Central and State Governments, the effectiveness of existing schemes, and the overall improvement of the MSME sector.

The RAMP program for the state of Madhya Pradesh has identified a total budget requirement from GoI estimated at **INR 507.61 Cr.** This comprehensive initiative aims to foster the growth and development of the MSME sector in the state. Further, the Government of Madhya Pradesh shall contribute 30% of the total budget as its contribution for the success of RAMP Program in State.

The Head Wise budget is presented below:

S. No	Heads	Total (in INR CR)	%age
1.	Capacity Building	132.16	26.04%
2.	Marketing	123.48	24.33%
3.	DTIC Strengthening	45.43	8.95%
4.	MSMEs Testing Facilities	30.00	5.91%
5.	Access to Credit	20.50	4.04%
6.	SPIU	20.00	3.94%
7.	Cluster Development	18.50	3.64%
8.	IT	14.50	2.86%
9.	Awareness Program	14.30	2.82%
10.	MPLUN Strengthening	13.51	2.66%
11.	SAMADHAN	10.49	2.07%
12.	Skill Development	8.00	1.58%
13.	Vendor Development Program	2.75	0.54%
14.	District Export Action Plan	1.56	0.31%
15.	Collaboration with Private/Public players	1.25	0.25%
16.	TReDS	1.00	0.20%
17.	Monitoring & Evaluation	4.03	0.79%
	Total	461.47	
	Admin Cost (10%)	46.15	
	Grand Total	507.61	

Madhya Pradesh State contribution: 30%

2. RAMP Evaluation Criteria

We understand that states will be evaluated based on key quantitative and qualitative evaluation criteria. We have tried to do our initial level of assessment across these criteria. This would also include distinguishing factor specific to the State.

Evaluation Criteria for SIP Evaluation	Max. Score	Madhya Pradesh Standing
A. Quantitative Evaluation Criteria	80	
Number of MSMEs registered on UDYAM portal in proportion to total MSMEs as per the 73rd Round of National Sample Survey (NSS)	15	8,25,278 of MSMEs registered till July 2023, on Udyam Registration Portal v/s MSMEs as per NSS survey: 26.74 Lakhs
Position of State in the latest EoDB Rankings	15	Achiever
Proportion of latest State Budget allocated to MSME	5	The budget estimate (2023-24) for industries accounts for INR 697.43 crore . Financial assistance provided to MSMEs in the state over the last three years is shown below:

Table 1: Financial assistance provided to MSMEs YOY

2020-2021		2021-2022		2022-2023	
No. of Beneficiary units	Amount ₹ in Crore	No. of Beneficiary units	Amount ₹ in Crore	No. of Beneficiary units	Amount ₹ in Crore
1189	107.74	1780	392.45	2551	697.73 ¹

Contribution of MSMEs to State GDP	5	MSMEs contribute more than 28% in GDP of India. MP contribute around 4% in GDP of India and MSMEs contribute 25.68% in GSDP of Madhya Pradesh ² .
Percentage of MSMEs as per the 73rd Round of National Sample Survey onboarded on TReDS	5	Total No. of MSMEs registered on <ul style="list-style-type: none"> RXIL – 1182 M1xchange - 493 InvoiceMart - 520. Thus Total MSMEs registered on TReDS are appx. 2,195.
Percentage of State Public Sector Enterprises onboarded on TReDS	5	None

¹ [New-Budget Presentation 2023-24 Press conf. 1.3.2023.pptx \(mp.gov.in\)](#)

² <https://www.dif.mp.gov.in/SLBC/AgendaSplSLBCFinal290722.pdf>

Persons employed in MSMEs which are registered on Udyam Portal of the Ministry (2021-22) (percentage of employees in MSMEs as per the 73 rd Round of National Sample Survey (NSS))	5	MSMEs in the State employ 38.16 Lakhs as per Udyam registration against 48.80 Lakhs as per 73 rd survey.
Contribution of MSMEs to total tax revenue of the State	5	Tax Collection on GST Portal for 2022-2023 for the state is presented below:

Table 2: Tax-Collection on GST Portal: 2022-2023

FY:2022-2023					
State/UT Name	CGST	SGST	IGST	CESS	CGST
Madhya Pradesh	8427.82	10,936.55	9861.52	7005.85	8427.82 ³

Percentage of women-led enterprises to total MSMEs 5 0.93 lakh women-headed MSMEs, 12.35% of total MSMEs registered⁴.

Citizen Charter for DICs is notified in the State 5 Yes. The state has a Citizen charter for DTIC, which has been notified

The Citizen Charter provided by the Department of MSME Govt. of Madhya Pradesh, for DTIC and zonal industries office, is given below:

Figure 10: Citizen Charter for District and Zonal Industries

Work/Scheme Name	In-charge Officer	Disposal Time (Days)	Complaint Officer	Disposal Time (Complaints)
<i>Land (Upto 2 hectares)/Shed allotment procedure (In case of availability of Land/Shed)</i>				
A. Issue letter of intent	General Manager, DTIC	15	Zonal Industries Officer	15
B. Issue allotment order	General Manager, DTIC	07	Zonal Industries Officer	15
Execution of Lease deed	General Manager, DTIC	07	Zonal Industries Officer	15

B. Citizen Charter for Zonal Industrial Office:

Work/Scheme Name	In-charge Officer	Disposal Time (Days)	Complaint Officer	Disposal Time (Complaints)

³ [Goods & Services Tax \(GST\) | Returns](#)

⁴ Udyam registration portal

Land (Upto 2-4 hectares) allotment procedure					
A.	Issue letter of intent	Zonal Industries Officer	15	Industries Commissioner	15
B.	Issue allotment order	Zonal Industries Officer	15	Industries Commissioner	15

Percentage of cases resolved with respect to total cases registered in MSEFCs	5	Out of the total 1900 cases, 1600 cases are resolved by Madhya Pradesh Micro and Small Enterprises (MSEFC), while 300 are pending.
		Total 503 cases were presented before the MSEFC in 17 meetings from 01-04-2022 to 31-03-2023, out of which 311 cases were resolved and in 197 cases, total principal claim through award and reconciliation Amount Rs. 31,81,96,986 (Thirty-One Crore Eighty-One Lakh Ninety-Six Thousand Nine Hundred Eighty-Six) + three times interest was passed and 114 cases were dismissed and returned.

Growth in the total volume of digital payments done (Y-o-Y basis)	5	Total Digital Payments done in the State from 2018 to 2021 are presented below:
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Table 2: Total Digital Payments done in state YoY

Year	2018	2019	2020	2021
Total Value of Digital Payments (INR)	14.5 billion	29.2 billion	46.7 billion	71.1 billion
Year-on-Year Growth (%)	-	100%	60%	50%

B. Qualitative Evaluation Criteria	Marks	Madhya Pradesh Standing
Identification of gaps in access to Finance, Market and Technology MSME Sector of the State/UT	20	<p>We have undertaken a survey of 6,000 MSMEs, 6 clusters and 45 stakeholder consultations. Three zonal workshops in Jabalpur, Bhopal and Indore have been organised till now with over 500+ participants. We have captured our insights in the area of EoDB, Finance, Market and Technology in the subsequent chapter.</p> <p>Interventions have been designed based on the outcome of workshops organised in different parts of the State and stakeholder consultation with all the MSMEs ecosystem players.</p>

State/UT Policy on MSMEs Vision/Roadmap for improvement in business environment for MSMEs in the State with requisite interventions and availability of Outcome – Output Framework for the schemes supported by the RAMP Programme: (Specific Schemes- TReDs, MSME Champions Scheme, CGTMSE etc.) 1. Short Term (0 - 1) years 2. Short Term (0 - 4) years 3. Long Term (4th year onwards)	50	Madhya Pradesh Vision Roadmap for improvement in business environment for MSMEs is aligned with GGTP Agenda. The vision is: <i>Aligning with the Gender Greening Technology & Private Partnership (GGTP) Agenda, Madhya Pradesh under RAMP aims to Cover 1 Lakhs MSMEs and create 5000 Champion MSMEs (500 Green MSMEs) by focusing on regional economic and social balance, forging partnerships by creating a conducive atmosphere.</i> These strategies must be devised focusing on components having a multiplier effect on increasing the growth of the sector. The interventions concerning these components should be designed according to timeframes- short (Up to Three years), medium (Three to Seven years), and long (Up to Ten years). These interventions should not be mutually exclusive, and their cumulations should organically plant the seeds for the next phase. The target should be phased in the medium and long timeframes. <i>For details, please refer to Vision Chapter.</i>
Extent of Participation in various Central MSME schemes	10	Various Central MSME schemes availed by the state are:

Central Scheme

1. PMEGP Scheme: Under this scheme, the government provides a subsidy of 15-35 % of the project cost based on various criteria. The remaining funds are provided to the entrepreneur as term loans by the participating banks. Annual Progress Report of PMEGP-DICs for the state is presented below.

Table 3: Annual Progress Report of PMEGP-DICs

No. Of project			M.M (Rs. in Lakh)			EMP.(No.s.)		
Rural	Urban	Total	Rural	Urban	Total	Rural	Urban	Total
4079	1874	5953	13473	4616.2	18087	36400	17203	53603 ⁵

2. CGTMSE: CGTMSE scheme offers credit guarantees from 75% to 85% to MSEs across India. The state performance in CGTMSE is presented below.

Table 4: State Performance in CGTMSE

Year	Number of cases	Credit Guarantee	No. of Claim Settled	Claim amount
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⁵ State wise (msme.gov.in)

		Extended (₹ in Cr)		settled (₹ in Cr)
2022-23	25,442	2329.37	2,955	36.29

3. MUDRA: The amount allotted to the state under the Mudra scheme is presented below:

Table 5: Amount allotted under MUDRA Scheme

2020-2021		2021-2022		2022-2023		2023-2024	
Unit	Amount (₹ in Cr)	Unit	Amount (₹ in Cr)	Unit	Amount (₹ in Cr)	Unit	Amount (₹ in Cr)
3249158	17822.84	2932000	16605.00	3366203	21380.73	594130	4091.46

3. Champion scheme-ZED Scheme: In Madhya Pradesh, 320 MSMEs have been ZED certified. All 320s are Bronze certified (223 Micro, 78 Small and 19 Medium), while there are 0 Silver certified and 0 Gold certified.
4. ASPIRE Scheme: For Madhya Pradesh State, Year Wise Proposal Approved (LBI) amount is presented below⁶:

Year	2015-2016	2016-2017		2018-2019
Host Agency	Laghu Udyog Nigam Ltd.- Govt of MP	Madhya Pradesh State Bamboo Mission (MPSBM), Satna	RGTU- Amarkantak	Madhya Pradesh Laghu Udyog Nigam Ltd. Bhopal, M.P., A.O. Dptt. of MSME, Dtd. of Industries., Govt of M.P
District Name	Dewas	Satna	Amarkantak	Katni
Amount (₹ in Lakhs)	90.20	100.00	98.86	100.00

Table 6:
Year
Wise
Proposal

Approved (LBI) amount:

5. SFURTI

Table 7: Approved Clusters under SFURTI Scheme in Madhya Pradesh

Nodal Agency	YoY	2015-16 to 2017-18	2018-19	2019-20	2020-21
KVIC	No. Of Clusters	3	0	0	0
	No. of Artisans	1283	0	0	0

⁶ <http://aspire.msme.gov.in/ASPIRE/LBIDetails.aspx>

		Total assistance from GOI (Rs. In Lakh)	247.98	0.00	0.00	0.00
COHANDS	No. Of Clusters	0	0	5	4	
	No. of Artisans	0	0	3,223	2009	
	Total assistance from GOI (Rs. In Lakh)	0.00	0.00	1516.65	1045.21	
IGTR, Indore	No. Of Clusters	0	0	4	6	
	No. of Artisans	0	0	1071	5,060	
	Total assistance from GOI (Rs. In Lakh)	0.00	0.00	705.03	2098.964 ⁷	

7. MSE CDP Scheme: Madhya Pradesh stands on the 6th position in the list with total of 28 approved CFCs and Infrastructure Development Programs. The state performance in Common Facility Centres (CFCs) and Infrastructure Development (ID) Projects is presented below.

Table 8: MSE CDPs and ID Madhya Pradesh Performance

Common Facility Centers (CFCs)			Infrastructure Development (ID) Projects			Total
Approved CFCs	In Progress	Completed	Approved ID Centre's	In Progress	Completed	
3	3	0	25	11	14	28 ⁸

Schemes of other ministry for MSME promotion

8. PMFME scheme of MoFPI: In Madhya Pradesh, total loan disbursed to 1219+ beneficiaries. For the last FY, the State has achieved 1664 Vs a total target of 3769.
9. Startup India Scheme: Madhya Pradesh⁹ was classified in the 'Aspiring Leaders' category in the states' start-up ranking 2021. Prime Minister Narendra Modi launched a new start-up policy for Madhya Pradesh in Indore start-up Conclave on May 13,2022, through virtual medium.

⁷ [APPROVED SFURTI- CLUSTERS \(msme.gov.in\)](https://msme.gov.in)

⁸ [State-wise Projects Under MSE-CDP \(msme.gov.in\)](https://msme.gov.in)

⁹ [States Startup Ranking \(startupindia.gov.in\)](https://startupindia.gov.in)

In Madhya Pradesh total DPIIT recognized start-ups are approx. 3384 of which 1530 are women-led startups /women entrepreneurs.

10. GeM: State Govt. has signed MoU GeM for its implementation in Madhya Pradesh on 25-Oct-2017. The main objective is to provide transparency and accountability in State Govt. procurement processes. Madhya Pradesh Government has appointed M.P. LUN as Nodal Agency for GeM portal. Total 1.50 lakh handloom agencies/weavers and 26,644 artisans have been on-boarded on the GeM portal. In Madhya Pradesh state Total No. of handloom agencies/weavers onboard are 2329.37 and No. of handicrafts agencies/Artisans onboarded are 2,955 on GeM portal¹⁰.

D) Details of activities carried out by Development Centres & District Industries Centres/Sub District Industries Centres in the State and strategy to strengthen its eco-system

10

Some of the activities carried out by Development Centres & District Industries Centres/Sub District Industries Centres in the State to strengthen its eco-system:

- Incubation Centre: In the State, there are more than 50 incubation centres functioning which includes three Atal incubation centres. In FY 2022-23, there were 24 boot camps organised in technical institutes.
- Development of Technology Centre- To stabilise the technology centre at Jabalpur, 21.448 acres of land in the industrial area of Richai Phase II, Jabalpur, has been issued.
- Information Technology Broadcasting- CEDMAP website has been launched on mp.gov.in domain. Also, a free online entrepreneurship application has been launched in collaboration with CEDMAP.
- MPLUN Emporium Activity for marketing of MSME products: total of 299 units of Weaver, Craftsmen, Handloom and Handicrafts Organization and Group were registered by 31/01/2023 in MP Mrignayni Emporium.
- Awareness & Outreach for entrepreneurship development through Rozgar Diwas Organized every month in all districts of the state to felicitate scheme beneficiaries and establish a dialogue with these beneficiaries to encourage other individuals to enrol in these schemes.
- "Kathi", a mobile app developed to access all information about Wooden Furniture, Chhatarpur.
- Export Promotion Workshops by DGFT and APEDA in Vidisha, Chhatarpur, Gwalior, Shivpuri, and Ratlam, respectively.

Distinguishing Factors identified specific to the State that could be achieved based on the evaluation of identified interventions and related funding:

Madhya Pradesh plans to utilize RAMP to accomplish the following goals:

1. Year 1 of RAMP as "Year of Enterprises"
2. Institution Building with Focus on Digitization of Department
3. 5000 Champion MSMEs and 500 Green MSMEs
4. One leading University/ College in every district to have an innovation cum incubation centre

¹⁰ pib.gov.in/PressReleaseIframePage.aspx?PRID=1897392

5. Facilitation Support to MSMEs through RAMP Help Desk and MBFCs at Divisional Headquarters

To achieve this, we have identified short-term, long term and medium-term targets.

Further, the State already has Prudent and Inclusive Policy initiatives for MSMEs which will act as an enabler for achieving our targets under RAMP.

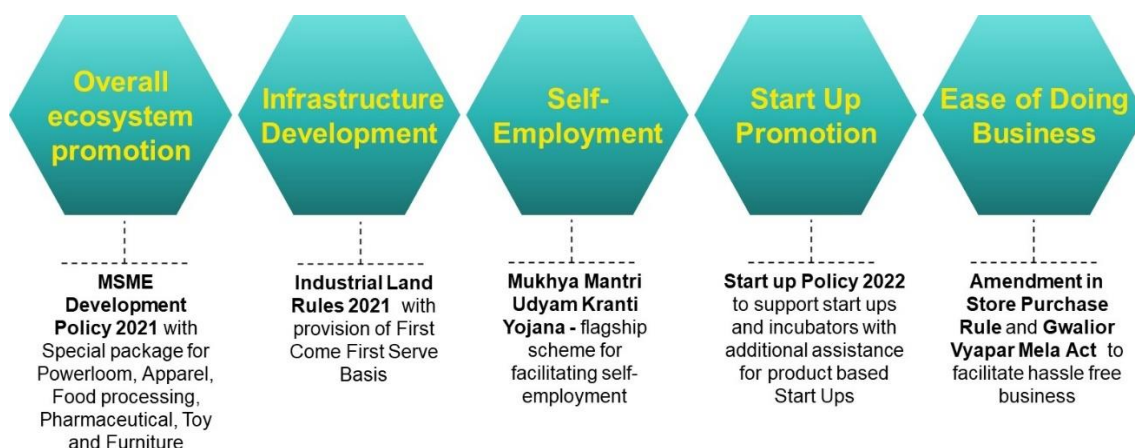


Figure 11: MSME Policy Initiatives

“Doing business” environment in Madhya Pradesh has improved with a continued focus on ‘Ease of Doing Business’. The State has provided an effective Single Window System for approvals, exemptions and reimbursements to investors. Efforts made by the State Government towards ‘Ease of Doing Business’ are well recognized by the Department of Industrial Policy and Promotion (DIPP) Government of India and the World Bank, which ranks the State among the top 7 states of India in ‘Ease of Doing Business’. Following measures under EoDB have been undertaken:-

1. Facilitation and support to MSMEs through single concession
2. Revised Land Rules and allotment process with transparent industrial land allotment procedures.
3. State’s reforms for cluster promotion: State has recently introduced industry-friendly land rules with a focus on developing undeveloped government land and providing incentives for MSME. The land is provided to developers on the concessional basis to promote infrastructure development.
4. **Invest Portal** as One stop solution to cater to the needs of the investors: INVEST Portal is a robust system to cover the complete lifecycle of an investment proposal from allocation of land to approvals to incentives linked to production & expansion. Single window enables the user to track the status of the application, make online payments and receive a final approval certificate through a single investor dashboard. The Invest portal is being integrated with the National Single Window System, which will enable the Investors to avail clearances for setting up an Industry from Govt. of India as well the State Government.
5. Strong Grievances redressal mechanism for MSMEs: MSME Laghu Udyog Samvardhan Board has been set up to provide multi-pronged, coordinated support to

MSMEs covering Land, Power, financial assistance, market access, business facilitation, cluster formation, incubation facility, etc. to MSMEs.

6. **GIS Based Land Booking System:** With newly implemented GIS based Land Allotment system, land booking in Industrial area can be done at a click of button. It is a step forward in leveraging the power of technology and setting up an amicable, hassle free and transparent industrial ecosystem in Madhya Pradesh. The system is successfully integrated with the Industry Information System (IIS) of DPIIT, GoI.
7. Key reforms by other state departments
 - I. **Energy department:** Online Service for obtaining Electricity Connection & approval for DG Set Installation. The number of documents required for obtaining the electricity connection is reduced to only two. Online Tariff Information System and Online Electricity Bill Payment. The online dashboard available in the public domain is updated regularly (weekly/fortnightly/monthly) for all the new electricity connections provided in the State.
 - II. **Urban Development & Housing Department:** The Department has an Online system for Building Construction permission called ABPAS (Automated Building Plan Approval System), Trade License, Fire NoC, Signage License and Water Connection
 - Single Joint Site Inspection by all concerned authorities responsible for granting construction permits in urban areas and IDCs
 - For Construction Permits, approvals are provided within 45 days:
 - The department allows the grant of approval to low-risk buildings based on third-party certification
 - Computerised allocation for an inspector for Building Plan Approval & Plinth Level Inspection
 - Mandate for online submission of the inspection report within 48 hours to the department
 - Availability of Master Plans/ Zonal Plans/ land use plans with a legal sanction or all urban areas in the public domain (<http://www.emptownplan.gov.in/#>)
 - III. **M P Pollution Control Board:** Department has an Online system for
 - Consent to Establish & its renewal under The Water Act, 1974 & The Air Act, 1981
 - Consent to Operate & its renewal under The Water Act, 1974 & The Air Act, 1981
 - Authorization under Hazardous Waste Rules, 2016
 - Registration/ Renewal under The E-waste (Management and Handling) Rules, 2011
 - Registration/ Renewal under Plastic Waste (Management and Handling) Rules, 2011
 - Establishments can view and download submitted inspection reports of at least past three years
 - Compliance Inspection under The Water (Prevention and Control of Pollution) Act, 1974
 - Compliance Inspection under The Air (Prevention and Control of Pollution)

- IV. **Controller Weights & Measures:** The department has an Online system for
- License & renewal as Manufacture of Weights and Measures
 - License & renewal as Dealer of Weights and Measures
 - License & renewal as Repairer of Weights and Measures
 - Registration as Packer of Weights and Measures (no renewal required)
 - Computerised allocation of inspector and the same inspector will not inspect the same establishment twice consecutively
 - Availability of inspection report on the Department's website within 48 hours of the inspection

Along with man-made enablers like infrastructure, policy, skilled labour etc., Madhya Pradesh is equipped with natural advantages like strategic location and strong resource base. The State is strategically located at the center of the country. Due to its central location, Madhya Pradesh is an important route for the movement of goods across the country. Additionally, the State, along with its neighbouring states, constitutes approximately 50% of India's 125 Crore population. Both these factors make the state an excellent location for India centric investments. To make the State attractive for global production, the state is linked to major ports of the country via six dry ports located across the State. From natural resources perspective, the State is the leading producer of Manganese, Dolomite and Glass sand in the country; major producer of Coal, Limestone, Cooper, Diaspore and Pyrophyllite in the country; and only producer of diamond in the country.

DoMSME has already undertaken various measures to foster the State's partnership agenda by collaborating with players across various areas:-

Areas of Collaboration

E-Commerce



Access to Finance



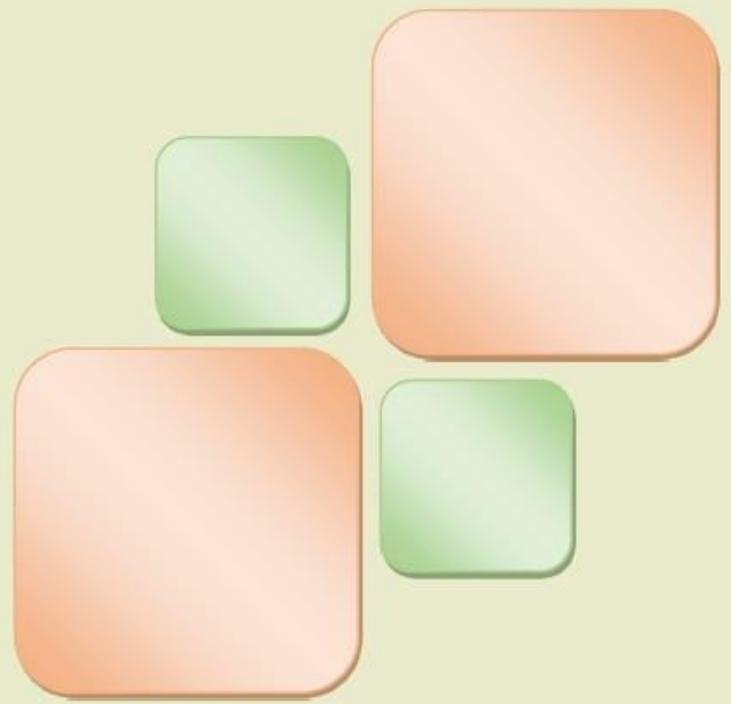
Startups Growth



Business Associations



All these factors will act as catalysts in MSME Transformation under RAMP Scheme.



Program Background



3. Project Background

3.1. MSME Sector as an economic growth engine

The MSME sector has emerged as an immensely dynamic and evolving sector of the Indian economy and is considered an important driver of economic development in the country. In India, the MSME sector comprises an estimated 63 million MSMEs, contributes about 45% to manufacturing output, more than 40% of exports, and over 28% of the GDP and employs about 111 million people, spread across manufacturing, trade and service sectors. Being one of the most vibrant sectors of the Indian economy, the MSME sector produces and manufactures a variety of products for both domestic as well as international markets. MSMEs have played an important role in providing employment opportunities in rural areas. The sector has helped in rural industrialization, given the inherent advantages of low capital cost, high employment potential, flexibility in operations, utilization of local resources, etc. Acting as a complementary unit to the large industrial sector, the MSME sector has significantly contributed to the overall industrial development of the country. Notwithstanding the contribution of MSMEs to the GDP and employment, the sector faces major challenges related to physical infrastructural bottlenecks, absence of formalization, technology adoption, firm competencies, backward and forward linkages, lack of access to credit, risk capital, delayed payments, etc. These challenges need to be addressed through an array of actions such as various regulatory, financial and implementation reforms as well as initiatives for improving firm-level access to provide targeted interventions to MSMEs across recognized challenge areas, which becomes even more pertinent in the current post COVID-19 recovery efforts of the Govt.

3.2. Overview of RAMP

RAMP is a Central Sector Scheme backed by the World Bank, supporting the Ministry of MoMSMEs in implementing MSME competitiveness programme- post Covid Resilience and Recovery Programme (MCRRP), which aims to strengthen programmes that focus on **improving market access, access to credit, institutions and governance at the centre and state level, improving centre-state linkage and partnerships, addressing issues with delayed payments and greening of MSMEs**. In a nutshell, RAMP is a programme to revive the MSME industry, which has been severely damaged by the COVID-19 pandemic.

According to the World Bank's Programme Appraisal Document for the RAMP programme, more than 40% of MSMEs lack access to formal sources of funding. Various interventions under the government's COVID Resilience and Recovery efforts are supported by the RAMP programme. The programme will supplement the government's ongoing support measures and focus on the competitive aspect of MSMEs. The RAMP Programme will aim to expand implementation capability and firm coverage in selected States, depending on a set of readiness criteria, along with strengthening the MoMSMEs' capabilities at the national level.

The specific objectives of RAMP are as follows:

- i. Elevating the overall capacity and institutional mechanisms within the MoMSME to deliver on its mandate along with strengthening capacity and
- ii. institutions in States to deliver on the MSME agenda.

- iii. Demonstrate results in the key areas of firm capabilities and access to finance and markets, while innovating and effectively utilizing the systems and procedures of MoMSME and the States
- iv. The Program for Result (PforR) also provides the most suitable instrument to mainstream the four key thematic areas of change targeted by the operation. This includes: greater inclusiveness of women-headed businesses, facilitation of “green” investments, scale up of technology solutions, increase in use of private sector service providers.

The outputs under RAMP will be monitored annually through the result areas and the Disbursement Linked Indicators (DLIs). The Ministry of MSME will oversee overall programme monitoring through the RAMP Program Management Unit (PMU), which will be established within the Ministry.

3.3. Key thematic areas under RAMP

Key thematic areas underlying the RAMP Programme is in alignment with the Gender Greening Technology and Private Sector participation (GGTP) Agenda which is –

- i. Closing the **gender gap** that impedes women-headed businesses for accessing financial and non-financial services - As per the World Bank's report, before the pandemic, a mere 18% of South Asian businesses were primarily owned by women, representing the lowest rate across global regions.
- ii. Facilitating **green investments** by MSMEs – The RAMP project will work on promoting MSMEs in adopting technologies and using green energy sources and enhancing MSME capabilities and access to markets through adoption of ZED/Lean. Building a long-term vision within MSME units is essential, involving engagement with entrepreneurs and stakeholders to collectively work towards sustainability goals. Thus, efforts will be undertaken in promoting the adoption of Zero Defect Zero Effect (ZED) and Lean principles by MSMEs through customized training programs which can further enhance productivity and competitiveness for MSMEs. These programs should be tailored to address the specific needs of MSMEs and provide practical simulations and hands-on exercises for gradual improvement
- iii. Using **innovative technology** solutions to scale up service delivery – A vast majority of MSMEs lack access to reliable and affordable technology infrastructure, including internet connectivity, hardware and software, which hinders their access to digital tools and processes making them less competitive. Adopting new technology and educating employees on these advancements are not only challenging, but also expensive. This is even more applicable for manufacturing organizations, where technological advancements are required not just in terms of software but for production units as well. Mechanisms will be devised to ensure access to innovative technology solutions to scale up service delivery and encourage innovation to help MSMEs develop new and better products and services and promote research and development to help themselves stay competitive in the market. Technological innovations and latest technological changes can help MSMEs increase the operational efficiency significantly.

- iv. Mobilizing **private sector providers** to expand market-driven, quality service outreach to MSMEs – Encouraged partnership with the private sector will help in effective implementation of the overall MSME development programmes in the country. Such participation from the private sector will increase the commercialization of innovative products and services.

3.4. Background of SIP Preparation

Partnership of central and state governments and the state's Strategic Investment Plan (SIP) is the backbone of the RAMP Programme. RAMP aims to assist States in creating and implementing strategic MSMEs programs. States will need to carry out a diagnostic exercise and create a State Strategic Investment Plan (SIP) that identifies key gaps, intervention priorities and the use of current national and state programs (including the fusion of non-MSME programs) as well as crucial actions that require funding from the RAMP Program.

The SIP is an evidence-based plan that identifies priority industries and geographic areas for intervention as well as result goals for the next five years. It addresses the major obstacles to MSME growth in the State. The SIP will serve as the foundation for every RAMP Programme intervention in the State. Financial Assistance will be disbursed based on achievements against targets as per the SIP. The SIP will focus on the major pillars of growth necessary for growth of MSMEs and the key challenges faced by the sector

- i. **Access to Finance:** Finance is a critical factor for the success and growth of MSME. One of the key benefits through RAMP programme to the MSMEs would be the strengthening of the receivables financing market through supporting MSMEs in undertaking transaction through TReDS platform and increase in volume of MSME term loans under the CGTMSE umbrella.
- ii. **Access to Market:** Awareness of market size, advertising capabilities, infrastructure for transport & logistics, balance demand and supply, etc by enhancing MSME capabilities and access to markets through adoption of ZED/Lean.
- iii. **Ease of Doing Business:** Reforms to simplify various registration & documentation processes make business easier for any industry. The SIP will incorporate all such challenges faced by the MSMEs.
- iv. **MSME Competitiveness:** The know-how of technological upgradation to stand out in national & international markets is very important for MSMEs. The RAMP programme will help spread awareness about the various schemes/policies of the central and state governments to the industries
- v. **Delayed Payments:** Need of timely completion of monetary transactions between buyer & seller. RAMP programme may address it by expanding access of MSMEs to Online Dispute Resolution Mechanism (ODR).

The Government of Madhya Pradesh (GoMP) aims to strategically intervene, support, and enable MSMEs in the state to enhance their performance and contribute to the overall economy by implementing RAMP. The GoMP has appointed Madhya Pradesh Laghu Udyog Nigam Ltd. (MPLUN) as State Nodal Agency (SNA) to oversee the implementation of the RAMP.

3.5. Approach and Methodology adopted for preparation of SIP

Introduction to an Evidence-Based Approach to the Strategic Investment Plan (SIP) for MSMEs

At the heart of the Strategic Investment Plan (SIP) for Micro, Small, and Medium Enterprises (MSMEs) in Madhya Pradesh is a meticulous evidence-based decision-making process. Spread across four distinct but interconnected phases, namely, Identify, Design, Diagnose, and Deliver, the methodical approach is characterized by rigorous data collection and analysis, extensive stakeholder engagement, and iterative feedback mechanisms. These elements are intertwined to ensure an informed decision-making process that guides the overall strategy, making it truly responsive to the actual needs and realities of the MSME sector.

During the Identify phase, the process begins with the active engagement of key stakeholders, thus laying the foundation for a sound evidence-based strategy. This stage is marked by clear definition of the scope of work, discussions on methodologies, finalizing communication modes, and identification of existing industrial clusters. These concerted efforts provide the underpinning for a data-driven approach, setting the stage for an enlightened and effective decision-making process.

The Design phase that follows builds on this foundation, exploiting both secondary and primary data collection tools. The secondary data analysis seeks to fathom the MSME ecosystem in Madhya Pradesh, evaluating schemes, market trends, industrial trends, legal frameworks, and more. Simultaneously, primary data collection tools are crafted to gather inputs from a diverse array of stakeholders. These efforts converge to yield actionable insights, thereby contributing to and reinforcing the evidence-based decision-making paradigm.

In the Diagnose phase, the data collected from the primary survey undergoes comprehensive analysis and refinement through iterative testing and optimization. This step ensures that decisions are crafted based on the most accurate and reliable data. Alongside, stakeholder engagement and consultation workshops offer alternative avenues for feedback, enabling decision-making to mirror ground realities. The use of benchmarking and best practice studies further lends support to this evidence-based approach, making it more potent and aligned with global standards.

Finally, the Deliver phase witnesses the formulation of a detailed action plan and strategy based on the findings from surveys and stakeholder consultations. The creation of key performance indicators (KPIs) aids in tracking the progress of interventions, thus encouraging a data-driven approach to performance management. The finalized SIP report is a testament to the iterative, data-driven nature of the process, presenting an evidence-based blueprint for MSME development in Madhya Pradesh.

The power of this approach lies in its solid anchorage in evidence-based decision making. With an emphasis on data collection, analysis, and benchmarking, it ensures decisions are rooted in real-world data and designed to respond to the specific needs of MSMEs in Madhya Pradesh. Iterative feedback mechanisms and stakeholder engagement guarantee that these decisions remain adaptable and responsive, capable of adjusting to changing circumstances and new information. However, the approach can be further strengthened with increased MSME participation, robust data management strategies, and the incorporation of risk assessment measures. By focusing on these areas, the SIP can maximize the potential of

evidence-based decision-making, enhancing its effectiveness and impact on the MSME sector in Madhya Pradesh.

The schematic below illustrates the overall approach and methodology followed based on the understanding of the project objectives and the scope of work:

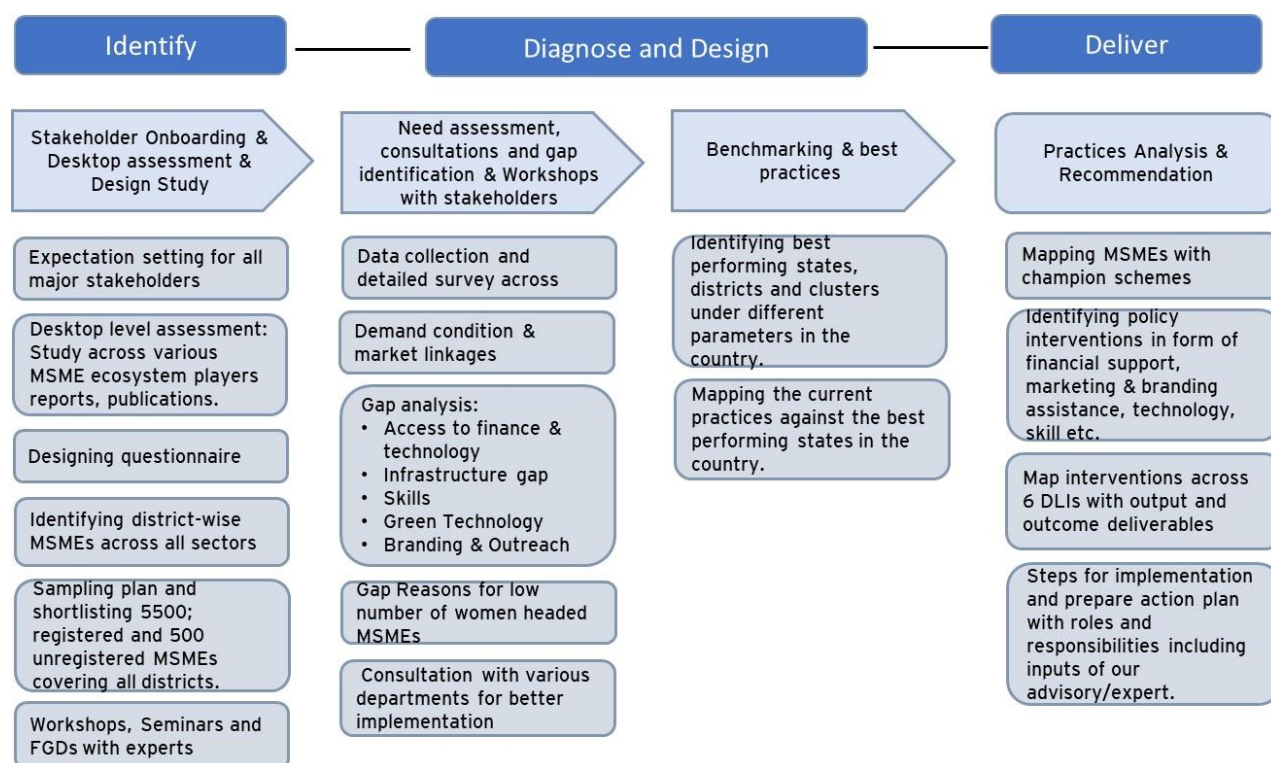


Figure 12: Approach and Methodology

Phase 1: Identify

The exercise of SIP preparation started with a key stakeholder meeting in association with Department of MSME, MPLUN and other stakeholders i.e., sector experts, industrial associations, business service provider to MSMEs etc. The main objective of this meeting was familiarization between the Department of MSME, MPLUN and other stakeholders for the engagement and their understanding for preparation of SIP under RAMP. The other key objectives are as follows:

- Work out on the scope of work, approach & methodology and work schedule
- Discuss and agree on the documents/ case studies/ best practices to be studied
- Discuss and agree on the questionnaires, schedules and FGDs for primary data collection
- Information on existing clusters/Industry and their classification
- Discuss and agree on the methodology to be adopted for diagnosis study and GAP analysis
- Finalize on the modes of communication and other administrative arrangements
- Prepare an inception report capturing the aspects captured in the points stated above
- Finalization of the key deliverables under the engagement.

Phase 2: Design

In this phase, desk research was conducted with secondary data analysis and primary survey tools such as questionnaire, FGD (Focus Group Discussions) schedule and interview schedule for taking inputs from different stakeholders identified in phase 1 were prepared. Key points of this phase include:

- Analyzing the secondary data for relevant schemes, MSMEs, market and industrial trends to understand the overall ecosystem of MSMEs in the state. This data was processed/gathered in the form of reports, surveys, research studies/papers by departments of State and Central Govt., national and international agencies, educational and financial institution etc. MPLUN will also leverage its past studies and assignments to gather key information affecting performance of MSMEs.
- Focus on champions schemes to understand their adoption, issues and challenges for MSMEs around them.
- The inferential statistics to analyze the secondary data collected for SIP preparation.
- Analysis of factor affecting such as number of MSMEs, investment, laws & regulations, interstate barriers, exports etc. convergence of State and Central Government policies and schemes.
- Performance map of Madhya Pradesh will be prepared across Qualitative and quantitative indicators.
- Formulate evidence-based action points based on secondary data for primary research.
- The sampling design for SIP preparation is prepared on current MSME ecosystem of Madhya Pradesh which includes number of MSMEs, clusters/industrial areas
- Sampling: Udyam registration portal was used to finalize number of MSMEs from each district. Multistage stratified random sampling method used to collect data from MSMEs from 52 districts of Madhya Pradesh.
- Virtual and offline discussion/conference/seminar with the identified stakeholders to design questionnaire, FGD schedule.
- A balanced representative sample covering all the districts based on the selected parameters.
- Questionnaire covered several sections such as basic economic parameters of MSMEs, product, marketing, branding related sections, information of government schemes, challenges. A focused section on awareness, issues, and adoption of champion schemes by the MSMEs.
- Mapping of value chain and status of support services including access to Finance, raw materials, market, technology, skilled resources, etc.

Phase 3: Diagnose

In the beginning of the diagnose phase, the pilot testing was done after designing the questionnaire. A sample of 1 percent MSMEs from the overall survey design was chosen randomly, and the survey was conducted as per the plan. The shortcomings and any gaps in survey methodology were identified and the overall process was optimized based on the results. After incorporating all the shortcoming in the survey tools, the final survey tools were

used by a survey agency to collect primary data from 52 districts of Madhya Pradesh. Highlights of this phase are mentioned below:

- **Primary data collection:** For collection of primary data, a survey agency was identified and hired based on the agency's past experiences and credentials. In order to conduct quality survey, previous reports and results will also be verified. Primary data were collected through focused group discussions, interviews, meetings, field visits/surveys, telephonic conversations. Focus were laid on Unstructured inputs (Data/experiences/feedback from stakeholder's interactions/field visits/surveys) and Structured inputs (assessment through questionnaire)
- **Stakeholder engagement:** Effective stakeholder engagement is crucial for the success of the SIP. By involving and consulting with key stakeholders, the project team can gain valuable insights into the ground realities, challenges, and opportunities faced by MSMEs in Madhya Pradesh. This collaborative approach ensures that the strategic investment plan aligns with the specific needs and aspirations of the stakeholders, fostering a sense of ownership and commitment towards its implementation. Moreover, engaging stakeholders from diverse backgrounds enables the project team to incorporate a wide range of perspectives and expertise, leading to more comprehensive and robust interventions. The team conducted meetings and discussions with all key stakeholders, including Department of MSME, sector experts, industrial associations, business service provider to MSMEs etc. FGDs with MSMEs and industry associations were conducted to understand the requirements of technology/ finance/ network connects
- **Consultation workshops:** MPLUN conducted various consultation workshops to understand the pain points of MSMEs. The strategic investment plan preparation for Madhya Pradesh's MSME sector involved various stakeholders from financial institutions, government departments, industries associations, and technical institutions. Financial institutions such as TreDs, CGTMSE, SIDBI, and NABARD will play a crucial role in providing access to finance for MSMEs. Government departments, including State Rural Livelihood Mission, Women and Child Development Department, and Ministry of Textile, will contribute to the development and support of MSMEs. Industry associations like Madhya Pradesh Chamber of Commerce and Federation of M.P. Chambers of Commerce & Industry, along with technical institutions such as CEDMAP, will provide expertise and guidance to foster entrepreneurship and growth. The collective efforts of these stakeholders have been captured in SIP preparation so that a favorable ecosystem for MSMEs in Madhya Pradesh, promoting economic development and employment opportunities in the future is created.
- **Benchmarking:** During the SIP preparation stage, MPLUN also conduct benchmarking and best practices studies across the states, clusters, and internationally to identify successful strategies and solutions (*aligned to RAMP GGTP agenda*) that can be adapted to the specific needs of Madhya Pradesh's MSMEs.

Phase 4: Deliver:

Based on the analysis of the findings from surveys and stakeholder consultations, MPLUN worked on building consensus and finalizing a detailed action plan and strategy to address the identified gaps. This involved preparing key performance indicators (KPIs) and other monitoring tools for monitoring and evaluating the progress of the interventions. Post

finalization of strategies, a validation workshop was conducted and feedback received were integrated into SIP preparation. The SIP report has been prepared based on key activities which will be undertaken under above mentioned three phases and collecting and analyzing data from secondary sources and field surveys/primary discussions which is summarized below:-

(i) Stakeholder Engagement

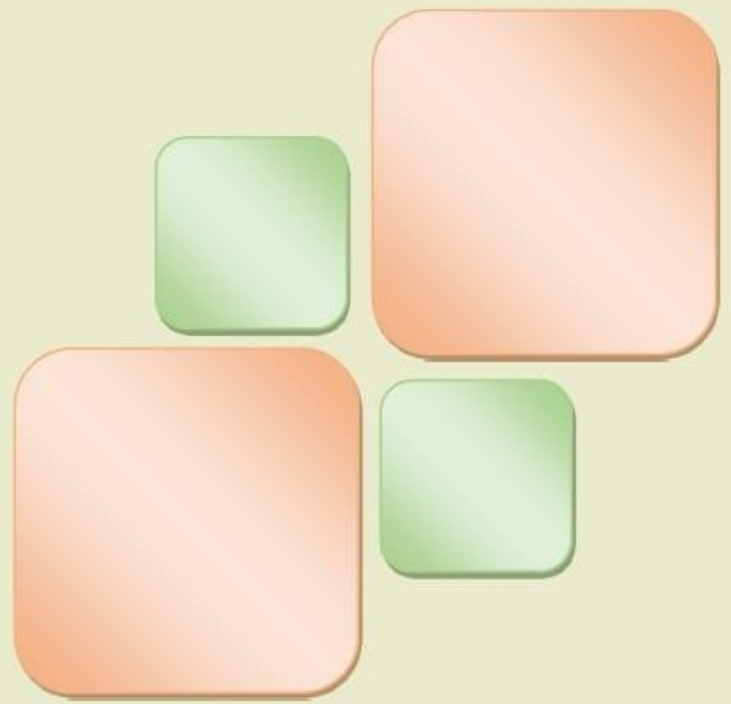
- Indicative Parameters: The degree of involvement of MSMEs at each phase of the project, the number of MSME representatives engaged in the decision-making process, the variety of the sectors of MSMEs involved, feedback from MSMEs on their participation in the project.
- Potential Resolutions: Establish a dedicated forum for MSMEs to express their opinions, experiences, and suggestions at every stage of the project, regularly conduct MSME-focused surveys, questionnaires, or interviews to understand their unique challenges and aspirations, involve MSMEs directly in the decision-making process, possibly by setting up a representative committee and regularly update MSMEs on the project's progress and ensure their feedback is incorporated into the process.

(ii) Data Management

- Indicative Parameters: Clear guidelines for data collection, storage, and retrieval, Data protection and privacy measures, process for analyzing and reporting data, system for tracking changes and updates to the data.
- Potential Resolutions: Develop a comprehensive data management plan that outlines procedures for data collection, storage, retrieval, analysis, and reporting, use a secure data storage system that adheres to data protection and privacy laws. Implement a data quality control system to ensure the accuracy, consistency, and reliability of the data. Set up a system for regular data reviews and updates to ensure the data remains current and relevant.

(iii) Risk Assessment

- Indicative Parameters: Identification of potential risks and challenges at each phase of the project, Prioritization of risks based on their potential impact and likelihood of occurrence, A contingency plan for each identified risk, Regular review and update of the risk management plan,
- Potential Resolutions: Conduct a risk assessment at each phase of the project to identify potential challenges that could affect the project's progress, Use a risk matrix to prioritize risks based on their potential impact and likelihood of occurrence, Develop a risk management strategy that outlines contingency plans for each identified risk.



Madhya Pradesh MSME Overview



4. Overview of Madhya Pradesh MSME ecosystem

The Micro, Small, and Medium Enterprises (MSMEs) sector in Madhya Pradesh plays a crucial role in the state's economy, contributing to employment generation, industrial growth, and socio-economic development. MSMEs in the state contribute employment generation, industrial growth, and export significantly. In terms of economic performance, Madhya Pradesh's Gross State Domestic Product (GSDP) is estimated to reach Rs. 1,151,049 crore trillion in 2022-23 at current prices. This reflects an impressive annual growth rate of 10% over the previous fiscal year (FY21). Analysing the period from 2015-16 to 2021-22, the GSDP has shown consistent growth, with a Compound Annual Growth Rate (CAGR) of 13.09% in terms of Indian Rupees. Furthermore, the Net State Domestic Product (NSDP) of Madhya Pradesh stood at around Rs. 8.27 trillion (US\$ 113.94 billion) in the fiscal year 2020-21. Between 2015-16 and 2020-21, the NSDP witnessed a CAGR of approximately 11.22%. This indicates sustained economic expansion and highlights the state's efforts to boost its overall economic output and prosperity.

Table 9: List of Gross State Domestic Product

Gross State Domestic Product	
Basis	Data
Gross State Domestic Product (2022-23)	₹ 1,151,049 crore
GSDP Growth (constant prices)	7.06%
GSDP Growth (Current Prices)	16.43%
Primary Sector Growth	5.24%
Secondary Sector Growth	5.42%
Tertiary Sector Growth	9.99%

The robust growth in GSDP and NSDP signifies the state's resilience and potential for attracting investments, fostering entrepreneurship, and leveraging its resources effectively. It also underscores the positive trajectory of Madhya Pradesh's economic development, positioning it as a promising destination in the financial market. With continued emphasis on sector diversification, technological advancements, and favorable policy interventions, Madhya Pradesh is poised to unlock further economic opportunities and drive sustainable growth in the coming years.

The Micro, Small, and Medium Enterprises (MSMEs) sector in Madhya Pradesh plays a crucial role in the state's economy, contributing to employment generation, industrial growth, and socio-economic development. MSMEs in the state contribute employment generation, industrial growth, and export significantly. Madhya Pradesh, a central India State, has been making efforts to promote the growth of Micro, Small, and Medium Enterprises (MSMEs). The government has recognized the potential of MSMEs in generating employment, fostering entrepreneurship, and contributing to the state's economic development.

4.1. MSME registration: Country Level Analysis

On a national level, India boasts a diverse and vibrant business ecosystem, with a total of approximately 16,681,272 Udyam (enterprises). Micro enterprises constitute the majority, signifying the prevalence of small-scale businesses in the country. Uttar Pradesh emerges as the state with the highest number of Udyam, followed closely by Maharashtra and Tamil Nadu. This distribution highlights variations in industrial and entrepreneurial ecosystems across

different states. Notably, southern states such as Karnataka, Tamil Nadu, and Andhra Pradesh demonstrate a substantial presence of enterprises across all size categories.

As per the Udyam analysis, top 10 states contribute 74% of total Udyam registration whereas rest of state contribute 26% of total Udyam Registration. Maharashtra has the highest number of MSMEs with a share of 18.32%, followed by Tamil Nadu (10.38%), Uttar Pradesh (8.56%), Gujarat (7.58%), Rajasthan (7.51%), Karnataka (5.79%), Madhya Pradesh (4.70%), Bihar (4.14%), Punjab (3.71%), and Haryana (3.43%) as presented below: -

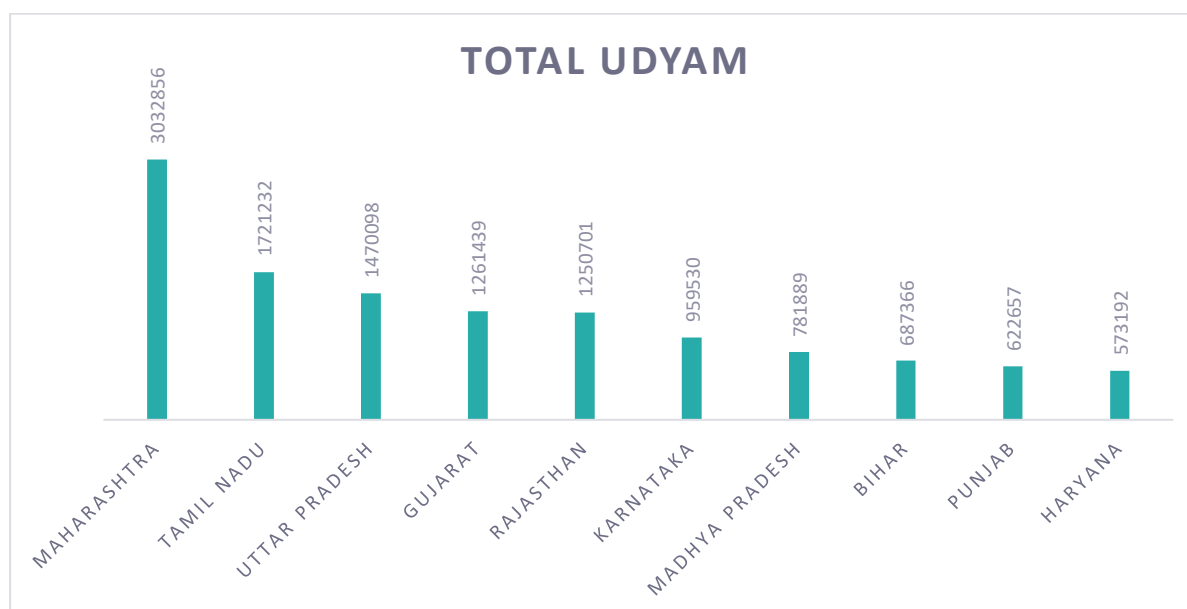


Figure 13: Udhya Analysis for top 10 states

While the analysis of enterprise distribution based on size provides valuable insights, it's crucial to note that these inferences solely focus on the number of enterprises and do not consider factors such as sectors, profitability, or overall contribution to the economy. A comprehensive understanding of the business landscape in both the national and Madhya Pradesh contexts would necessitate further analysis incorporating these factors. Nonetheless, the data showcases the diversity and vibrancy of India's economy, highlighting the importance of fostering entrepreneurship and implementing supportive policies to drive sustainable growth across different regions.

4.2. MSME registration: Madhya Pradesh Analysis

In the specific case of Madhya Pradesh, the state boasts a significant number of enterprises, total of 8,25,278 Udyam. The majority of these enterprises fall under the Micro category, emphasizing the prevalence of small-scale businesses in Madhya Pradesh. Although the number of Small and Medium enterprises is relatively smaller, their presence still holds importance in the state's industrial landscape. To further promote the growth and development of Small and Medium enterprises in Madhya Pradesh, targeted policies and support mechanisms are required. Leveraging the state's entrepreneurial ecosystem and implementing government initiatives can contribute to fostering the growth of enterprises, ultimately enhancing the state's economic development.

Madhya Pradesh has witnessed remarkable growth in Micro, Small, and Medium Enterprises (MSMEs) registrations in the past three consecutive years since the introduction of the Udyam

registration. In the financial year 2020-21, Madhya Pradesh registered 186,876 MSMEs. The following year, in 2021-22, there was an impressive growth of approximately 94.64%, with 246,513 MSME registrations. Continuing this upward trend, Madhya Pradesh experienced significant growth in the financial year 2022-23, registering 275,879 MSMEs till 31 January, 2023. As per the Administrative Report of the state for the financial year 2022-23, the 'number of MSMEs as per the memorandums filed and registrations over Udyam portal' and the 'number of employment generated through those MSMEs' between 1 April, 2018 and 31 January, 2023 is shown in the graphs given below:

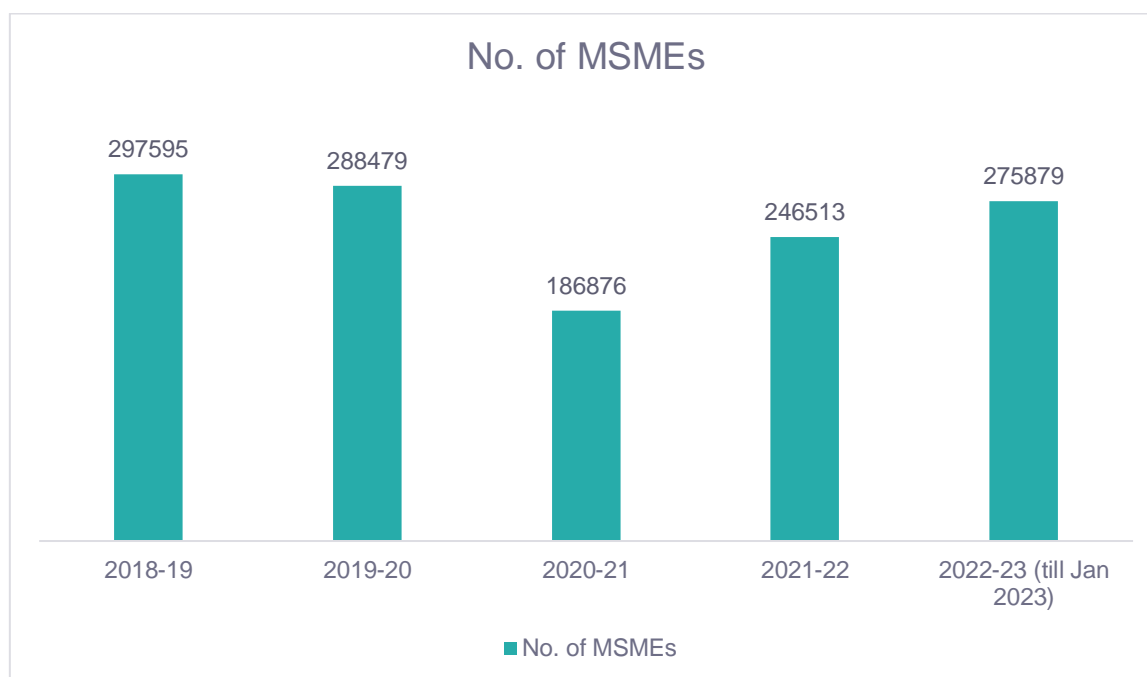


Figure 14: No. of MSME's registered on Udyam Portal



Figure 15: Employment generated by MSME's

Distribution of MSMEs in Madhya Pradesh as per Udyam Registration

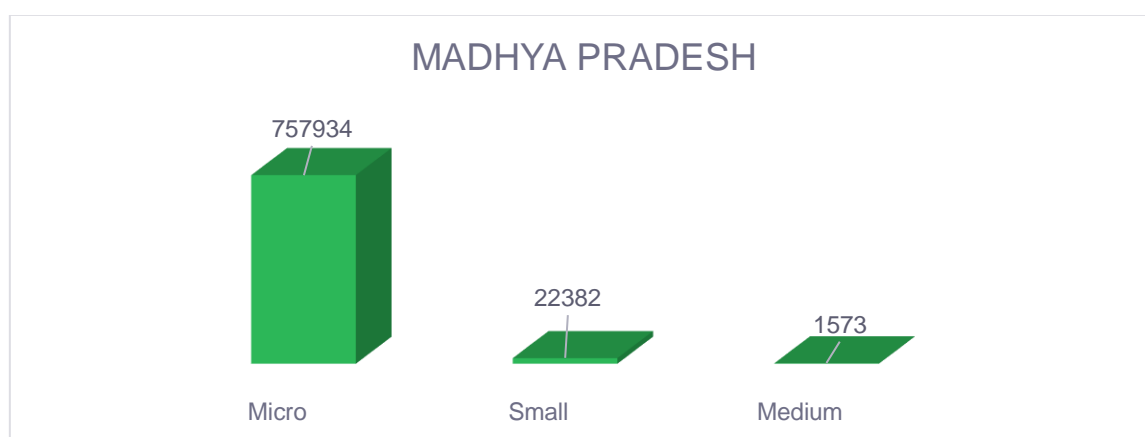


Figure 16: Distribution of MSME's

The data reveals that Madhya Pradesh has successfully onboarded 7.81 lakh units on the Udyam registration platform. This signifies a commendable effort by the state in facilitating the registration process for Micro, Small, and Medium Enterprises (MSMEs). In terms of Udyam onboarding, Madhya Pradesh secures the 7th rank among all states in India.

Comparison between National Perspective and Madhya Pradesh Perspective

India's business ecosystem is a diverse tapestry, composed largely of Micro, Small, and Medium Enterprises (MSMEs). These small-scale businesses form the backbone of the Indian economy, contributing significantly to employment and GDP. However, this ecosystem varies greatly between states. This strategic note aims to compare and contrast the national MSME landscape with that of Madhya Pradesh, examining the factors that shape these environments and potential strategies for fostering MSME development.

India boasts approximately 16,681,272 registered Udyam (enterprises). Micro enterprises make up the majority, indicative of a robust small-scale business landscape. The top ten states account for a whopping 74% of Udyam registrations, with Maharashtra leading the pack, followed by Tamil Nadu and Uttar Pradesh. However, this data only provides a quantity-based perspective. For a comprehensive understanding, factors like sectors, profitability, and overall economic contribution must be taken into account.

Variations Across States

The distribution of MSMEs is far from uniform, with southern states like Karnataka, Tamil Nadu, and Andhra Pradesh exhibiting a significant presence across all sizes. This reveals the inherent differences in industrial and entrepreneurial ecosystems across states, shaped by varying regional policies, resources, and socio-economic factors. Madhya Pradesh, holding a 4.70% share of total Udyam registration, demonstrates a significant presence of MSMEs, with micro enterprises dominating the landscape. Despite a smaller presence, small and medium enterprises hold considerable importance in the state's industrial fabric. The state witnessed significant growth in MSME registrations over three consecutive years since the introduction of Udyam registration, demonstrating a vibrant entrepreneurial culture. However, fostering the growth of small and medium enterprises necessitates targeted policies and support mechanisms.

Strategy for MSME Development in Madhya Pradesh

Given Madhya Pradesh's substantial MSME landscape and growth trajectory, leveraging the state's entrepreneurial ecosystem and implementing government initiatives can significantly drive development. This includes promoting innovation, access to finance, upskilling initiatives, and more.

Analytical Remarks:

The significant number of MSMEs onboarded in Madhya Pradesh reflects the state's commitment to promoting a favorable business environment. The high onboarding rate indicates the willingness of MSMEs in the state to comply with the Udyam registration process, highlighting their recognition of the advantages it brings, such as access to financial assistance, market opportunities, and government support. While Madhya Pradesh's 7th rank in Udyam onboarding showcases progress, there is room for further improvement to compete with states at the forefront. Enhancing awareness campaigns, providing streamlined registration procedures, and offering additional incentives to MSMEs could contribute to boosting the onboarding rate in the state.

The dominance of Maharashtra, Tamil Nadu, and Uttar Pradesh in MSME onboarding is indicative of their proactive efforts in facilitating Udyam registration. These states have likely implemented effective strategies, such as targeted outreach programs, simplified registration processes, and awareness campaigns, resulting in a larger number of MSMEs successfully completing the registration process.

To sustain and enhance the momentum of Udyam onboarding, it is crucial for Madhya Pradesh to continue providing comprehensive support and guidance to MSMEs. Strengthening the infrastructure for online registration, leveraging technology for smoother processes, and collaborating with industry associations and stakeholders can further streamline the onboarding experience and encourage more MSMEs to register on the Udyam portal. Continued efforts to improve onboarding rates and facilitate MSME registrations will play a vital role in fostering the growth and development of the MSME sector, contributing to the overall economic growth of the respective states and the nation.

4.3. Women headed MSMEs

The analysis of Udyam registered MSMEs in India reveals interesting insights regarding the representation of women-owned businesses in the sector. As of May 2023, there are approximately 1.6 crore Udyam registered MSMEs in the country, with **17% of them being women-headed enterprises**. Maharashtra and Tamil Nadu emerge as the top contributors in this category, accounting for 34% of the total women-owned MSMEs, with 5.67 lakh and 3.98 lakh registrations respectively. In comparison, Madhya Pradesh ranks 11th among the states, with 0.93 lakh women-headed MSMEs, contributing **3.34% to the national count**. However, when examining the proportion of women-owned MSMEs to the total registered MSMEs, Madhya Pradesh is among the states that lag behind. With only 12.35% of the total MSME registrations being women-owned, the state has the second-lowest representation of women entrepreneurs, preceded only by Rajasthan with 11.63%. On the other hand, states such as Mizoram, Manipur, Nagaland, Sikkim, and Arunachal Pradesh stand out as top performers in

terms of women-owned MSMEs, with proportions of 43.68%, 38.86%, 33.64%, 29.33%, and 29.08% respectively.

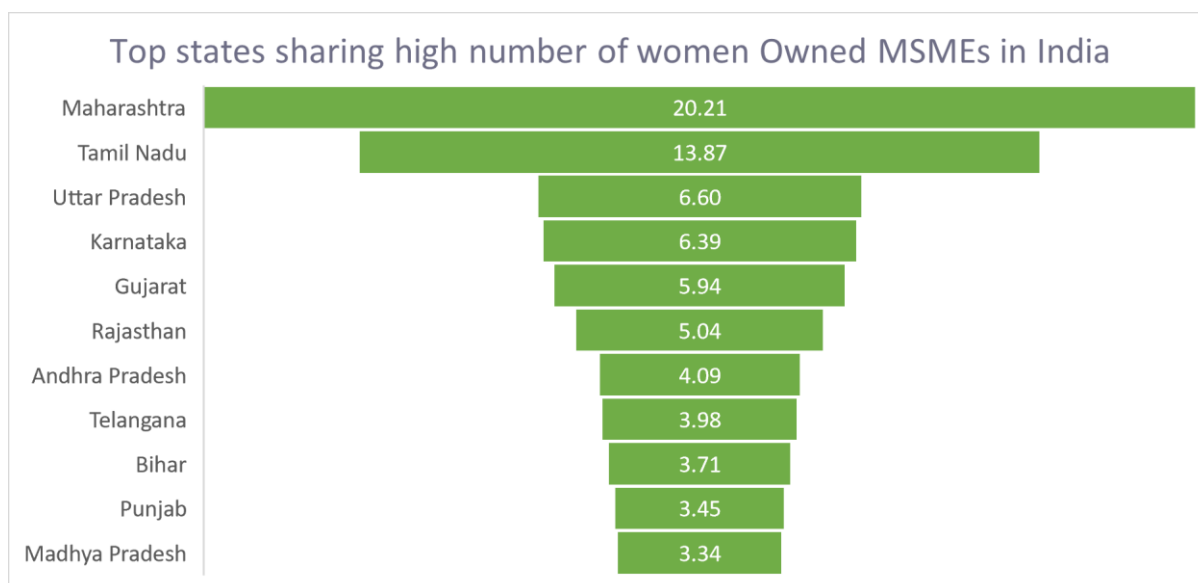


Figure 17: Distribution of Women-Owned MSME's across top state's in India

To bridge the gap and foster a more inclusive entrepreneurial ecosystem, it is crucial for Madhya Pradesh to learn from the success stories of states with higher proportions of women owned MSMEs. Sharing best practices, facilitating networking opportunities, and creating mentorship programs specifically tailored for women entrepreneurs can help overcome the existing challenges and promote a conducive environment for their growth. Furthermore, raising awareness about the benefits and opportunities in the MSME sector among women and providing them with the necessary support will contribute to a more equitable and thriving business landscape in the state.

The underrepresentation of women owned MSMEs in Madhya Pradesh highlights the need for targeted interventions and support mechanisms to encourage and empower women entrepreneurs in the state. There is a scope for implementing policies that promote entrepreneurship among women and provide them with access to resources, training, and financial assistance. By addressing the barriers and challenges faced by women in starting and scaling their businesses, Madhya Pradesh can tap into the untapped potential of women entrepreneurship and drive economic growth.

"Strategic Roadmap to Empower Women Entrepreneurs in Madhya Pradesh's MSME Ecosystem: A Comparative Matrix Approach"

This strategic matrix is designed to provide a clear roadmap for bridging the gaps in Madhya Pradesh's entrepreneurial ecosystem and promoting the growth of women-owned MSMEs. Adopting these strategies can significantly enhance the representation of women entrepreneurs in the state, contributing to a more diverse and vibrant business landscape.

Key Factors	Current Situation in Madhya Pradesh	Best Indicators from Other States	Strategies for Madhya Pradesh
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Representation of Women Entrepreneurs	12.35% of total MSMEs are women-owned	Mizoram (43.68%), Manipur (38.86%), Nagaland (33.64%), Sikkim (29.33%), Arunachal Pradesh (29.08%)	Aim to increase representation to at least match the national average of 17%
Access to Resources and Training	Scope for improvement in access to resources and training for women entrepreneurs	States with high representation of women entrepreneurs likely have robust training and resource programs	Develop and promote targeted training programs and resources for women entrepreneurs
Networking Opportunities and Mentorship Programs	Limited networking opportunities and mentorship programs	States with high representation likely facilitate strong networking and mentorship opportunities	Create platforms for networking and develop mentorship programs tailored for women entrepreneurs
Awareness and Education	Lack of awareness among women about opportunities in the MSME sector	States with high representation likely conduct effective awareness campaigns	Conduct awareness campaigns to inform women about opportunities in the MSME sector
Access to Financial Assistance	Scope for improvement in access to financial assistance for women entrepreneurs	States with high representation likely provide robust financial assistance programs	Improve financial assistance programs to support women entrepreneurs

4.4. Focus Sectors of MSMEs

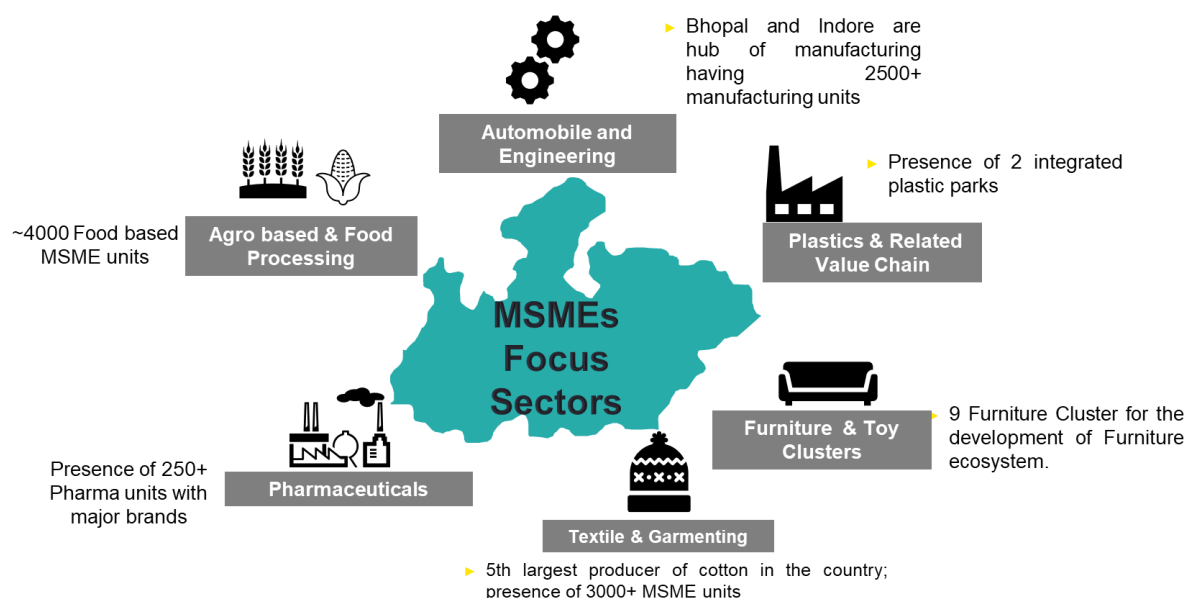


Figure 18: Focus Sectors for MSMEs in state

4.5. Analysis of states scheme

To enhance MSME competitiveness and help MSME reach the global value chain, we have a dedicated department, the Department of MSME (set up in the year 2016) to look after the needs of the MSME in the state and formulate policies and programs towards creating an enabling environment for MSMEs. MSME department is instrumental in extending the financial and infrastructure support to the upcoming MSMEs in the state through industrial-friendly and attractive policy concessions. Department is also nodal for promotion of Start Ups thus have a conducive and prudent policy support to Start Ups of state. In the following paragraph we have presented brief of various policy initiatives of MSME department for boosting their competitiveness.

Prudent and Inclusive Policy initiatives for MSMEs and Start Ups

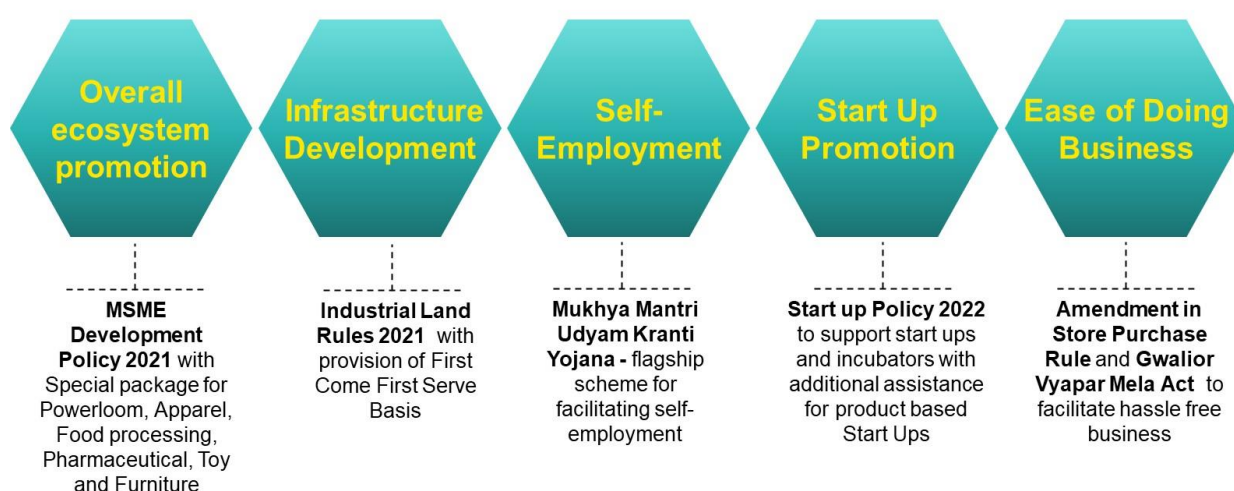


Figure 19: Prudent and Inclusive Policy initiatives for MSME's and Start Ups

4.5.1. MSME Development policy 2021

Under the MSME Development Policy 2021, financial assistance has been provided to 1108 Micro and 1845 Small enterprises in the form of Industrial Development Subsidy during FY2020-23. Other than the aforementioned subsidy, Export Subsidy, Assistance on Quality Certification (ZED), ETP Subsidy and Energy Audit Assistance has also been provided to the MSEs of the state. Furthermore, a special package has also been kept in place for various segments such as powerloom, apparel, textile, pharmaceuticals, food processing and furniture & toy.

State Cluster Scheme under Industrial Land Rule 2021 for Infrastructure development: State own scheme where industry-friendly land rules have been devised to develop “undeveloped government land” by private players (SPV). SPV can develop the land as per its own requirements.

4.5.2. MP Start-up policy 2022

State's Startup Policy is critical in providing the essential funding, mentorship, and market access support required by startups to grow as important contributors to the State's economy in terms of revenue and job creation. Additionally, it also contains provisions to incentivize key

startup stakeholders such as incubators, and institutions of higher education among others so as to promote holistic development for India's startup ecosystem. The Startup India team provides active support to States in the formulation and operationalization of their startup policies.

Some of the salient features of the MP Startup Policy 2022 are as follows: -

- **Ease of Doing Business (EODB):** For the smooth operation of the start-ups and incubators of the state, they have to be facilitated to meet various regulatory requirements. Arrangement of post facto approval will be ensured for necessary permission/consent. Deemed Approval will also be given as per the provisions made in the Madhya Pradesh Public Service Guarantee Act, 2010 (as amended, 2020)
- **Marketing & Liquidity Support/Assistance:** Exemption from the conditions/parameters related to experience and turnover will be given to the start-up enterprises participating in the government tender up to Rs.1 crore.
- **Financial Assistance for Start-ups and incubators established in the state**
 - **Assistance on investment received** - For a start-up that has received funds/investments from a financial institution recognized by SEBI (Security and Exchange Board of India)/RBI Preferred Financial Institutions/Scheduled Banks/ Alternative Investment Funds /Investment (Equity/Debt), assistance will be given at the rate of 15% maximum upto Rs.15 lakh of the first investment received. This assistance will be extended to a maximum of 15% each for a maximum of four stages over the life of the startup {Department for Promotion of Industry and Internal Trade, Government of India as per the definition prescribed in February 2019(as amended from time to time)} i.e., the assistance received in this head during the entire lifetime of the startup will not exceed Rs.60 lakhs. The loan repayment period should not be less than one year. In this context, in the 1st phase 33% or a maximum of Rs. 5 lakhs shall be given as assistance to the incubators of Madhya Pradesh. The said support will be provided only to such an incubator whose name is provided in the application given by the startup. The start-ups helmed by women, SC/ST entrepreneurs shall be given an additional 20% of 15% capital assistance on the total amount of investment they receive under the policy. This extra fund shall increase the capital assistance for women entrepreneurs to 18% of the total amount of investment subject to a maximum of Rs.18 lakhs and a maximum of Rs72 lakhs in four phases. All other terms and conditions shall remain unchanged.
 - **Event Organization Assistance** – Assistance of Rs. 5 lakhs per event to incubators located in Madhya Pradesh for organizing events related to start-ups not exceeding Rs. 20 lakhs per annum.
 - **Incubation Upgradation Assistance** – One-time assistance of Rs.5 lakhs for the upgradation of Incubators, but to avail of this facility, each Incubator will have to increase its existing seat capacity by an additional 20% or a minimum
 - 2 new start-ups should be given working place. This facility shall be available only once in the entire lifetime of the incubator.

- **Lease Rental Assistance** – 50% up to a maximum of Rs.5000/- per month lease rental assistance for three years, on the rent paid per month for the workspace taken on lease by the startups. The said assistance will also be available to the product-based startups set up in industrial areas/parks/clusters owned or aided by the State Government, on the lease rent and maintenance charges paid by them on the plot/shed/constructed space taken on lease. Provided that the said assistance shall not, under any circumstances, exceed 50% of the amount paid in the above items, subject to a maximum of Rs. 5000/- per month and for a period not exceeding three years.
- **Patent Assistance** - Maximum assistance of Rs.5 lakh on actual expenditure for obtaining a patent subject to the condition that the patent is obtained for a start-up established in the state.

➤ **Special financial assistance and support for product-based start-ups**

- **Training Expenditure Reimbursement** – In view of the need for technical and skilled workers for start-ups, the assistance of reimbursement of expenditure for skill development and training will be given to a maximum of 25 employees per new employee Rs 13000 per year for three years. This assistance will be available only to the employees domiciled in Madhya Pradesh.
- **Employment Generation Grant** - All the new employees appointed by the employer in the product-based start-up unit in the first three years from the date of commencement of commercial production will be eligible to get the benefit of the assistance of Rs.5000 per employee per month. The assistance period will be maximum 3 years and will be given to maximum 25 employees only.
- **Exemption on Electricity Duty** - All eligible new units having a new electricity connection shall be exempted from electricity duty for 3 years from the date of connection.
- **Concession in Electricity Tariff** - Supply of electricity in the project on new electricity connection at a fixed rate of Rs.5 per unit for 3 years from the date of commercial production in the unit.

➤ **Financial assistance / non-financial assistance under the State Innovation Challenge**

- Special Financial Assistance will be provided to the selected concept for the redressal of four high-impact economic-social problems of the state. For this concept will be invited from all types of institutions (including Startups) and they will be circulated to all the concerned departments for their views. The concepts on the recommendation of the departments will be placed before the Screening/Selection and Empowered Committee constituted in this context under the 14 chairmanships of the Chief Secretary. The committee will select the four best concepts based on the specificity, merits, and demerits of the above concepts and problem-solving ability. For the evaluation and monitoring of selected start-ups, a State Level Evaluation and

Monitoring Committee will be constituted under the chairmanship of the Principal Secretary of the concerned department. The nature of assistance will be as follows

- Grant up to Rs.1 crore, which will be provided in a maximum of four phases or as decided by the competent committee for this purpose. The selected start-ups will be assessed, monitored, and evaluated by the competent committee on the basis of the work done by them.
 - Exemption or reimbursement and ex-post facto clearance from all necessary license/consent charges. The maximum limit of this assistance will be Rs.5 Lakh.
 - Procurement Assistance in the state for two years. If found suitable, the provisions of Madhya Pradesh Store Purchase and Service Procurement Rules, 2015 (with amendments from time to time) can be relaxed.
 - Utilization of facilities, office space, and meeting arrangements with office support available in Atal Bihari Bajpai Institute of Good Governance and Policy Analysis, Bhopal.
 - If a product-based start-up is selected, then it will also be able to get the benefits of the facilities provided for product-based start-ups in the policy.
 - Self employment: Mukhya Mantri Udyam Kranti Yojana:
- Aim of connecting the educated youth with self-employment through collateral free loans with reduced cost of credit through interest subvention.

4.5.3. Additional Initiatives & Prominent Steps for Women Entrepreneurs

Women centric policies/interventions in MSME ecosystem:

Several initiatives have been taken by both the central and state governments to promote and strengthen women-headed MSMEs.

- i. The Micro Units Development and Refinance Agency (MUDRA scheme) is the MSME ministry's most popular programme among women-led MSMEs. Although the MUDRA programme is gender-neutral, one significant factor that makes it advantageous for women is that it provides collateral-free loans, as women typically find it challenging to come up with the collateral needed for financing. Prime Minister's Employment Generation Programme (PMEGP), Stand-Up India, Mahila UDYAM Nidhi Scheme and Udyogini Scheme, Pradhan Mantri Rozgar Yojana, SIDBI Make in India Loan for Enterprises (SMILE), Cent Kalyani Scheme, Annapurna Yojana, Trade Related Entrepreneurship Assistance and Development (TREAD) Scheme, Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY) and Rural Self-employment Training Institute (RSETI) are some of the other women-focused programmes offered by the central government.
- ii. As of 28 February, 2023, 3,40,013 women-owned businesses had secured credit guarantees through the Credit Guarantee Scheme (CGS) in the country. This amounted to a total of Rs. 14,247.24 crore whereas Madhya Pradesh had 9679 women-owned MSMEs that received credit guarantees of Rs. 1136.44 crore.

- iii. As of 28 February, 2023, 26,241 women-owned businesses in India had received margin money subsidies through the Prime Minister's Employment Generation Programme (PMEGP) whereas it was 1217 in Madhya Pradesh.
- iv. Women-owned MSMEs are provided with 100% financial assistance/subsidy through the Ministry of MSME's Procurement and Marketing Support (PMS) programme in order to cover the costs of renting stalls at trade shows and exhibitions that the Ministry of MSME organizes. Additionally, MSMEs, including those owned by women, are encouraged to increase the marketability of their goods and services by providing a variety of incentives and opportunities under several PMS Scheme components, like:
 - a. Organising or taking part in regionally-held national or international trade fairs, exhibitions, MSME expos, etc.
 - b. Raising awareness among and educating MSMEs about the role of packaging in marketing, its various methods and processes, the most recent advancements in packaging technology, import-export policies and procedures, the GeM portal, MSME Conclave and other subjects or topics pertinent to market access developments, etc.
- v. The Ministry of MSME runs the International Cooperation (IC) Scheme, which aims to build MSMEs' export market entry capacity by making it easier for them to attend international exhibitions, trade fairs, conferences, seminars, or buyer-seller meetings abroad, as well as by giving them access to actionable market intelligence and paying for a variety of expenses associated with exporting goods and services. It gives MSMEs the chance to continually improve themselves in order to handle obstacles brought on by changes in technology, changes in consumer demand, the creation of new markets, etc. As of 13.03.2023, 57 women entrepreneurs had received assistance under the International Cooperation Scheme to attend international exhibits and trade fairs held abroad.¹¹

The Department of Micro, Small & Medium Enterprises (DoMSME) have launched several schemes & initiatives to encourage and support women entrepreneurs across the state. Some key schemes and incentives around women's economic empowerment at the departmental as well as state-level are:

A. Policy:

There is a special provision for women-owned MSMEs in the state's MSME Development Policy 2021 (GoMP), which provides Financial Assistance (Effective from 13th August 2021, Investment up to Rs 10 Cr):

- a) Industrial development subsidy @40% to MSMEs
- b) Additional **concessions @8% for SC/ST/Women**
- c) Additional incentives @12% for Exporting MSMEs

B. Startup Policy: Additional 20 % assistance to start-ups set up by women (Madhya Pradesh Start-up Policy and Implementation Plan, 2022).

¹¹ <https://pib.gov.in/PressReleasePage.aspx?PRID=1907502>

C. Awards & Recognition: Department of MSME, Government of Madhya Pradesh every year offers MSME Award to recognise and honour MSMEs of state who has played a significant role in MSME transformation. Special award money of Rs. 50,000/- and a certificate is given to women category entrepreneur who has made the state proud through their efficient work culture and best practices adoption.

4.5.4. Major sectors of state

MSME Department has identified following focus sectors

1. **Agri & Food Processing:** The food processing sector in Madhya Pradesh is a sunrise sector with a lot of potential for growth. The state has a number of advantages that make it an attractive destination for food processing investments such as, abundant agricultural produce, favourable climate, skilled workforce, and government support. There is a presence of ~4000 approx. units in Agri & Food Processing Sector. The sector recorded around 20% agriculture growth rate in the last 4 years. Madhya Pradesh accounts for more than 40 per cent of India's organic farming share. The state is the 3rd largest milk producing state in India. State ranks 1st in the production of pulses, oil seeds, orange, coriander, gram, soyabean. Major districts having food processing clusters are Indore, Ujjain, Bhopal, Bhind, Hoshangabad, Khargone, Raisen, Ratlam and others. State has enabling infrastructure with 2 mega food parks, 8 food parks and clusters, 5 agri-export zones and 45 industrial areas
2. **Pharma:** The pharmaceutical sector in Madhya Pradesh is a major contributor to the state's economy, and it is also a major exporter of pharmaceutical products. State has presence of 267 Pharmaceutical Drug Manufacturers, 8 Bulk Drugs, 31 Formulations, 4 Large Volume parental WHO-GMP Compliant Units. Products being exported to 217 countries. Pharma Clusters: Indore, Dewas, Bhopal, Mandideep. Pithampur SEZ is India's leading manufacturing hub. A Medical Device Park is also being established on 200-acre land in Vikram Udyogpuri, Ujjain. 110+ institutes provide degrees/diplomas in this sector
3. **Auto & Engineering:** The Auto and Engineering sector in Madhya Pradesh has grown rapidly in recent years. Indore, Pithampur and Mandideep form one of India's leading Auto clusters with the presence of major industry leaders, like Mahindra Two Wheelers, Force Motors, Larsen & Turbo, Case New Holland, TAFE, Volvo Eicher, CAPARO, John Deere, AVTEC, LIUGONG, MAHLE, Motherson Sumi, Gabriel India, etc. The State has developed world-class infrastructure including industrial parks, common facility centres, testing facilities. The state has skill development institutes like Indo-German Tool Room, Indore; MSME Technology Centre, Bhopal; Presence of 100+ engineering manufacturers. 200+ auto component manufacturers provide well developed automotive ecosystem. Enabling world class infrastructure including industrial parks, ICDs, industrial corridors and testing facilities.
4. **Furniture & Toys:** The potential for the Furniture & Toy sector in Madhya Pradesh to grow is enormous, owing to the increasing demand of furniture and toy products in the region. The State has also undertaken several initiatives to promote industrial

development in the sector through its prudent policy. About 1000+ furniture and toy units operating in the state. Dedicated land of 678.5 hectares has been identified for setting up furniture & toy units cluster in the State. Furniture and Toy clusters in Indore, Bhopal, Sagar, Jabalpur, Chhatarpur, Neemuch, Betul, Morena, Sehore, Chhindwara, and Jhabua. 9 Furniture Clusters for the development of the furniture ecosystem.

5. Textile: The textile sector in Madhya Pradesh is well-diversified, and it includes both traditional and modern textile manufacturing industries. It is a major source of employment for the state. 5th largest producer of cotton in the country. 40% of India's Total Organic farming & largest producer of 'Organic Cotton' in the world. Major textile companies have invested in both greenfield and brownfield projects. 60 large textile mills, thousands of looms and millions of spindles are operating in the State. Indore, Ujjain, Raisen, Sehore, Dhar, Dewas, Khargone, Khandwa, Burhanpur, Gwalior, Chhindwara, and Jabalpur major centres. Presence of Readymade Garment Cluster in Indore along with Apparel Designing Centre at Indore SEZ, Jabalpur Garment & Fashion Design Cluster & Apparel Incubation Centre, Gwalior.

4.5.5. State's focus on ODOP

The (One District One Product) ODOP initiative is aimed at manifesting the vision of the Hon'ble Prime Minister of India to foster balanced regional development across all districts of the country. It also seeks to fulfil the potential of each district in the country by helping generate employment and rural entrepreneurs themselves. Products under this scheme are the specialty of each district, as per export potential and linked to a larger population base, which can be a product, crop, service or craftsmanship. The aim of ODOP is to try and harness the potential in the hinterlands and convert each district into an export hub. This is done by selecting, branding and promoting one product from each district.

Objectives:

- Tapping entire value chain for each product/ service/ goods/ crop so as to create an ecosystem of farm to consumer in the state
- Strengthening backward linkage and forward linkage to improve infrastructure, income, local employment, skills and livelihoods
- Establishing harmony among cooperatives, MSMEs, self-help group, and Farmer Producer Organizations (FPOs)
- Preserving and safeguarding unique craftsmanship and creating provisions of raising their skills
- Improve product quality and packing as per international standards
- Partnerships with e-commerce platforms like Amazon and Flipkart for improved market access
- Increase in exports
- Marketing and branding of GI tagged/ unique products of Madhya Pradesh
- Establishing 'Made in Madhya Pradesh' as a brand, globally

One District One Product (ODOP) initiative is operationally merged with 'Districts as Export Hub' initiative being implemented by DGFT, Department of Commerce, with Department for Promotion of Industry and Internal Trade (DPIIT) as a major stakeholder.

In 52 districts of Madhya Pradesh, total number of ODOP products are 38 and sub-divided into 7 categories viz., Horticulture, Agriculture, MSME (Industrial), Cottage Industries, Forest Produce, Animal Husbandry, Tourism (service sector).



Figure 20: ODOP District Wise

Major Activities under ODOP in the State:

Global Investors' Summit 2023 (11th – 12th January 2023)

Under the Global Investors Summit (GIS) - 2023, the **Buyer-Seller Meet** was organized on 11-12 January 2023, attended by more than 350 foreign buyers and more than 2000 sellers from MP participated and 2000+ B2B meetings were held. It was a successful arrangement in which Indian sellers explained about ODOP Products in detail and many of them got the export orders in that meeting.

For the purpose of encouraging the producers of the state, 200 products were displayed in the MP Pavilion set up under the event. Stalls of more than 100 industrial units were also set up. **Stalls of ODOP products** were set up for the purpose of promoting ODOP products at the event. Showcased 13 Arts Forms Of Madhya Pradesh under One District One Product, namely: -Gond Painting (Dindori), Bhil Painting (Mandla), Zari- Zardosi (Bhopal), Jute (Bhopal), Bagh Print (Dhar), Maheshwari (Khargone), Maati Kala (Gwalior), Bamboo Art (Dewas), Tribal Metal Art (Betul), Chanderi (Ashok Nagar), Gudda Gudiya (Jhabua), and Wooden Toys (Budni, Sehore).

Delegate Kits made from ODOP products were gifted to Head of states, Ambassadors, High Commissioners and Foreign Delegates. In GIS and Pravasi Bhartiya Divas (PBD), Delegation Kit was prepared from ODOP products which were Jute Bags, Bamboo Box, Bagh and Batik print stole, Kodu Kutki (millets) cookies, jaggery powder, amla candy, banana paper, bagh print diary, zari zardosi pouch. Delegation KIT has been distributed to more than 9500 participants and more than 450 foreign delegates in GIS and PBD.

1. **ODOP and Other Products Displayed in High Commission of India (HCI), London for Trade Promotion (14th March 2023):** HCI, London had set up an in-house exhibition for promotion of ODOP and unique products of all states of India. Madhya Pradesh has exhibited 38 products for promotion some of the products were Gond Painting, Zari Zardozi Frames, Chander Stole, Products made from bell metal, products made from wood and many more.
2. **Export Seminar (24th – 25th March 2023):** Export Seminar was organized in the month of March 2023 which focused on Export of Millets. It was organized in association with Export Promotion Councils, ECGC and the Department of MSME. Key highlighting point in the seminar was current market scenario, legal compliances, finding a buyer and arranging credit facilities from bank. It was attended by more than 200 MSME's.
3. **District Export Action Plan (DEAP):** The District Export Action Plan (DEAP) is a strategic framework and action plan developed at the district level to promote and facilitate exports from specific regions or districts within a country. It is an initiative that aims to boost exports, enhance competitiveness, and drive economic growth at the local level. DEAP of all 52 districts has been prepared while DEAP of 17 districts has been approved by District Export Promotion Committee of Shivpuri, Dewas, Shajapur, Mandsaur, Neemuch, Indore, Khandwa, Sehore, Vidisha, Harda, Jabalpur, Mandla, Shahdol, Bhind, Ratlam, Burhanpur and Chhindwara.
4. **Gramodaya Mela in Chitrakoot:** The Department of Micro, Small and Medium Enterprises organized Gramodaya Mela especially for all ODOPs of Madhya Pradesh under the theme Gramodaya Se Rashtrodaya - Today's India in Rural India. It is a prestigious event hosted annually by the Din Dayal Research Institute, Chitrakoot

One Station One Product (OSOP) Scheme

The "One Station One Product" initiative was announced in the Central Budget for 2022-23. The objective of this initiative is to provide livelihood opportunities to local artisans through their skills and establish sales outlets for them at railway stations across the country. Additionally, it aims to promote regional products by utilizing railway stations as platforms. There are 19 Railway Junction which covers major and minor stations of Madhya Pradesh. Every Junction has identified products under OSOP Scheme. Table showing some of the identified products under OSOP Scheme station wise:

S. No	Station Name	Product Name	S. No	Station Name	Product Name
1	Harda	Bamboo Products	11	Jabalpur	Leather Products
2	Itarsi	Wooden Toys & Jute Items	12	Katni	Bamboo Products
3	Narmadapuram	Sovereign Shops & BambooToys	13	Satna	Khurchan
4	Bhopal	Zari Zarodozi Craft	14	Rewa	Khurchan
5	Vidisha	Bell Metal, Iron Craft	15	Narsinghpur	Handicraft
6	Ashoknagar	Chanderi Products & Handlooms	16	Pipariya	Sculpture & Local Toys
7	Guna	Masala, Handlooms & Handicraft	17	Damoh	Local Badi, Papad etc
8	Rani Kamlapati	Handloom & Sarees	18	Gadarwara	Dall
9	Bina	Chanderi Handloom & Jute Products	19	Katni Murwara	Handmade Local Toys
10	Biyavra Rajgarh	Handicraft items	20	Saugor	Home Made Products

Figure 21: Identified products under OSOP Scheme

Geographical Indication (GI) Tagged Products: Geographical Indication (GI) products are agricultural, natural, or manufactured goods that possess unique qualities, characteristics, or reputation attributable to their geographical origin. These products are protected by law to ensure that only producers from specific regions can use the geographical indication on their products. Currently Madhya Pradesh has 19 GI Products which are as below:

Table 10: Table of abstract of GI Tagged Product

Table of Abstract of GI Tagged Products	
Total GI Tagged Products	19
Out of 19 GI Tagged Products:	
ODOP Products	7
Other than ODOP Products	12
Total No. of Sectors	
	3

<div>ODOP PRODUCT</div> <div>OTHER THAN ODOP PRODUCT</div>	S No	GI Products of Madhya Pradesh	Sector
	1	Chanderi Sarees	Handicraft
	2	Bagh Prints of Madhya Pradesh	Handicraft
	3	Nagpur Orange	Agricultural
	4	Ratlami Sev	Food Stuff
	8	Jhabua Kadaknath Black Chicken Meat	Food Stuff
	6	Balaghat Chinnor Rice	Agricultural
	7	Ujjain Batik Print	Handicraft
	8	Jabalpur Stone Craft	Handicraft
	9	Leather Toys of Indore	Handicraft
	10	Bell Metal Ware of Datia and Tikamgarh	Handicraft
	11	Maheshwar Sarees & Fabrics	Handicraft
	12	Mahoba Desawari Pan	Agricultural
	13	Morena Gajak	Food Stuff
	14	Rewa Sunderja Mango	Agricultural
	15	Sharbati Gehu	Agricultural
	16	Gond Painting	Handicraft
	17	Wrought Iron Crafts of Dindori	Handicraft
	18	Gwalior Handmade Carpet	Handicraft
	19	Waraseoni Handloom Saree & Fabrics	Handicraft

Figure 22: GI Products of Madhya Pradesh

District-wise ODOP Promotional Events:

Events have been conducted in various districts like workshops, awareness programs, capacity-building programs, and seminars. The table below are some of the events of districts:

Table 11: District-wise ODOP Promotional Events

Sn.	District	ODOP Product	Details of ODOP Promotion
1	Dewas	Bamboo	Organized Bamboo Conference on 23 Feb 2022 with Chief guest honorable Chief Minister Shri. Shivraj Singh Chauhan. Bamboo Center of Excellence was launched. Dewas as

Sn.	District	ODOP Product	Details of ODOP Promotion
			Export Hub was organized on 28 July 2022 with EEPC. Exporter Conclave was organized on 29 Sept 2021.
2	Jhabua	Kadakhnath Chicken	Online workshop on export awareness September 2022.
3	Alirajpur	Mahua	Hand holding heritage liquor SHG unit for exports like we have made IEC and APEDA RCMC for them, promoting & supporting to make it export ready. Helping them to get desired certification for future export.
4	Jabalpur	Peas	Export awareness program under the Niryat Bandhu and District as Export Hub was conducted
5	Vidisha	Agriculture Implements	National Seminar/Workshop on Procurement and Marketing Support (PMS) Scheme on 24 Feb 2023. Export Bootcamp was organized on 08 Sept 2021.
6	Sagar	Agriculture Implements	Participation of Agriculture Implements, Sagar in the regional fair - Rahas Mela in Gadakota Sagar (2nd – 5th March 2023)
7	Gwalior & Shivpuri	Stone Tiles & Cloth Jackets	Participation of Gwalior, Stone Tiles & Shivpuri, Cloth Jackets in Gwalior Mela (7th Jan – 28th Feb).
8	Vidisha	Agriculture Implements	Launch of a new Agriculture Implement Product (low-cost tractor-operated drainage trencher) by ODOP unit from Vidisha in the Agri Expo organized by the Agriculture Department in Bhopal, Madhya Pradesh (Dec 2022)
9	Shivpuri	Cloth Jackets	A seminar on design is conducted by the Indian Institute of Craft & Design, Jaipur. The session focused on training and capacity-building in design & garment manufacturing for the Cloth Jackets ODOP units in Shivpuri district
10	Vidisha	Agriculture Implements	The Bureau of Indian Standards (BIS) conducted a session on Standards and Hallmarking for the Agriculture Implements Manufacturing ODOP units in Vidisha. Standards & Hallmarking are important in defining the uniqueness and quality of the products, which helps increase sales and authenticity.
11	Ratlam	Ratlagmi Sev	Awareness regarding Food Safety and Hygiene, and Necessary certifications such as FASSAI, etc are imparted to the ODOP - Ratlami Sev/Namkeen Manufacturing units of Ratlam district.
12	Chhatarpur	Wooden Furniture	Exposure Visit of Chhatarpur, Wooden Furniture Units to Saharanpur Wooden Furniture MSMEs of Chhatarpur visited Saharanpur Wooden Furniture Cluster on an Exposure Visit and Learned the working of already functional and successfully running wooden clusters. One which is established by EPCH (Export Promotion Council of Handicraft) and another ODOP cluster. Wood Craft Design and Development Society, Saharanpur also agreed to assist the Wooden Cluster in Chhatarpur on business development and capacity building through an MoU.
13	Vidisha	Agriculture Implements	Agriculture Implements Manufacturing MSMEs from Vidisha district went on an Exposure and Learning Visit to Karnal and Kurukshetra Agriculture Implements Cluster in Haryana. the MSME delegation visited three industry units (Modern

Sn.	District	ODOP Product	Details of ODOP Promotion
			Industries, Beri Udyog Pvt Ltd, MPK Agro) and Karnal Agriculture Implements - CFC
14	Shivpuri	Cloth Jackets	A three-day workshop on design and garment manufacturing was organised in collaboration with Pratibha Syntex Ltd. under their CSR initiative which was attended by 45 participants. Participants were trained on the latest designs of jackets in woven and netted material using traditional sewing machines.
15	Sagar, Vidisha & Ratlam	Agriculture Implements & Ratlami Sev	Virtual Seminar and Buyer Seller Meet with Embassy of India, Beirut Food & Agri sector MSMEs including ODOP – Agriculture Implements of Sagar & Vidisha, Ratlami Sev from Ratlam participated in the Buyer-Seller Meet and got the opportunity to interact live with the buyers in Lebanon and understand their requirements.
16	Vidisha	Agriculture Implements	India-Guatemala Hybrid Buyer-Seller Meet on Agriculture Implements Out of the 13 shortlisted companies from India, 5 supplier companies of Agriculture Implement were from Sagar & Vidisha districts. Outcome: Usha Agro unit has successfully supplied an order (of value Rs. 50 Lakhs) to Guatemala.

5.1.1. State's boost for Start Up Promotion

There are a total of **3384** DPIIT-recognised Startups in the state of Madhya Pradesh. Where **1530** Startups are women-led in Madhya Pradesh. The DPIIT's (Department for Promotion of Industry and Internal Trade) role is to promote the industrial Development of the Country by facilitating investment in new and upcoming technology, accelerate & foreign direct investment, and supporting a balanced development of industries & trade. Madhya Pradesh has a total of **58** Incubators across the state. Several schemes under the Centre and State Government organizations provide assistance to set up Incubation centres.

5.1.2. State's Focus on Entrepreneurship Promotion

The MP govt. has launched several schemes through banks that provide self-employment to the beneficiaries. The **Mukhya Mantri Udhyaam Kranti Yojana (MMUKY)** is a flagship scheme of GoMP and is being implemented by the MSME Department for facilitating self-employment. Under MMUKY, collateral-free loans with reduced cost of credit through interest subvention, are extended to micro/small business enterprises and to individuals enabling them to set up or expand their business activities. The scheme provide Interest subvention @3% per annum, up to maximum of 7 years, on quarterly basis and a Loan Guarantee (CGTMSE) fee at prevailing rates, up to a maximum of 7 years. The project cost limit is Rs 50K – 50 Lakh for manufacturing unit and Rs 50K – 25 Lakh for Service / Retail Trade Unit.

The Government of Madhya Pradesh is also encouraging schemes like Mukhyamantri Gramin Path Vikreta Scheme, Sant Ravidas Swarojgar Yojna, Dr. Bhimrao Ambedkar Arthik Kalyan Yojna, Bhagwan Birsa Munda Swarojgar Yojna, Tanya Mama Arthik Kalyan Yojna, Pichda Varg tatha Alpsankhayak Udhyaam Yojna, Pichda Varg tatha Alpsankhayak Swarojgar Yojna Mukhyamantri Vimukta Ghumantu aur Ardhghumantu Swarojgar Yojna among other

schemes. These schemes cover all the social classes including SCs, STs, OBCs and Nomadic tribes along with the urban and rural populace of the state. The schemes also cover street vendors as beneficiaries.

Initiatives:

1. The state government has launched SAMAST portal, a single window online system for bank linked schemes of the state government. The portal enables prospective entrepreneurs to obtain loans under various bank linked schemes of the state government and improves efficiency by integrating various nodal and district agencies with banks.
2. “Rojgar Diwas” is organized every month in all districts of the state, where beneficiaries, who have availed loans in various self-employment schemes, are honoured and a dialogue is established with these beneficiaries to encourage other individuals to enrol in these schemes. Till date (24 May 23) 4650002 beneficiaries have been disbursed loans worth Rs. 32950.33 cr in Rojgar Diwas.
3. Another initiative for entrepreneurship by the Department of MSME is Centre for Entrepreneurship Development in Madhya Pradesh (CEDMAP). It has been operating successfully for over three decades. CEDMAP is a top institution for carrying out interventions in the state to improve entrepreneurship skills and livelihoods.
4. The government is also playing a vital role in the development of Tribal Entrepreneurship through various community development programmes, Agricultural Development programs, Self-employment generation programmes like Tantiya Mama Arthik Kalyan Yojna and Bhagwan Birsa Munda Swarojgar Yojna mentioned above. Training of tribal youth for self-employment and Entrepreneurship Development is undertaken through MAPCET who have imparted training to several tribals.
5. **The state also runs Mukhyamantri Kaushal Samvardhan Yojana and Mukhya Mantri Kaushlya Yojna** for skill development & training provided free of cost for the youth of MP. The objectives of the scheme include providing equal opportunities to male as well as female candidates to receive training in their preferred sector and to assist candidates in setting their own businesses, upgrade skills and open opportunities for unemployed youth as well as women. These schemes facilitate availability of skilled labour needed by various businesses and organizations.
6. Madhya Pradesh Women Finance and Development¹² corporation works towards empowering women and making them self-dependent and self-reliant. The corporation organizes Mamatva Mela an event for displaying the products made by women of self-help groups, rural and urban areas. Haat Bazaar at the district level are organized for marketing the products of women of self-help groups and women entrepreneurs of rural areas. The corporation also conducts Tejaswini Rural Women Empowerment Program which aims to empower rural women so that they can fully utilize economic opportunities for their progress.

The state advocates sustainable innovations, development of entrepreneurial mindset and skills. By promoting abovementioned initiatives, the state provides and facilitates opportunities for creating a nurturing ecosystem for Entrepreneurship Development.

¹² <http://www.mpwcd.nic.in/en/inst-gov>

5.1.3. Industrial Growth Centers in Madhya Pradesh

Madhya Pradesh has five industrial growth centers strategically located across the state to promote industrial development:

- 1. Gwalior and Sagar Region:** These regions have industrial growth centers focused on sectors like textiles, engineering, and chemicals.
Growth Centres: Malanpur, Ghirongi, Banmore, Chainpura, Siddhgawan, Pratapura and Purena
Key Industries: Textile, Food Processing, FMCG and mining
- 2. Bhopal Region:** Bhopal, the capital city of Madhya Pradesh, has an industrial growth center emphasizing industries such as pharmaceuticals, chemicals, and information technology.
Growth Centres: Mandideep, Pillukheda, Bbal, Piparia
Key Industries: Engineering, Textile, Food Processing, IT/ITeS and ESDM
- 3. Indore and Ujjain Region:** This region, including Indore and Ujjain cities, is a major industrial hub, with growth centers promoting industries like textiles, pharmaceuticals, IT, and automobile manufacturing.
Growth Centres: Pithampur, Kheda, Meghnagar, Ujjain, Dewas, Maksi and Jaggakheda
Key Industries: Auto, Pharmaceuticals, Textile, Food Processing, IT/ITeS and ESDM
- 4. Rewa Region:** The Rewa region has industrial growth centers focusing on sectors like cement, mineral-based industries, and power generation.
Growth Centres: Rewa, Waidhan, Maiher and Nandan Tola
Key Industries: Mining, Food Processing, Power and Cement
- 5. Jabalpur Region:** Jabalpur and its surrounding areas have industrial growth centers emphasizing industries such as defense production, engineering, and consumer goods manufacturing.
Growth Centres: Borgaon, Maneri, Lamtara and Katni
Key Industries: Defence, Textile, Mining, Food Processing and Cement

These industrial growth centers aim to attract investments, promote industrialization, and create employment opportunities in their respective regions. Other notable initiative for industrial development in state are listed below:

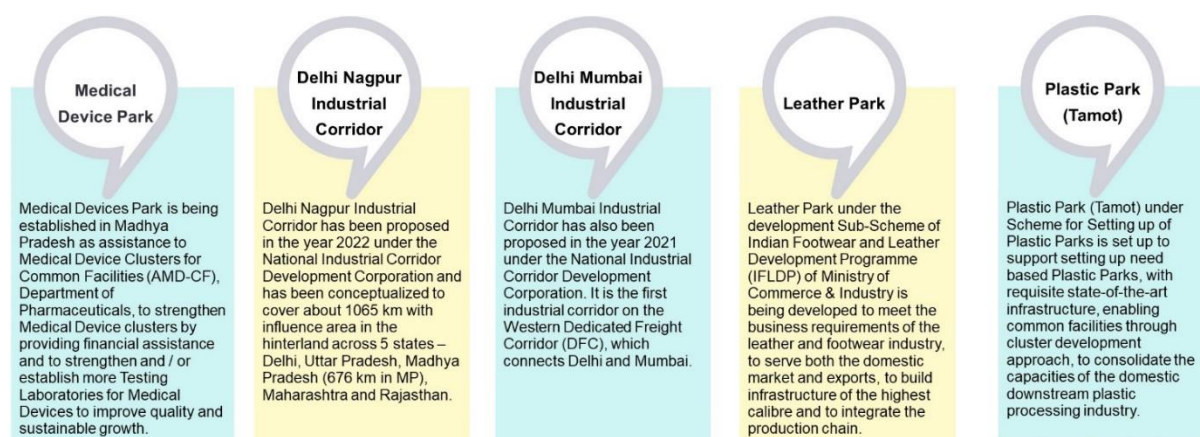


Figure 23: Initiatives for Industrial Development in MP

"Amrit Kaal: Investing in the Evolving Industrial Landscape of Madhya Pradesh"

The diverse and strategically located industrial growth centers of Madhya Pradesh offer an excellent investment opportunity in line with India's "Amrit Kaal" initiatives. The State of Madhya Pradesh has an integrated approach towards industrial development and entrepreneurship, which is evident through its proactive policies like the MSME Development Policy 2021, MP Start-up Policy 2022, and Mukhya Mantri Udyam Kranti Yojana. By investing in Madhya Pradesh, investors get the advantage of convergence benefits across various sectors and the support of a strong innovation challenge system that can tackle socio-economic issues effectively.

Industrial Growth Centers: A Strategic Advantage

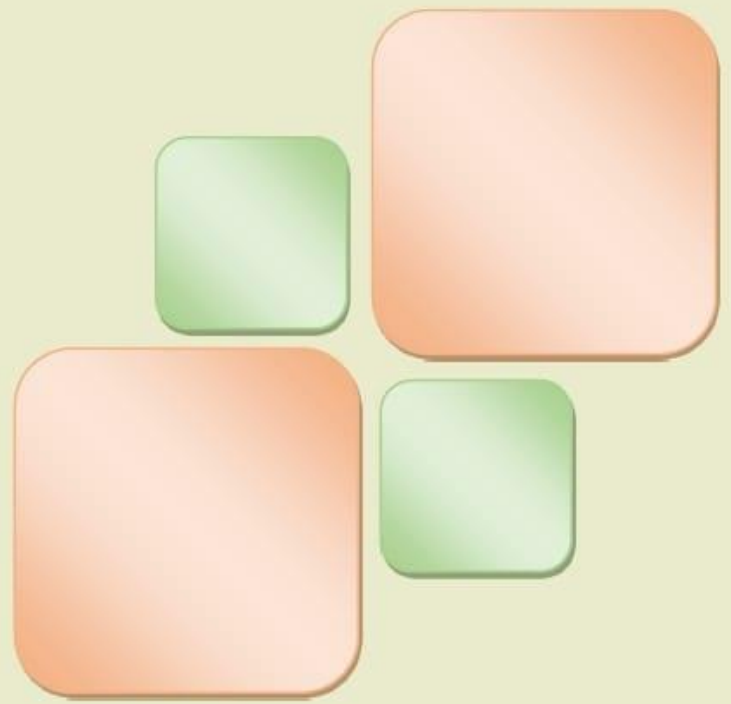
Madhya Pradesh is home to five major industrial growth centers, each focusing on specific sectors and offering unique opportunities:

1. Gwalior and Sagar Region: Known for its vibrant textile, engineering, and chemical sectors, this region hosts growth centers like Malanpur, Ghirongi, Banmore, Chainpura, Siddhgawan, Pratapura, and Purena. Industries to watch out for include Textile, Food Processing, FMCG, and Mining.
2. Bhopal Region: The capital city of Madhya Pradesh hosts growth centers such as Mandideep, Pillukheda, Bbal, Piparia that are flourishing hubs for industries like Engineering, Textile, Food Processing, IT/ITeS, and ESDM.
3. Indore and Ujjain Region: This bustling industrial hub, including growth centers such as Pithampur, Kheda, Meghnagar, Ujjain, Dewas, Maksi, and Jaggakheda, offers robust opportunities in Auto, Pharmaceuticals, Textile, Food Processing, IT/ITeS, and ESDM industries.
4. Rewa Region: Housing growth centers like Rewa, Waidhan, Maiher, and Nandan Tola, this region is known for its Mining, Food Processing, Power, and Cement industries.
5. Jabalpur Region: Emphasizing on Defense, Textile, Mining, Food Processing, and Cement industries, this region features growth centers like Borgaon, Maneri, Lamtara, and Katni.

Investment Strategy: An effective investment strategy in Madhya Pradesh could involve:

Leveraging Convergence Framework: By leveraging the state's policy convergence framework, investors can streamline their operations and gain access to various benefits under the MSME Development Policy 2021, MP Start-up Policy 2022, and Mukhya Mantri Udyam Kranti Yojana. Centralized information, unified application processes, and cross-policy benefits can aid in simplifying the investment process and maximizing returns.

Identifying Key Sectors: Based on the investor's area of interest and expertise, identifying key sectors in the different industrial growth regions can ensure targeted and profitable investments.



Diagnostic Assessment



6. Diagnostic assessment

The aim of this diagnostic assessment is to highlight the specific challenges faced by MSMEs in Madhya Pradesh and support in creating a roadmap for preparing a resolution plan in the coming years. It will support finding gaps in the current MSME ecosystem of the State and design the interventions to deal with the specific pain areas of MSMEs. The diagnostic assessment has been done using mix method approach where qualitative and quantitative data are collected from the MSMEs and other important stakeholders of the MSME ecosystem in the State. The detailed methodology adopted for conducting the diagnostic assessment is explained below:

To develop an effective SIP for the State of Madhya Pradesh, a multifaceted questionnaire has been used, which covered the following aspects related to MSMEs:

- Basic information on MSMEs
- Status of employment in the enterprise
- Access to market status and issues
- Access to finance challenges
- Raw material procurement aspects
- Technology upgradation
- Awareness about TreDs platforms
- Delayed payments and Samadhan Portal
- Issues related to government procurement and GeM portal
- Adoption and issues related to environment and safety standards
- Infrastructural challenges of MSMEs
- Capacity building related issues
- Awareness and benefits of various State and Centre schemes
- Basic information about MSME owners

6.1. Profile of MSMEs

The study has surveyed 10000 Udyam registered MSMEs in the State. It found that 85% of sample surveyed enterprises are micro, followed by 11% small and 4% medium. Most of the enterprises in the State are service sector, followed by manufacturing (24%). However, some enterprises are in both sectors, i.e., service and trade.

- 15% surveyed enterprises are owned by female entrepreneurs
- 46% of enterprises operate in urban areas and 44% in rural areas.

It shows that MSMEs are major employment generators in rural areas after agriculture. It provides crucial employment opportunities with low capital requirements. It contributes to rural development and helps in minimising inequality and regional imbalance. So, it is the life of the rural economy after agriculture.

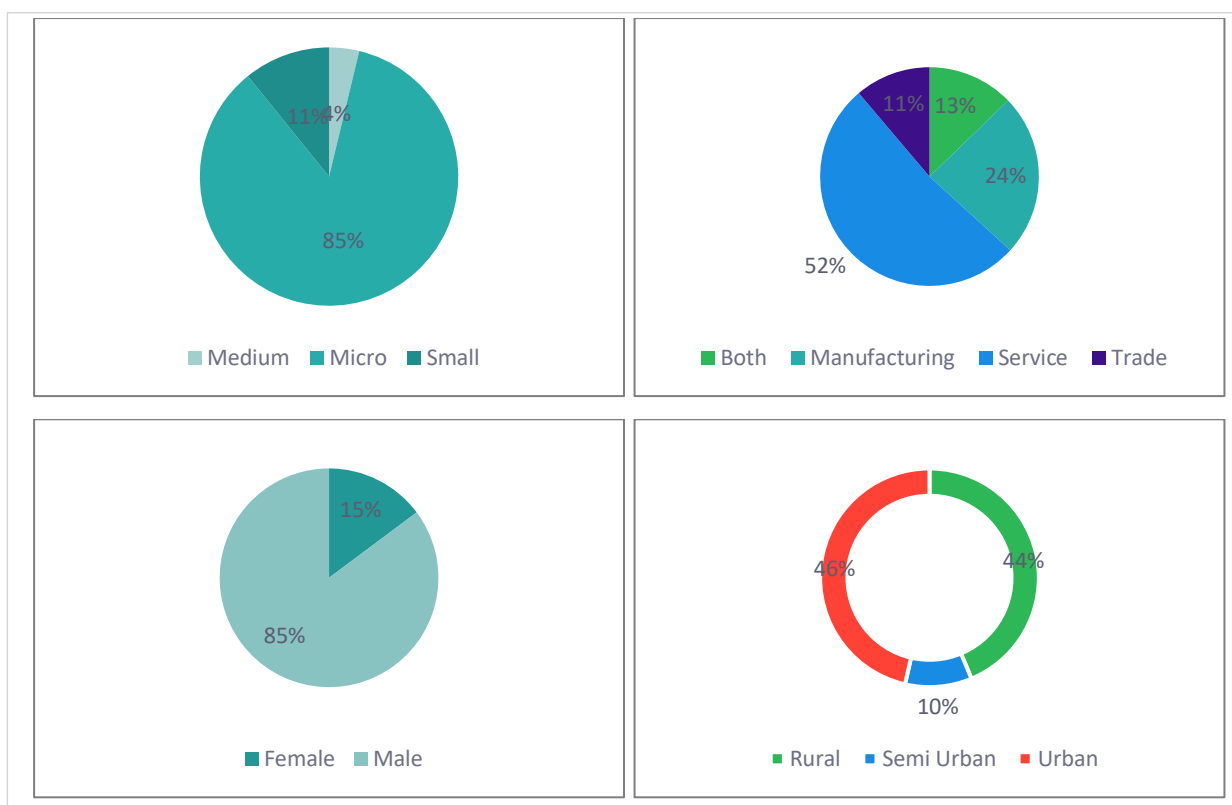


Figure 24: Data of MSME's in different sectors

Most of the enterprises in the urban areas are micro, followed by small and medium. Rural areas have the most medium enterprises among the three regions. It shows that the availability of raw materials and restriction of keeping industries outside the city boundaries is taking MSMEs into the villages. In addition, industries find cheap labour, land, and other resources in the rural areas.

Table 12: Area wise Enterprise

Type of Enterprise	Rural	Semi-Urban	Urban	Grand Total
Medium	2.64%	0.20%	0.93%	3.77%
Micro	36.08%	8.34%	40.95%	85.38%
Small	5.01%	1.34%	4.51%	10.85%
Grand Total	43.72%	9.88%	46.40%	100.00%

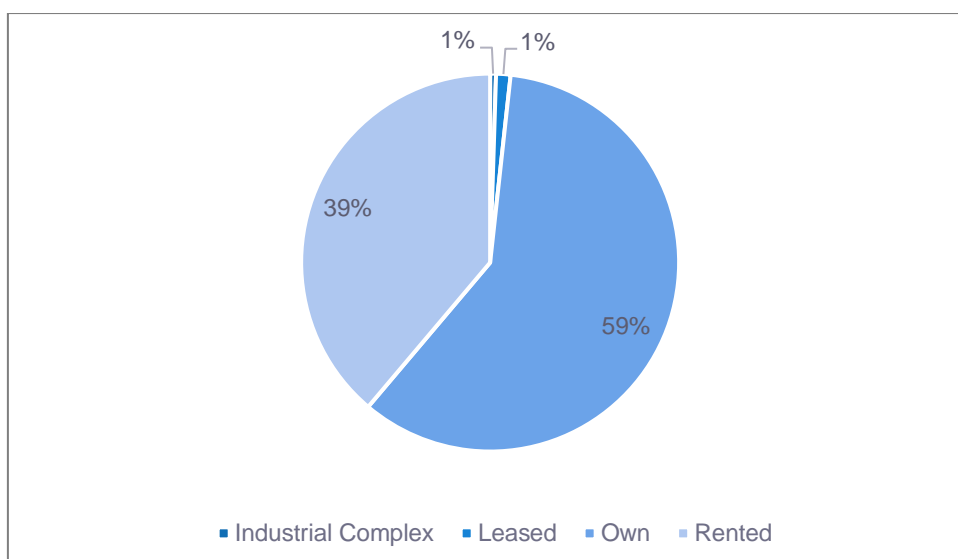


Figure 25: Infrastructure Status

The sole proprietorship is the most favoured ownership structure in the State MSMEs. More than 80% of MSMEs are owned by a single person, followed by private limited companies (8.9%). The sole proprietorship is a favoured ownership structure due to quick decision-making, a family-oriented business model and less paperwork. In addition, the major reason for starting a sole proprietorship is the low set-up cost means the least expensive to start the business, and many Government schemes in the State are offering self-employment opportunities with collateral-free loans.

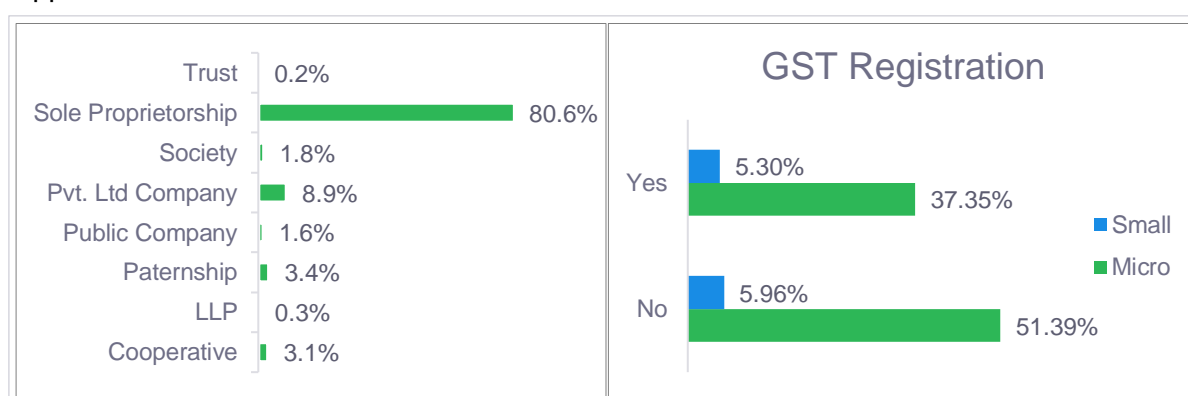


Figure 26: Type of organization and GST Registration details

6.2. Support in Business Facilitation

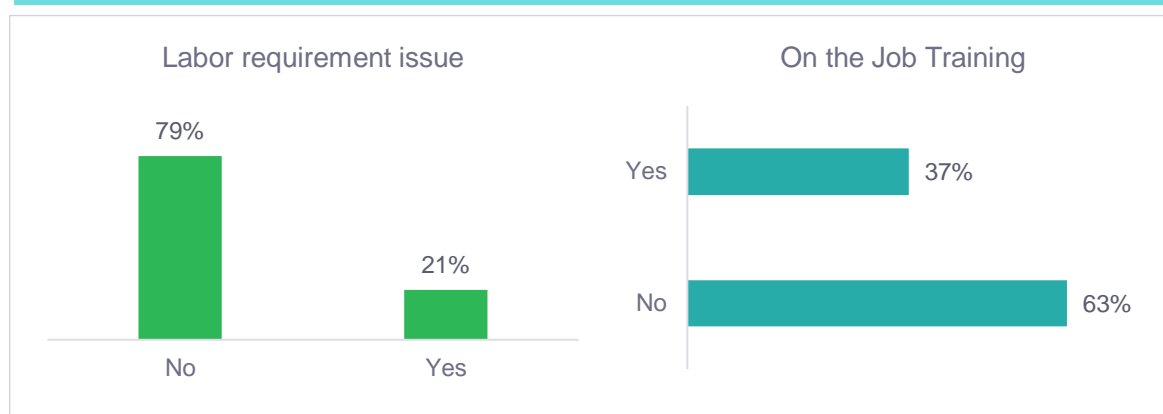


Figure 27: Business Facilitation

The major aspects related to business facilitation highlighted by the MSMEs are skilled labour, training of employees, and certification required. However, surveyed enterprises have raised issues such as difficulty in getting skilled labour, expensive skilled labour, non-availability of training institutes, problems in retaining skilled labour etc.

The survey reveals that 37% of MSMEs have said that skilled labour is one of the challenges they face. To resolve the issue, 21% of MSMEs provide on-the-job training to their employees. In addition, many surveyed enterprises provide social security schemes such as EPF benefits and work insurance like ESI to retain employees. However, the adoption of EPF and ESI is low among enterprises due to additional financial burdens. The one probable reason is the voluntary registration of EPF if the number of employees in the enterprise is less than 20. Therefore, only small and medium enterprises qualify for EPF registration.

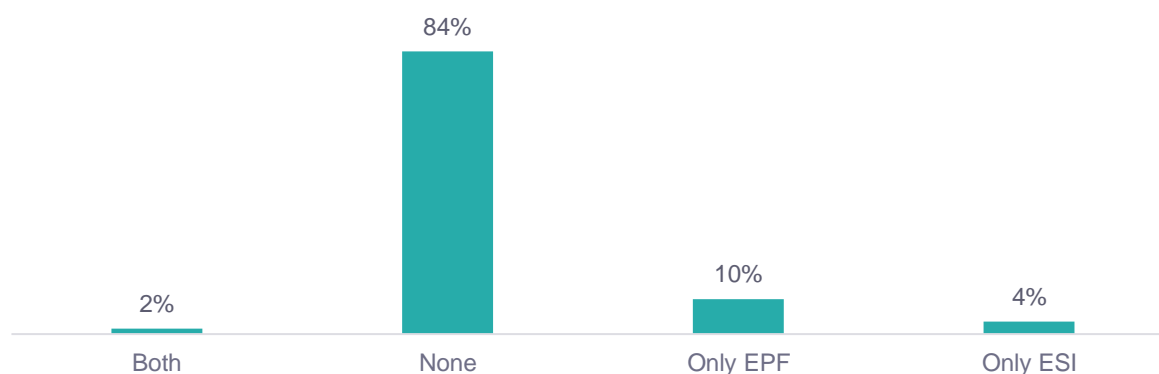


Figure 28: Social Security Employee Schemes

Out of the total surveyed enterprises, 15% said they need any certification for their products/services.

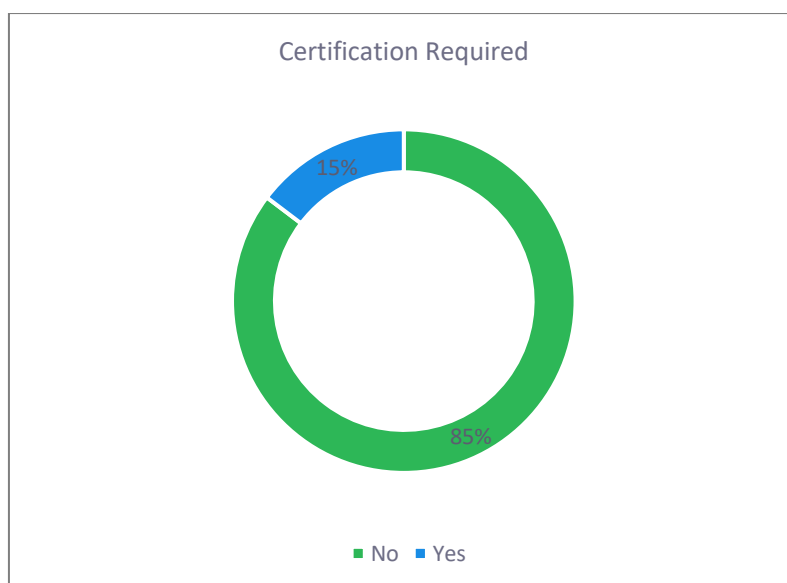


Figure 29: Certification

However, approximately 7% of MSMEs have the certification required for their products and services, as stated in the table below. As per the survey, there are various kinds of certification/licences required by the MSMEs in the State, which include FSSAI, fire safety, BIS, All India Medical Association, ISO and ISI etc.

Table 13 Status of Certification

Are your products/services certified?	Need Certification		
	No	Yes	Grand Total
No	80.62%	8.82%	89.44%
Yes	3.93%	6.63%	10.56%
Grand Total	84.55%	15.45%	100.00%

The issues highlighted by the MSMEs related to the certification are awareness about the certificates, tedious process of getting certification, testing facilities and the financial cost of certification.

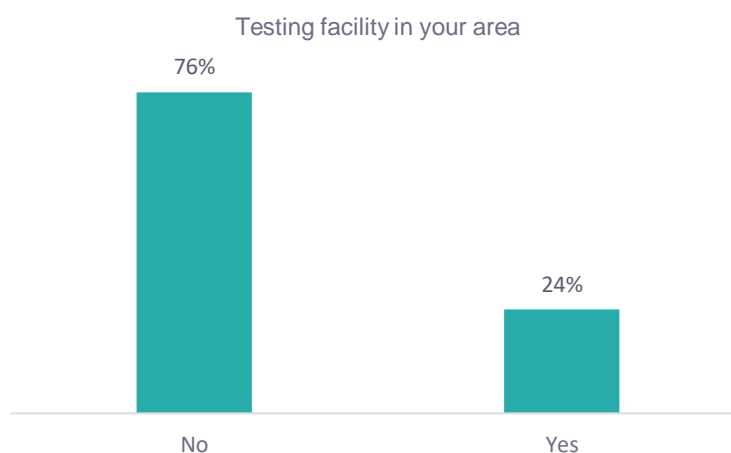


Figure 30: Testing Facility Availability

MSMEs need to test their products in lab facilities to get the certification. If these facilities are in the local area, then it saves the cost and time of enterprises. However, the survey results indicate that 24% of MSMEs mentioned that they have a testing facility in their area/city/cluster/state. The unavailability of these lab facilities poses several challenges to the MSMEs in the State, such as high cost due to transportation and limited reach to the facilities. In addition, MSMEs are reluctant to get certifications for several other reasons.

- ▶ Difficulty in meeting the certification criteria
- ▶ High cost involved in getting certification
- ▶ Lengthy process to get the certification
- ▶ Unaware about the process of certification

6.3. Factors Affecting Access to Finance

The formalisation of MSMEs starts from Gumasta or registration in Shop & Establishment Act, 1958. However, later UDYAM registration was made compulsory for MSMEs. It was mandatory to get GSTN and PAN for UDYAM registration, but later on, it got shelved. Still, GSTN and PAN are necessary for any enterprise to access credit from formal sources of finance. No bank or financial institution provides finance to the enterprise without these two.

Table 14 PAN Details

Type of Enterprise	No	Yes
Medium	0.87%	2.90%
Micro	11.57%	73.82%
Small	1.97%	8.87%
Grand Total	14.40%	85.60%

The results show that all medium enterprises have GST registration. However, in small enterprises, 50% of total sampled enterprises have GST registration and more than 50% of micro enterprises do not. Similarly, almost 12% of micro enterprises do not have PAN numbers. It affects them in getting credit from formal sources of finance.

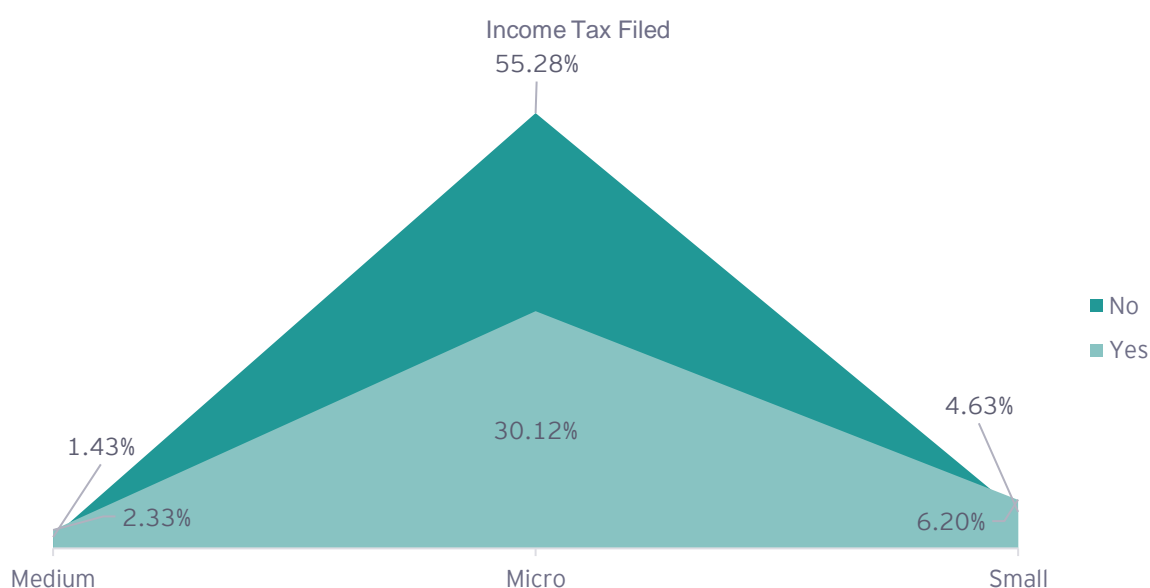


Figure 31: Income Tax Analysis

Another major aspect which hinders MSMEs from getting finance from formal sources is the filing of income tax returns. As per the survey results, more than 55% of micro, 4.6% of small, and 1.4% of medium enterprises have not filed income tax returns in previous financial years. It creates issues when such enterprises ask for finance from banks. Income tax return is the major source of knowing the creditworthiness of any enterprise.

Table 15 Loan Application

Applied for Loan	Received Loan		Grand Total
	No	Yes	
No	42%	0%	42%
Yes	11%	47%	58%
Grand Total	53%	47%	100%

Out of the sampled MSMEs, 58% of enterprises applied for a loan and 47% of the enterprises got a loan from banks and financial institutions. However, 11% of them did not receive the loan. The enterprises that got loans also raised some of the reasons that make banks less lucrative in getting finance. The major reasons highlighted by the MSMEs for not applying for the loans are as follows:

- ▶ Non-availability of required documents
- ▶ Low CIBIL score
- ▶ Not aware of the process of loan
- ▶ Due to the very small size of business
- ▶ No demand for the products, therefore no need to expand the business

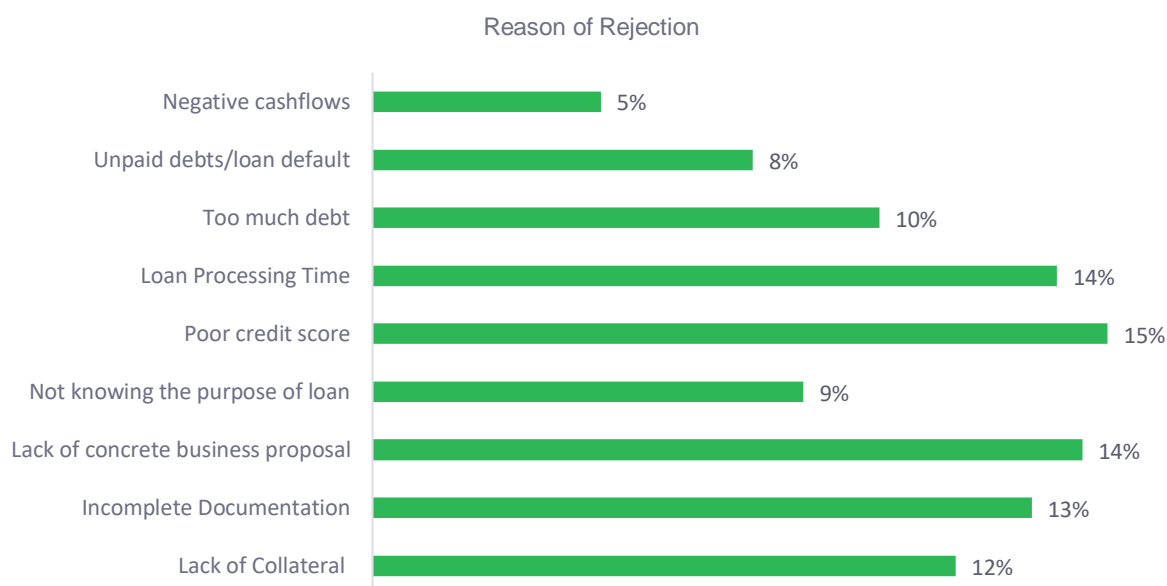


Figure 32: Loan Rejection Reasons

In addition, the enterprises highlighted the reasons for the rejection of loan applications. The major reasons are given in the below figure. It states that poor credit score (CIBIL) is the main cause of non-receipt of loans from financial institutions, followed by a lack of concrete business ideas, loan processing time and incomplete documentation.

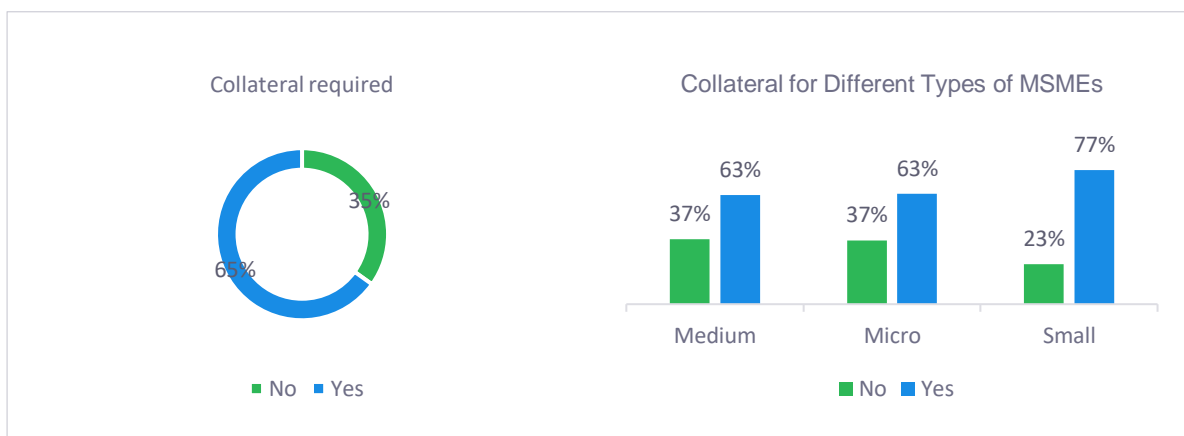


Figure 33: Collateral Requirement and Types

Another measure issues with MSMEs for getting credit is requirement for collateral by the banks and financial institutions. 65% of MSMEs has emphasised that even after CGTMSE and other initiatives of State and Central Governments banks and financial institutions ask for collateral to give loans. The problem of collateral is more concerning for small and micro enterprises compared to medium enterprises. As per RBI circular dated 6th May 20120, micro enterprises can take loan upto Rs. 10 lakh without any collateral. That may be the reason less percentage of micro enterprises have raised the issue of collateral compared to small enterprises.

“During the Stakeholders’ consultation with SLBC, many of the bankers highlighted that the potential entrepreneurs do not understand the intricacies of the business proposal and usually banks similar kind of business proposal in one district. It is clear indication of lack of concrete business proposal and not knowing purpose of loan. It creates doubt on the genuineness of the entrepreneurs.”

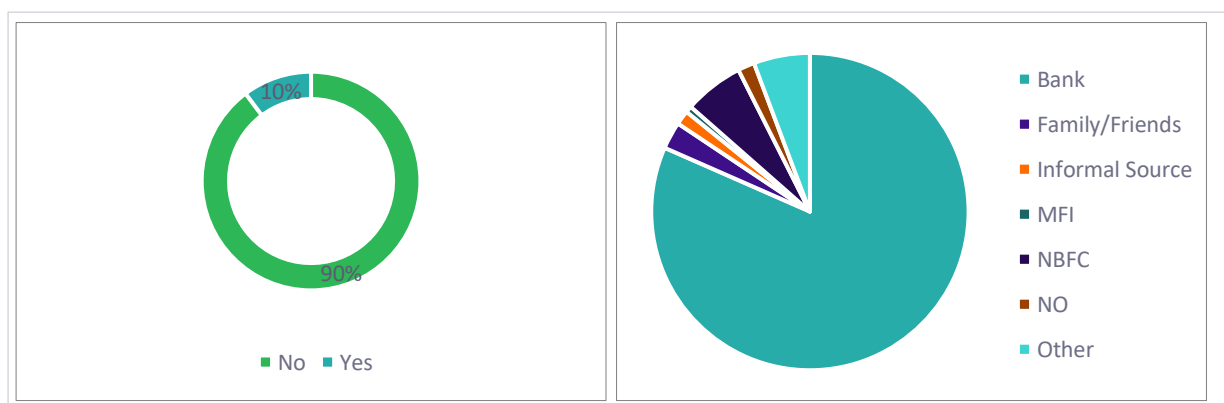


Figure 34: Loan Requirement and Source

Further, exploration with enterprises about access to finance revealed that more than 80% of MSME owners only want to get finance through banks. However, some are unaware that various Government schemes provide easy access to finance for MSMEs in the State. It highlights that even though State and Central Governments are providing financial assistance to MSMEs, the adoption of the schemes is low due to unawareness about the schemes.

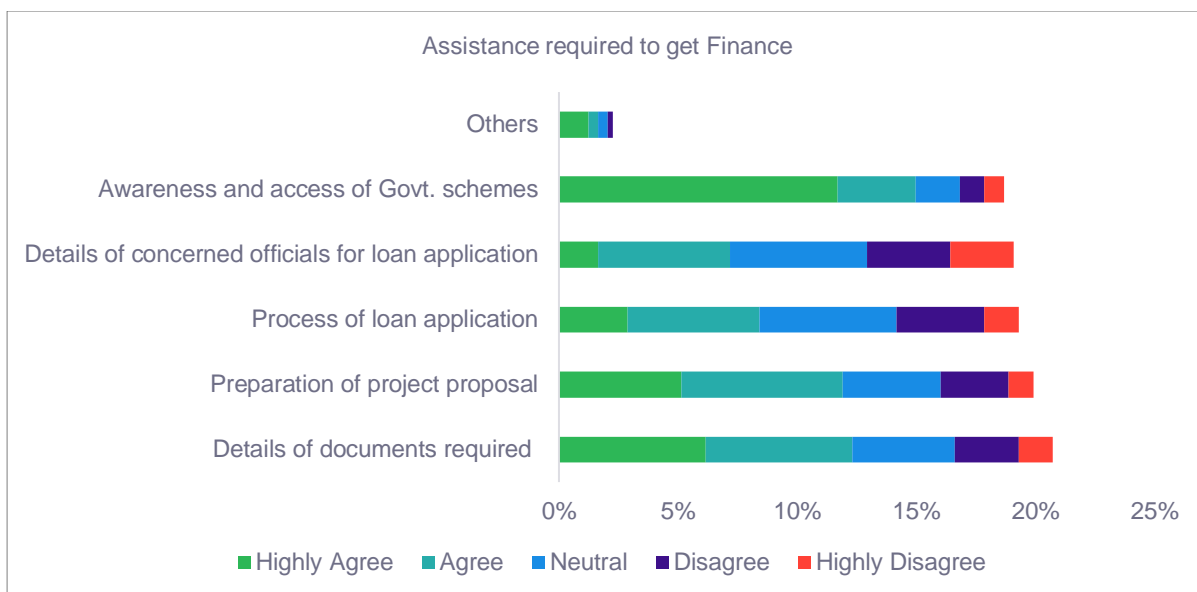


Figure 35: Assistance in Finance

Most enterprises (15%) agreed that awareness and access of Government schemes may help them get easy finance from the banks. It is followed by detailed documents required for loan (12%) and project proposal preparation (12%). Overall, the results show that more than 56% of the enterprise owners agreed that awareness and access to Government of schemes, details of concerned officials for loans, process of loan application, preparation of project proposal and details of documents required are the major factors which can assist them in getting finance for MSMEs.

6.3.1. Aspects Related Delayed Payments

This section covers the status of delayed payments, awareness and issues related to the SAMADHAN and TReDs portal of MSMEs in the State. The vicious cycle of delayed payment given below as per the interaction with various MSMEs during the field visits.

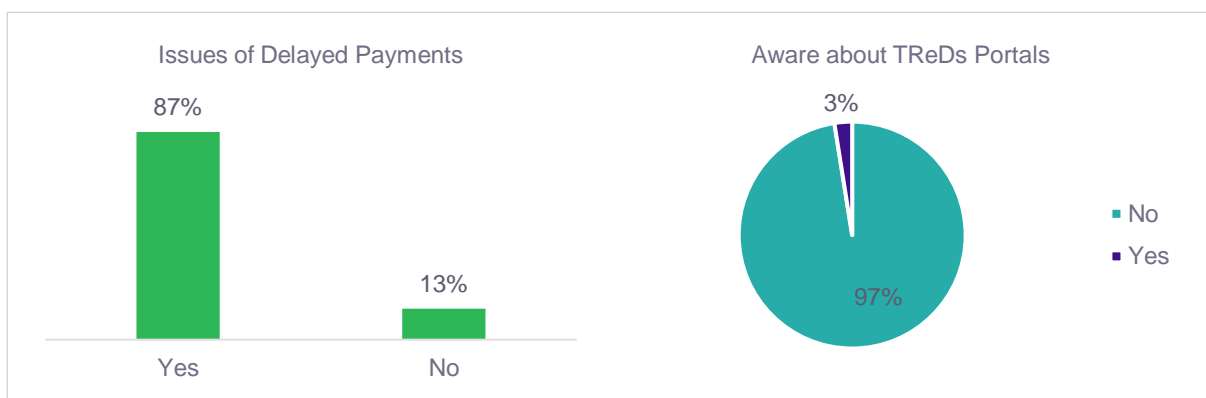


Figure 36: Delayed Payments and Awareness about TReDs

The survey data reveals that most MSMEs (87%) have delayed payment issues. The major reason for delayed payment for MSMEs is the power asymmetry between MSMEs and buyers (large companies). It means that buyers dictate the contract terms for getting the goods/services from MSMEs and pay them at their convenience. Buyers get free credit by delaying payments, and if MSMEs try to influence the contract, they have negotiation power

and change their supplier. For the majority of MSMEs, delayed payments have become a part of the country's business culture.

The Government of India has come up with several provisions, such as SAMADHAN portal, TReDs and MSEF councils, to deal with the delayed payments. However, the awareness among MSMEs about all these provisions is very low, and they do not take much interest due to administrative challenges and loss of time.

The survey results find that MSMEs do not know about the TReDs platforms (only 3%), which are meant for receivables financing and support in minimising delayed payment issues. Out of the enterprises which know about the portal, only very few are onboarded on one of TReDs portals, i.e., RXIL, M1exchange and Invoice Mart. The onboarded MSMEs have also not done any major transactions of the platforms due to less acquaintance with the platform and fewer buyers onboarded (mostly Government Departments). It shows that State MSMEs are unaware of how to minimise the delayed payment issues, and even if they know, they do not know how to get onboard on such platforms.

“In the Stakeholders’ consultation at various divisions (Indore, Bhopal and Jabalpur) most of the enterprises and industries associations highlighted that they do not get know about such platforms. However, some of the enterprises who are on the TReDs platforms stated that their buyers are not. In addition, they do not know how to know about the buyers who are on such platforms. Therefore, there is a need of special drive from these platforms at district level. In addition, there should be stricter guidelines for buyers to onboard on such platforms. “

Therefore, the awareness generation drive for such platforms may create higher adoption and insist more buyers come on such platforms.

More than 94% of MSMEs do not know about the SAMADHAN portal. There are some enterprises which know about the platforms. However, none of them has used the portal for settlement of industrial disputes/claims/complaints.

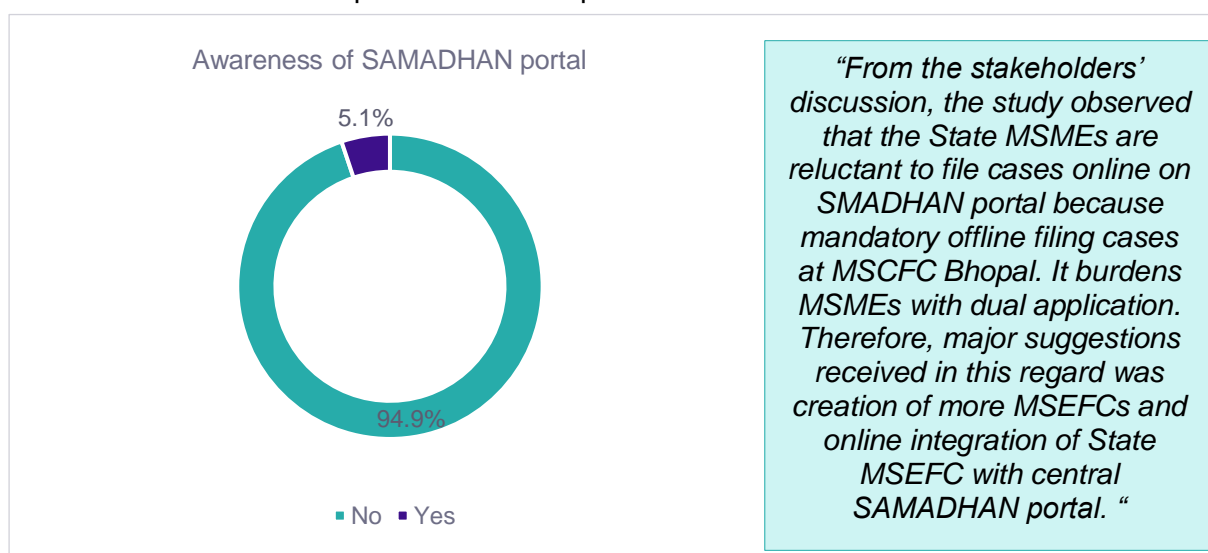


Figure 37: Awareness about SAMADHAN Portal

In addition to the findings of various stakeholders' discussion, the survey results indicate that MSMEs are unaware of the SAMADHAN portal for filing cases of delayed payments. However, most of them have agreed to use the portal in future to deal with the delayed payments issues.

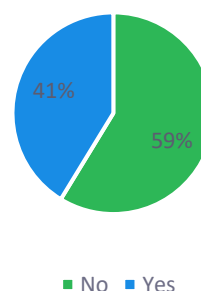


Figure 38: Willing to use portal in future

During the interaction with the MSME owners, they highlighted several factors that stop them from using the SAMADHAN portal. The list of those factors is given below:

- ▶ Not aware of the portal
- ▶ Not sound knowledge of technology. How to file cases on SAMADHAN portal
- ▶ Dual application filing due to submission of all the documents at MSEFC
- ▶ Fear of losing buyers if they file a case against him

The maximum number of enterprises responded that they are not aware of the portal, which is why they have not used it even though they are suffering from delayed payments. In addition, most MSMEs have highlighted that they are not technology savvy, and there are high chances that if they file the cases against their buyer, there is a high probability they may lose their buyers. Therefore, they are reluctant to file a case in the facilitation council.

6.4. Factors Affecting Access to Market

Access to the market for MSMEs is one of the major challenges in India¹³. The same story applies to Madhya Pradesh. The survey results unveil that more than 86% of MSMEs market in the local area and nearby districts. It shows that MSMEs of the State depend upon the local market. In addition, 9% of MSMEs highlighted that they sell their products within the State. Therefore, there is a much smaller number of MSMEs selling their products in the entire country or exporting the products.

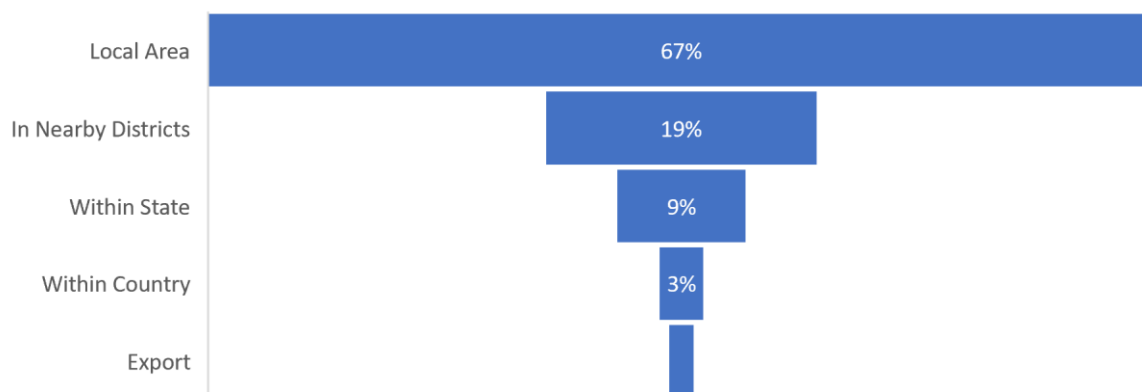


Figure 39: Market Area

¹³ <https://link.springer.com/article/10.1186/s40497-018-0115-5>

Approach to Customers

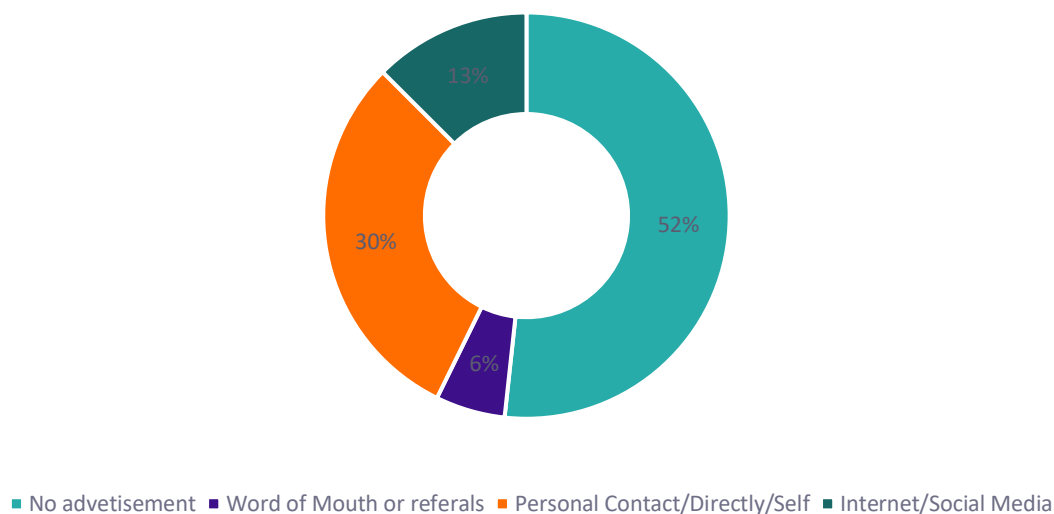


Figure 40: Mode of Approaching Customers

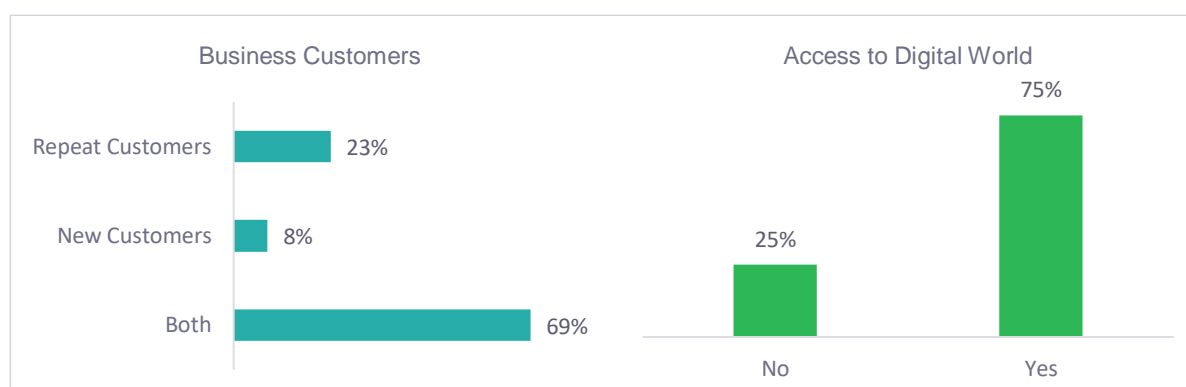


Figure 41: Distribution of Customers & Access to Digital World

Most of the customers of the MSMEs are repeat customers, and the rate of new customer acquisition is low, i.e., 8%. One associated factor is the no major advertisement by the MSMEs to promote and sell their products. MSMEs rely mainly on personal contact of their owners. However, due to recent development in information technology, MSMEs have started using the Internet and social media. As stated in the figure below, 75% of MSMEs have access to social media accounts such as WhatsApp, Instagram, Facebook, Twitter, YouTube, Website, etc. It means they can use these mediums to connect with new customers.

But lack of expertise in using social media for business promotion and time are the major factors hindering MSMEs from leveraging social media's potential.

Overall, the major market of State MSMEs is selling directly to the final customer or consumer (67.8%). This is why the new customer acquisition rate is low (8%). Further, this classification reveals that micro-enterprises rely more on selling their products/service directly to customers/consumers than small and medium enterprises. Medium enterprises sell their products more through traders/agents than small and micro enterprises.

“New customers acquisition is one of the biggest challenges for the MSMEs. On an average one MSME has to approach to more than 100 customers and spend Rs. 2000 to 3000 on each prospect. It means it requires more than Rs. 300000 to attract one or two new customers “. (As stated by a small unit owner)

Table 16 Selling Products/Services

Selling Products/Services	Medium	Micro	Small	Grand Total
Business is part of supply chain	2.8%	4.9%	3.2%	4.7%
Other	23.1%	11.6%	19.8%	12.9%
Sell as a business directly to the final customer/consumer	50.0%	69.1%	64.0%	67.8%
Sell to traders	11.1%	5.9%	4.5%	5.9%
Sells in partnership with other business	3.7%	3.9%	2.6%	3.8%
Sells through agent	9.3%	4.5%	5.8%	4.8%
Grand Total	100%	100%	100%	100%

It is mainly due to the volume of medium enterprises' production and negotiation power. In addition, medium enterprises use online tools and e-commerce platforms (23%) to sell their products. It shows that mainly micro and small enterprises are self-reliant on selling their products/services and have access to a limited market.

6.4.1. Issues of Digital World on Market Access

As stated above, 75% of MSMEs have access to any social media platform. Further exploration of the adoption of social media and e-commerce adoption finds that it has improved the sales the enterprises. Overall, 31% of MSMEs accepted that the digital world had improved their sales. Micro enterprises largely benefit from it because they have high reliance on the personal contact of the MSME owners to sell their products. The presence on social media and using it for marketing and promotion of the products/services has supported them in increasing their sales. In addition, micro, followed by small enterprises, are willing to invest more in the digital world to tap new market opportunities. Medium enterprises have shown little interest in digital world investment because of the established market and network of traders/agents to support them. Therefore, interventions are needed specially for micro-enterprises to tap new markets.

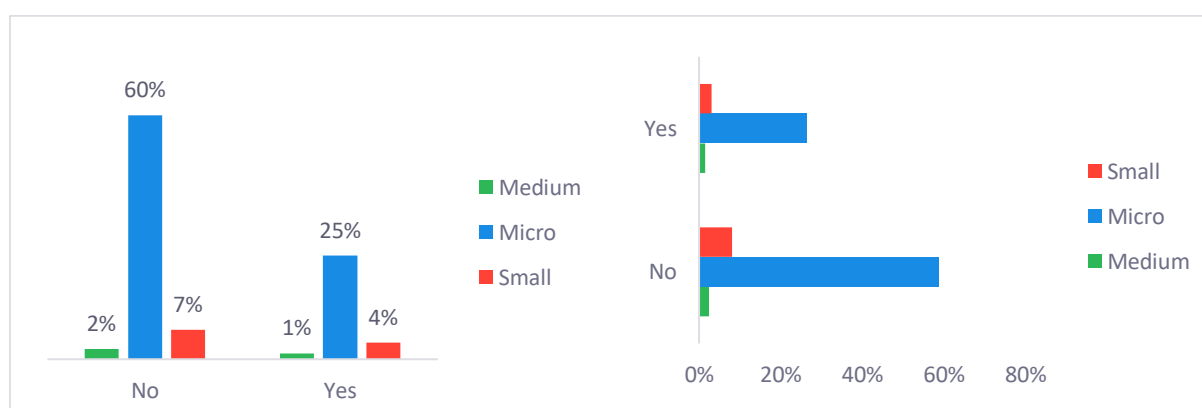


Figure 42: MSME's using Social Media Category Wise

Difficulties in going digital

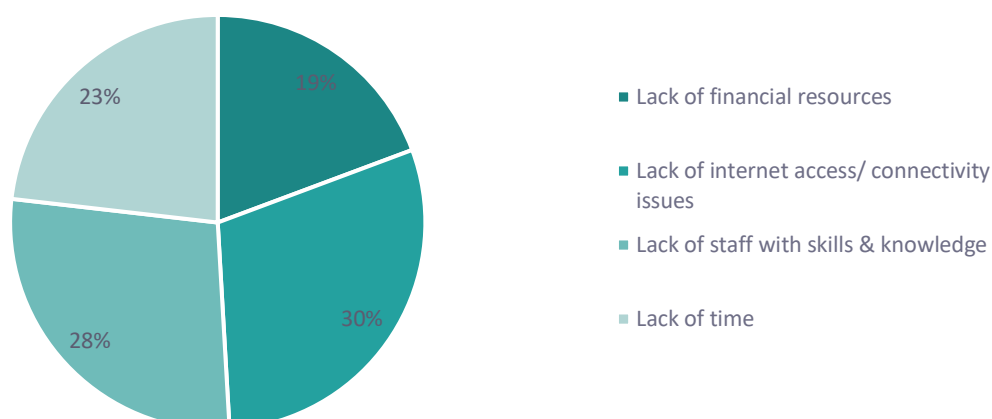


Figure 43: Difficulties in Going Digital

MSMEs are willing to foray into the digital world to sell their products/services. However, a few factors are restraining them, such as lack of internet access or connectivity issues followed by lack of staff with skills and knowledge and lack of time. There are very few MSMEs which have foregrounded about the lack of financial resources on adoption of digital world.

6.4.2. Trade Fairs/Exhibitions/Buyer-Seller Meet/VDPs

Participated in Trade Fairs etc.

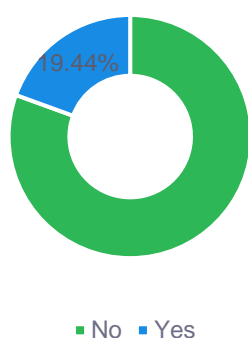


Figure 44: Trade Fairs

It is evident from the above discussion that MSMEs are relying mainly on their personal contact and repeat customers to sell their products/services. Therefore, the opportunities like participation in trade fairs, exhibitions, buyer-seller meets, and vendor development programs are crucial for acquiring new customers.

The survey results indicate that more than 80% of enterprise in the State has not participated in any trade fairs, exhibitions, buyer-seller meets, etc. Further, category-wise participation reveals that most medium enterprises get the chance to participate in such events and fewer

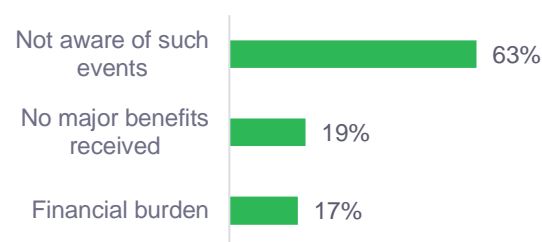
opportunities for micro-enterprises. It is probably due to the quality and kind of products and services the micro-enterprises offer.

Table 17 Enterprise wise participation in trade fairs etc.

Participated	Medium	Micro	Small
No	69.03%	81.18%	79.87%
Yes	30.97%	18.82%	20.13%
Grand Total	100%	100%	100.0%

There are three major reasons put forward by the MSMEs, and lack of awareness (63%) about such events is the most prominent reason. However, some enterprises also said they do not get any major benefits after participating in such events. It raises the question of the quality of such events. Lastly, MSMEs are concerned about the financial burden they need to bear to participate in such events is another concern.

Issues related to participation



6.4.3. Export related issues

Figure 45: Participation Issues

In the case of export, 9% of sampled MSMEs export their products/services. Out of the exporting MSMEs, the maximum share is of medium enterprises. 12% of the total sampled medium enterprises export their products/services, followed by small (7%) enterprises. As per the survey results, there are three top countries/regions where MSMEs of Madhya Pradesh are exporting. It includes the Gulf region, mainly Dubai, Oman, Australia, New Zealand, and Bangladesh.

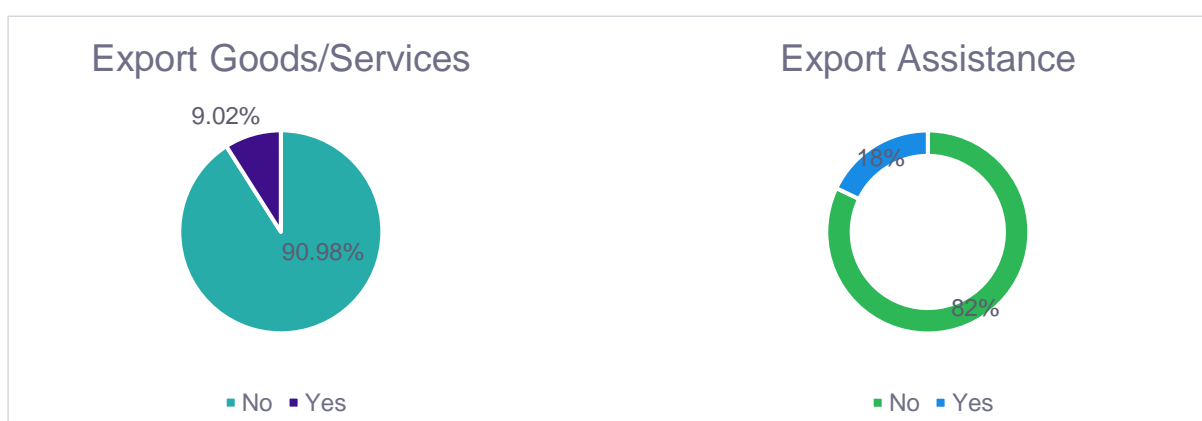


Figure 46: Goods Export and Assistance

Department of MSME, Government of Madhya Pradesh, and the Central Government offer several financial incentives to the units that export their products. However, there are 1/5th of the MSMEs which have taken benefits of export assistance under any scheme. It again highlights the need to create awareness among the MSMEs for availing such benefits.

There are some issues emphasised by the MSMEs which are deterrents for the export of goods/services. The most prominent is that the cost of credit required for producing goods is high compared to the large enterprises. Second factor is duties related to export and non-availability of export market information to the MSMEs. There are some other issues related to export which includes non-availability of nearest Inland Container Depot, Cost of transportation to the nearest export hub, compliance of different trade barriers posed by various countries, modification required in the products to make it import market compatible etc. Therefore, these are some of the salient reasons for export incumbrance in the State for MSMEs.

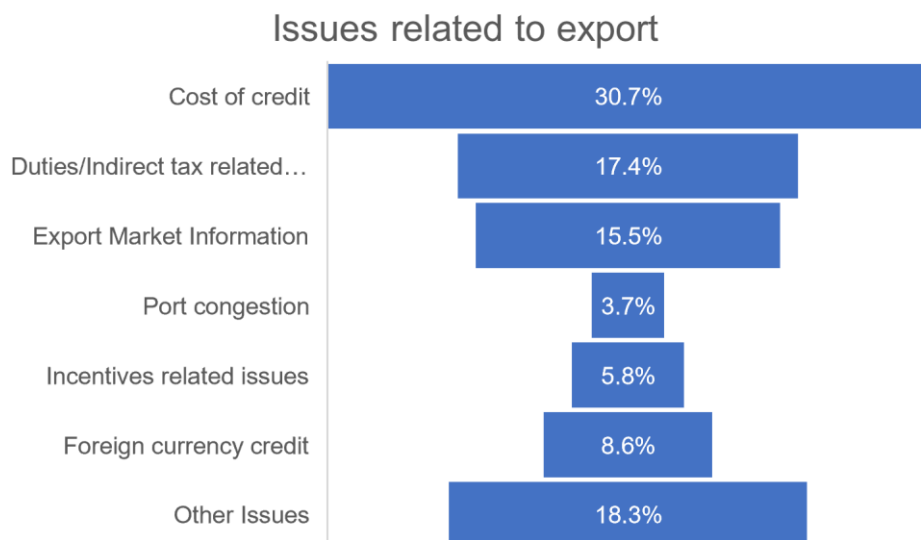


Figure 47: Export Issues

6.4.4. GeM Portal

GeM is an online platform for public procurement and every Central Ministry/Department/PSU shall set an annual target for 25% procurement from MSE Sector as per the public procurement policy order, 2018¹⁴. However, MSMEs are not aware of the GeM portal in the State. Out of the surveyed enterprises, 81% are not aware of the GeM portal. In addition, micro-enterprise is least aware of it followed by small. It shows that even though Central Government have defined the rules of public procurement, the State MSMEs cannot take advantage of it due to a lack of awareness.

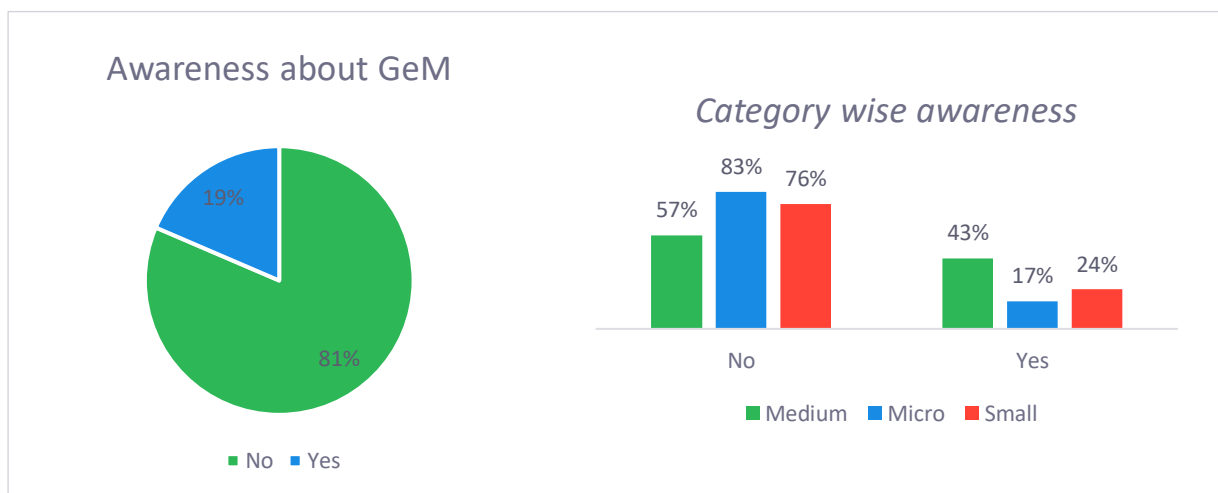


Figure 48: GeM Awareness Category Wise

in the sample only 3% are aware of GeM portal. However, it is 16% in the case of male enterprise owners.

¹⁴ [Public Procurement Policy | Ministry of Micro, Small & Medium Enterprises \(msme.gov.in\)](https://www.msme.gov.in/public-procurement-policy)

Table 18 Gender Wise GeM Awareness

Aware about GeM	Female	Male	Grand Total
No	12%	69%	81%
Yes	3%	16%	19%
Grand Total	15%	85%	100%

Out of 19% of MSMEs aware of the portal, only 6% of the surveyed enterprise have participated in GeM portal for selling goods/service.

Table 19 Participation on GeM

Participated on GeM	Know about GeM		
	No	Yes	Grand Total
No	81%	13%	94%
Yes	0%	6%	6%
Grand Total	81%	19%	100%

It shows that there is a low rate of adoption among the MSMEs in terms of GeM. There are several issues related to its which are mentioned below:

- ▶ Not aware of the process of registration on GeM
- ▶ Complex procedure of procurement
- ▶ Delayed payments even after selling goods on time
- ▶ Don't have the technical knowledge to operate the portal
- ▶ No preference for MSMEs for the procurement of goods on the portal

6.5. Raw Material Procurement Issues

Most of the surveyed enterprises (76%) procure raw materials locally from traders and suppliers, followed by from neighbouring/nearby States. Enterprises which are procuring raw material locally are getting it within 50 km. range followed by 50 to 150 kms. It means there are several issues in procuring raw material from a distance, including.

- ▶ High transportation costs in procuring raw materials from other places
- ▶ Bad connectivity of roads in some of the regions
- ▶ Unavailability of all type of warehouses for storing raw material
- ▶ Longer lean time in procuring raw material from other States.
- ▶ Additional financial burden in procuring raw material in huge quantities from other places
- ▶ Raw material damage issues

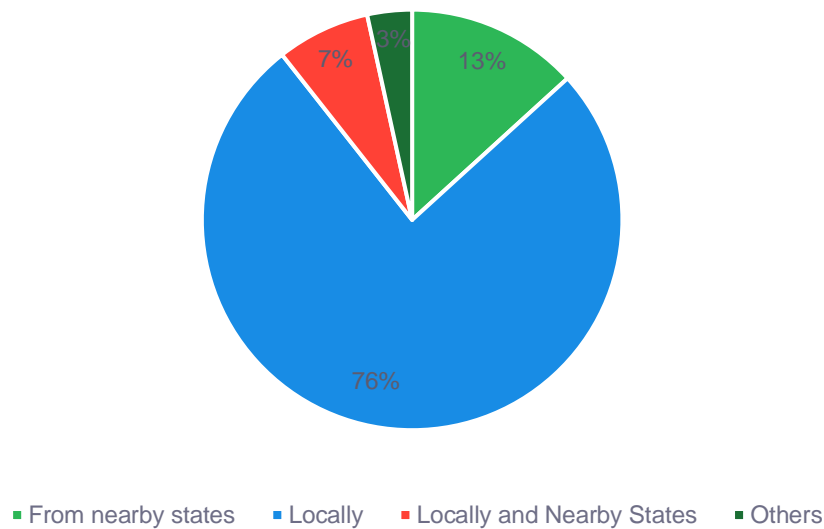


Figure 49: Raw Material Source

It shows that MSMEs have to rely on locally available raw material, and the quality of products depends on the supply and quantity of products. Therefore, there is a need to explore more options for raw material procurement in the State.

Table 20 Raw Material Procurement Distance

Distance	Yes
150 to 300 Kms	1.2%
50 to 150 Kms	15.4%
More than 300 Kms	0.4%
Within 50 Kms	83.0%
Grand Total	100.0%

6.6. Infrastructural Challenges

The surveyed enterprises are mainly home-based, followed by open market-based. It indicates that enterprises are unaware of the industrial areas/parks/clusters etc. The units' owners have raised some infrastructural issues such as wastewater disposal, electricity supply, water facilities, road connectivity, solid waste management and warehousing.

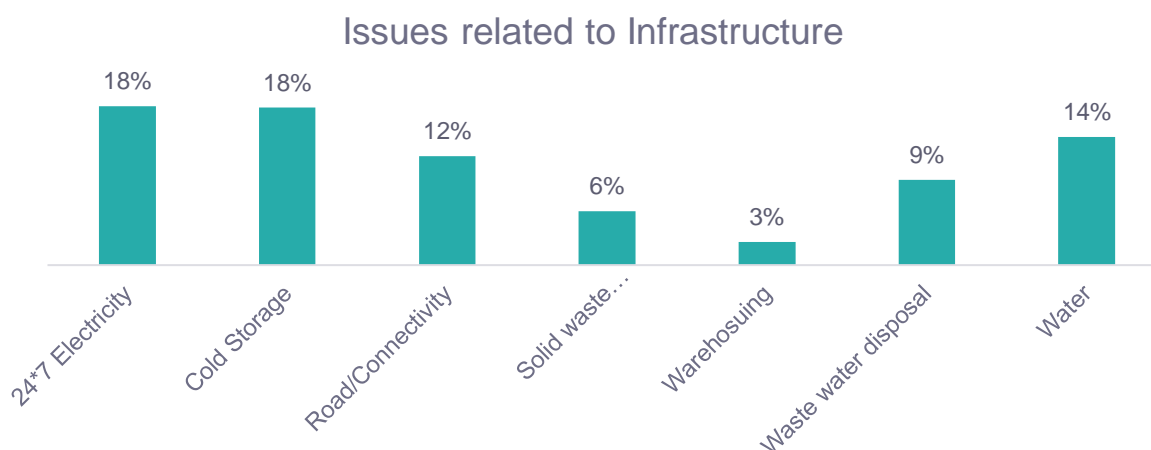


Figure 50: Issues Related to Infrastructure

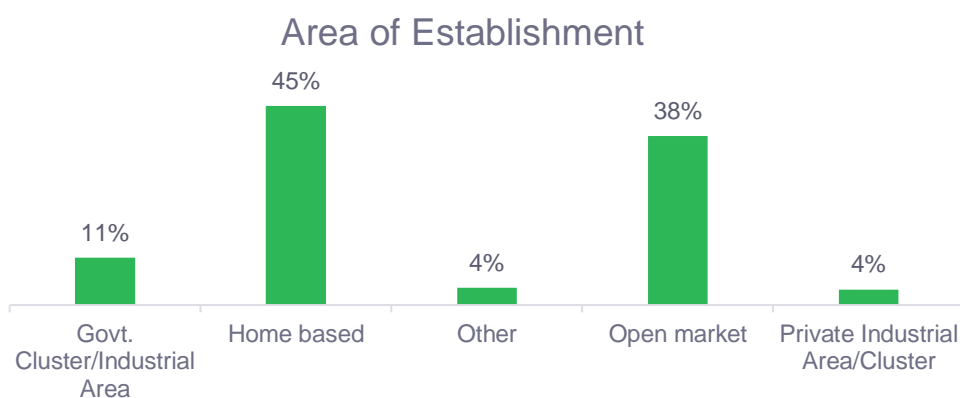


Figure 51: Area of Establishment

The majority of the infrastructural issues are also found in the industrial areas of the State, as witnessed during the stakeholders' consultation and industrial visits. The industrial areas' roads are not wide and damaged. The speed of restoration work in the industrial areas is very low. Water tanks and boundary walls are not there in most industrial areas, and industries have to face many related issues. The disposal of wastewater is not appropriate in most of the industrial areas observed during the field visits. Most of the industrialists have asked to create common facilities.

"Most of the industrial areas do not have water facilities and electricity tariff rates are high. ". (As stated by Industrial Associations)

6.7. Environmental, Safety Standards and Green Initiatives

Social justice and economic growth cannot be achieved without a safe, clean environment and healthy working conditions, and a safe and healthy working environment is recognised as a fundamental human right. Education, training, consultation, and the exchange of information and best practises are indispensable for the prevention and promotion of such measures. MSMEs, the second largest employment sector after

agriculture, also need to comply with the National Policy on Safety, Health and Environment at Workplace. The survey results indicate that 40% of the sampled enterprises follow occupational, health and safety standards. The discussion with various industries associations and enterprises further revealed that most enterprise owners are unaware of occupational, health and safety standards.

Additionally, each factory is required to conduct a medical examination of its employees and maintain a record indicating their fitness for work. Depending on the industry's nature and size, most factories have their occupational health centre with a full-time or part-time medical officer, paramedical staff, and ambulance room. In the matter of categories of MSMEs, small units look less compliant compared to others.

Environment and industrialisation go hand in hand. To excel in environmental and industrialisation, we must adopt green technologies that lead to sustainable development. To encourage MSMEs to adopt new and environmentally friendly technologies, the Government has advocated various programmes and policies that enable these enterprises to adopt and expand their operations without harming the environment. However, almost half of the surveyed enterprise thinks about sustainable development and have some knowledge of green initiatives. Medium enterprises are least concerned about green initiatives, followed by

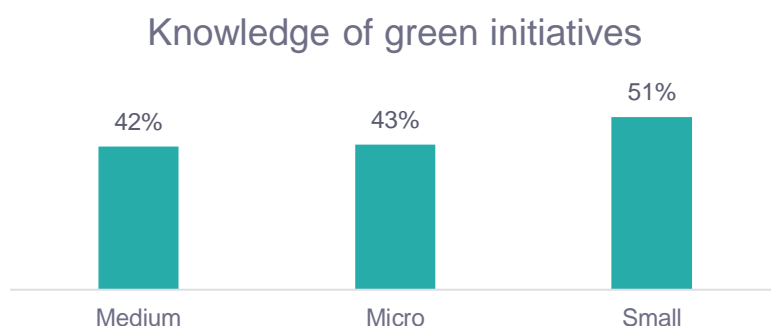


Figure 53: Green Initiatives

micro-enterprises. Most of the surveyed enterprises do not have any plan for sustainable development initiatives due to increased cost of production and low demand from customers due to cost and awareness.

The maximum number of surveyed enterprises have adopted air pollution control (14%) measures to

safeguard the environment, followed by solid waste management. The overall sample has

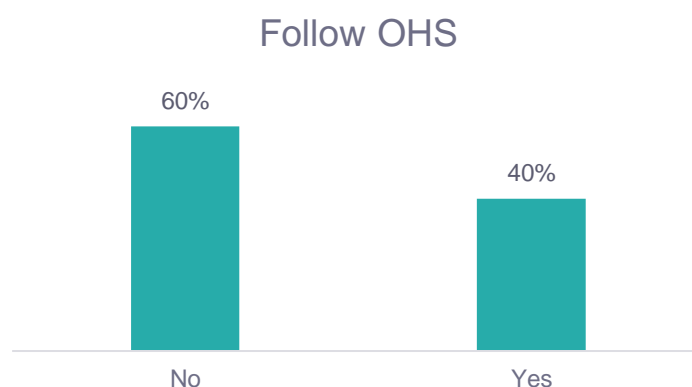


Figure 52: Operational Health and Safety

24% manufacturing enterprises, which indicates that not all manufacturing enterprises have adopted all the necessary environmental and safety measures.

Kind environmental & safety measures implemented

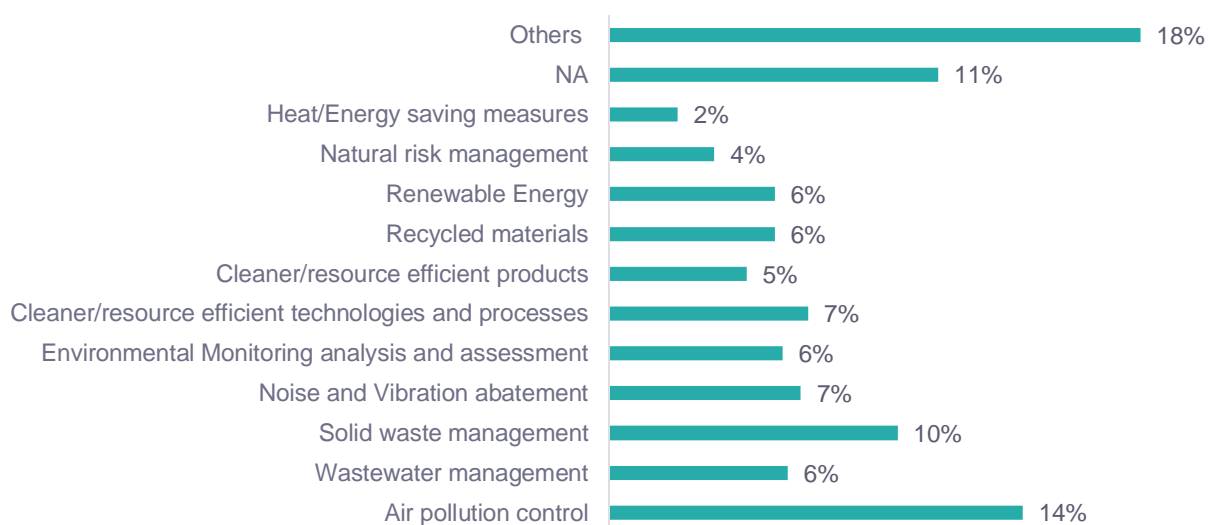


Figure 54: Safety Measures Implemented

The reason for low compliance with necessary environmental and safety measures is given in the figure below, which includes knowledge of green initiatives as the most crucial factor. However, Operating cost, consumer demand and expectations and production or transportation of goods & services under such compliance make it more difficult for MSMEs.

Significant barriers regarding Green Initiatives

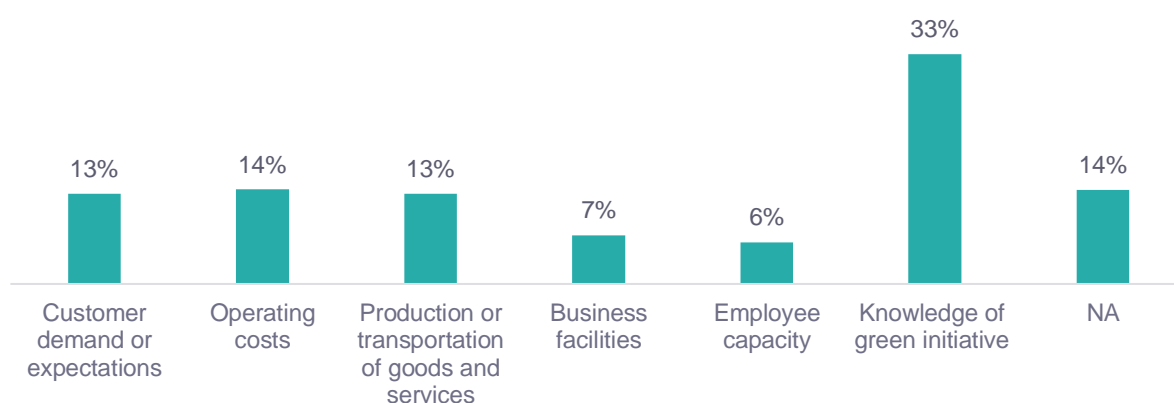


Figure 55: Barriers regarding Green Initiatives

In addition to this, there are some other factors which are highlighted by the MSMEs during various discussions:

- ▶ Complex environmental regulatory standards and unnecessary botheration by the inspecting government officials.
- ▶ There are no clear government regulations on green financing for MSMEs. However, there are many schemes for certification but need financial support in the initial years.
- ▶ Additional cost due to certification and an increase in the cost of production

- ▶ Less demand for sustainably produced products.
- ▶ Limited access of required skilled labours for working on green initiatives and increased cost of production.

6.8. Awareness about Schemes

The majority of enterprise owners lack financial literacy and knowledge of government programmes. They are hesitant to approach banks for a loan and lack the confidence to discuss business-related matters with anyone. Those who apply for the loans intend to obtain loan waivers and subsidies to use the funds for purposes unrelated to the business. During the survey, a list of State and Central Government schemes was provided to the respondents, and the results of the same indicate that a maximum number (22%) of respondents know about Mudra Yojna followed by Mukhyamantri Udyam Kranti Yojna (11%).

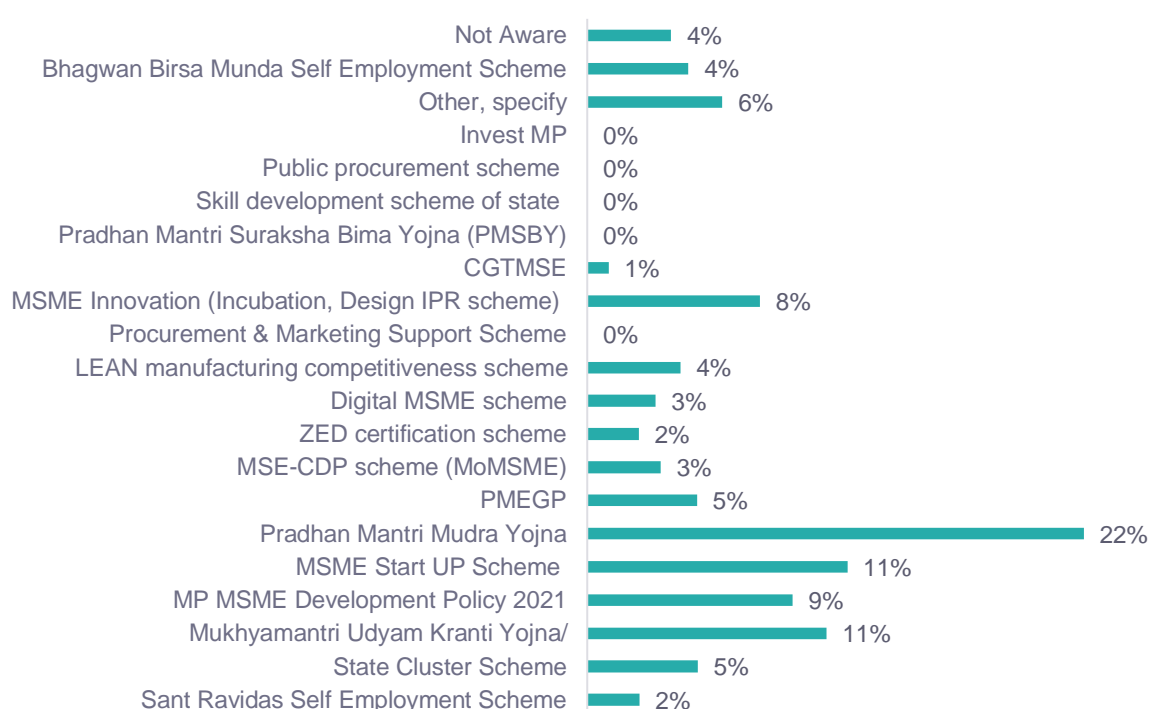


Figure 56: Awareness of Government Schemes

It specifies that there is a low level of awareness about the Government schemes among the enterprise owners. Only some of the enterprise owners know about the schemes who are associated to any industry association or contact District Trade & Industries Centre. It is not a good indicator of the growth of MSMEs in the State.

6.9. Major Challenges

As stated in various reports of the Government of India and multilateral agencies, MSMEs have to face several challenges to operate the business. However, access to finance is one of the prominent issues. The survey results also reveal the same and emphasise that 19% of MSMEs selected access to finance/credit as their biggest challenge compared to other issues. It is followed by the marketing linkages. It shows that MSMEs issues are still relevant, and access to finance and the market are still the two striking points which deter growth.

Current challenges to operate the business

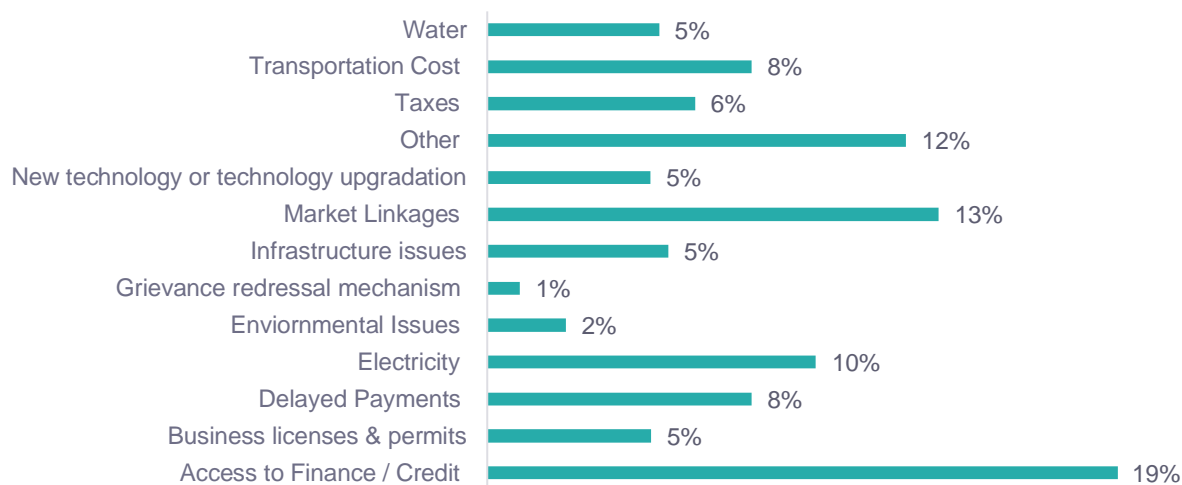


Figure 57: Major Challenges to Businesses

In addition, electricity issues, delayed payments, and transportation costs of selling and bringing raw materials are the major challenges of MSMEs in the State. Similarly, 56% of MSMEs are expecting more challenges in the coming years. It includes physical damage due to natural disasters (10%), supply chain disruption (9%), insurance cost and costs due to the implementation of climate change policies.

Expect challenges for your business over the next 3-5 years

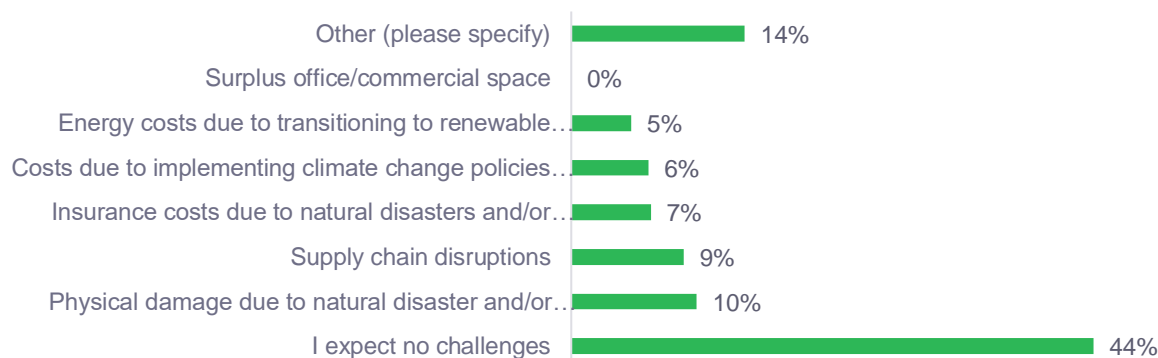


Figure 58: Future Challenges

Enterprise Response to COVID Shock

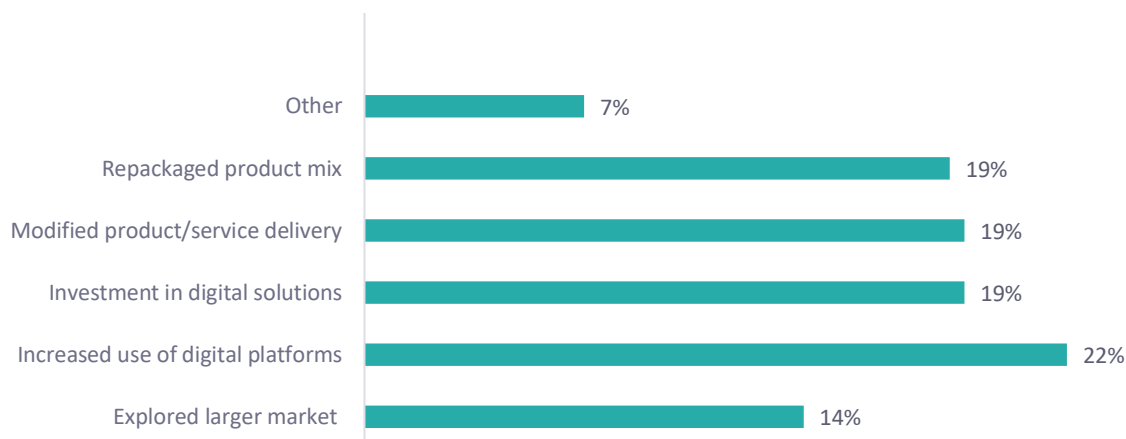


Figure 59: Response to Covid

6.10. Gender Wise Analysis

This section discusses the gender-wise result of the surveyed enterprises. Table 10 shows that GST registration is less in female-owned enterprises compared to the male-owned enterprises. A similar kind of trend can be observed in the case of PAN details.

Table 21 GST and PAN Registration

	Gender	No	Yes	Grand Total
GST	Female	9%	6%	15%
	Male	48%	37%	85%
PAN	Female	3%	12%	15%
	Male	12%	74%	85%

More than 87% of surveyed man-owned enterprises have PAN details, whereas, in the case of female-oriented enterprises, it is 80%. The overall results show that out of 15% of sampled female-owned enterprises, 12% have PAN details, making it 80% of total female enterprises. The details of PAN and GST are crucial for getting finance and formalisation of MSMEs. Therefore, it is necessary to make some specific interventions for female-owned enterprises in the State.

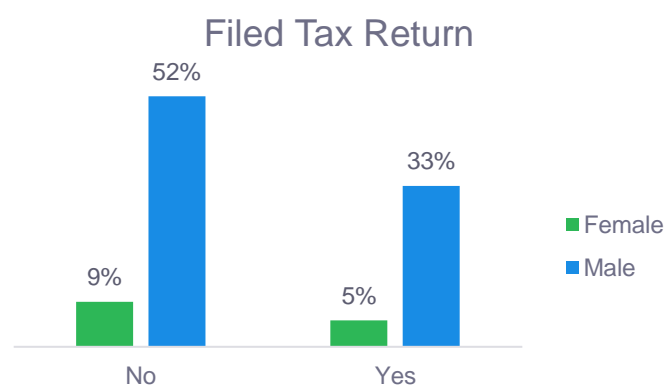


Figure 60: Tax Return

The gender-wise analysis of income tax filing also reveals that more female enterprises do not file income tax. Out of 15% of female-owned enterprises, only 5% file income tax returns. However, the percentage of male-owned enterprises filing income tax returns is higher. It shows that there are more formalisation related issues with female-owned enterprises than male-owned enterprises.

Table 22 Gender wise collateral

Collateral Required	Female	Male
No	35.3%	35.0%
Yes	64.7%	65.0%
Grand Total	100.0%	100.0%

The requirement of collateral for getting loans from banks and financial institutions does not vary much due to ownership of the enterprise. It shows banks are asking for good creditworthiness of the business.

However, in the case of awareness about various portals such as GeM, and SAMADHAN, the results are again similar to earlier results.

Awareness of GeM is very low in both male and female owned MSMEs. However, female owned MSMEs are less aware of GeM compared to male. In case of the SAMADHAN portal, none of the surveyed female enterprises was aware.

Table 23 Awareness about GeM and SAMADHAN

	Aware about GeM	Female	Male	Grand Total
GeM	No	12%	69%	81%
	Yes	3%	16%	19%
SAMADHAN	No	14%	81%	95%
	Yes	0%	5%	5%

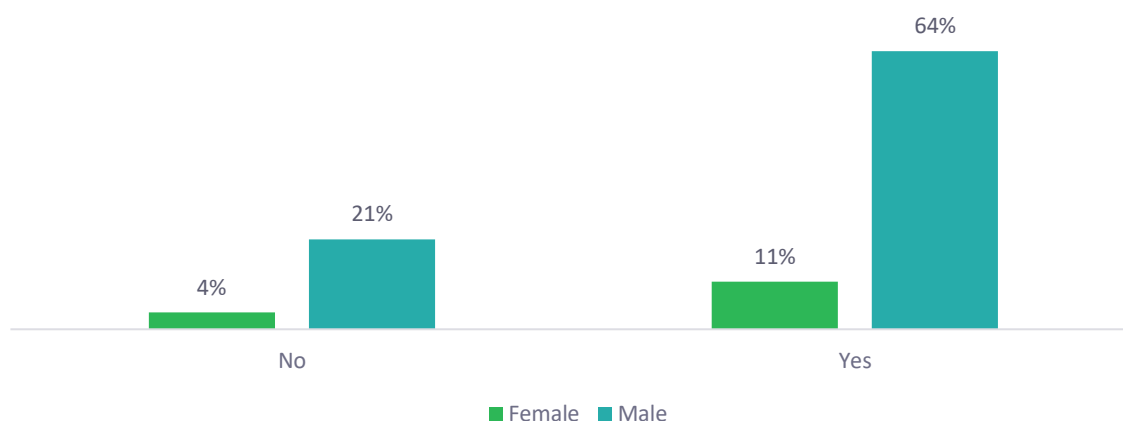


Figure 61: Male & Female Owned Enterprises

It shows that female-owned enterprises are less aware of the existing MSME ecosystem of the State, and probably they have to face larger challenges in doing their business.

Awareness about social media platforms among male and female-owned MSMEs is almost same. Out of 85% of male-owned enterprises, 64% have access to and knowledge of social media platforms compared to 11% of 15% of female-owned enterprises.

It indicates that there is less digital divide between male and female-owned enterprises in the State.

Participation in trade fairs, exhibitions and buyer-seller meets provides exposure and reach of MSMEs' products and services. However, out of 15% sampled female-owned enterprises, 3%

have participated in any trade fairs or exhibition in the past. It raises the question of the awareness about such events among female-owned enterprises.

Table 24 Participated in Trade Fair/Exhibition etc.

Participated	Female	Male	Grand Total
No	12%	68%	81%
Yes	3%	17%	19%
Grand Total	15%	85%	100%

It also indicates less outreach of female-owned MSMEs' products and services. In the case of export of goods and services, the scenario is the same. Only 1% of total sampled female-owned enterprises have exported goods/services compared to 8% of male-owned enterprises. The overall percentage of female-oriented MSMEs shows that 7% of female-owned enterprises are exporting goods or services whereas more than 10% of male-owned enterprises are exporting.

The awareness level among female-owned enterprises is also low about various Government schemes and interventions.

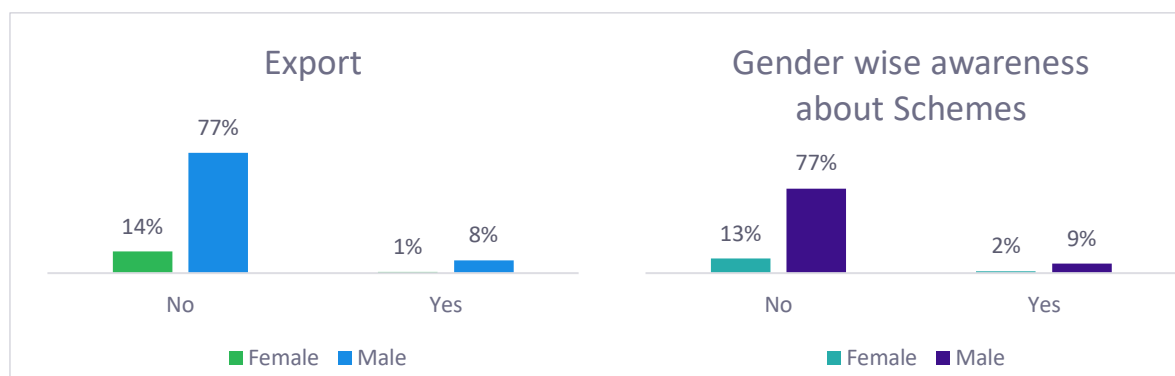


Figure 62: Export & Gender Wise Awareness

6.10.1. Issues Specific to Women Enterprises

Women enterprise owners have raised some specific issues deterring the growth of women entrepreneurs in the State.

- Dual responsibilities of the women entrepreneurs are the first major roadblock; they have to look after their homes and business, which creates work-life balance issues for women entrepreneurs.
- Higher loan rejection rate of women-led enterprises compared to men.
- Women lack knowledge regarding available financing options, the pros and cons of various options, the costs of various options, the benefits of borrowing, etc. This lack of information discourages the pursuit of official funding.

6.11. Social Category Wise Analysis

Social Category-wise Disparities: Challenges in SC and ST MSMEs

The social category-wise analysis of the MSME sector in Madhya Pradesh reveals several challenges, particularly for entrepreneurs from the Scheduled Castes (SC) and Scheduled Tribes (ST). Despite constituting 36.6% of the state's population, SC and ST owned businesses are significantly underrepresented in the MSME landscape. These disparities stem from several interconnected issues:

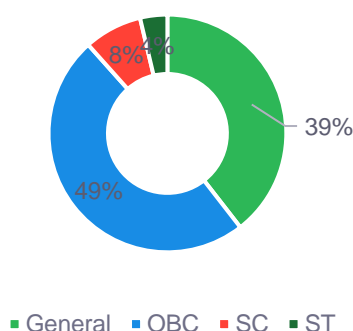
- **Lack of Confidence and Societal Encouragement:** Social prejudices and the caste system's lingering effects result in lower confidence among SC and ST entrepreneurs. This lack of confidence, combined with inadequate societal encouragement and occasional discrimination, discourages entrepreneurship in these social categories.
- **Lower Literacy Rates and Limited Access to Knowledge:** Lower literacy rates and educational opportunities among SC and ST communities contribute to their lack of access to business knowledge, further hindering their entrepreneurial pursuits.
- **Limited Formalization and Access to Infrastructure:** A significant portion of SC and ST enterprises are microenterprises, and many do not have GSTN or PAN details, indicating limited formalization. Moreover, SC and ST entrepreneurs often operate from personal or rented premises, indicating limited access to industrial complexes or areas.
- **Lower Participation in Marketing Events:** The participation of SC and ST owned businesses in trade fairs, exhibitions, buyer-sellers meets, and vendor development programs is significantly lower compared to other social categories. This limited exposure can restrict business growth and networking opportunities for SC and ST entrepreneurs.

This section covers social category-wise analysis of survey data. The total percentage of SC (15.5)¹⁵ and ST (21.1%) population in Madhya Pradesh is 36.6%¹⁶. The analysis of the social category finds that most of the MSMEs are owned by OBC, followed by the General category. It shows that percentage of MSMEs owned by the SC and ST are not in the proportion of the population. The issues related to SC and ST entrepreneurs are lack of confidence, encouragement from society, sometimes caste discrimination and lack of access to knowledge due to lower literacy rate. Therefore, SC and ST challenges are slightly different from the regular challenges of MSMEs.

¹⁵ <http://www.slbcmadhyapradesh.in/docs/StateOverview.pdf>

¹⁶ <https://tribal.nic.in/ST/Statistics8518.pdf>

Social Category



Social Category wise units

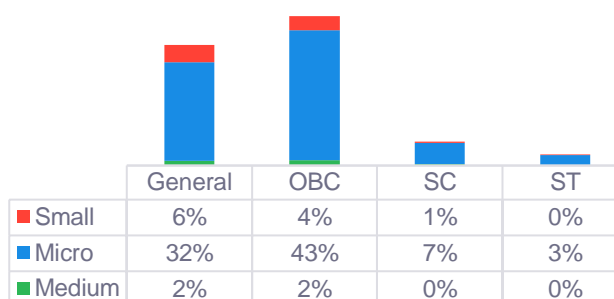


Figure 63: Category Wise Units

Most of the enterprises owned by SC (7%) and ST (3%) are micro, followed by some small enterprises. There are no medium enterprises held by SC and ST. However, the General and OBC categories have medium and small enterprises.

Out of the total sample, almost 40% of SC and ST enterprises have GSTN, whereas it is 50% in the case of OBC and General categories. It is probably due to mostly microenterprises set up by SC and ST.

Table 25 Social Category-wise GST Registration

Social Category	No	Yes	Grand Total
General	20.2%	19.2%	39.5%
OBC	29.6%	19.3%	48.9%
SC	4.9%	3.0%	7.9%
ST	2.4%	1.3%	3.7%
Grand Total	57.2%	42.8%	100.0%

Social Category wise PAN details

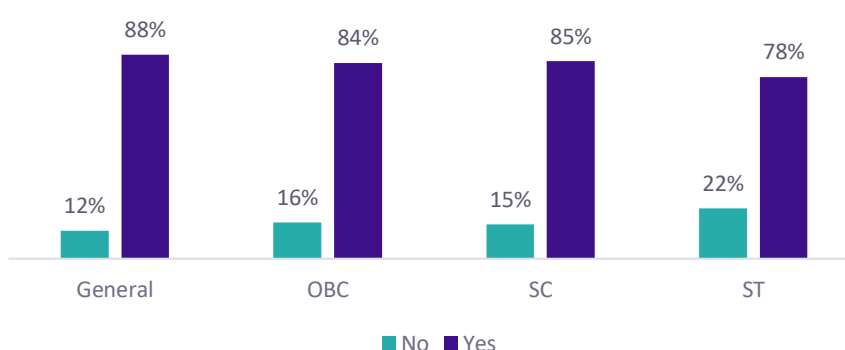


Figure 64: Category Wise Pan Details

Similarly, social category-wise PAN details data shows that more SC and ST enterprises do not have PAN details compared to OBC and General categories. It poses the question of less formalisation of SC and ST enterprises in the State compared to other categories.

Most of the enterprises owned by SC and ST are either on their land or rented premises. The surveyed SC and ST enterprises have no infrastructure in industrial complexes or areas.

Social Category-wise Infrastructure of Enterprises



Figure 65: Category Wise Infrastructure

It shows that SC and ST entrepreneurs have less access to industrial areas/parks/complexes. Similarly, the tax return filing status of SC and ST MSMEs is low compared to General Category MSMEs. It means there is a lack of knowledge and support for SC and ST owned enterprises. They have more issues related to the formalisation of enterprises compared to other social categories.

Table 26 Social Category-wise Income Tax Filing

Caste	File Income Tax Return	
	No	Yes
General	55%	45%
OBC	65%	35%
SC	68%	32%
ST	65%	35%
Grand Total	61%	39%

In the case of marketing support, there is less percentage of SC and ST enterprises which have participated in trade fairs, exhibitions, buyer-sellers meets and vendor development programs. It means more exposure to other social category enterprises compared to SC and ST owned enterprises. The probable reason for it is the level of awareness among SC and ST entrepreneurs about such events. So, there is a need for some interventions for SC and ST entrepreneurs.

Participation in Trade Fair etc. by SC and ST

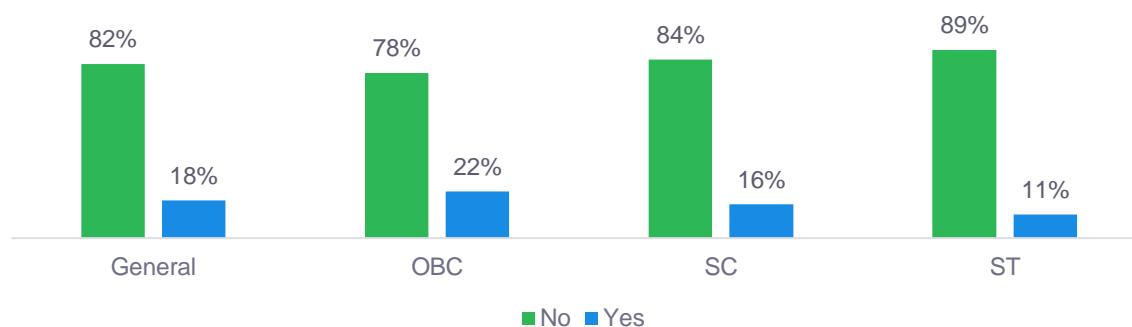


Figure 66: Participation in Trade Fairs SC/ST

The collateral requirement for getting loans- from banks and financial institutions does not vary much for General, OBC and SC category entrepreneurs. More than 60% of SC category entrepreneurs said they need collateral to get loans. However, the scenario is reversed in the case of ST enterprises, 67% of enterprises say that they did not need collateral to get loans.

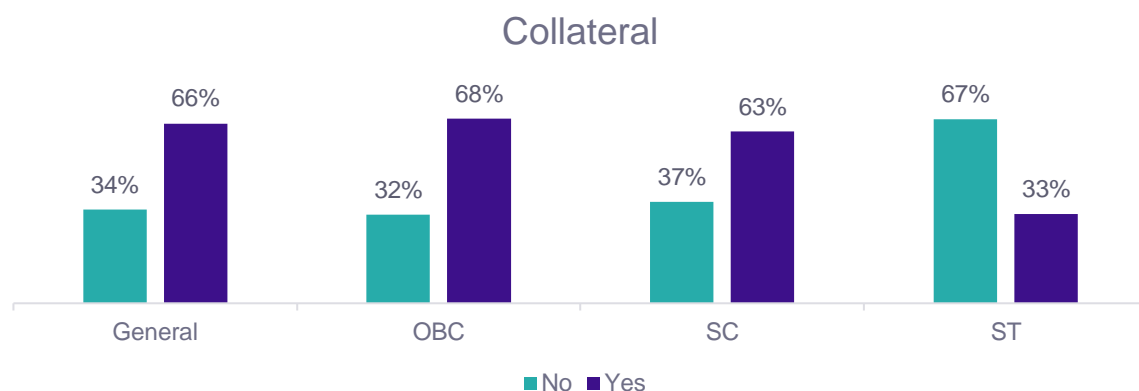


Figure 67: Collateral Requirements

A deeper analysis of the social category, type of enterprise and requirement of collateral for getting a loan provides a clearer picture. As stated above the maximum number of enterprises run by ST entrepreneurs are micro followed by small, and they usually get finance under the Government schemes through CGTMSE cover. Therefore, this is one of the reasons for getting the loan without collateral. It is also evident from the level of awareness among the SC entrepreneurs especially. 11% of the total surveyed SC entrepreneurs are aware of the Government schemes providing finance to MSMEs of the State. It is a big boost for the inclusive development of the MSME ecosystem in the State. However, there is still more to do for ST entrepreneurs.

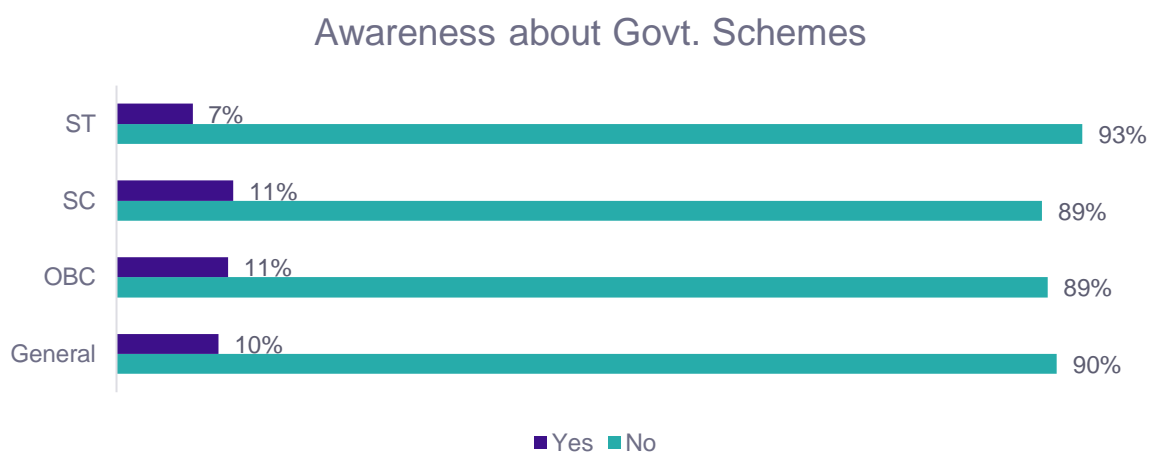


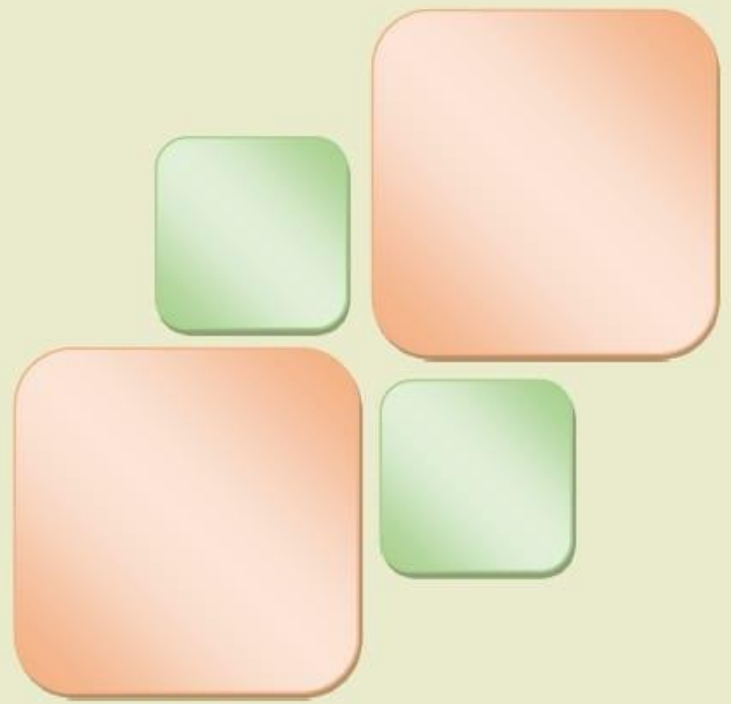
Figure 68: Awareness about Government Schemes

Table 27 Type of Enterprise vs. Social Category Vs. Collateral

Social Category/Type of Enterprises	No	Yes
General	34%	66%
Medium	33%	67%
Micro	36%	64%

Small	27%	73%
OBC	32%	68%
Medium	33%	67%
Micro	35%	65%
Small	13%	87%
SC	37%	63%
Medium	50%	50%
Micro	38%	62%
Small	0%	100%
ST	67%	33%
Medium	100%	0%
Micro	63%	37%
Small	86%	14%
Grand Total	35%	65%

The level of awareness about GeM and TReDs is almost similar in SC and ST enterprises. SC enterprises are more aware compared ST enterprises. The level of awareness among the SC enterprises is similar to General and OBC, which is the result of the number of events done by different bodies to make them aware of such platforms.



Madhya Pradesh Vision under RAMP Scheme



7. Vision of Government of Madhya Pradesh for MSME Transformation under RAMP Scheme

Amidst the global volatility, the underlying essence of any strategy should be to chart a growth plan for MSMEs and inculcate resilience against shocks. The RAMP (Raising and Accelerating Program), in consultation with all the relevant stakeholders, presents an opportunity for the state to formulate and implement this strategy and design steps accordingly to equip the MSMEs with these two components accordingly.

Vision

To enable micro, small, and medium enterprises (MSMEs) to become a vibrant and competitive force in the Indian economy, by providing them with the necessary assistance including capital and new age technology support et el focusing on ensuring regional economic and social balance

These strategies must be devised focusing on components having a multiplier effect on increasing the growth of the sector. The interventions, concerning these components, should be designed according to timeframes- short (Up to Three years), medium (Three to Seven years), and long (Up to Ten years). These interventions should not be mutually exclusive and their cumulations should organically plant the seeds for the next phase. The target should be phased in the medium and long timeframes. The groundwork can be done in the short term and addition and improvement can be done on it based on stakeholder feedback and observation results.

This strategy shall focus on enhancing five components –

- 1. Promoting regional economic and social balance –Leveraging the geographical and demographical strengths, the government aspires to bring economic and social parity in the state where the qualitative and quantitative aspects of growth are given equal weightage.** This parity will be achieved in three phases with DICCI as an operating partner-

Short term

- ▶ 50 MSEs in all each of the tribal districts must be scouted focusing on weightage on
 - Rural Cottage Industries (Handicrafts/ Handloom) and products using Minor Forest Produce (65% in which Handicrafts and Minor Forest Produce can have weightage of 35%)
 - Promoter belonging to ST/SC/OBC.
 - No of people employed more than equal to 6 (100% for 6 and then additional 10% each for every 2 people.
- ▶ Bank Credit (if not availed) for these 50 MSEs by addressing the issues by appointing a dedicated officer to resolve the issues.

- ▶ Training of 500 youths (currently employed or about to be employed) with help of ITIs to work in these MSEs.
- ▶ 4 annual visits target yearly to target market in India for these firms to learn the requirements and best practices. Then, these firms can implement that accordingly.

The target in this step will be to achieve a turnover increase by 20-30% in next three years.

Medium Term

- ▶ The learnings and feedback will be analyzed post an analysis of the interventions implemented above. If the sample size seems small or skewed at this juncture, then the sample can be modified to give weightage to general category MSME owners. The weightage can be divided now as (ST-55%, SC-25%, OBC-20% and General -10%).
- ▶ The successful learnings can be implemented in rest of the states with same rules as previous for scouting.

The target in this step will be to achieve a turnover increase by 30-40%.

Long Term

- ▶ In long term, the ST/SC workforce hired by MSMEs should increase by 35% to reach 400 per day in Rural and 550 per day in Urban. For reference, the wage of the workers is 251 for Rural and around 410 for Urban.¹⁷

- 2. Facilitating Gender Diversity leading to Inclusive Growth –*The vision for the state is to inculcate and enhance women participation in MSME segment and thus mining their strength for the growth of the state.*** The state should first increase women participation at **10% from 3.34%** (total women owned MSMEs to no of women owned MSMEs in MP at present according to Udyam data till May 2023). For the above, the state must target **8.8%** growth YOY basis for 5 years and then **14%** for the next 5 years.

Short term

- ▶ Formation of Women Development Cell (WDC) in each DTIC comprising of MSME official, Lead Bank official from the district and a district administration official. Actionable like Entrepreneurship Awareness Program (EAP) will be devised which will target 100 women entrepreneurs from the district giving greater weightage to ones from ST/SC/OBC category. The EAP will consist of –
 - An event on 2nd Saturday every month inviting the promoters and their spouse/father to understand the concerns and gaps. The event will be attended by WDC members with BDO or DM.

¹⁷ https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---sro-new_delhi/documents/publication/wcms_638305.pdf

- Access to Promoter (and Spouse) for various training modules designed by CEDMAP/ other technical agencies. Stressing on Accounting Principles and Business Practices.
 - Face to Face (F2F) interaction and training on 3rd Saturday by representatives from buyer-sellers platform like Walmart, Flipkart and ONDC. The WDC team will help representatives in designing a guidance manual in local language concerning packaging and overall quality standards.
 - Ease of Bank Credit by the WDC to fulfil orders
- Curation of new course in local ITI for women to get skilled and join the workforce.

Medium Term

- MSMEs will be judged on turnover (an increase of 25% with a weightage of 35%), investment in plant and machinery (term loans of 15-20 lakhs with a weightage of 35%) employment generated (adding 50-60% to existing workforce with rest). The top 25 MSMEs will be felicitated by the HCM and will be used as a success story for the state.
- Increasing the labour participation rate from 11.3% to 20% which is 7 percentage points above Indian average now.¹⁸

Long Term

- With the success observed from the above interventions, designing a corpus fund where the state acts as a limited partner and lets the private players take the lead in training and financially aiding the women's MSME. This corpus fund can be INR 200 Crores where multilateral agencies like World Bank and IMF can be invited as a stakeholder.
- 3. Preserving the environment by increasing the green financing – As a critical and responsible to the nation's growth story, MP aspires to minimize the externalities to the environment without compromising on the growth pace.** Continuous Monitoring and Contaminants treatment are steps which must be taken to address the issue of contaminants of all form. The target must be
- Increment of 16 points i.e., 24.1(as in 2022) to 40 in data in Environment Sustainability and thus, improving its position on the next State Energy and Climate Index by 10 positions.¹⁹ Industrial Area in all 52 districts should be utilized.
- Municipal body's revenue increment by 5% in year on year after three years.

Short term

- Proper training by MP State Pollution Control Board at industry premises to teach MSMEs about waste segregation and recycling potential.

¹⁸ https://mospi.gov.in/sites/default/files/publication_reports/QuarterlyBulletinPLFS%20JanuaryMarch2023.pdf

¹⁹ <https://www.niti.gov.in/sites/default/files/2022-04/StateEnergy-and-ClimateIndexRoundI-10-04-2022.pdf>

Medium Term

- ▶ A dedicated body of the group of experts having vintage in the sustainable environmental practices in MSME will assess the effect of measures and device how state can draft policy for circular economy in this regard. To support the implementation of this measure, a dedicated corpus fund worth INR 100 Crore must be made within the department.
- ▶ The government, with the group of experts, can also pool in private players to analyse the commercial potential of the waste products generated by industries and create a value chain for the products. Like MP has a robust food processing industry which has a potential of generating

Long Term

- ▶ Mechanism to implement carbon credit and other methods must be explored.
4. **Private Players/ Forging Partnerships & Facilitating Innovation**– All the above interventions need a change in approach in how policy interventions are formulated and implemented in the end. For that, it should follow the policy of **Identification, Engagement** and **Onboarding** of private players which can provide solution to pertinent issues and add values at the end. ***The government envisions to have a close synergetic relation with the private players for facilitating innovation resulting in the inclusive development of the state by making latter a stakeholder and allowing them to lead from front in devising policies.***

The targets in this regard are –

- ▶ Innovation Centres in one university each in all **52** districts of the state.
- ▶ Increase the number of Patent applications from **488** in 2021-22 to **1000** in 10 years.

Short term:

At first, the state needs to identify the critical issues in which it needs external expertise. These issues can be collected as feedback from department officials and then, disseminated by internal team to map the stakeholders for addressing them. Then the government should contact these stakeholders for a tie-up in a PPP mode.

Medium term:

In earlier intervention, the state engaged with private stakeholders for solving the pertinent problem of the day. However, after an initial easing in government setting, the stakeholder should be nudged to take a lead in designing and formulating policies regarding emerging areas. The state can act as limited partner here, providing them support wherever necessary and ensuring that the policies adhere to the overall government rules and regulations.

Long Term:

The synergy between the state and stakeholders has been tried and tested throughout the years. Hence, now the next step should be to outsource certain aspects of the governance to

the private players and give the latter autonomy to operate. This autonomy is needed more for facilitating innovation which cannot adhere to a standard SOP.

5. Export Ignition: Despite sound export promotion policy and institutional framework, the state is still left wanting in Access to Finance, Export Infrastructure, and other aspects.²⁰ The aim for the state is divided into two timeframes by –

- ▶ ***Acing the category in landlocked states by increasing the state's share to 3.5% from 1.82% (FY2022-23) in net exports from India in first two years and then, targeting 5.5% in net Indian exports.***²¹
- ▶ ***In next phase, the state should target 10% of Indian exports to other states.***

Short Term:

Based on the gap study by the team, the state will be divided into prominent sectors like pharma, agri processing and so on. The districts will take following steps - **Raw material bank, Assistance of plant and machinery** and **Champions Curation Cell (CCC)**. This CCC will do **market identification, financial assistance like Letter of Credit, scouting of supply chain intermediaries for MSMEs**. It will also engage with experts to train in **testing** and packaging standards and assist MSMEs in adhering to standards **prescribed** as per market.

Medium Term:

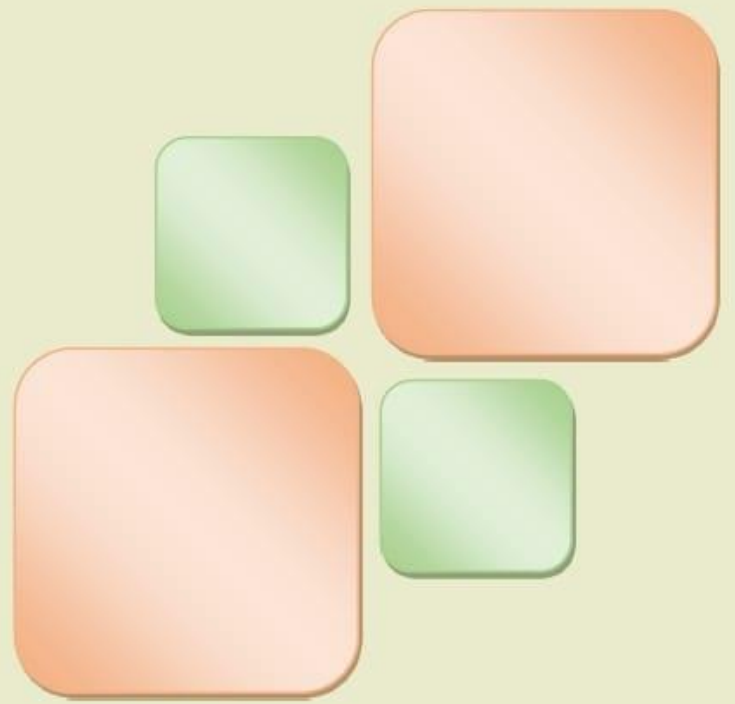
The strategy in this point will focus on establishing a knowledge transfer between high performing states and Madhya Pradesh. The training from custom officers,

Long Term:

Through feedbacks and other measures, the segment having unrealized potential will be identified and experts will be engaged to cultivate that as a viable product alternative in the longer run.

²⁰ https://www.niti.gov.in/sites/default/files/2022-03/Final_EPI_Report_25032022.pdf

²¹ <https://dashboard.commerce.gov.in/commercedashboard.aspx>



SIP Pillars of Madhya Pradesh



8. SIP Pillars for Madhya Pradesh under RAMP Scheme

Aligned to the RAMP Scheme objective, we have identified **Six important tracks** which will play an instrumental role in MSME competitiveness of state in coming years. All the identified pillars are linked to the Disbursement Linked Indicators (DLIs)

8.1. Existing Business environment: Existing Policy and Regulatory frameworks

Due to limited size and capabilities, MSME units often require continuous support in understanding market needs and opportunities, registering and obtaining the required approvals, accessing finance, and leveraging government schemes. Also, MSMEs, in the process of setting up their enterprises are expected to obtain multiple services (licenses/approvals/clearances/renewals) from different departments. There are over 200+ approvals, clearances and licenses required by MSMEs basis on the industries they set up. It has been observed that availing these many licenses and approvals becomes taxing on MSMEs. MSMEs in state strive for ease of doing business but are met with various challenges like limited understanding of taxes and regulations required, compliance culture issues, lack of supportive services for getting the approvals etc. Under this section, the focus shall be on understanding the EODB from MSME perspective and proposing interventions which will lead to a cohesive environment.

1

Study the existing business environment, regulatory support extended in state

2

Study various policies of state and central and analysis on how MSMEs are getting benefitted through these policies. It also involves, identifying gaps in existing policy framework and undertaking benchmarking analysis

3

Addressing the gaps through suggestive measures, preparing framework for implementation of the identified interventions

8.2. MSMEs capabilities

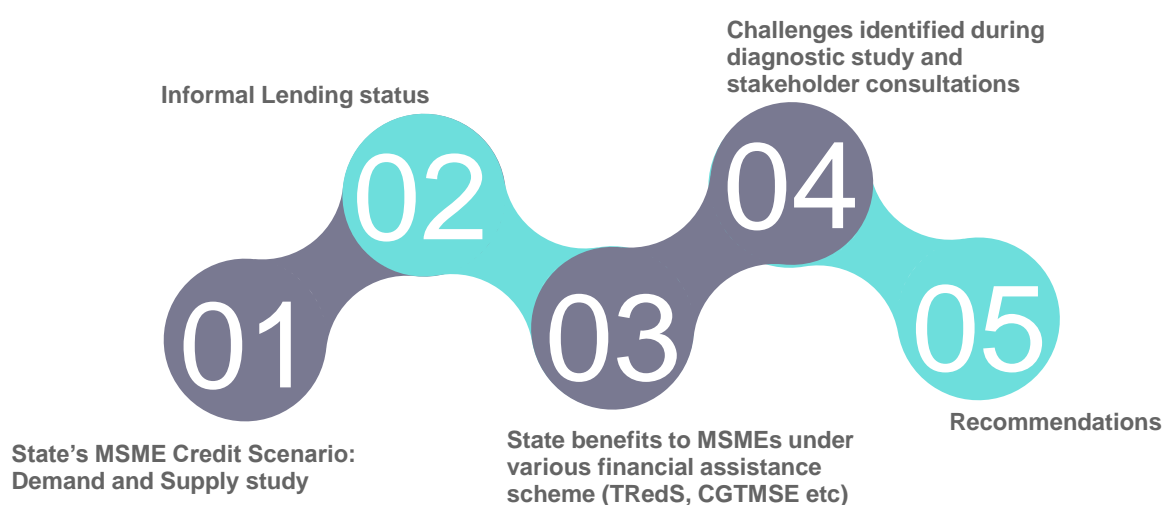
The business ecosystem — local, national or global — is constantly evolving, and with it the needs and challenges of MSMEs. Due to the limitation in capital and resources, MSMEs usually lag behind large enterprises in adapting and responding to the new evolved ecosystem.

Technological upgradation is essential for MSMEs to stay competitive in today's fast-paced business environment. With the advent of new technologies and the increasing adoption of digitalization, businesses that fail to keep up with the latest trends risk falling behind their competitors. By upgrading their technology, MSMEs can improve their operational efficiency, reduce costs, and enhance their overall competitiveness.

Under this we identified and mapped the MSMEs with respect to Technology, Competitiveness: Assessing offtake of Champion scheme: ZED, LEAN, Innovate: (Design, IPR, Incubation), Digital MSME

8.3. Access to finance

Access to finance is critical for MSMEs to grow the business however it remains a key constraint to MSME development in India. Several entrepreneurs face challenges with this due to complex collateral requirements, cumbersome procedures, delay in fund disbursement, un-standardized project appraisal system for term loans etc. Many MSMEs lack awareness of different financial products and benefits available to them. Furthermore, the wide spectrum of options makes it difficult for MSMEs to know which option is right for them MSMEs want to expand their business but are unable to do so due to financial constraints. MSMEs are unable to avail benefits of financial products and face challenges with this due to lack of understanding of the bank's financing framework, and un-standardized project appraisal system for term loans etc. Thus, linkages with financial institutes as well as alternative sources of funding such as investors, private equity, etc. are require. Under this section, focus shall be given on key schemes of GoI (TReDS, CGTMSE, PMEGP), analysis on formal and informal finance in Madhya Pradesh, supply and demand of credit in state with special focus on Women/SC/ST, state's stand in green financing and suggestive interventions for the challenges identified in area of access to finance.



8.4. Access to Market

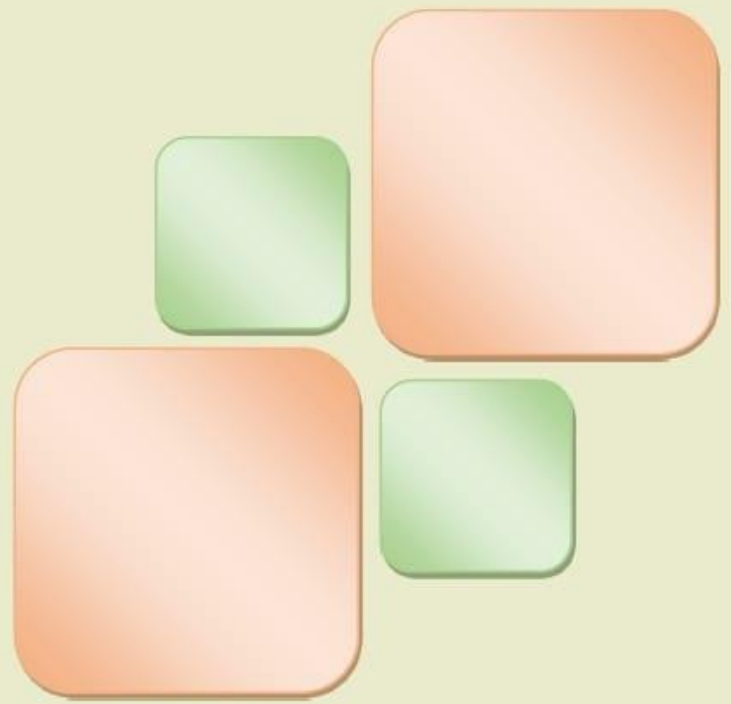
One of the primary requirements of MSME in their growing stage is access to market initiatives. The MSMEs require support in terms of market research, developing strong forward & backward linkages, incorporating innovative marketing strategies, leveraging Government initiatives etc. However, MSMEs face barriers in this pillar in terms of lack of common marketing and sales platform, minimal knowledge on exports and related activities, lack of Government initiatives in strengthening marketing and inadequate information on Government initiatives as explained earlier. The section studies state's MSMEs performance in area of access to market (domestic and international) and also study the current marketing ecosystem available in state with respect to policy initiative and available infrastructure

8.5. Assessing Capacity Building needs of MSMEs

The MSME sector is a major contributor to the growth of the Indian economy. However, the sector faces several challenges, including the lack of skilled workforce and inadequate capacity building measures. The need for skill development and capacity building is crucial for MSMEs to stay competitive in the market. The availability of skilled labor can help increase productivity and quality, resulting in better products and services. Capacity building measures such as training programs can also help MSMEs enhance their competitiveness and performance. Under this section, we deep dive into the capacity building needs of MSMEs simultaneously analysing the support institutions providing training and capacity building.

8.6. Samadhan/ Delayed payments (DLI 6)

Delayed payments significantly impact the working capital needs of MSMEs. Data also suggests that Micro Industries face the brunt of payment delays, escalating from 43.13% in 2018 to 65.73% in 2021. This trend is mainly due to the absence of legally enforceable payment terms. The SAMADHAN platform was introduced by the Government of India to assist MSMEs with their delayed payment issues. The platform is intended to provide a prompt and effective solution to MSMEs by reducing the cash flow constraints they face due to delayed payments from their buyers. Under this section we will analyse Madhya Pradesh performance in area of MSME delayed payments and state government various initiatives to address the MSME issue of delayed payment.



MSME Competitiveness



9. Existing Business environment: Existing Policy and Regulatory frameworks

The business environment plays a crucial role in shaping the growth and performance of Micro, Small and Medium Enterprises (MSMEs) in any region. It encompasses various factors and conditions that influence the ease of doing business, competitiveness, and overall sustainability of MSMEs.

In the state of Madhya Pradesh, like in many other regions, MSMEs face several challenges within the business environment that hinder their growth potential. These challenges can include regulatory complexities, process gaps, costs, compliance burdens, infrastructure limitations, market access barriers and technological gaps. Addressing these challenges and creating a favourable business environment is essential to unlock the full potential of MSMEs and drive their accelerated growth. By enhancing the business environment, Madhya Pradesh can attract investments, foster innovation, encourage entrepreneurship, and create a vibrant ecosystem for MSMEs to thrive. The numbers, geographical concentration of MSMEs, business environment and the availability of required infrastructure vary substantially across states. Hence the collaboration and coordination between the centre and states becomes very essential for supporting the MSMEs in order to improve their productivity. However, current Central and State MSME support programs and interventions are not integrated. Outreach of the central schemes is low, with State schemes and portals having a relatively higher outreach. It requires a more integrated approach by linking central and state level policies, legislative, institutional and program reforms executed at both Central and State levels.

In this Strategic Investment Plan (SIP), we will delve into the specific challenges within the business environment and propose targeted solutions to overcome these obstacles, thereby setting the stage for raising and accelerating the performance of MSMEs in Madhya Pradesh.

9.1. EoDB Performance benchmarking

India has become one of the most alluring locations, both for investments and for conducting business. The advancements made in the field of infrastructure, technology, government schemes and other facilities and services provided to the industries is commendable. According to the World Bank, India ranked 63rd in 2020 in ease of doing business across the world among 190 countries, improving its rank from 142 in 2014. This huge jump in the ranking is a clear indication of how India is progressing in terms of ease of doing business. India's growth over the years for Ease of Doing Business index released by World Bank is depicted in the figure.

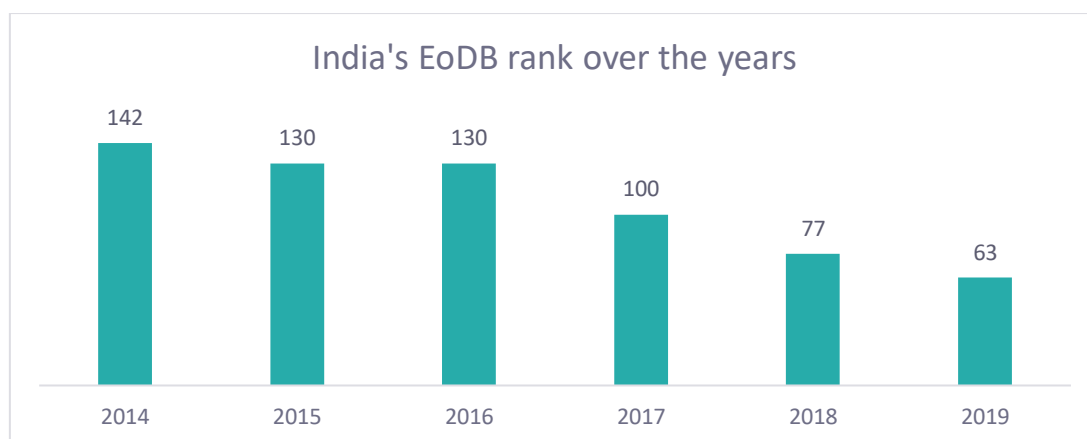


Figure 69: India's EoDB Ranking

In short, the government has been implementing important reforms to make doing business in India easier. The government has made a number of actions in a variety of areas to help the improvement of the business environment in the nation. Consistent improvement on various metrics is likely to hasten India's ascent to the top 50 countries in ease of doing business in years ahead.

The Ministry of MSME provides a number of programmes and schemes to support businesses, particularly micro and small businesses. New initiatives of the ministry give rise to and support increasing product portfolios. In addition to the Ministry of MSME, various other ministries also offer aid in the form of programmes for skill development, market development assistance, technological support, finance flow, public procurement rules, participation in domestic and international fairs, etc.

India's National Single Window System (NSWS) was also launched by the government in the year 2021 to improve the ease of doing business. The National Single Window System (NSWS) is a centralised digital platform that directs industries in locating and requesting permissions in accordance with their operational needs. Through this portal an industry can apply for approvals and clearances from 28 Central Departments and 20 State Governments. As per the Economic Survey of India 2022-23, there have been 81000+ approvals provided through NSWS whereas 43000 approvals are currently under process. Other than the NSWS and reduced compliances, several other initiatives have also been taken by the central and state governments to improve investment climate & make investors experience at par with leading economies in the world.

The initiatives taken by the central government for improving ease of doing business index in India are mentioned below:



- i. **Launch of Make in India, Start-up India and Atmanirbhar Bharat** campaigns which has made a positive impact mindset of the entrepreneurs. An investment of INR 1.97 lakh crore (more than US\$ 26 billion) has been announced in the Union Budget 2021-22 for PLI schemes for 14 important manufacturing sectors, starting from fiscal year (FY) 2021–2022. This is done in order to support India's vision of becoming a "Atmanirbhar" and to improve India's manufacturing capabilities and exports. Apart from the aforementioned programmes and schemes implemented by various ministries, several other programmes are also being run by different ministries in order to empower MSME industries such as National Scheme of Apprenticeship Training, Seekho aur Kamao Scheme for skill development of minorities, Entrepreneurship Development Programme etc.
- ii. **Industrial Corridor** - Government of India is building a pentagon of industrial corridors across the country to provide developed land and quality infrastructure for industrial townships.
- iii. **Starting a business:** Permanent Account Number (PAN), Tax Deduction & Collection Account Number (TAN), Director Identification Number (DIN) have now been merged into a single form (SPICE) for company incorporation. Documentation mandates have been significantly reduced so as to ease doing business in India. Registration has also become easier as a common online service portal Shram Suvidha with no physical touchpoint has been established and inspection before registration is not mandatory in Delhi and Mumbai now. Through a computerised system, the Shram Suvidha portal offers a transparent labour inspection scheme and requires labour inspectors to upload their inspection results within 72 hours. A provision of elimination of incorporation fee for companies with an authorized capital of up to Rs. 15 Lakh has also been made.
- iv. **Dealing with Construction Permits:** Cost of obtaining construction permits have been reduced from 23.2% to 5.4% of the economy's per capita income. Introduction of fast-track approval system for issuing building permits have eased the lengthy procedures followed for providing construction permits.
- v. **Trading Across Borders:** A single platform has been launched where 27 maritime stakeholders have been integrated and importers and exporters can submit their

clearance documents through a single window making the procedure easier than before. Documentation mandates have also been reduced.

- vi. **Enforcing Contracts:** Introduction of e-filing of cases in district courts and a case management tool has facilitated in making the process smoother as tracking of status of cases can be done online. The launch of a single platform in the form of Samadhan portal by the Ministry of Labour and Employment, where workers and other stakeholders can raise their grievances and file any industrial dispute, has also helped in faster resolution of commercial disputes and making the system more transparent and efficient.
- vii. **Access to Electricity:** The number of documents and the total number of procedures required for getting an electricity connection and the time taken to provide electricity connection has also been reduced. The central government is also working towards making it license free and reducing the entry barriers in electricity distribution industry.
- viii. **Registering Property:** Digitization of sub-registrar offices and integration of records has been done with the Land Records Department. This digitization of land records and maps will bring transparency and ease the process of registering property. The availability of online search for compliances also contributes to ease of doing business.
- ix. **Resolving Insolvency:** Insolvency resolution has become easier than ever after introduction of the Insolvency and Bankruptcy Code in the year of 2016 which also happens to be the first comprehensive legislation for corporate insolvency in the country. The deadline for resolving insolvency for mid-sized companies has been set for 90 days with a grace period of 45 days under the Fast-track Corporate Insolvency Resolution Process (CIRP).
- x. **Paying Taxes:** The central government has curbed the corporate taxes for mid-sized companies along with providing them with an option of concessional tax regime. The infrastructure for paying online taxes has also been improved to a great extent.

9.2. Ease of Doing Business Scenario in Madhya Pradesh:

Madhya Pradesh government has implemented several reforms to enhance the business environment and attract investments. Madhya Pradesh's performance over the years for Ease of Doing Business index is depicted below:

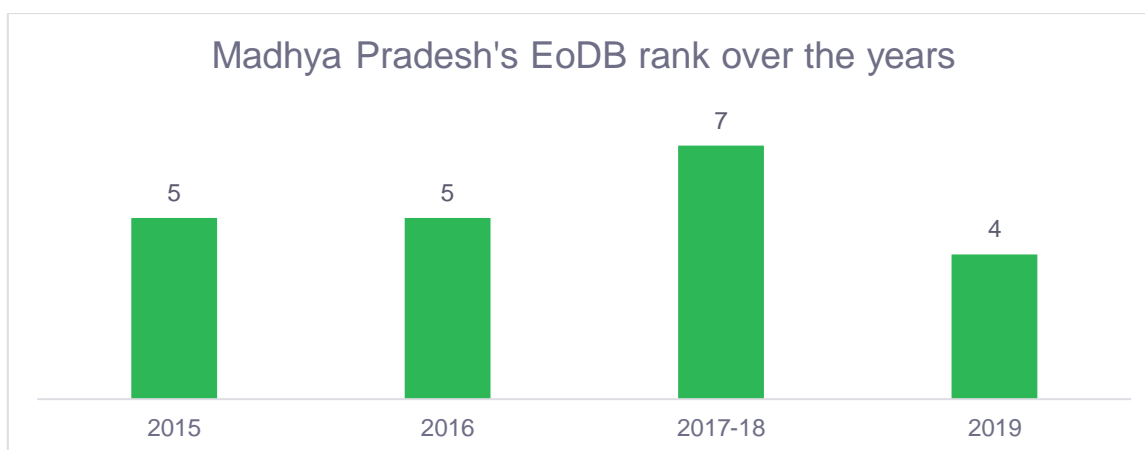


Figure 70: Madhya Pradesh EoDB Ranking

Madhya Pradesh was also declared the Best Performing State in the western region for the year 2019. Madhya Pradesh was also one of the states among the Top Achievers in the country as per the assessment report of the states and union territories under 'Business Reforms Action Plan (BRAP), 2020'. Some notable initiatives include:

- i. **Formation of Madhya Pradesh Business Facilitation Cell (MBFC) for MSME:** A business facilitation cell has been constituted to guide MSME units about government's various schemes and policies and provide them with guidance and facilitation at a single place.
- ii. **Online Single Window Clearance System:** Madhya Pradesh has established an online single window system for streamlined and efficient processing of business-related approvals, licenses and clearances where investor can apply for any type of services for the industry in a single platform. In state's endeavour to facilitate investors, Department of Industry Policy and Investment Promotion (DIPIP), Government of Madhya Pradesh has come with **INVEST Portal** (Integrated New Venture Establishment). The INVEST would not only serve as single window system for managing all investments in the state, but would also act as one stop solution for any investor wanting to setup business in the state. All the details or information related to industries or investors are managed on this portal and both the investors and department users can also view these details. Through ongoing inspection and monitoring, the portal guarantees that facilities and permissions are delivered on schedule. It also provides a single platform to the investors, to procure all the approvals/ permissions and facilities.
- iii. **Skill Development:** The state government has focused on skill development initiatives to enhance the employability of the local workforce and meet the demands of industries through **Global Skill Park**
- iv. **Digitization of permits:** Permit applications for the purpose of 'Ease of Doing Business' are being published on the portal of Madhya Pradesh Transport Department and arrangements are being made to file objections related to permit applications online. The Madhya Pradesh Transport Department's portal now offers quick access to the inspection of all process vehicle permits courtesy the digitization of these documents. 7,77,760 learning licenses have been issued under these online systems.

- v. **Simplification of procedures for environment clearance in the state:** There have been several interventions to simplify the environmental clearance (EC) process under the Ease of Doing Business of the Madhya Pradesh Government and other important implementation guidelines. The minimum time limit for disposal of cases by the Government of India is 105 days whereas the time limit for similar cases has been fixed at 30 working days by the government of Madhya Pradesh. From processing applications on the environment site of the Ministry of Environment, Forest and Climate Change of the Government of India to awarding an environmental clearance, all of the processes relating to environmental clearance by SEIAA and SEAC have been made accessible online.
- vi. **Simplification of procedures to encourage industrial investment:** The environmental permission/approval procedures have been streamlined in order to promote industrial investment in Madhya Pradesh, such as the system of providing water/air consent for a minimum of 05 years. E-talk technology has been used to communicate with businesses and institutions. A real-time dashboard feature for monitoring cases in progress has also been included.

9.3. Regulatory and Compliance Related Challenges for MSMEs

Larger companies are more likely to have a dedicated workforce that can complete state compliances in areas such as taxation, labor and environmental regulation. For smaller companies, such compliances place a real burden on management, distracting from other critical operational issues and hence the overall process, starting from registering a business to operating it, becomes difficult for the industries. In the state of Madhya Pradesh, MSMEs face several challenges related to ease of doing business, which can impede their growth and productivity. MSMEs operate within a regulatory framework that governs various aspects of their business operations. In Madhya Pradesh, the complexity and time-consuming nature of regulatory procedures poses significant challenges for MSMEs. Cumbersome licensing processes, multiple inspections and excessive paperwork leads to delays, increased costs and administrative burdens.

Basis on our diagnostic studies MSME face below challenges in EODB in Madhya Pradesh



- **Complex Regulatory Procedures:** MSMEs face challenges due to complex and time-consuming regulatory procedures. The process for obtaining licenses, permits and approvals involve multiple steps, documentation requirements and interactions with various government departments. This complexity result in delays, increased costs and administrative burdens for MSMEs.
- **Lack of Clarity and Transparency:** Ambiguity and lack of clarity in regulations and policies poses challenges for MSMEs. Unclear guidelines and inconsistent interpretation of rules by authorities leads to confusion and difficulties in compliance. MSMEs require clear, transparent and easily understandable policies to navigate the regulatory landscape effectively.
- **Compliance Burden:** Compliance with a multitude of regulations and reporting requirements is burdensome for MSMEs. The costs associated with compliance, such as maintaining records, filing returns and undergoing inspections, strains the limited resources of MSMEs.
- **Inadequate Support Mechanisms:** MSMEs face challenges in accessing information, guidance and support related to regulatory compliance. Limited availability of support mechanisms, such as dedicated helplines, online resources and guidance from government agencies, hinders MSMEs in understanding and adhering to business-friendly policies.
- **Inconsistent Implementation:** Inconsistencies in the implementation of policies and regulations poses challenges for MSMEs. Different interpretations and enforcement practices by government officials leads to uneven application of rules,

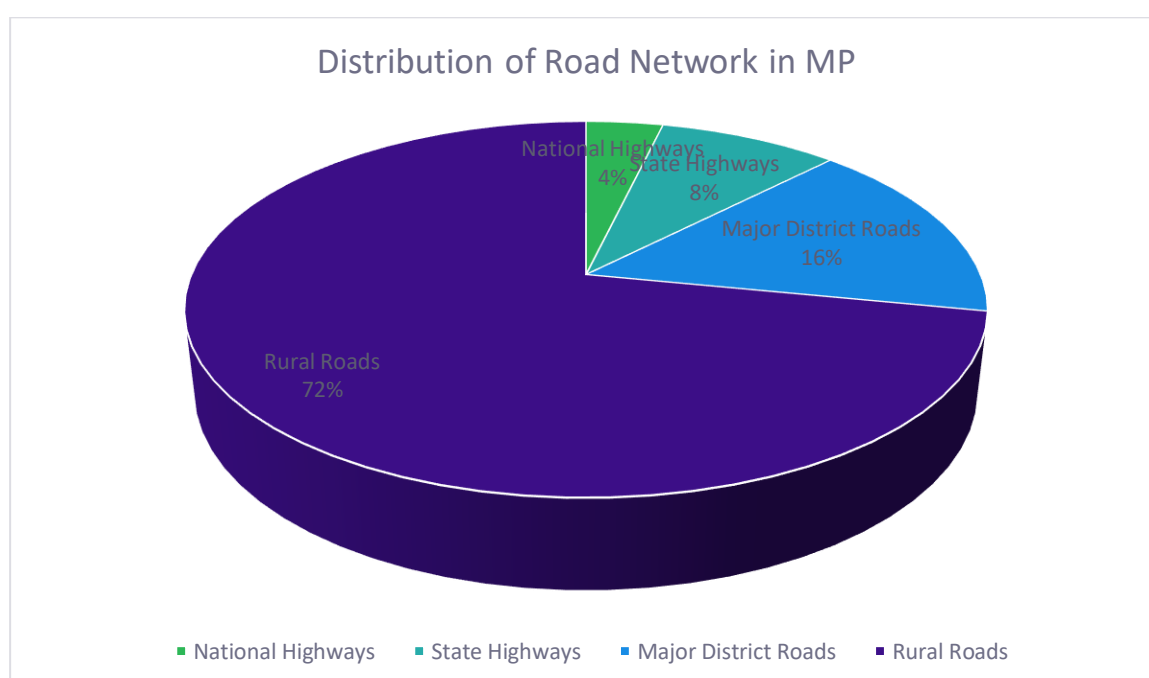
9.4. Infrastructure

Infrastructure plays a crucial role in the growth and development of micro, small, and medium enterprises (MSMEs). It encompasses both physical and soft elements that are essential for creating a favourable business environment and enabling MSMEs to thrive. However, in the state of Madhya Pradesh, MSMEs face significant challenges related to infrastructure, which hinder their growth prospects. MSMEs in Madhya Pradesh encounter various challenges that impede their operations. One of the primary concerns is inadequate transportation networks. The state faces issues of insufficient road connectivity in rural areas, poor quality of roads, and limited access to ports. These factors make it difficult for MSMEs to transport goods and materials efficiently, resulting in increased transportation costs, delays in supply chain, and reduced competitiveness. MSMEs struggle to reach their target markets, face difficulties in sourcing inputs, and find it challenging to distribute their products effectively.

Physical Infrastructure:

The physical infrastructure in the state of Madhya Pradesh plays a crucial role in facilitating the growth and development of micro, small, and medium enterprises (MSMEs). However, the state faces various challenges that hinder the optimal functioning and expansion of MSMEs. This chapter aims to delve into the challenges related to physical infrastructure in Madhya Pradesh and explore potential solutions to address them.

1. Inadequate Road Connectivity:



Inadequate Road connectivity is a significant challenge faced by MSMEs in the state of Madhya Pradesh. The state has a road network of 127,000 km, comprising 4,700 km of national highways, 11,000 km of state highways, 20,000 km of major district roads (MDRs), and the balance being rural roads. The state's vast geographical area and dispersed industrial clusters make it crucial to have a well-defined road network to connect different regions and facilitate the smooth movement of goods, raw materials, and services. However, the existing road infrastructure falls short of meeting the requirements of MSMEs, particularly in rural and remote areas.

One of the primary issues is the limited coverage of quality roads. Many regions in Madhya Pradesh, especially those located in rural and remote areas, lack well-maintained and properly constructed roads. These regions often have inadequate road networks, with poor connectivity to major industrial hubs and markets. This poses a significant challenge for MSMEs in terms of accessing customers, suppliers, and other business-related resources.

Moreover, the condition of existing roads in Madhya Pradesh is often substandard. Many roads suffer from potholes, uneven surfaces, and inadequate signage, which not only effects the smooth flow of traffic but also poses safety risks. These road conditions make it challenging for MSMEs to transport their goods efficiently and safely. Additionally, frequent repairs and maintenance works further disrupt the transportation network and cause delays in the movement of goods.

The inadequate road connectivity also impacts the overall logistics and supply chain management of MSMEs. The lack of well-connected roads makes it difficult for MSMEs to source raw materials from suppliers located in different regions. It also hampers the distribution of finished goods to customers, leading to increased lead times and higher logistic costs. This affects the competitiveness of MSMEs, as they struggle to meet customer demands and respond to market fluctuations in a timely manner.

2. Limited Access to Ports:

Limited access to ports poses a significant challenge for MSMEs in the state of Madhya Pradesh. Being a landlocked state, Madhya Pradesh does not have direct access to coastal areas, resulting in logistical complexities and increased costs for businesses involved in import and export activities. One of the key issues faced by MSMEs is the increased transportation costs associated with moving goods to and from ports. Since the state is not located near the coastline, MSMEs must transport their products over long distances to reach the nearest ports. This leads to higher fuel expenses, vehicle maintenance costs, and driver wages, all of which contribute to increased operational expenses for MSMEs. In comparison to businesses located near coastal areas, MSMEs in Madhya Pradesh face a competitive disadvantage due to the additional costs incurred in transporting their goods.

Moreover, limited access to ports results in longer lead times for MSMEs. Exporters from the state often struggle to deliver their products to the ports on time, which leads to delays and potential penalties. These longer lead times affect the overall responsiveness of MSMEs to market demands and reduce their ability to meet customer expectations for timely delivery. It also hampers their ability to take advantage of time-sensitive opportunities in the global market.

The limited access to ports also increases MSMEs dependency on intermediaries such as transporters and logistic service providers. MSMEs often rely on these intermediaries to handle the movement of goods to and from ports. However, this dependence leads to higher costs, reduced control over the logistics process, and potential challenges in finding ²²reliable and cost-effective service providers. MSMEs face difficulties in selecting the most efficient and affordable logistics solutions, further impacting their competitiveness in the market.

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https://www.researchgate.net/publication/354338855_A_Study_of_the_Challenges_of_the_Indian_MSME_Sector

Additionally, the restricted access to ports limits MSMEs opportunities to expand into global markets. Access to international markets is crucial for the growth and sustainability of MSMEs, as it enables them to diversify their customer base and establish direct relationships with international buyers. However, the limited access to ports in Madhya Pradesh hinders MSMEs ability to explore global trade opportunities, engage, and leverage international partnerships to expand their businesses.

3. Air Connectivity

Madhya Pradesh faces challenges in terms of air connectivity, which significantly affects the growth and development of MSMEs in the state. Limited air connectivity restricts the ability of MSMEs to access national and international markets, limiting their potential customer base and opportunities for expansion. The lack of connectivity hampers their ability to participate in global supply chains, hindering their competitiveness. The state has only two domestic cargo terminals out of the six functional airports in the state. Domestic cargo terminal has been developed in Indore that is currently functional with a capacity of 73,000 MT/ year and the domestic cargo terminal of Bhopal has started its operation in the month of January 2023. This terminal has the capacity to handle 29,400 MT cargo volumes in a year with cold storage facility. Inefficient air connectivity often disrupts supply chains, particularly for time sensitive industries or those dealing with perishable goods. Timely delivery of raw materials, components and finished products becomes challenging, affecting the overall productivity and reliability of MSMEs. Air connectivity also play a crucial role in facilitating the movement of resources, including skilled professionals, consultants, and specialized equipment. Restricted air connectivity limits the access to these resources, hindering MSMEs ability to assess specialized knowledge and expertise required for their growth.

4. Power Supply

Inadequate power supply poses a significant challenge to MSME growth in Madhya Pradesh. The state experiences frequent power outages, voltage fluctuations, and inefficient supply infrastructure, leading to various negative consequences for MSMEs. Firstly, the unreliable power supply increases production costs for MSMEs. They often resort to alternative power sources such as diesel generators during outages, resulting in higher energy expenses. This reduces the financial resources available for investment in growth and expansion activities. Secondly, the inconsistent power supply decreases productivity for MSMEs. Power disruptions disrupt manufacturing operations, causing downtime and delays in production. This leads to reduced efficiency and difficulties in meeting customer demands and deadlines. Additionally, the inadequate power supply can damage machinery and equipment used by MSMEs. Voltage fluctuations and sudden power surges have the potential to harm sensitive equipment, resulting in additional costs for repairs or replacements. Moreover, inconsistent power supply negatively impacts the quality of products manufactured, leading to rejections or customer dissatisfaction. Furthermore, the challenge of inadequate power supply hampers the technological advancements of MSMEs. Many modern manufacturing processes and equipment require stable and reliable power. The lack of consistent power supply makes it challenging for MSMEs to integrate automation, digitalization, and other innovative solutions into their operations, limiting their ability to compete efficiently in the market.

5. Warehousing Facilities:

Warehousing facilities play a crucial role in the smooth functioning of MSMEs, providing storage space for raw materials, finished goods, and inventory management. In Madhya Pradesh, there are challenges related to the availability and quality of warehousing infrastructure, especially in certain remote areas or smaller towns. Here are some elaborations on the challenges

1. **Limited Availability:** There is shortage of well-equipped and appropriately sized warehouses in certain regions of Madhya Pradesh. This makes it difficult for MSMEs to find suitable storage spaces for their products.
2. **Infrastructure Deficiencies:** Existing warehousing facilities in some areas lack modern amenities, such as proper ventilation, temperature control, and pest control mechanisms. This impacts the quality and safety of stored goods, especially for industries like pharmaceuticals and food processing.
3. **Accessibility and Location:** Warehouses located far from industrial clusters or transportation hubs lead to increased transportation costs and logistical challenges for MSMEs. Accessibility to major roadways, ports, and railways is crucial for efficient movement of goods.

9.5. Proposed Interventions –

MSMEs in Madhya Pradesh, like in other states of India, need to comply with various regulations at the central and state levels. Some of the key compliance requirements include:

- i. **Registration:** MSMEs are required to register themselves under the MSMED Act to avail various benefits, such as financial assistance, subsidies and easier access to credit.
- ii. **Goods and Services Tax (GST):** MSMEs need to comply with GST regulations, including obtaining GST registration, filing regular GST returns and maintaining proper records of transactions.
- iii. **Labour Laws:** MSMEs need to adhere to various labor laws, such as Minimum Wages Act, Employee Provident Fund Act, Employee State Insurance Act and other applicable laws related to employment, wages and social security.
- iv. **Environmental Regulations:** MSMEs need to comply with environmental regulations, such as obtaining necessary clearances, managing waste disposal and maintaining pollution control measures, as mandated by the Central Pollution Control Board and State Pollution Control Board.
- v. **Company Law Compliance:** MSMEs registered as companies need to comply with the Companies Act, including filing annual returns, maintaining proper books of accounts and conducting statutory audits.

To provide a good business environment to the MSMEs, states need to envision a roadmap for improvement in business environment for MSMEs through requisite interventions and availability of outcome-output oriented framework for the schemes.

MSMEs, contributing approximately 30% of the country's GDP (Gross Domestic Product), 45% of manufacturing output and providing employment to 11 crores of India's population, can be considered as the backbone of the Indian economy. Measures are being taken to ensure that the benefits of government schemes timely reach the MSMEs for their continuous growth. The Government of India has been proactive to ensure the same.

However, there are certain areas of concern where improvement should be made so as to provide the MSME industries with a conducive business environment. In order to address these areas of concern, the state governments need to work in collaboration and coordination with each other so as to provide the MSMEs a conducive business environment. These areas where there is scope of improvement are:

1. Enhance information dissemination: The government can establish dedicated MSME information portals or online platforms that serve as centralized hubs for providing comprehensive and up-to-date information. These platforms can offer resources on market trends, technology advancements, government schemes and business opportunities. Additionally, organizing regular workshops, seminars and training programs can further educate MSMEs about available resources, enabling them to make informed decisions and stay competitive.

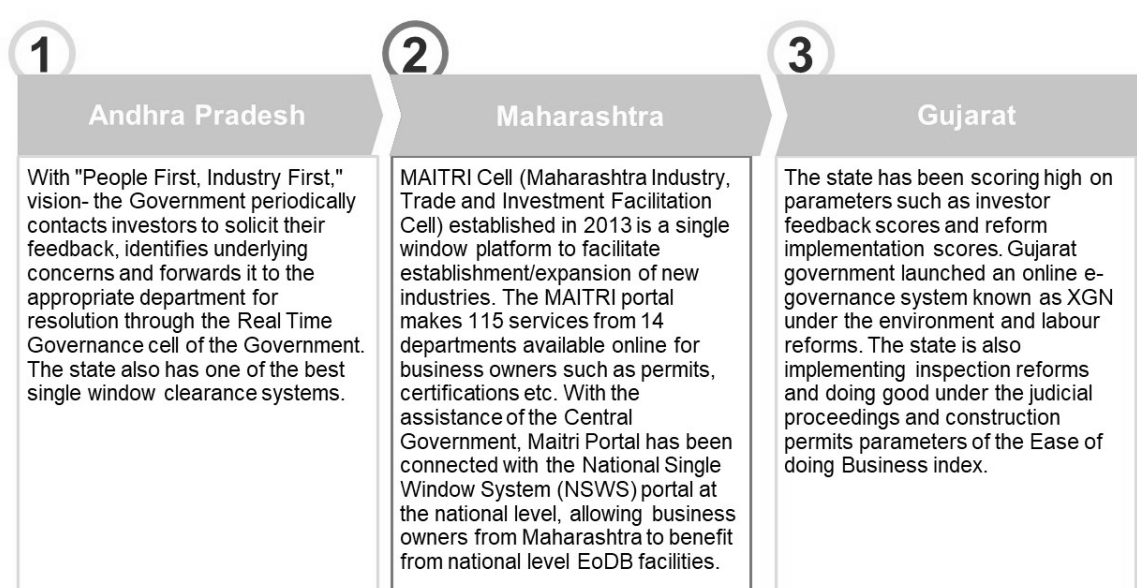
2. Strengthen institutional support: The government can foster partnerships with industry associations, business development organizations and academic institutions to provide robust institutional support to MSMEs. This can involve establishing more business incubators, entrepreneurship development centers and industry-specific clusters. These entities can offer mentoring programs, facilitate access to networks, provide expert guidance and create a supportive ecosystem for MSMEs to thrive.

3. Promote skill development: Collaboration between the government, educational institutions and industry bodies is crucial to designing and implementing skill development programs tailored to the needs of MSMEs. These programs should focus on equipping MSMEs with essential business management skills, digital literacy and industry-specific knowledge. Providing incentives to MSMEs, such as subsidies or grants, can encourage their active participation in skill development initiatives and foster a skilled workforce.

4. Simplify regulatory processes: The government should continue its efforts to simplify and streamline regulatory processes for MSMEs. This can be achieved by introducing online application systems, reducing paperwork and establishing single-window clearance mechanisms. Conducting regular reviews of regulations is essential to identify and eliminate redundant or outdated requirements, making it easier for MSMEs to comply with regulations and reduce bureaucratic hurdles.

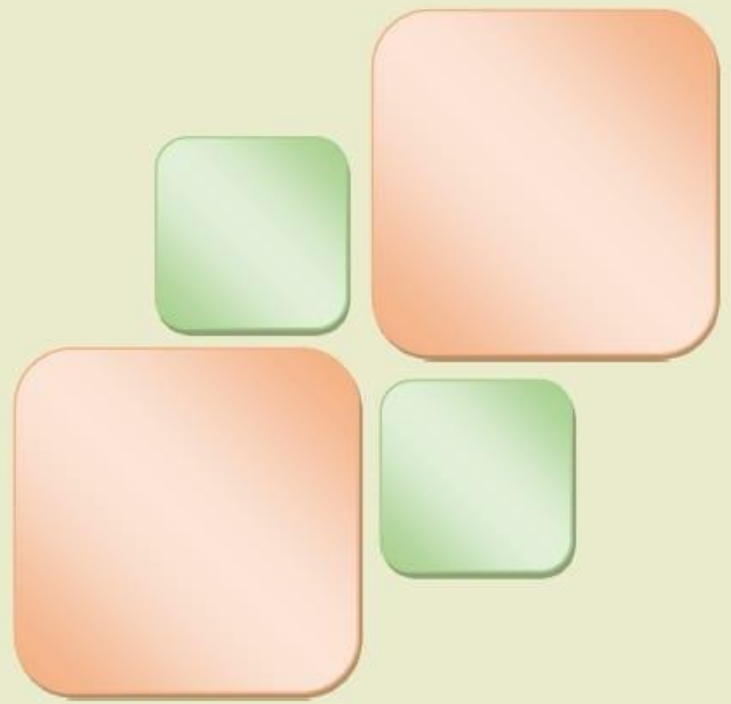
5. Improve digital infrastructure: The government should prioritize investments in improving digital infrastructure, particularly in rural and remote areas. This includes expanding internet connectivity, ensuring reliable power supply and promoting digital literacy programs to empower MSMEs to leverage digital tools effectively. Special attention should be given to enhancing connectivity in industrial clusters and MSME hubs, enabling them to utilize digital platforms, e-commerce channels and online marketing strategies to reach a wider market.

We can definitely learn from some of the best practices available in area of EoDB as presented below:



Madhya Pradesh has fared far better than Rajasthan and Uttar Pradesh when compared to other land-rich states. However, indicators like state facilitation and coordination, regulatory procedure efficiency and logistics infrastructure quality require improvement. The Government of Madhya Pradesh has enacted 'The Madhya Pradesh Udyogon Ki Sthapna Evam Parichalan Ka Saralakaran Adhiniyam, 2023'. It aims to provide exemption from obtaining specified approvals and inspections for establishing industrial units in notified industrial areas of Madhya Pradesh. Further, key Compliance and Regulatory Support that can be further provided to the MSMEs by the state government is listed below:

- i. Offer a "graduated approach" of reporting, with micro enterprises submitting the fewest documents, then small firms, medium-sized firms and so on.
- ii. Create a digital land bank that offers MSMEs incentives to buy or rent land.
- iii. For the first 3-5 years of business, less important compliances should be dropped.
- iv. Offer financial assistance or reimbursements for filing both domestic and international patent and certifications.
- v. Offer financial assistance or reimbursements for the purchase of equipment necessary for product testing.
- vi. Establish facilitation cells at the district level also to assist regional MSMEs with their approval procedures.



MSME Competitiveness



10. MSMEs competitiveness

MSMEs need to bounce back at various levels to overcome impact of pandemic and get ready to serve at their best standards. The level of productivity that can be undertaken by businesses are based on a region's competitiveness. Enterprise competitiveness is a company's capacity to outperform rivals in the marketplace and reap financial rewards. In the case of business competitiveness, we can define it as the ability of organizations to produce goods or services with a favorable quality-price ratio that guarantees good profitability while achieving customer preference over other competitors. Competitiveness ensures that the company is sustainable and durable.²³In the fast-paced business world, organisations must be competitive in order to achieve sustainable growth and survival. To maximise returns on the resources used to generate them, a country or organisation must be able to produce and sell goods and services that meet market quality criteria for the same price or less. MSMEs must be dynamic and flexible enough to respond to shifting market demands, industry phases, disruptive technologies, and new market entrants.

10.1. Challenges in MSME competitiveness in Madhya Pradesh

As we move further let us now look at the hindrance in Madhya Pradesh that is causing slow competitiveness among MSMEs.

1. **Financial Assistance:** The primary problem that all small-scale enterprises have encountered and are continuing to encounter is credit facility. Financial assistance is required to start a business as well to expand a business. However, MSMEs do not have many sources to avail easy subsidised financing. In Madhya Pradesh, it is found that MSMEs are lacking to grow due to various financial reasons. Few of them are listed as under:
 - Banks require MSMEs to have collateral in order to avail loans for their business. As of now, credit guarantee like CGTMSE, are in place, however, banks have their own set of rules that are to be fulfilled by the applicant to receive loan.
 - Interest rates on the bank loans are higher, which may not be affordable for all the MSMEs to pay.
 - Complicated application process where an applicant is required to produce many documents to avail financial assistance.
 - Lack of knowledge regarding the facilities and benefits through various schemes which are available for financial assistance of MSMEs.
2. **Access to Infrastructure:** The activities of MSMEs in Madhya Pradesh are hampered by a number of issues. Inadequate transport networks are one of the main reasons. The state has problems with poor road condition, insufficient access to ports, and inadequate road connectivity in rural areas. These elements make it challenging for MSMEs to move goods and resources effectively, which drives up transportation costs, slows down the supply

²³ <https://www.igi-global.com/dictionary/information-strategy/38690>

chain, and lowers competitiveness. MSMEs find it difficult to properly distribute their products, encounter challenges locating inputs, and struggle to reach their target markets. Madhya Pradesh's MSMEs are finding it difficult to compete with other firms because of a lack of adequate infrastructure.

- **Road connectivity:** MSMEs in the state of Madhya Pradesh confront a sizable problem due to inadequate road connection. A total of 127,000 km of roads are in the state, with 4,700 km of national, 11,000 km of state, 20,000 km of major district roads (MDRs), and the remaining km being rural roads. It is essential to establish a well-defined road network to connect various regions and promote the efficient flow of commodities, raw materials, and services due to the state's enormous geographic area and scattered industrial clusters.

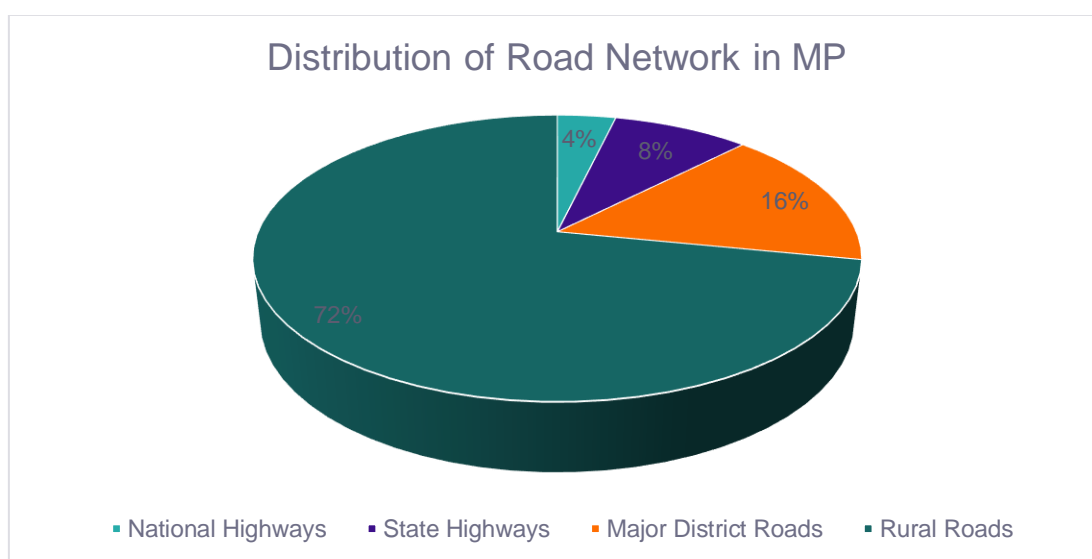


Figure 71: Distribution of Road Network in MP

- **Limited access to port:** Being a landlocked state, Madhya Pradesh does not have direct access to coastal areas, resulting in logistical complexities and increased costs for businesses involved in import and export activities. Increased transportation costs associated with moving goods to and from ports is one of the biggest challenges. Since the state is not located near the coastline, MSMEs must transport their products over long distances to reach the nearest ports.
 - **Air Connectivity:** Limited air connectivity in Madhya Pradesh restricts the ability of MSMEs to access national and international markets, limiting their potential customer base and opportunities for expansion. The lack of connectivity hampers their ability to participate in global supply chains, hindering their competitiveness. Air connectivity also play a crucial role in facilitating the movement of resources, including skilled professionals, consultants, and specialized equipment. Restricted air connectivity limits the access to these resources, hindering MSMEs ability to assess specialized knowledge and expertise required for their growth.
3. **Power Supply:** The growth of MSME's in Madhya Pradesh is significantly hampered by insufficient electricity supply. Frequent power outages, voltage swings, and an inadequate supply infrastructure in the state have a variety of detrimental effects on MSMEs. For

MSMEs, the unstable power supply drives up manufacturing costs. During electricity shortages, they frequently switch to other power sources like diesel generators, which raises their electricity costs. Further, the erratic power supply reduces productivity for MSMEs. Manufacturing operations are disrupted by power outages, which result in production delays and production downtime. Due to this, it is harder to meet deadlines and client demands and efficiency is decreased. Additionally, the insufficient power supply may harm MSMEs' machinery and equipment. The issue of insufficient power supply limits MSMEs' ability to progress technologically. Stable and dependable power is necessary for many conventional production techniques and machinery.

4. **Lack of Manpower:** Madhya Pradesh MSMEs have huge potential to generate employment. Ironically, shortage of labor is Madhya Pradesh's MSMEs' major problem. MSMEs require employees with technical abilities like welders and CNC operators along with employees with soft skills like team workers. Many of the manufacturing MSMEs do not meet their potential production goals as they are unable to hire skilled labours. Further, MSMEs also expressed that even though there are agencies like ITI that train people, however, it is not sufficient to meet the scarce need of labour.
5. **Delayed Payments:** MSME policy has clear instructions that the payment for any transaction should be cleared by the buyers within 45 days of purchasing the goods or services from sellers. However, in Madhya Pradesh, many units have not received payments for more than 24 months and the binding payment document is not honoured by the buyers. Many of the debtor enterprises have become bankrupt during covid, which in-turn, leaves the seller enterprises in long delayed payments. Delays in payments continue to cause Madhya Pradesh MSMEs major problems and disagreements, which limit cash flows and bring many of them dangerously close to financial ruin.
6. **Ease of Doing Business (EoDB):** By making the government interface more user-friendly and accessible, the government of Madhya Pradesh is striving for a reduction in the burden of compliance on MSMEs. In Madhya Pradesh, EoDB platform is in place for the convenience of MSMEs to shorten the time, money and effort to start a unit. However, it has been shared by MSMEs that EoDB is not as functional as it should be to facilitate the MSMEs. In the current scenario, MSMEs have to visit all the offices to the operational procedures, which includes, taxes, licenses, land related issues, electricity issues, etc. MSMEs in Madhya Pradesh should have access to different official formalities through a single point of contact which will help in reducing the processing time and cost involved in it. Furthermore, lack to EoDB increases cost of documentation for MSMEs.
7. **Technical Upgradation:** Many of the MSMEs in Madhya Pradesh faces challenge of low production with compromised quality standards due to the usage of old machinery. Technical upgradation requires investment cost which is not affordable by all the MSMEs. At present there are limited tool rooms and training facilities in Madhya Pradesh, which are accessible to those within the locality of such facilities. However, large number of MSMEs are deprived from receiving this facility. Further, there is a need technical consulting and information centers in the state, as this would make it simple for MSMEs to acquire specific information about the costs associated with their requirement for technological upgradation.

10.2. State's performance on Champion Scheme of MoMSME

CHAMPIONS stand for 'Creation and Harmonious Application of Modern Processes for Increasing the Output and National Strength'. The scheme aims to unify and converge various interventions and pick up clusters and enterprises to modernize their processes, reduce wastage, and improve their competitiveness. The scheme seeks to facilitate the national and global reach and excellence of MSMEs. The main goal of the scheme is to provide MSMEs financial support so they can use lean manufacturing methods in their production processes and increase their productivity and competitiveness. There are three key components of CHAMPIONS scheme in order to derive results to the above said goals: ZED, LEAN and Innovate: (Design, IPR, Incubation). We present below Madhya Pradesh standing on these schemes

- (i) **MSME – Sustainable (ZED):** ZED Certification intends to encourage MSMEs to use Zero Defect Zero Effect (ZED) practices. It aims for MSMEs to produce high-quality goods utilizing the newest tools and technology and to constantly improve their processes in order to attain high quality and high productivity with the least possible impact on the environment.

Table 28: ZED in Madhya Pradesh

S.No	Certification Level	No. Of MSME Units
1	ZED Bronze	437
2	ZED Silver	0
3	ZED Gold	3

At present there are only 437 MSMEs registered under bronze level certification of ZED and only 3 MSMEs under gold level certification. When structured and registered under a ZED certificate, Madhya Pradesh's goods and services have enormous potential to serve large markets. There is huge need for ZED certification in MSMEs to be competitive in actual market.

Note: GoMP provides additional incentives for ZED certification however MSMEs do not avail the assistance because of lack of knowledge on GoMP schemes

- (ii) **MSME Competitive – Lean:** Lean Scheme is a significant initiative to improve the competitiveness of MSME Sectors through the application of Lean Tools and Techniques. A tried-and-tested methodology for raising the competitiveness of the MSME sector is the use of lean tools and techniques.

MSME-Innovative (Incubation, Design, IPR): MSME Innovative Scheme is a combination Incubation, Design, and Intellectual Property Right. These will function as independent verticals. Additionally, these verticals will be included into a single formulation to encourage and support new activities for increased synergy and efficiency. This approach gives MSMEs confidence to work on new concepts as the programme supports incubation, design by protecting intellectual property rights.

The Government of Madhya Pradesh (GoMP) has been working to establish an environment that will encourage entrepreneurship in the state in order to strengthen an entrepreneurial culture that is innovation-driven and to instill the spirit of invention among the exceptionally talented young of the state.

Suggested Interventions

1. **Labor Availability:** GoMP proposes to connect job seekers, skilled and unskilled, with the employing MSMEs through an online portal. This government run labour procurement portal should have various people in semi-urban and rural area. Potential labour should be people who have received education till class 5 and class 8 but not beyond this. This will help in bridging the gap between employer and labour.
2. **Skill Training:** There is a huge need of the skilled labours for MSME sector. It is to be noted that unavailability of skilled labour hampers productivity and quality of the production. GoMP propose to provide skill development training for labour and thereafter place them with the MSMEs that are in need of specific skills for day-to-day operations.
3. **Delayed Payments:** GoMP proposes to introduce TReDs platform for MSMEs to avoid any delayed payments which will help the MSMEs to have sufficient working capital.
4. **Subsidizing power supply:** GoMP proposes subsidizing of power supply in 2 ways:
 - a. Electricity Supply: GoMP is to subsidy for the MSMEs from MPEB. The monthly bills for MSMEs are to be subsidized from 40%-50%.
 - b. Solar Energy: Installation of solar panel receives 40% of subsidiary for domestic houses. The same will be made available for industrial purposes.
5. **Ease of Doing Business:** GoMP is to build the online portal that has all the initial process to starting the firm is listed. Further, the portal will also enable the MSMEs to process the documents with ease as all the required details will be made available on this portal. This will also facilitate MSMEs in undertaking timely registrations / renewal process within the single window. GoMP aims to reduce document processing time and thereby help MSMEs.

Resource Efficient and Cleaner Production (RECP) practices by MSMEs

RECP is the continuous application of preventive environmental strategies to processes, products and services to increase and improve efficiency and reduce risks to people and the environment. RECP addresses the three sustainability dimensions of a) increased economic performance through improved resource productivity, b) environmental protection through resource conservation and minimising industry's impact on the environment, and c) social enhancement through job creation and the protection of the well-being of workers and local communities. Key RECP initiatives is presented below:-

Government Led Initiative

1. National Manufacturing Competitiveness Program
2. CLSS
3. ZED Rating
4. MSME clusters development program
5. BEE EE in SME Program
6. Gujarat Cleaner Production Centre (GCPC)

Financial Institutions Led Initiative

1. SIDBI Programs/Schemes
2. SBI Program

Voluntary Programs

1. Green-Co Rating

Figure 72: RECP Initiative

Energy Efficiency in MSME²⁴

MSMEs operate on a smaller scale than major businesses, have a lower financial base, and lack access to more affordable financing and easily available technological solutions. They therefore favour energy inefficient, inferior alternatives, which result in ineffective output. Businesses that run operations that require a lot of energy end up paying more. MSMEs are more susceptible to rising energy costs than larger industries since they spend more per unit of energy. The industry has enormous potential for promoting energy efficiency and modernising technology in everyday operations. “National Programme on Energy Efficiency and Technology Upgradation in SMEs” was evolved by Bureau of Energy Efficiency to address the various challenges faced by MSMEs in India.

RECP Initiatives in India

1. Energy Mapping of SME clusters on pan India basis – BEE SME Programme: MSMEs in India have started to shift from a traditional strictly cost and quality approach to energy efficiency, zero waste and reduced carbon emissions. Bureau has analysed the list of MSME clusters in India. It has planned to implement Energy efficiency in these clusters.
2. GEF Funded Programme in Indian SME sector: Bureau of Energy Efficiency has also implemented EE technologies in many energy intensive clusters of India with the support from Global Environment Facility through UNIDO and World Bank.

²⁴ [Annexure 1.pdf \(beeindia.gov.in\)](#)

RECP Initiatives in Madhya Pradesh

1. Clusters with demonstration projects implemented under “National Programme on Energy Efficiency and Technology Upgradation of MSMEs” at food processing clusters in Indore & Ujjain
2. Clusters covered under GEF – UNIDO – BEE Programme in Foundry Cluster in Indore
3. Clusters Identified for Energy Mapping in Brick cluster in Guna.

Insights from Survey

During our surveys and stakeholder consultations we evidently noted that there is a considerable gap around knowledge and adoption of RECP practices across the state. Of the influential factors towards lower adoption of such practices that we could infer from our discussions are-

► **Lack of awareness and understanding:**

- From our discussion we inferred that majority of the MSME units are not fully aware of the benefits and importance of RECP practices. They do not have a clear understanding of how to implement them effectively leading to lack of motivation or interest in adopting RECP practices.

► **Limited access to information and resources:**

- There are existing gaps in accessing information, technical expertise, and resources required to implement RECP practices.
- This includes challenges related to obtaining relevant training, technical support, and financial resources to invest in upgrading technologies or processes.

► **Cost considerations:**

- MSMEs, particularly those with limited financial resources (micro units), perceive the adoption of RECP practices as costly, with upfront investment requirements. This can be a barrier, especially if the short-term costs are perceived as outweighing the potential long-term benefits.

► **Regulatory compliance:**

- MSMEs face challenges in complying with environmental regulations and standards, which impact their motivation to adopt RECP practices. If MSMEs perceive regulatory compliance as burdensome or costly, it may deter them from proactively adopting RECP practices.

► **Limited capacity and capabilities:**

- Entrepreneurs lack the necessary technical skills, capacity, and capabilities to identify, implement, and sustain RECP practices. This includes challenges related to

conducting resource audits, identifying appropriate technologies or processes, and managing changes in their operations.

► **Business priorities:**

- MSME units have competing business priorities, such as meeting production targets, improving profitability, or addressing immediate operational challenges.
- In such cases, the adoption of RECP practices is not perceived as a priority, resulting in lower uptake.

Madhya Pradesh MSME Development Policy provides incentives to MSMEs for energy audit assistance however till date none of the MSMEs have availed this policy incentive-lack of awareness is the prime reason here.

Recommendation for green initiatives

Recognising the importance of RECP practices towards enhancing competitiveness and quality of products and services for MSME sector, inclusion of RECP practices and demonstrations becomes significant. All of the above listed factors directly and indirectly converge towards lack of skill and capacity to adopt RECP practices and visualize long term sustainability of MSMEs over short term benefits. Thus, we propose following interventions for helping MSMEs adopt RECP in state of Madhya Pradesh

► **Collaborative Trainings, Workshops & Exposure Visits:**

- Madhya Pradesh has a network of SMEs within established Industry Associations, Industrial Clusters, and various Implementing agencies across the state. This vast network can be leveraged to bring MSME units from both manufacturing and service sectors over one single platform for workshops over the importance of RECP and best practices of it.
- Awareness campaigns in collaborations of Industry Associations, Clusters and implementing agencies over social media and print media to disseminate information highlighting the economic, environmental, and social advantages of RECP practices can sensitize and encourage MSMEs to act.
- Awareness on availing energy audit assistance under **MSMED Policy**
- Also, Interactive workshops / seminars with MSMEs in collaboration of these institutional SMEs (Subject Matter Experts) can help the MSMEs with necessary knowledge and skills to adopt green alternatives. The workshops should have focused agenda for improving efficiency and productivity via-
 - ✓ Reduce, Reuse and Recycle (R-R-R) to waste management
 - ✓ Low Carbon Technologies (LCT) in manufacturing
 - ✓ Green or low emissive fuels

- ✓ Renewable sources to energy (solar, wind etc.)
 - ✓ Pollution control
 - Identifying units with best RECP practices across the country and benchmarking them for exposure visits for related MSME players can be a game changer in creating a thrust towards uptake of such practices.
- **Awareness via Assessments**
- The state government can undertake resource assessment and audit programs to help MSMEs identify opportunities for resource optimization.
 - Through these assessments, MSMEs should be provided with technical support to assess their resource consumption patterns, identify areas of wastage, and implement measures to optimize the use of resources such as water, energy, and raw materials.
 - This would help MSMEs understand their current resource utilization practices and adopt more efficient and sustainable approaches.
- **Building long term vision of MSME Units:**
- Building long-term vision within MSME units refers to a multi-faceted approach that encompasses environmental, social, and economic awareness leading to overall sustainability of enterprises.
 - The state government can empanel or collaborate with thinktanks, government or private training institutes to develop design thinking sessions over-
 - ✓ **Spirit building:** Spirit building session refers to engaging and interactive discussions, brainstorming, and hands-on activities to engage MSME entrepreneurs and relevant stakeholders to collectively converge towards a pathway to the sustainability journey, being cost effective and reduce environmental footprint.
 - ✓ **Goal setting:** This refers to focusing on setting sustainability goals and developing a shared vision for the future. The dimension of such trainings should involve facilitating discussions on what sustainability means to the organization and how it aligns with the overall business strategy. Also encouraging participants to identify specific, measurable, achievable, relevant, and time-bound (SMART) sustainability goals that can guide their actions in the long term.
 - ✓ **Visioning exercise:** Conducting sessions that encourage participants to visualize the future they want to create through sustainability efforts is key to sensitization. This would involve guided meditation or creative visualization exercises to help entrepreneurs to imagine a sustainable future for their organization, industry, and community. Facilitating discussions and reflections

around how they visualize to act towards long-term sustainability of their business over next ten or fifteen years.

► **Promoting ZED and LEAN**

- Designing skill training programs for MSMEs around the adoption of ZED and LEAN principles can greatly benefit these businesses by enhancing their productivity, competitiveness, and sustainability. Some of the training approaches include-
 - ✓ **Customized Training of Trainers program:** MSMEs have diverse operational characteristics and requirements, so skill training programs should be customized to suit their specific needs. Training of trainers with content tailored to address the unique challenges and opportunities of adopting ZED and LEAN principles, such as improving product quality, reducing defects, minimizing waste, optimizing processes, and enhancing efficiency can enlarge outreach.
 - ✓ **Practical simulations and hands on implementation:** ZED and LEAN principles are usually implemented in a phased manner, with incremental improvements over time. Therefore, the skill training programs following step-by-step approach with real-world examples, case studies and hands on exercise starting with the basics and gradually progressing to advanced concepts can help in wider adoption.

10.3. Assessing Capacity Building needs of MSMEs and its Institutions

Capacity Building is the process of building an organizations or institution's strength, resilience and competitiveness, which are vital for its growth and development. It helps to ensure scaling up, competitive products & services and strong foundations. In MSME it usually involves developing four types of capacity:

1. Human - Human capacity mostly includes knowledge and skills along with upskilling for better productivity.
2. Organizational - Organizational capacity involves marketing, managerial collaboration, and communication among and outside the organization.
3. Compliance - Compliance capacity includes elements like policies, compliances, law, procedures, and practices.
4. Departmental - Departmental capacity includes the fiscal resources, human resources, governance, district coverage, convergence to implement change.

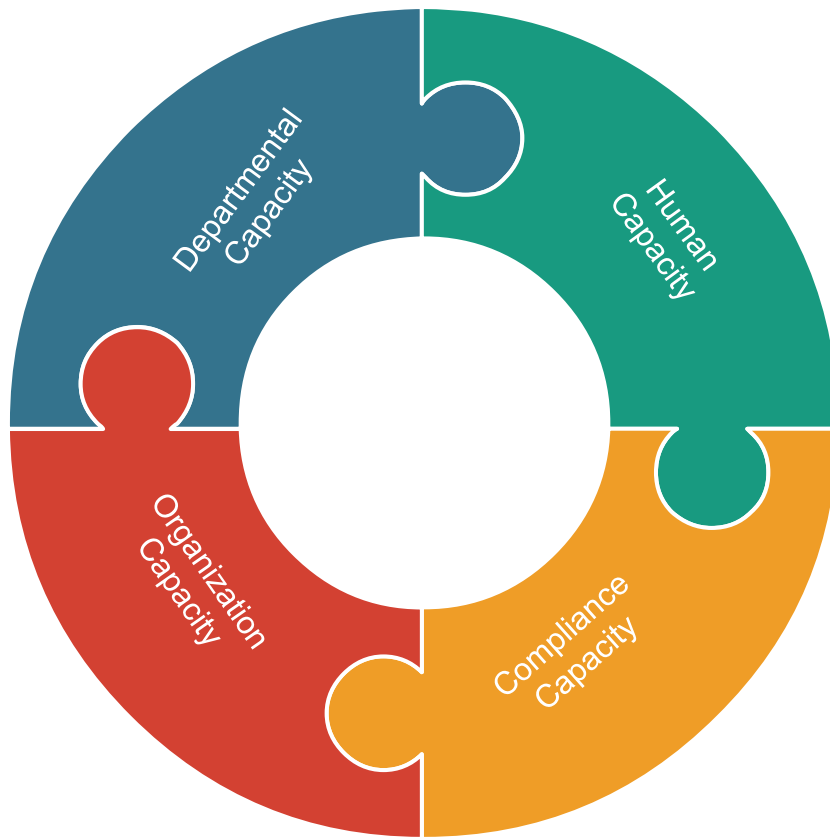


Figure 73: Capacity Building

10.3.1. *Need for Capacity Building*

The four types of capacity are interdependent, and growth in one area is dependent on growth in another. Consequently, while a particular capacity-building initiative might focus on one type of capacity, all four types of capacity must be “aligned and addressed” if the sector is to meet its goals for change. In addition to attending to the type of capacity to be developed, all stakeholders of MSME must institute changes targeted at building different levels of capacity building if they want to ensure that the desired changes are fully implemented. As the MSME ecosystem moves through the various stages of capacity building, new information and increasingly sophisticated skills, structures, and processes are needed. Levels of capacity building can be divided into: information, skills, structures and processes

While the Department undertakes initiatives for each type of capacity building, these initiatives by the MSME and other Departments are ineffective due to overlapping mandates, being scattered across sub departments and sometimes unavailable at certain geographical locations. Mapping these interventions into different types of capacity would enable us to analyse each capacity and suggest interventions. The document purview includes only Human, Organizational & Departmental capacities.

10.3.2. Mapping of various MSME and allied interventions



10.3.3. GoI interventions in the area of Skill and Capacity building for MSMEs

Ministry of Micro, Small & Medium Enterprises (MSME) in its endeavour to provide the right stimulus for the growth of the industry in the country – particularly with the objective of helping micro, small, and medium enterprises, has developed a robust skilling eco-system to meet the demands of skilled workforce in the various emerging and traditional sectors in different segments of enterprises. The Ministry aims towards sustainable development of globally competitive MSMEs as an engine of growth for the Indian economy with focus on narrowing skill gaps and promote entrepreneurship development training as a mandate issued under MSMED Act.

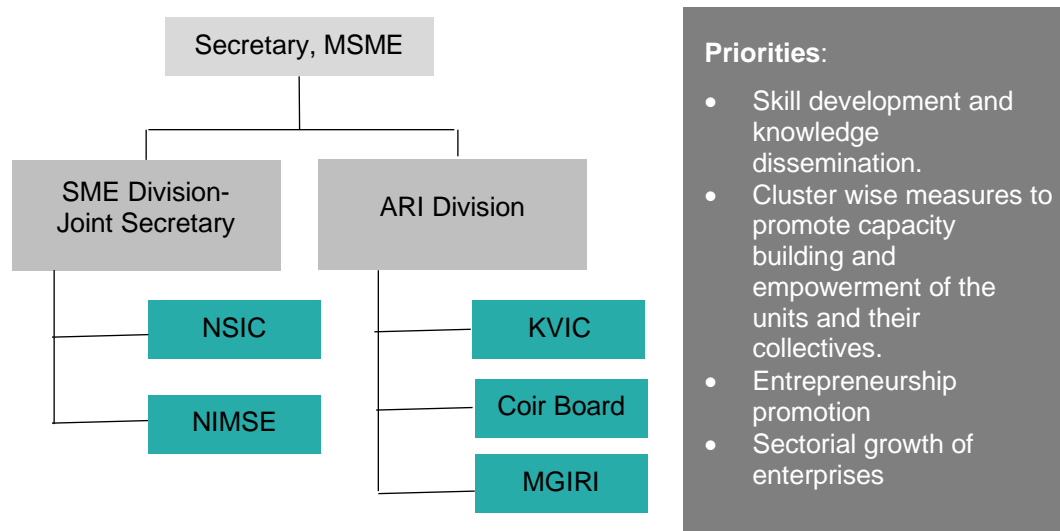


Figure 74: Institutions under MSME ministry having Skill and Capacity Building priorities

In view of this the Ministry of MSME has been organizing several skill development programmes/ courses for the existing & potential entrepreneurs, to build their capacity. The ministry has several schemes being implemented to offer financial assistance to training and capacity building programs as per demands of industry to pave a pathway to fill up the gap of requirement of skilled workforce in the sector in consonance with the changing landscape of the MSME Ecosystem and its present challenges in India.

Skill training programmes are conducted by a network of institutions under the Ministry i.e., Khadi & Village Industry Commission (KVIC), Coir Board, National Small Industries Corporation Ltd. (NSIC), National Institutes for MSME (Ni-MSME) and MSME - Technology Centres (TCs). The MSME ministry has several schemes launched, implemented by the aforementioned institutions to provide financial aid for training and capacity building programs across the country. The schemes from the MSME ministry targeted to skill training and capacity building for MSMEs is presented within figure below:

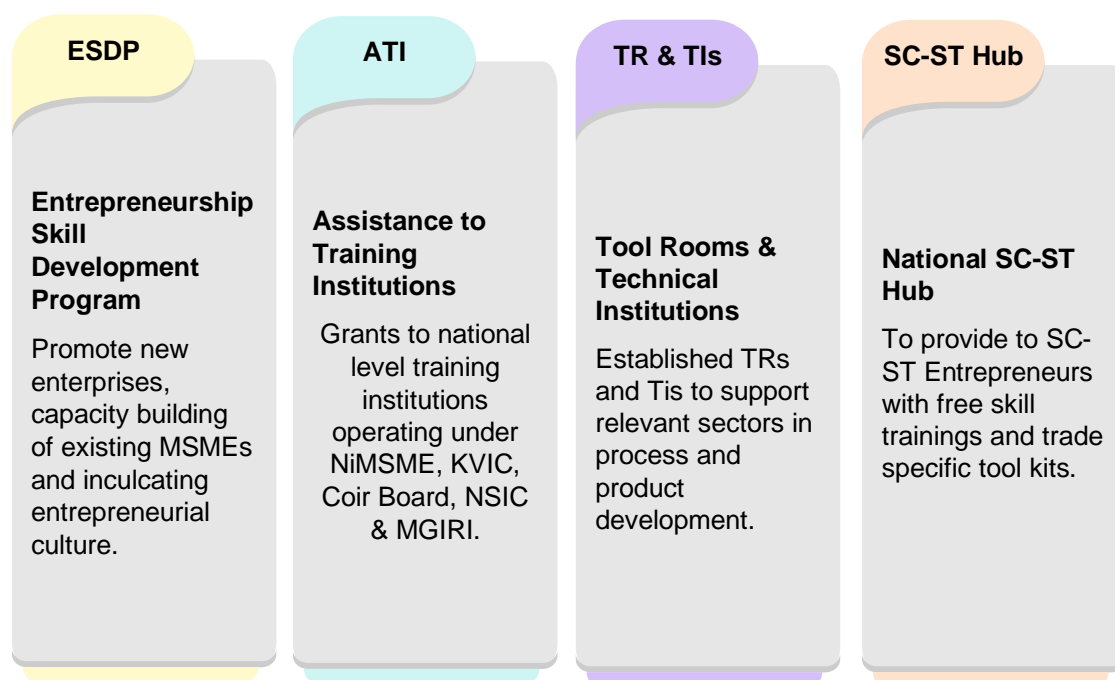


Figure 75: Major Skill and Capacity building Schemes from MSME Ministry

In addition to these, **ASPIRE- A Scheme for Promotion of Innovation, Rural Industries and Entrepreneurship** and **Prime Minister Employment Generation Program (PMEGP) through KVIC** also incorporate assistance for Skill and Capacity building for MSMEs. **Component-II: Capacity Building of First Time MSE Exporters (CBFTE)** under **International Co-operation (IC) scheme** of MSME ministry aims to build capacity for entering export market by facilitating their participation in international exhibitions/ fairs/conferences/ seminar/ buyer-seller meets abroad providing them with actionable market-intelligence to continuously update themselves and meet the challenges emerging out of changes in technology, changes in demand, emergence of new markets. It includes promoting awareness on global export with incidental costs viz. Registration cum Membership certification (RCME) and Export Insurance Premium and Quality certification to be reimbursed to the first time MSE Exporters (implemented by Export Promotion Councils (EPCs), Export Credit Guarantee Corporation Ltd (ECGC) and National Small Industries Corporation Ltd (NSIC) as implementing agencies).

Also, to put sectorial and targeted training programs in place, Ministry of MSME has launched sector specific schemes viz. Khadi Gramodyog Vikas Yojna – An umbrella scheme and Mahila Coir Yojna. The later schemes are targeted towards training for skill up-gradation in traditional sector of Khadi & Village Industry and Coir to strengthen the sector. The intake eligibility for the training programmes by these institutions ranges from school drop out to MTech. level. Various levels of courses, viz. certificates, diploma, advance diploma, post diploma, postgraduate diploma and post graduate courses are offered. The Ministry has taken initiatives to align several training courses conducted by Technology Centres (76 courses) with National Skill Qualification Framework (NSQF), Ministry of Skill Development & Entrepreneurship (MSDE). Furthermore, customized demand-driven training courses as per industry requirements are also conducted by organizations under the Ministry specially Technology

Centres (Tool Room and Technology Development Centres). In a nutshell, the MSME ministry intends to cover all facets of training and capacity building required for the MSMEs to flourish.

10.3.4. Madhya Pradesh Skills Scenario

MP State Skill Development & Employment Generation Board (MPSSDEGB) is the nodal agency for all the skill development initiatives in the state of Madhya Pradesh. The organization is responsible for implementation short-term training courses in various sectors. The key schemes implemented and monitored by the agency are Mukhya Mantri Kaushal Samvardhan Yojna (MMKSY), Mukhya Mantri Kaushalya Yojna (MMKY), PMKVY and Yuva Swabhiman Yojana (YSY). The Department of Technical Education, Skill Development & Employment has 6 verticals described below



Figure 76: Employment Schemes in Six Verticals

Trainings under NSDC

Madhya Pradesh has 1530 training centres covering 35 sectors and 177 job-roles. Madhya Pradesh also has presence of 52 PMKKs present in each district as a model skill centre

1. Mukhya Mantri Kaushal Smvardhan Yojna
2. Mukhya Mantri Kaushalya Yojna
3. Pradhan Mantri Kaushal Vikas Yojna
4. MAPCET – Employment Training for Tribal Youth
5. PMKVY
6. DDUGKY

Table 29: Central Government Scheme in State

Central Govt. Schemes in Madhya Pradesh ²⁵				
Scheme		Trained / Oriented	Certified	Placed
PMKVY 1.0 (2016-20)		168868	125347	21624
PMKVY 2.0 STT (2020-21)		372524	306543	181818
PMKVY 2.0 RPL (2020-21)		276212	222897	NA
PMKYV 3.0 STT (2021-		7731	NA	NA
PMKYV 3.0 RPL (2021-)		4741	NA	NA
DDUGKY 2021-22		57453	47491	26060
DDUGKY 2022-23		73076	58312	37342
DDUGKY 2023-24		76613	61380	38184
Total		1037218	821970	305028
State Govt. Schemes ²⁶ in Madhya Pradesh				
Name of the Scheme	No of Candidates Enrolled	Candidates Trained	Candidates Certified	Candidates Placed
MMKSY	149302	127848	73308	3796
PMKVY CSSM	25747	25027	16825	6033
YSY	33355	29445	18315	498
Total	208404	182320	108448	10327

The three schemes -PMKVY, MMKSY and YSY, show that in total 208404 candidates were enrolled. The majority of the candidates enrolled were under MMKSY (i.e., 71.6 %) followed by (YSY - 16 %) and PMKVY (12.3 %). The MMUKY and PMKVY currently have been defunct due to lack of funds. There are eight sectors under which the total enrolment of students is almost 94 percent for the three schemes. The enrolment of students under the schemes such as MMKSY and YSY in the these eight sectors is more than 90 percent. In case of PKMVY, the eight sectors comprised of 54.8 percent of the total enrolment. This shows a concentration of skill initiatives in the state towards certain skills. As most of these trainings are private led players, they tend to opt for job roles with lower input costs. Target setting should occur along with Industry

Skill Training Under DGT

1. Training in ITI: There are 1078 ITIs in Madhya Pradesh in which 195 are Govt. run ITIs and 883 private it is. 538 ITIs are located in the rural areas and 540 it is are located in Urban areas. There are 191 ITIs providing trainings to women but there is no fully female ITI. 233 it is cater to skills for person with disability. In total 71 trades are taught in these ITIs. Composite capacity of the state it is 82464 seats out of which 83.63% were filled in 2021-2022. There are over 5000 registered trainers for these ITIs.
2. Under Jan Shikshan Sansthan: The scheme is implemented by NGO's and provides vocational skills to age group of 15-45 years. The priority groups are women, SC, ST, minorities and other backward sections of the society. There are 27 JSS centres in Madhya Pradesh providing training in 20 sectors. Approx. 73000

²⁵ NSDC Dashboard

²⁶ [Madhya Pradesh Skill Development Mission \(mpskills.gov.in\)](https://mpskills.gov.in)

candidates have been enrolled in these institutions 62000 candidates have been trained and certified since its inception.

3. RDSDE Bhopal: Regional Directorates of Skill Development and Entrepreneurship (RDSDEs) for each State / UT have succeeded from Regional Directorates of Apprenticeship Trainings (RDATs) and (NSTIs) / NSTI (W) would be an integrated subordinate formation under respective RDSDEs. Regional Directorates of Skill Development and Entrepreneurship (RDSDE) Bhopal, Madhya Pradesh was set up in January 2019, headquartered at Bhopal in Madhya Pradesh.
4. National Apprenticeship Promotion Scheme (NAPS): The scheme was implemented in the year 2016 by the Ministry of Skill Development & Entrepreneurship through Regional Directorates of Skill Development and Entrepreneurship (RDESE) under Directorate General of Training (DGT). The scheme converges with several other skill development initiatives like PMKVY, DDUGKY etc. Apprentice Melas have been conducted in 15 districts of Madhya Pradesh. Progress in Madhya Pradesh.²⁷

Table 30: National Apprenticeship Promotion Scheme (NAPS)

Sn.	Financial Year	No of Apprentice Engaged	No of Apprentice completed training
1	2018-19	1189	66
2	2019-20	6938	2130
3	2020-21	9515	7764
4	2021-22	16399	6894
5	2022-23	21191	10443
6	2023-24	4886	2807

Over 60000 apprentices have been engaged and over 30000 apprentices have completed their training whereas 24268 have been certified.

5. Mukhya Mantri Seekho Kamao Yojna: The Government of Madhya Pradesh has launched Mukhya Mantri Seekho Kamao Yojna to promote apprenticeship in the state. The scheme provides stipend to trainees in establishments registered on the MMSKY Portal. Trainees from Madhya Pradesh are also encouraged to seek trainings outside the state and establishments present out of the state which provide trainings to such trainees would also be covered under the scheme.

Table 31: Progress of MMSKY in State

Progress of MMSKY (as on 06-07-2023)				
District	Number of Establishment registered under MMSKY	Type of Courses for which training would be provided	Vacancies under the Scheme	No of Departments Involved
158	10979	17689	36631	55
Progress of MMSKY by MSME Dept				
District	Number of Establishment	Type of Courses for which training would be provided	Vacancies under the Scheme	

²⁷ [NAPS | Dashboard \(apprenticeshipindia.org\)](https://naps.dashboard.apprenticeshipindia.org/)

	registered under MMSKY		
64	2622	3861	6724

6. NSTI Women - Indore: It provides women training with skills required by the Local Industry and providing need-based training to trainees to become Entrepreneurs. It is affiliated to Ministry of Skill Development & Entrepreneurship, Women's Training cell under Directorate General of Training. The institute provides regular long term training courses and short-term training programmes in various disciplines. It also provides advances training in courses like Advanced Diploma in IT, Networking and Cloud course. IT, Networking and Cloud. The institute has a intake of 339 candidates in 12 courses with residential facilities.

10.3.5. Madhya Pradesh Labour Scenario & Analysis for Assessment of Capacity building of MSMEs and Its workforce

Madhya Pradesh Has a total population of 726.68 lakhs²⁸ and expected to be grow to **831.63²⁹ lakhs in 2021** and **952.36 lakhs³⁰ in 2031**. The growth rate of the state from 2001 to 2011 has been approx. 20% and is estimated to be 14.5 % for the next decade. These projections reflect that the growth in population would be an important aspect while analysing Capacity Building of MSMEs in the state and while planning interventions for the same²⁹.

Table 32: Percent & Estimated Population Distribution in State

Particulars	General Education level									
	Not Literate	Literate up to primary	Middle	Secondary	Higher Secondary	Diploma/ Certificate Course	Graduate	Postgraduate & above	Secondary and above	All
Rural + Urban %	27.1	18.3	24.8	10.3	9.3	0.5	7.1	2.6	29.8	100.00

Insights

- 70 % of the population did not attain any education after Middle school. This leads to the issue of low coverage in vocational education and skilling being provided in schools.
- Approx. 30% of the population clears secondary education or enrolls in higher education. It would require a huge effort to provide training for at least one skill to these individuals³¹.

²⁸ as per 2011 census

²⁹ As per estimation in Annexure 1

³⁰ As per estimation in Annexure 1

³¹ Annual Report, PLFS, 2021-22

Table 33: Labor Force Participation Rate (LFPR)

Age Group	Rural			Urban			Rural + Urban		
	Male	Female	Person	Male	Female	Person	Male	Female	Person
15-29	73.1	26.7	50.8	55.5	14.8	37.5	68.6	24.0	47.6
15-59	87.3	50.4	69.4	78.8	24.9	53.1	85.2	44.1	65.3

The estimated working population in Madhya Pradesh in 2021 is 543.05 lakhs and in 2031 is 621.89 lakhs.

Insights

- 69.4% of the Rural population and 53.1% of the Urban population lie in the total working population.
- Whereas 50.8% of rural population and 37.5% of the Urban population in the working population lie in the age group of 15-29 years. It reflects a large no of young working population and a large concentration of such population in the Rural areas. As a large no of youth tend to go for aspirational sectors our interventions should have a mix of traditional and aspirational courses³².

Table 34: Worker Population Ratio (WPR)

Age Group	Rural			Urban			Rural + Urban		
	Male	Female	Person	Male	Female	Person	Male	Female	Person
15-29	69.4	26.5	48.8	47.7	12.3	32.1	63.9	23.3	44.7
15-59	85.5	50.3	68.4	74.7	23.7	50.4	82.8	43.7	63.9

The estimated population employed in Madhya Pradesh in 2021 is 531.41 lakhs and in 2031 is 608.58 lakhs.

Insights

- 68.4% of the Rural population and 50.4% of the Urban population are employed in the state of Madhya Pradesh.
- Whereas 48.8% of rural population and 32.1% of the Urban population in the employed population lie in the age group of 15-29 years.
- The no. of females in employed population is very low suggesting interventions required to increase women participation³³.

Table 35: Unemployment Rate in State

Age Group	Rural			Urban			Rural + Urban		
	Male	Female	Person	Male	Female	Person	Male	Female	Person
15-29	5.1	0.9	4.0	14.0	16.8	14.5	6.9	3.1	6.0
15-59	2.1	0.3	1.4	5.3	5.1	5.2	2.8	1.0	2.2

³² Annual Report, PLFS, 2021-22

³³ Annual Report, PLFS, 2021-22

Insights

- There is a high unemployment in age group 15-29 which is around 6% for rural and urban combined. While in the urban areas in age group 15-29 is quite high at the rate of 14.5% in the urban areas³⁴.

Table 36: Percentage Distribution of workers in broad status of employment

Population Type	Self-Employment			Regular wage/ Salary	Casual labour	All
	Own account worker/employer	Helper in household enterprise	All self employed			
Rural	33.5	35.1	68.6	6.1	25.3	100.0
Urban	33.4	9.1	42.5	43.0	14.5	100.0
Rural + Urban	33.5	30.0	63.4	13.4	23.2	100.0

Insights

- Individuals in the Rural areas tend to be more self also employed the percentage of casual labour is more as compared to urban areas.
- Individuals in the urban areas tend to be more in regular wage and salaried domain.

Of the total state population³⁵, there are 31% main workers, 12% marginal workers, and 57% nonworkers in Madhya Pradesh. Nearly 6.7 million (9%) of the population reported to be seeking or available for work. Of these, 4.3 million (64%) are aged 15–34 years indicating that a significant proportion of the population seeking employment belonged to the youth category³⁶.

Table 37: Work Profile Madhya Pradesh 2011 (in million)

Work Status	Madhya Pradesh
Total Workers	31.5
Main Workers	22.7
Marginal Workers	8.8
Nonworkers	41.0
Marginal workers seeking or available for work	4.4
Nonworkers seeking or available for work	2.3
Seeking or available for work aged 15–34 years	4.3

Key Industry Clusters of the State³⁷

Manufacturing in key industries that will drive labour demand are apparel and textile, agri-business and food processing, automobile and engineering, electronics systems and

³⁴ Annual Report, PLFS, 2021-22

³⁵ Census of India, 2011

³⁶ Source: Government of India, Ministry of Home Affairs. 2011. Census India. New Delhi: Office of the Registrar General and Census Commissioner of India.

³⁷ NSDC Skill Gap Study – Madhya Pradesh

pharmaceuticals. Transportation and storage, tourism and hospitality and healthcare will also demand for labour as these are witnessing high growth trends.

Table 38: Key Industry Clusters of the State

Priority Sectors Focus areas	Name of the State
Mining and Quarrying	Satna, Balaghat, Betul, Chhindwara, Katni, Singrauli, Dindori
Agri-business and food processing	Indore, Bhopal, Jabalpur, Shahdol, Gwalior
Automobile and Engineering	Indore, Pithampur, Mandideep, Dewas
Urban Development Five smart cities	Indore, Bhopal, Gwalior, Sagar and Jabalpur
Renewable Energy	Neemuch, Rewa
Pharmaceuticals	Malanpur, Indore, Dewas, Mandideep, Bhopal, Ujjain
IT/ITeS	Indore Bhopal Jabalpur and Gwalior
Tourism	Gwalior Balaghat Umaria Seoni Ujjain Chhatarpur
Apparel and Textile	Indore Ujjain Dhar Dewas Khargone Khandwa Burhanpur Gwalior Chhindwara Sehore Jabalpur and Bhopal
Defence	Katni Jabalpur Itarsi
Warehousing and Logistics	Bhopal Indore Sagar Rewa Gwalior Jabalpur

Table 39: Potential Manpower needed for various sectors in the Districts of Madhya Pradesh³⁸

District	Horticulture	Sericulture	Animal Husbandry/Fisheries	Handicrafts & Furniture	Auto & Auto Components	Food Processing	Fabrication	Textile & Handlooms	Mineral Processing	Mining	Chemical & Chemical Products	Manufacturing of FMCD	Pharmaceuticals	Construction Based Material	Rubber & Plastics	Paper and Paper Products	IT-TES	Healthcare	Hospitality & Tourism	BFSI	Education and Training	Organized Retail	Communication	Transportation and Logistics	Construction
Indore	√	√	√	√	√	√	√	√			√		√			√	√	√	√	√	√	√	√	√	√
Bhopal	√			√	√	√	√				√	√					√	√	√	√	√	√	√	√	√
Jabalpur	√		√	√	√		√			√	√						√	√	√	√	√	√	√	√	√
Gwalior			√	√	√			√		√							√	√	√	√	√	√	√		√
Ujjain	√		√	√	√			√			√				√		√	√	√	√	√	√	√		√
Sagar	√									√	√										√				√
Chhindwara	√		√					√		√			√		√				√						√
Satna			√			√	√		√	√		√		√											√
Morena			√												√										
Dewas	√			√	√		√		√	√	√	√	√		√	√									√
Ratlam	√		√	√			√				√		√												
Bhind			√		√	√	√				√	√	√		√										√
Dhar	√	√	√		√	√	√		√		√	√	√	√	√										
Chhatarpur			√							√									√						

³⁸ NSDC Skill Gap Study – Madhya Pradesh

District	Horticulture	Sericulture	Animal Husbandry/Fisheries	Handicrafts & Furniture	Auto & Auto Components	Food Processing	Fabrication	Textile & Handlooms	Mineral Processing	Mining	Chemical & Chemical Products	Manufacturing of FMCD	Pharmaceuticals	Construction Based Material	Rubber & Plastics	Paper and Paper Products	IT-TES	Healthcare	Hospitality & Tourism	BFSI	Education and Training	Organized Retail	Communication	Transportation and Logistics	Construction
Rewa			√		√		√		√	√	√	√		√	√				√						
Hoshangabad	√	√																	√						√
Vidisha		√	√	√		√									√										
Guna			√	√							√					√									
Betul	√		√					√		√															
Raisen		√			√	√	√	√	√	√	√	√	√		√				√						
Khargone	√		√			√		√			√														
Shivpuri			√							√									√						
Shajapur	√		√			√	√																		
Mandsaur	√		√			√		√		√															
Rajgarh			√			√		√																	
Katni			√						√	√		√	√	√											
Burhanpur	√			√				√								√									
Khandwa	√	√	√					√		√															
Damoh			√						√	√				√											
Tikamgarh			√	√						√									√						
Sehore		√						√																	
Neemuch										√	√			√											

District	Horticulture	Sericulture	Animal Husbandry/Fisheries	Handicrafts & Furniture	Auto & Auto Components	Food Processing	Fabrication	Textile & Handlooms	Mineral Processing	Mining	Chemical & Chemical Products	Manufacturing of FMCD	Pharmaceuticals	Construction Based Material	Rubber & Plastics	Paper and Paper Products	IT-TES	Healthcare	Hospitality & Tourism	BFSI	Education and Training	Organized Retail	Communication	Transportation and Logistics	Construction
Balaghat		√	√	√						√									√						
Shahdol			√	√						√						√									
Annupur																			√						
Bharwani	√		√					√																	
Narsimhpur						√				√															
Datia			√							√															
Seoni			√	√						√									√						
Ashoknagar																									
Mandla		√	√	√						√	√								√						
Panna			√							√									√						
Harda										√															
Umaria										√									√						
Sheopur			√																						
Sidhi & Singrauli			√				√			√	√														√
Jhabua	√		√	√						√															
Alirajpur																									

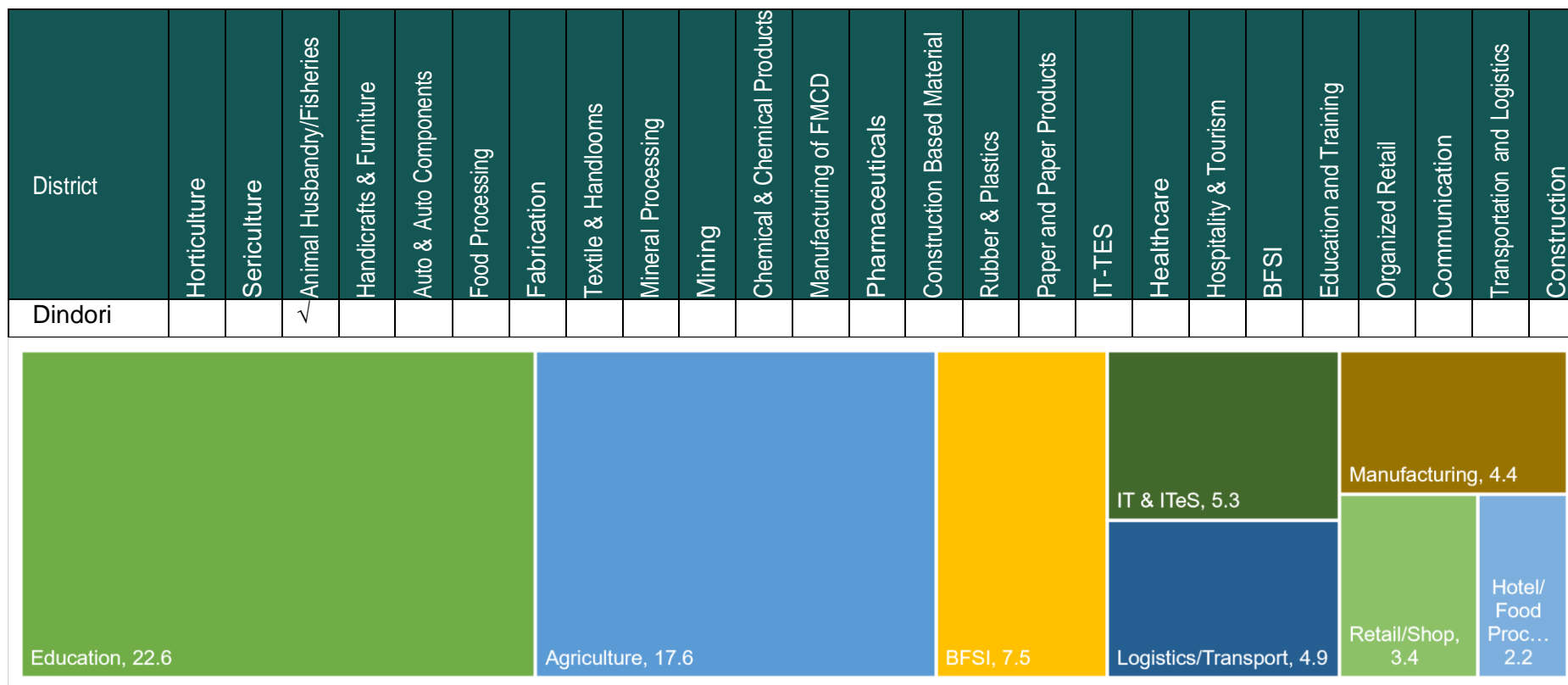


Figure 77: Desired job roles by sector³⁹

³⁹ Youth aspirations and skill gap report - MPSSDEGB

Focus area of skill training

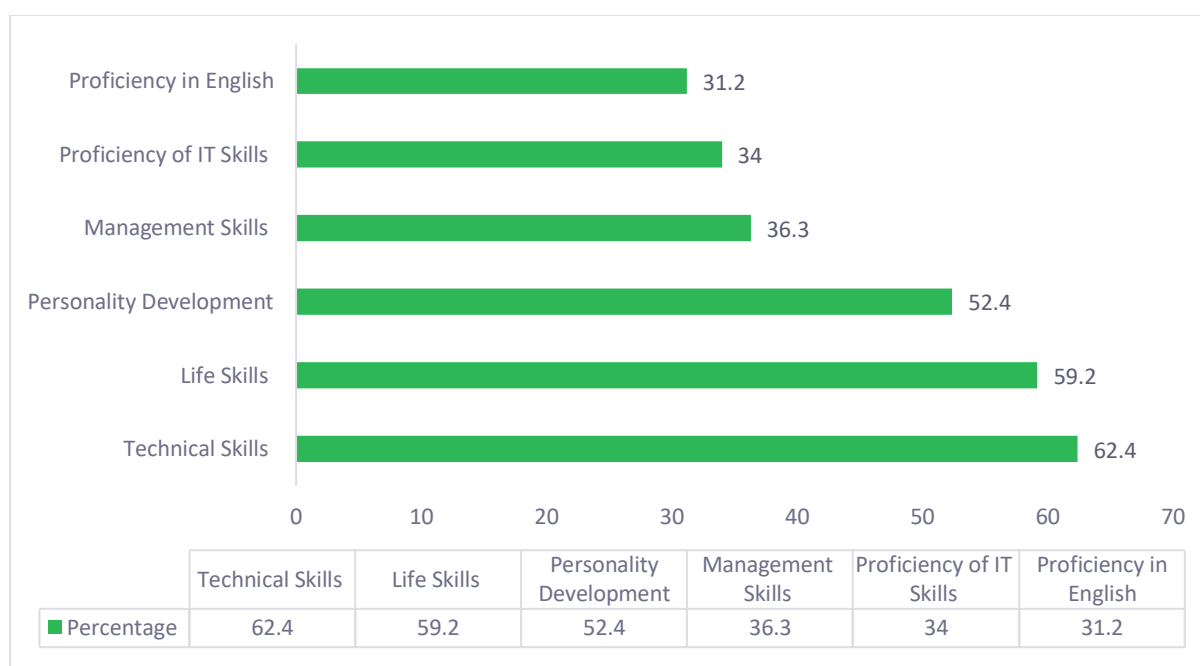


Figure 78: Focus Area of Skill Training⁴⁰

10.3.6. Capacity Building Gap Analysis

A comparison of the sectors under which the candidates were trained versus the growth in the sectors indicate some degree of mismatch. For instance, the past decade has seen a significant growth in the agriculture and allied sector presenting opportunities for diversification. However, the candidates enrolled through the above schemes in courses related to food processing was low. Also, more focus can be given to train candidates in manufacturing. In addition to understanding the sectors covered under the schemes, effort was also made to find out the districts that were covered. The next section of the report mentions the districts that were covered under the three schemes MMKSY, YSY and PMKVY.

Table 40: Madhya Pradesh Sectoral Labour Gap Analysis⁴¹

Sector	labour Demand for year 2022 - 24	Incremental Labour Demand for year 2022 - 24	Labour Demand for year 2024 - 26	Incremental Labour Demand for year 2024 - 26	Total sector Wise Incremental labour Demand 2022 - 26	Percentage of Total Incremental labour Demand 2022 - 26
Agriculture forestry & fishing	23019115	4575937	26684385	3665270	8241206	55.3
Mining and Quarrying	82832	-5670	79255	-3577	-9247	-

⁴⁰ Youth aspirations and skill gap report - MPSSDEGB

⁴¹ Youth aspirations and skill gap report - MPSSDEGB

Sector	labour Demand for year 2022 - 24	Incremental Labour Demand for year 2022 - 24	Labour Demand for year 2024 - 26	Incremental Labour Demand for year 2024 - 26	Total sector Wise Incremental labour Demand 2022 - 26	Percentage of Total Incremental labour Demand 2022 - 26
Manufacturing	3158683	712235	3745296	586613	1298848	8.9
electricity gas water supply & other utility services	393489	169074	572162	178673	347747	2.3
construction	4332853	732719	4902424	569571	1302290	8.7
Trade repair hotels and restaurants	4371139	1087084	5289127	917989	2005072	13.4
Transportation and storage	1072572	219160	1249123	176551	395711	2.7
information and communication	166594	40162	200230	33636	73798	0.5
financial services and insurance activities	171665	16786	183854	12190	28976	0.2
real estate activities	150256	96523	298235	147979	244502	1.6
public administration administrative and support service activities	796558	151758	917091	120533	272291	1.8
other services	2083618	395759	2397762	314144	709903	4.8
Total Demand	39799374	8191527	46518944	6719570	14911097	
Total supply	47035983	2443173	49479156	2351838	4795011	
Incremental labour Demand and supply Gap		5748354		4367732	10116086	

The total estimated incremental demand gap for labour till 2026 in Madhya Pradesh will be 10.01 million persons. Out of this total demand, the proportion of demand for skilled labour will be roughly 20.7 percent (2.07 million), semi-skilled – 41.3 percent (4.13 million) and for unskilled labour 38 percent (3.8 million).

10.3.6.1. Youth Aspirations Survey⁴²

- According to the Youth Aspirations Survey, unemployment rates for men and women are 19.9 and 12.2% respectively.
- The poll finds that 8 in 10 young people in all of Madhya Pradesh's districts say they would like to work for wage employment.
- Agriculture (17.6%) and education (22.9%) are the top two desired industries for employment.
- Women make up just 10% of young population interested in self-employment.
- The youth believe that a perfect skill development programme would include career advice to assist them in making educated decisions regarding their area of employment.
- While choosing skill classes, proximity to the training facility and the level of instruction (including infrastructure) offered matter.

10.3.6.2. Labour demand in Madhya Pradesh

The growth of economy of the state determines the need of workforce for skilled, semi-skilled and unskilled individuals in the state. The employment elasticity based on Gross Value Added (GVA) which is growth of sectoral economy leading to growth of employment in the sector leading to incremental labour demand and thus calculating the labour demand gap in the state.

On analysis of the contribution of the primary, secondary and tertiary sectors to state's Gross Domestic Product of the state of Madhya Pradesh from 2011 to 2021 it was found that

- The primary sector's contribution to the state's economy has increased from 33.85 percent in 2011-12 to 46.98 percent in 2020-21. The growth was led by sub-sectors such as crop production, livestock, and horticulture.
- The share of the secondary sector was 19.47 percent.
- The tertiary sector was 33.55 percent in 2020-21.

The key industries responsible for this growth are textile, manufacturing, automobiles, food processing, engineering, power, infrastructure, hospitality, accommodation, and retail. Almost 90 percent of the demand for labour will be driven by construction – 8.7 percent, manufacturing – 8.9 percent, trade and accommodation – 13.4 percent, transportation and storage – 2.7 percent and agriculture – 55.3 percent.

⁴² Youth aspirations and skill gap report - MPSSDEGB

Balancing Labor Demand in Madhya Pradesh: A Sectoral Analysis and Workforce Strategy

It's essential for Madhya Pradesh to strategically plan and implement measures to bridge the gap between labor supply and demand. This not only entails a systematic approach towards enhancing the skills of the existing workforce but also requires the creation of diversified employment opportunities aligned with the economic growth trajectory. By doing so, Madhya Pradesh can ensure a balanced labor market that contributes significantly to the state's and the nation's socio-economic growth. Madhya Pradesh's economy is on an upward trajectory, with consistent growth seen in the primary, secondary, and tertiary sectors. A key determinant of this growth and its sustainability is labor demand and supply, particularly in terms of skilled, semi-skilled, and unskilled workers. The following is a technical analysis of the labor demand in Madhya Pradesh, underpinned by various data points, with a strategic outlook that aligns with the vision of the state, the country, and the industry.

Over the past decade (2011-2021), the contributions of the primary, secondary, and tertiary sectors to Madhya Pradesh's GDP have significantly evolved. As per the data:

- The primary sector's contribution grew from 33.85% in 2011-12 to 46.98% in 2020-21, with crop production, livestock, and horticulture as key contributors.
- The secondary sector, in contrast, accounted for 19.47% of the economy.
- The tertiary sector, although still a significant part of the economy, accounted for 33.55% in 2020-21.

This distribution across sectors sheds light on the economy's growth trajectory and points towards a likely incremental demand for labor. A sector-wise breakdown of labor demand indicates that 90% of it is expected to come from the following industries: *Agriculture: 55.3%; Trade and Accommodation: 13.4%; Manufacturing: 8.9%; Construction: 8.7%; Transportation and Storage: 2.7%*

In understanding the labor demand, we need to consider employment elasticity based on Gross Value Added (GVA). Employment elasticity is a measure that captures the percentage change in employment associated with a 1% change in economic output. This concept helps to comprehend how sectoral economic growth leads to employment growth, thereby influencing incremental labor demand and revealing potential labor gaps.

A sector-wise strategy is proposed to cater to the labor demand effectively:

1. Agriculture: With this sector driving more than half of the labor demand, there's a need for initiatives to improve labor productivity and reduce underemployment. This could be achieved by promoting mechanization, enhancing skills through targeted training programs, and fostering agro-based MSMEs for diversified employment opportunities.

2. Trade and Accommodation: Emphasizing skill development programs for this sector can enhance service quality and attract more investments, leading to higher employment. The state could consider partnering with private institutions and global hospitality chains to provide industry-specific training.

3. Manufacturing: Considering the high potential for job creation in this sector, vocational training programs focused on developing industry-relevant skills should be prioritized. Moreover, strengthening the link between industry and ITIs (Industrial Training Institutes) would ensure a continuous supply of trained labor.

4. Construction: This sector is poised to grow with urbanization and infrastructural development. There's a need for certified training programs for various construction jobs, coupled with safety training, to meet labor demands without compromising workers' well-being.

5. Transportation and Storage: Technological advancements are transforming this sector, necessitating a skilled workforce that can adapt to these changes. ITIs could be leveraged to provide specialized training for this sector, ensuring a smooth transition towards more technology-oriented operations.

10.3.7. *Skilling Gaps*

10.3.7.1. Gaps

1. Mismatches between skilling curricula and industry requirements⁴³ are owed to obsolete technology and training methods, short duration training programs, minimal interaction with industry; and inadequate training in soft skills (including spoken English) and digital literacy. There are instances where skill training institutes do not always have courses relevant for local MSMEs⁴⁴. Further there is a disparity in opportunities and outcomes due to the rural-urban divide. Inequality is caused by a lack of possibilities in rural areas and high migration costs or higher living costs in urban areas.
2. Significant Technology Modernization Costs for Training Facilities. According to the equipment and machinery utilised by the sector, training centers require high tech machines with a variety of configurations.
3. Vocationally trained workers fail to command “skill premiums”, that is, substantially higher wages than their unskilled counterparts.
4. Gender gaps in skill training constrain women’s participation in MSMEs—only 12.3% of the female workforce received vocational training (formal or informal) as against 26.4 % of the male workforce. Major reasons for women dropping out of training include marriage, lack of safe transport, and family issues. Other challenges included unhygienic or lack of toilets, lack of female teachers, absence of sexual grievance redressal system, and lack of crèches⁴⁵.
5. Lack of professional business management skills limits Research & Development, innovation, and productivity.
6. Prospective women entrepreneurs, mostly from rural economies are disadvantaged in starting or growing their businesses due to lack of knowledge and information.
7. A lot of MSMEs are family-owned business and hence affects processes and competitiveness.
8. Informal and unregistered MSMEs due to lack of knowledge are unable to avail several schemes and benefits provided by the state government. Also

⁴³ Youth aspirations and skill gap report- MPSSDEGB

⁴⁴ ADB report on Madhya Pradesh

⁴⁵ Gender study to identify constraints on female participation in skills training and labour market in India. https://dgt.gov.in/sites/default/files/Edited_EYIN2006-031_Gender_Study_1.pdf

10.3.7.2. Recommendations

1. Refreshing of prior Skills. While there is a presence of refresher courses for base level jobs through RPL courses in PMKVY Scheme. There is need of mapping of skills as per presence of MSMEs and geographical regions.
2. Upskilling of Current Workforce. Upskilling for individuals for advanced training to perform complex jobs and processes. The Global Skills Park is a finishing school in the state providing upskilling and training in advanced skills. There is a need to increasing the no of trades and intake capacity which is currently 240 seats.
3. Reskilling of Current Workforce. Reskilling for workers planning to change sectors and jobs through training facilities along with availability of stipend to such students for supporting them throughout the training period.
4. Increased support for apprenticeship schemes. While Central govt has implemented the NAPS scheme and state government of Madhya Pradesh has implemented MMSKY apprenticeship schemes to promote a higher proportion of training to be held Industry premises. This would reduce mismatches between industry needs and training curricula. The government also supports these schemes through incentivizing stipend. The targets for these schemes can be enhanced.
5. Introduction of online industry-relevant courses. The e-skilling portal of the National Skill Development Corporation (NSDC)⁴⁶ or BharatSkills⁴⁷, Swayam portal can be leveraged for the quick introduction of new courses aligned with industry requirements. Suggestions on new courses from MSMEs and industry associations can be leveraged.
6. Vocational training at school level. The National Education Policy 2020⁴⁸ advocates for integration of vocational training at school level⁴⁹. The students would have the option of opting for vocational courses in Grades 11–12. The Ministry of HRD and Ministry of Education should involve MSMEs to develop courses for school students to ensure inclusion of latest technology and cutting-edge industry practices.
7. Facilitating capacity building for women. Sector-specific training for job roles with higher representation of women can be prioritized by Skill Development and Policy making organizations. Skill development institutes can provide requisite facilities, including toilets, transport, stipend, and childcare facilities to reduce women's dropout rates.
8. The skill value chain acknowledges mobilisation and career guidance as essential, albeit time-consuming, components. There are instances of service providers employing internet tools for career advice and mobilisation. They can reach out to a

⁴⁶ [Free Learning Resources | National Skill Development Corporation \(NSDC\) \(nsdcindia.org\)](https://www.nsdcindia.org/)

⁴⁷ [Bharat Skills](https://www.bharatskills.gov.in/)

⁴⁸ [NEP 2020.pdf \(ncert.nic.in\)](https://ncert.nic.in/nep2020/pdf/NEP_2020.pdf)

⁴⁹ [Samagra Shiksha \(education.gov.in\)](https://www.education.gov.in/samagra-shiksha)

bigger group of young people thanks to the model, which also takes a more expert approach to career coaching. In the state, this model can be investigated.

9. The absence of needed industry interface has been a significant weakness in the skilling ecosystem, and it is urgent that this issue be dealt with methodically. The inclusion of business relevant courses in curriculum design is important.
10. Conducting an impact evaluation study of skill development programmes, from the state. This is important because there is currently a lack of impact evidence about the effectiveness of the many state-implemented programmes.
11. Third party process monitoring activities can aid in understanding industry interface interventions since this particular area requires more support.

10.3.8. Gap in Organizational Capacity

10.3.8.1. Gap in Organizational Capacity⁵⁰

More than half of businesses use employee references and local contractors to hire new staff. Newspaper ads, social media, and university placements are some more techniques of recruitment. Only a small number of businesses (less than 20%) believe that the majority (more than 75% of the graduates hired in the last three years) are easily deployable. Reason is lack of professional business management skills limits Research & Development, innovation, and productivity. Further prospective women entrepreneurs, mostly from rural economies are disadvantaged in starting or growing their businesses due to lack of knowledge and information. Technical, organisational, flexible work hours, communication, analytical, IT, and problem-solving skills are the other skill gaps identified. Thus, there was a need for management or human-centric skills among the work-force.

10.3.8.2. Recommendations

1. Development of **Innovation cum Incubation centre** at district levels which would help training for self-employment, also act as a finishing school for various required skills in MSMEs.
2. Development of a single state-wide single portal for skill education, unemployment, and placement.
3. Development of state institution for Research & Development for MSMEs.
4. Development of Incubation centres for family-based businesses.

⁵⁰ Youth aspirations and skill gap report - MPSSDEGB

Building Departmental Capacity in MSMEs

10.3.9. Challenges in Departmental Capacity Building

The State of Madhya Pradesh stands at 32nd position in Human Resource Development⁵¹ among 36 states and union territories of India. It represents poor performance of the state human resources in the overall holistic governance structure in the state. Madhya Pradesh stood 13th among 17 large states of India in Human Capital Indicator for the India Innovation Index 2020. The index measures readiness of the states with respect to innovation, better use of technology to improve governance among other indicators. A low score represents lack of capacity building initiatives.

Table 41: Training Needs across Various Levels of Government employee

Training needs for Class III employees	Training needs for Class IV employees	Training needs for Class I & Class II employees	Women Employee Specific Training
<ul style="list-style-type: none"> ▪ Procurement Through GEM ▪ Handling Government Portals/Dashboards ▪ Understanding Pay Fixation Guidelines ▪ Upkeep of Service Books ▪ Operating E-office ▪ Record Management ▪ Computer Skills Training ▪ Writing Note Sheets and Minutes of Meetings ▪ Stress Management ▪ Gender Sensitivity ▪ Time Management • Personality Development ▪ Induction training for new recruits 	<ul style="list-style-type: none"> ▪ Stress Management ▪ Computer Skills ▪ Hospitality skills ▪ Induction training for new recruits 	<p>are listed below: -</p> <ul style="list-style-type: none"> ▪ Compassion and Empathy ▪ Gender Sensitivity 	<ul style="list-style-type: none"> ▪ Training on Work-Life Balance ▪ Training on Dignity at Workplace
Recommendations ⁵² <ol style="list-style-type: none"> 1. Formulating Training Calendar along with mandatory trainings linked to appraisals. 			

⁵¹ Ranking of Madhya Pradesh in Good Governance Index 2019

⁵² Human Resource Study – AIGPPA

2. Formation of dedicated Human Resources Department with specialized staff for training and development.

10.3.10. **Best Practices in Capacity building**

Below are few Best Practises for Capacity Building which can also be leveraged for state

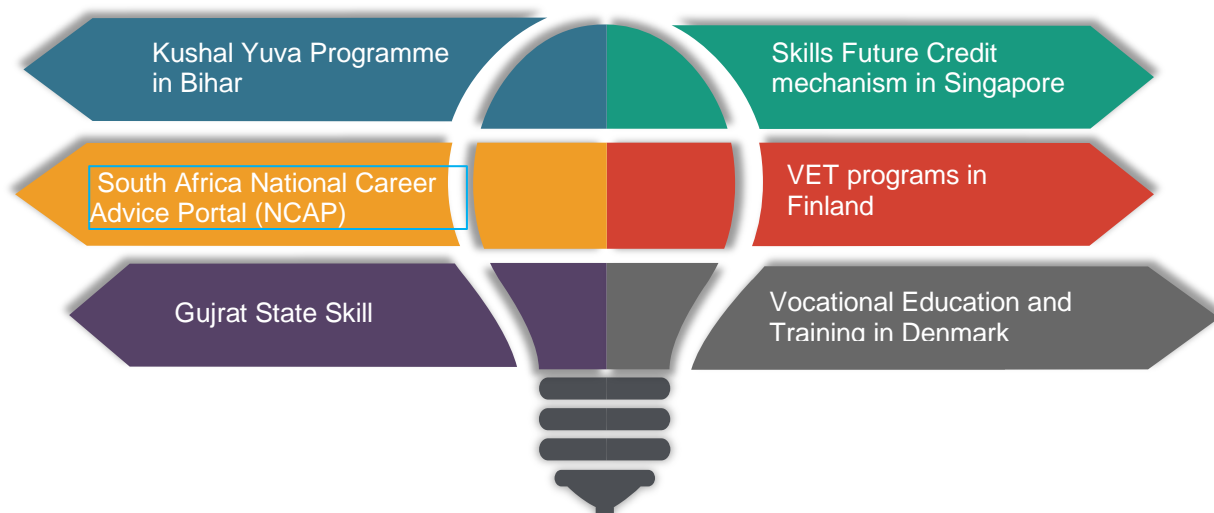


Figure 79: Best Practices for Capacity Building

1. Skills Future Credit mechanism in Singapore is a national programme in Singapore aimed at helping all jobseekers (freshers, mid- career individuals) to develop their skills. It offers an incentive mechanism, an opening credit of S\$ 500 is provided to all Singaporeans aged 25 and above to undertake 8000+ courses offered by various Institutes of Higher Learning (IHL). An incentive for mid-career support to enable Singaporean citizens in mid- career to upskill and re-skill considering the changes happening in job roles owing to Industry 4.0. Similar credits can be provided to all citizens of India falling in certain age group and with certain considerations to utilize for skill training which can be utilized in any vocational institution.
2. Lack of integration between formal education and vocational/skilling courses tends to decrease the aspirational value of VET programs. Higher education in Finland provides courses by universities and universities of applied sciences. The universities offer mostly theoretical and scientific courses while the universities of applied sciences (UAS) offer practical skill-based course that involve more training, work focused pedagogy. The universities can offer courses or programs in the same stream for example in Finance, the UAS focus will be on day to day operational finance, finance for sales & marketing etc., while the universities will have thrust on corporate finance, investment banking, trading etc. The Indian Skill Establishment can provide similar opportunities to students to move between higher education and vocational training.
3. The Vocational Education and Training system of Denmark involves active participation of social partners (teachers, employers, employees etc.) through councils that operate at three levels local, sectorial and national level and advises the Ministry

of Education on issues that affect the VET system at the national level. It monitors trends and patterns in the labour market and accordingly recommends the creation of new VET qualifications, and the adaptation or abolition of existing ones. Government of India can channelize the information at the local level and incorporate the same while designing interaction between VET and industry players.

4. Kushal Yuva Programme in Bihar. The course curriculum includes three components: Life skills, Communications Skills (English & Hindi) and Basic computer literacy. BSDM aims to address the following 4 challenges via Kushal Yuva Program:
 - Capacity: BSDM plans to develop at least one Skill Development Centre (SDC) in each of their 534 blocks
 - Access: SDC at each block for doorstep delivery of training, State wise mobilization campaign and district registration cum counselling centres to increase access.
 - Relevance: Life Skills, Communication skills and Digital literacy to improve the employability of the candidates further instilling confidence to move to areas with higher employment potential and increased workplace retention
 - Perception: Use of high-quality content and E-Learning mode and qualified, experienced and certified trainers.
 - Recruit Train Deploy (RTD): Under this initiative, BSDM on boards industry partners who conduct trainings with captive placements upon successful completion of trainings.
5. Gujrat State Skill Initiatives - Government of Gujarat with a goal of providing employment to the youth of Gujarat. It imparts skill development training to youth through village cluster training centres in villages,
 - State Tribal department in collaboration with private partners has launched more than 615 VTCs
 - More than 500 KVKs are active in the state. There are 5 KVK for Blind People to promote - Inclusion based training; dedicated skill development centres for differently abled
 - A PPP model to conduct training and employment program for candidates. More than 40 Flexi MoUs have been signed with various renowned companies
6. South National Career Advice Portal (NCAP) – It is a portal that has a simple, decluttered landing page, focusses on the main components. It helps broadcasting career information to facilitate informed career and study choices. The portal features options for searching for jobs, online interest-based assessments, higher education options, offers information on occupation and green skills etc.

10.4. Training Need Assessment for MSMEs in Madhya Pradesh

In addition to the gaps in skill competencies across priority MSME sectors, from our stakeholder's consultation we also focused on assessing the prime requirements that needs to intervene via initiatives to nurture the skill and capacity building ecosystem uniformly across the state. The major training needs with priorities that we could glean out are

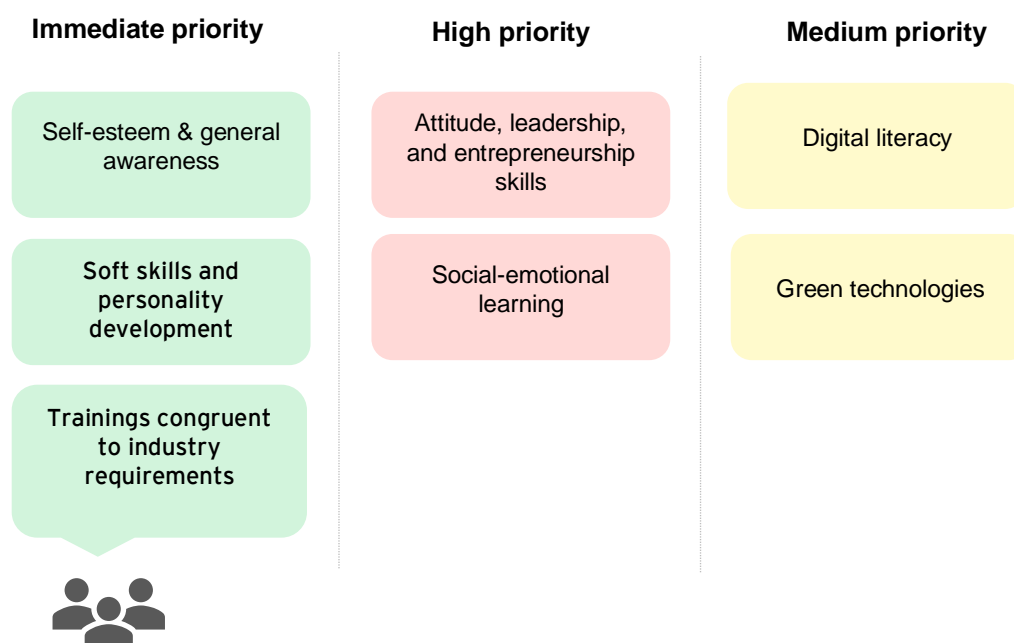


Figure 780: Training Need Assessment from Stakeholder's Consultation

► Trainings congruent to industry requirements

- Throughout our consultations, the constant repetitive feedback that we received from the stakeholders was that the curriculum followed in the technical training institutes such as engineering colleges, ITI and polytechnics needs to be updated to reflect the current market needs.
- Lack of practical knowledge and hands on practise do not enable the students to fit into the industry's shop-floor requirements or apply the skills in the real scenario.

► Soft skills and personality development

- Soft skills refer to a set of personal attributes and qualities that enable individuals to effectively communicate, collaborate, and work with others. These skills are often intangible but play a critical role in an individual's success in the workplace and personal life.
- Majority of the MSME owners (and SPVs from clusters) we surveyed admitted that they lack soft skills and personality to compete and land the best of jobs in organisations of repute.

- The industry stakeholders from Industry Associations also echo this perception of students. The development of soft skills, language skills – especially English language – and personality development thus become a priority.

► **Digital literacy**

- Digital literacy is about the use of technology to facilitate learning and development activities. Awareness of digital platforms allows learners with a flexible and accessible way to acquire knowledge and skills in a convenient and efficient way.
- From our consultations, we noted that though majority of entrepreneurs have access to smartphone with web however its utility for skill building is rare. Literacy about appropriate sources, platforms or webapps is low.

► **Social-Emotional learning:**

- Social-emotional learning focuses on developing social competencies to regulate emotions, set and achieve goals by taking informed decisions. During our stakeholder consultations in the districts, we found that though the industry does have job openings for the youth, especially in manufacturing sector, but in a majority of cases, they do not prefer or are indecisive towards working within the industries.
- There is a growing perception in youth's minds that blue collared jobs are not socially accepted. This has created an acute shortage of people for skilled blue collared jobs such as welders, masons, construction workers etc.

► **Self-esteem and general awareness:**

- Self-esteem of a person tends to set a positive view of himself/herself and abilities driving towards building confidence to acquire knowledge and understanding of world around.
- Of the most prominent needs that kept on popping during almost every consultation with MSME clusters, Industry associations and MSME entrepreneurs was lack of awareness of government scheme guidelines to avail benefits out of it.
- Lack of general awareness and confidence to put forward right questions is one possible cause for this. However, it was also reported that government officials do not have clarity of proper steps to be followed.

► **Attitude, leadership, and entrepreneurship skills:**

- From our consultations, we could also glean out that places where opportunities are available, people do not have the required entrepreneurial mind-set to start something of their own subjected to their perception of low-risk appetite.
- It was observed that youth have higher inclination towards Government jobs or private multinational companies (MNCs). Even during our consultations with skill and capacity building institutes, it was reported that majority of youth prefer service sector jobs at

small or medium corporates over entrepreneurship. The institutions reported higher rates of absenteeism in the capacity building sessions.

► **Green technology awareness:**

- Greening of industries is the key to sustainability. A major chunk of the MSME units (especially manufacturing units) that we surveyed were either not aware of or did not pay attention towards incorporating green technologies.
- While government has launched initiatives to promote LEAN manufacturing and ZED certifications, it is still perceived from a lens of liability to business and are resistance to change. Awareness on aspects of cost savings, waste reduction and long-term sustainability benefits from greening needs to be fabricated.

10.4.1. *Institutional Capacity Need Assessment*

Directorate of Industries, Govt. of Madhya Pradesh (GoM) is an executive arm of the MSME Department of Government of Madhya Pradesh and is engaged in implementation of government policies for all round development of industries in the state by seeking coordination amongst the state level promotional corporations i.e. MPLUN. and other department of the government relating to industries. The Directorate of Industries assist the State Government in the formulation of various industry related policies and promotional schemes viz. Industrial policy, Start up Policy etc. The Directorate is supported by seven Regional Offices and DTIC (District Trade & Industries Centre) at every district. The powers to implement the schemes are decentralised to maximum extent and are vested with the DTIC for effective delivery mechanism at district level.

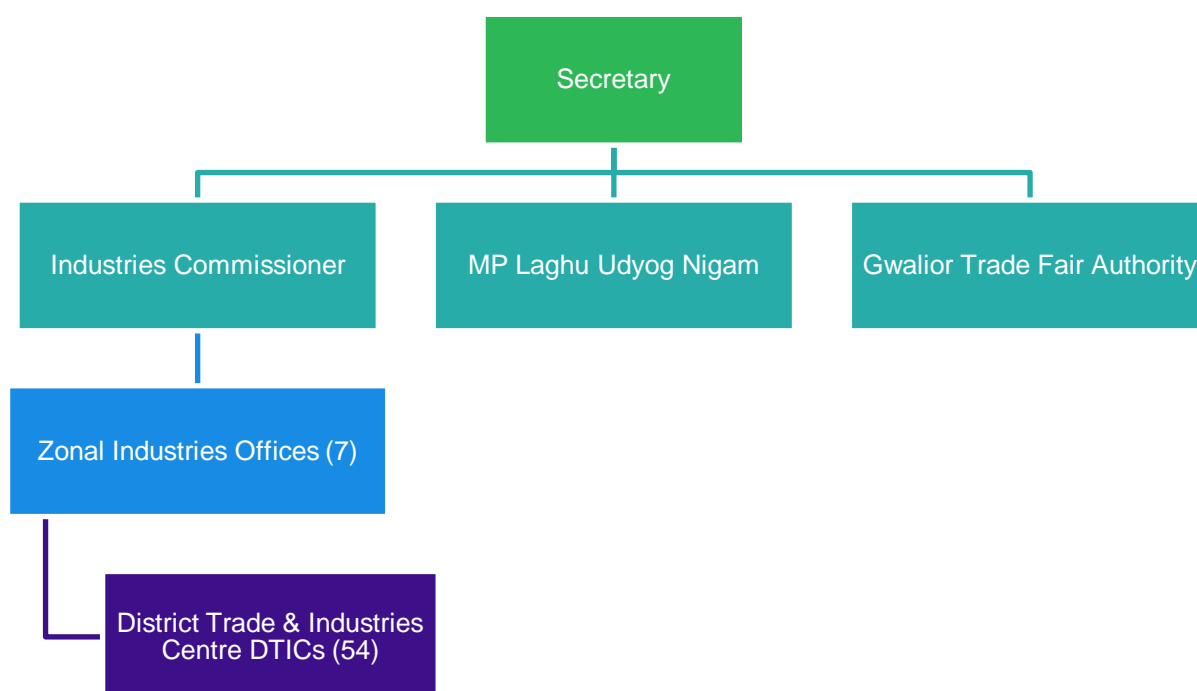


Figure 81: Directorate of Industries, Govt. of Madhya Pradesh (GoM)

10.4.2. Need for institutional strengthening

Formulating need analysis for institution aims towards essentially build capacity across three pillars namely individual, organizational, and institutional. The approach towards identifying individual needs would involve receiving feedback form individuals and MSME surveys while organizational and institutional level gap areas will be collated based on combination of feedback received through individual forms and one-on-one discussions with various department Directors, Joint Directors, General Managers, and key staffs within the government departments.

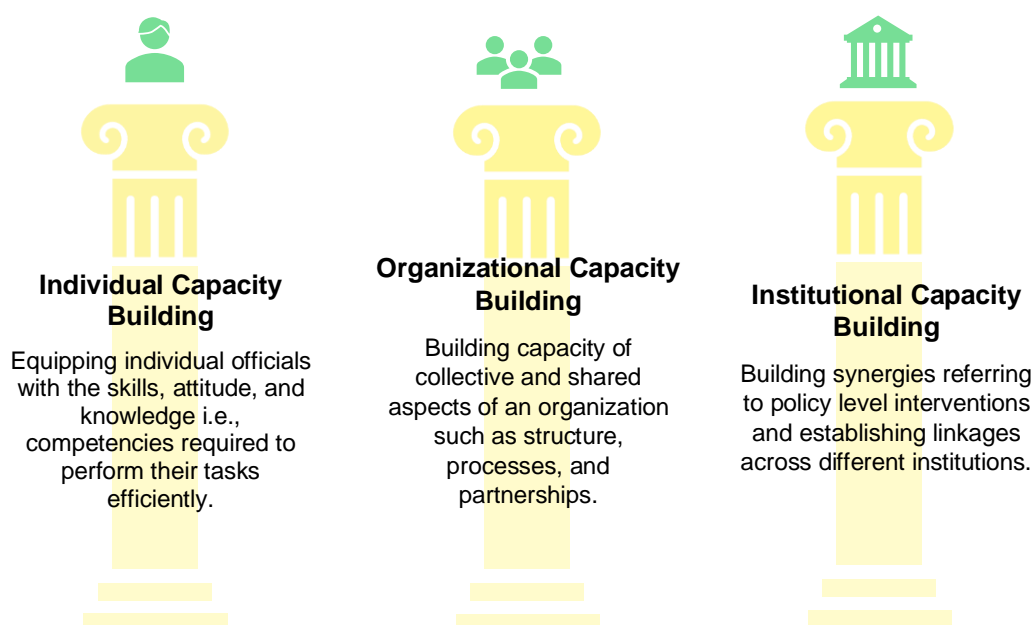


Figure 82: Pillars for Institutional Capacity Building

► Pillar 1: At the Individual Level

Competencies form the basis of individual capacity building. A competency is defined as the combination of attitudes, knowledge, and skills that enable an individual to perform a job or task effectively. Capacity building at the individual level refers to the process of equipping individual government officials with the competencies required to effectively perform their assigned roles. Capacity Constituents at the individual level:

- **Behavioural competencies:** These are a set of benchmarked behaviours displayed (or observed/ felt) by individuals across a range of roles. For example, empathy and leadership.
- **Domain competencies:** These competencies enable individuals to effectively perform roles within a specialized discipline or field. Domain competencies are generally applicable to the core work of the ministerial departments. For example, providing technical consultancy services to MSMEs.
- **Functional competencies:** These competencies help cater to the operational requirements such as administration, procurement, financial management, and so on.

Functional competencies are applicable across a wide range of ministries/departments of the Government. For example, budgeting, project management, and data analysis.

► **Pillar 2: At the Organizational Level**

This refers to the process of building the capacity of collective and shared aspects of the organization such as existing processes, digital and physical infrastructure and technological capabilities that enable the organization to achieve its goals. Capacity at the organizational level is assessed on the basis of the collective aspects of a ministerial department. Some examples of these aspects include:

- **Systems and Processes:** This dimension includes all the established systems and processes to carry out its day-to-day functions. Examples include monitoring mechanism for schemes, standard operating procedures, Learning Management Systems etc
- **Resources and Assets:** This includes the resources and assets such as hard and soft infrastructure for day-to-day functioning. For example: the physical premises, budgets etc.
- **Partnerships and Relationships:** This dimension includes all external partnerships that is part of such as those with other ministries/departments, global organisations and citizen groups.
- **Personnel Management:** This includes all the functions associated with managing human resources of such as performance appraisals, training and development, performance management, succession planning etc.
- **Technology and Data:** This dimension deals with the technology solutions employed by the Central/state government to improve its functioning. Examples include software that enables shorter turnaround time on repetitive tasks and digital tools that increase efficiency or enable faster resolution of pain points.

Pillar 3: At the Institutional Level

The third pillar refers to changes made in the norms, policies and regulations that guide the functioning of individuals and organizations. In the context of the government, institutional capacity building refers to policy level interventions that affect all ministerial departments, implementing agencies and other private or non-government institutions. Institutional level capacity building aims to build inter-institute synergies and establish linkages for collaborative actions.

In summary, institutional capacity building of the government departments, ministerial arms and staff is essential for the growth and development of the MSME sector. It can enhance service delivery, improve policy development, enable effective program implementation, increase coordination and collaboration, enhance monitoring and evaluation, and promote sustainable development for the MSME ecosystem.

10.4.3. Institutional Competencies Required

This section captures the capacity required at the individual level (officer level) within the Madhya Pradesh Department arms for smooth functioning and effective delivery of assigned work responsibilities. Thus, competencies required by a position in the present and those that might be required to be future-ready have been captured in this section as per the three constituents of individual capacity building pillar i.e., Domain, Functional and Behavioural.

► Domain Competencies

Table 42: The domain competencies required for departments

Domain Competency requirements of Officials	
Domain Competencies	Level of the Officer
<p>a. Improvement in specific sectoral knowledge both theoretical as well as practical and keeping up to date with advancements and emerging trends in these field/areas is crucial to ensuring that the officers are abreast with the developments in the industry in order to effectively add value to their work responsibilities.</p> <p>Some such areas are:</p> <ul style="list-style-type: none"> • Lean manufacturing tools and techniques • Additive manufacturing & reverse engineering • A broad range of highly sector specific knowledge such as - food processing; packaging; automobile and components industry (systems, processes, quality standards etc.); chemical; electronics; aerospace; heavy industries; textile; agro-based industries; energy & green energy; health sector; medical appliances & precision tools; education sector, sustainable supply chains etc. <p>This is also important to developing in-house resources within the DoI with core-expertise in various domains who can be consulted.</p>	<p>Advanced-</p> <ul style="list-style-type: none"> • MD, MPLUN • CGMs, MPLUN • Joint Directors <p>Basic to Intermediate-</p> <ul style="list-style-type: none"> • General Managers- DTICs
<p>b. Policy design and formulation is a key domain area where competency building is required for all officers from DC to Joint Directors and Directors and Corporations, directly involved in policy formulation process from inception to implementation.</p>	<ul style="list-style-type: none"> • CGMs, MPLUN • Joint Directors-Industries Dept
<p>c. Similarly, Trade facilitation, export promotion and trade agreements (multi-lateral, FTAs) are domain areas that are becoming more relevant with the concurrent national focus on self-reliance and becoming a global manufacturing leader with initiatives such as Atmanirbhar Bharat, Make in India etc.</p>	<ul style="list-style-type: none"> • DFOs • CGMs, MPLUN • Joint Directors-Industries Dept
<p>d. Knowledge about respective schemes under the supervision of the division and working knowledge of all the schemes of the MoMSME. Schemes of other ministries and state departments for the empowerment of MSMEs.</p>	<ul style="list-style-type: none"> • CGMs, MPLUN • Joint Directors-Industries Dept • General Manager-DTIC
<p>e. Enhanced knowledge about credit facilitation (including hybrid and more innovative models of finance) & financial knowledge (impact funds/MSME funds/angel funds; knowledge of credit discounting platforms; NBFCs & MFIs; guidelines of SIDBI & RBI etc.) is key to fostering of MSMEs, given that lack of credit availability is one of the most persistent bottlenecks to the growth of MSMEs and entrepreneurs in the state.</p>	<p>Advanced-</p> <ul style="list-style-type: none"> • IC • MD LUN • DFOs <p>Basic to Intermediate-</p> <ul style="list-style-type: none"> • CGMs, MPLUN

	<ul style="list-style-type: none"> Joint Directors-Industries Dept General Manager-DTIC
f. Understanding of supply chain management and vendor management are key focus areas where competency building is required – such that it can translated into strengthening and upgrading the manufacturing ability/output of MSMEs in the country	<ul style="list-style-type: none"> IC MD LUN DFOs
g. Other domain areas repeatedly highlighted for competency building are- IPR & trademarking, industry 4.0 topics, emerging technologies (both sector agnostic and sector specific)	Advanced- <ul style="list-style-type: none"> IC MD LUN DFOs Basic to Intermediate- <ul style="list-style-type: none"> CGM-MPLUN General Managers: DTIC
h. Public-Private Partnership (PPP) model: The Public-Private Partnership (PPP) model can be highly beneficial for MSMEs in facilitating infrastructural development, technology, innovation, access to market and providing Business Development Support services.	Advanced- <ul style="list-style-type: none"> IC MD LUN DFOs Basic to Intermediate- <ul style="list-style-type: none"> CGM-MPLUN General Managers: DTIC

► **Functional Competencies:** The functional competencies required for departments are-

Table 43: Functional Competency requirements of Directorate of Industries

Functional Competency requirements of Directorate of Industries	
Functional Competencies	Level of the Officer
a. General and establishment rules of Ministry of MSMEs b. Knowledge of multilateral funding frameworks c. Know-how of CVC guidelines, dealing with vigilance matters. d. Overview of procurement procedure through GeM (goods & services), CPPP & CPWD (works). e. Know-how of Central Public Works Department guidelines f. Grievance redressal g. Financial management for statutory bodies h. Understanding and preparation of budget (and outcome budget) i. Monitoring & evaluation of schemes j. Outcome-output monitoring mechanisms k. Awareness and working knowledge of different portals, e-platforms of the government that enable coordination & inter-operability between different ministries/ departments and schemes l. Know-how of Information, Education and Communication strategies and 360-degree media planning	<ul style="list-style-type: none"> IC MD LUN
a. Understanding and preparation of budget (and outcome budget) b. Financial management for government & autonomous bodies c. Drafting & evaluation of proposals, contracts d. Research analysis and data management e. Awareness and working knowledge of different portals, e-platforms of the government that enable coordination & inter-operability between different ministries/ departments and schemes	Basic to Intermediate- <ul style="list-style-type: none"> CGM-MPLUN General Managers: DTIC

<ul style="list-style-type: none"> f. E-governance & Digital India g. Awareness and working knowledge of different portals, e-platforms of the government h. Designing awareness programmes and 360-degree media planning i. Know-how of contract, project & programme management 	
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► Behavioural Competencies

Table 44: Behavioural Competency requirements of Directorate of Industries

Behavioural Competency requirements of Directorate of Industries	
Behavioural Competencies	Level of the Officer
<ul style="list-style-type: none"> • Transdisciplinary thinking • Conflict management • Innovation & improvement • Leading others • Stress management • Attention to detail • Problem solving • Conflict management • Empathy and sensitivity • Result/outcome-oriented work approach • Interpersonal skills & personal effectiveness • Leading others • Collaboration, Stakeholder engagement & coordination 	<ul style="list-style-type: none"> • All heads
<ul style="list-style-type: none"> • Negotiation skills • Transdisciplinary thinking • Conflict management • Team management & development • Innovation & improvement • Networking • Stress management • Communicating effectively • Attention to detail • Problem solving • Working in a team • Result/outcome-oriented work approach • Interpersonal skills & personal effectiveness • Collaboration, Stakeholder engagement & coordination 	<ul style="list-style-type: none"> • CGM-MPLUN • General Managers: DTIC

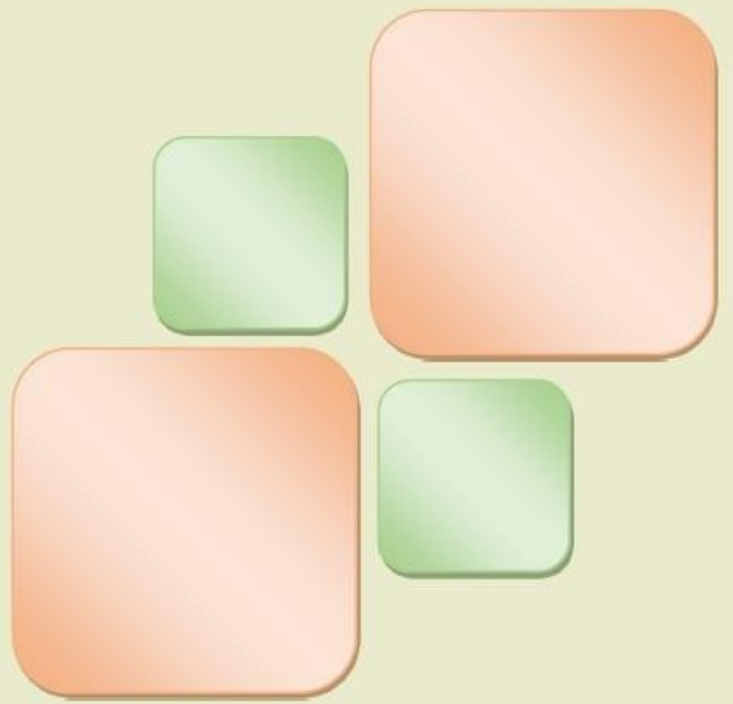
10.5. Strategies to Strengthening Institutional Capacity Building

Engaging with relevant stakeholders, such as other government agencies, private sector organizations, academia, and civil society, can foster knowledge sharing, leverage resources, and enhance synergies to address the multifaceted challenges faced by MSMEs. Building strategic partnerships can also facilitate access to technical expertise and best practices from other countries or regions, leading to improved policy formulation and program implementation. Also, Institutional capacity building for MSME departments requires financial resources to support its operations effectively. **Adequate budget allocation, efficient financial management systems, and transparent procurement processes** are essential to ensure that the MSME department, GoMP has the necessary resources to carry out its

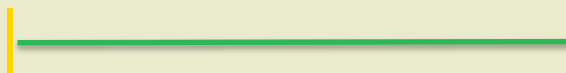
functions and responsibilities. Lastly, **continuous learning and adaptation** are the critical of institutional capacity building. The MSME department of GoMP should be open to learning from its experiences, successes, and failures, and should be willing to adapt its policies and programs accordingly. Monitoring and evaluation should be used as a feedback mechanism to identify gaps and areas for improvement, and lessons learned should inform future decision-making processes. Some of the inputs that we could recommend towards driving effective institutional capacity building are as follows-

- ▶ **Hybrid mode of training & Self learning:** Training modules should have an optimum mix of online and classroom-based training. Self-paced learning to be encouraged across the domain, functional and behavioural competencies mapped.
- ▶ **Integration with Work:**
 - Integration of the training program with the department's ongoing work and projects related to MSMEs can help officials apply the learning in their actual work environment and reinforce the relevance of the training content to their job responsibilities.
 - Emphasis on practical application of the training content to the department's work with MSMEs can encourage participants to apply the concepts learned in their day-to-day work, and provide opportunities for hands-on practice, problem-solving, and decision-making related to real-world scenarios.
- ▶ **Feedback for evaluation and impact assessment:**
 - User feedback around usefulness of trainings in day-to-day work should be evaluated from time to time.
 - MPLUN should conduct a thorough evaluation of the training program to assess its effectiveness including measuring changes in knowledge, skills, and behaviour, as well as assessing the impact of the training on the department's performance and ability to support MSMEs.
- ▶ **Exposure to best practices:**
 - Exposure is a major motivator. Training programmes which provide knowledge around governance and implementation of MSME enabling models across other states or countries should be considered.
- ▶ **KPIs based badges for learning:**
 - Key milestone mandate trainings could be planned at for designated officials with KPIs defined to be completed within a stipulated timeline.
 - Upon achievements of KPIs, issuing certified badges to the official's post-assessment of the training creates a sense of motivation to keep up with self-learning.
- ▶ **Self-learning via iGOT Courses**

- iGOT (Integrated Government Online Training) is an online learning platform developed by the Government of India to provide training and capacity-building opportunities to government officials and employees. iGOT aims to enhance the skills and knowledge of government personnel across various sectors, including healthcare, disaster management, public administration, finance, and more. iGOT offers a wide range of online courses and training programs that are designed to improve the capabilities and efficiency of government employees. These courses are available in multiple languages and cover diverse topics such as leadership, communication, data analysis, cybersecurity, project management, and many others. The platform also includes interactive learning tools, assessments, and certifications to ensure that learners can acquire knowledge and skills in a self-paced and engaging manner.
- Leveraging the platform via issuing an office order to all officials for self-paced learning can serve as a ready platform for training and skill development for functional and behavioural competencies, helping them to stay updated with the latest developments and best practices in their respective fields.



Access to Finance



11. Access to Finance

MSMEs are vital to India's growth. It has made a significant contribution to the economy through the expansion of exports, the creation of jobs, and the Gross Domestic Product (GDP). However, the post-pandemic scenario has posed a dual challenge for MSMEs. MSMEs need capital to sustain through the geopolitical turmoil and to grow ahead. The capital base that MSMEs could access has receded considerably. Hence the significance of Access to Finance as a critical component has become pronounced more than ever. This issue demands a strong relook at the traditional avenues like Banks and also an exploration of newer ones.

Bank lending is the most common and traditional source of external financing/borrowing for many entrepreneurs and MSMEs. However, the availing of financial assistance from banks has its hindrances. Most MSME enterprises are afraid of seeking loans from commercial banks, mainly because of illiteracy, knowledge of technology, collateral requirements, and other factors. There is a perception among entrepreneurs that excessive documentation at the time of loan sanctioning is a major factor for banks delaying loans. Banks also have reservations about the type of business, and the bank's risk attitude are all socio-economic factors that influence access to bank finance. The Government (State and Central) and the Reserve Bank of India have established several regulations and policies to improve credit flow to the MSME economy over the years. Despite these measures in place, there is evidence of MSMEs having limited access to bank finance, which hinders their growth and development.

11.1. Role of credit across MSME Lifecycle and Category of funds available for MSMEs

Micro, Small, and Medium Enterprises can avail MSME loans for the expansion of businesses or for setting up new enterprises. The interest rates on MSME loans start at **7.65% p.a.** The loan amount sanctioned ranges from as low as Rs.50,000 and can go up to a few crores. Based on the sanctioned loan amount, the loan repayment tenure can go up to 15 years. Broad category of loans available for business are:-

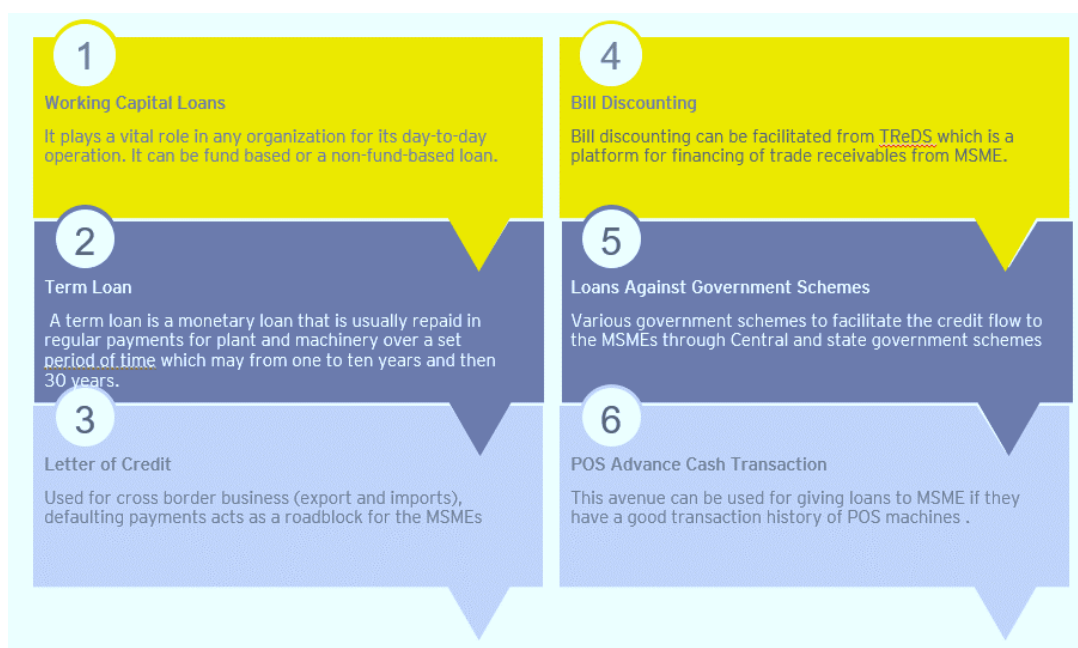


Figure 83: Categories of Loan

11.2. Status of financial institutions

As of March 2023, the state has 8,120 Bank branches. The Credit to Deposit Ratio is 72.66 which has observed a growth of 5.27% from FY 22 to FY 23. The total advances also observed an increment of 14.76% i.e., from 3.58 lakh crore to 3.96 lakh crore. In this category, the MSME advances also observed an increment of 16.76% i.e., from 75,769 Crore to 88,467 Crore. The percentage increase of MSME loans in total advances underlines the strong financial commitment of the government to the MSME sector.⁵³

Table 45: The percentage increase of MSME loans

Parameters	Outstanding				Amount in Crore		
					% Y-o-Y growth		
	Mar-20	Mar-21	Mar-22	Mar-23	Mar-21	Mar-22	Mar-23
Total number of Branches	7,958	8,032	8,120	8,319	0.93	1.10	2.45
Credit Deposit Ratio	78.46	73.42	72.66	77.93	-5.04	-0.76	5.27
Total Advances	3,32,321	3,58,785	3,96,652	4,55,195	7.96	10.55	14.76
MSME	60,228	65,696	75,769	88,467	9.08	15.33	16.76

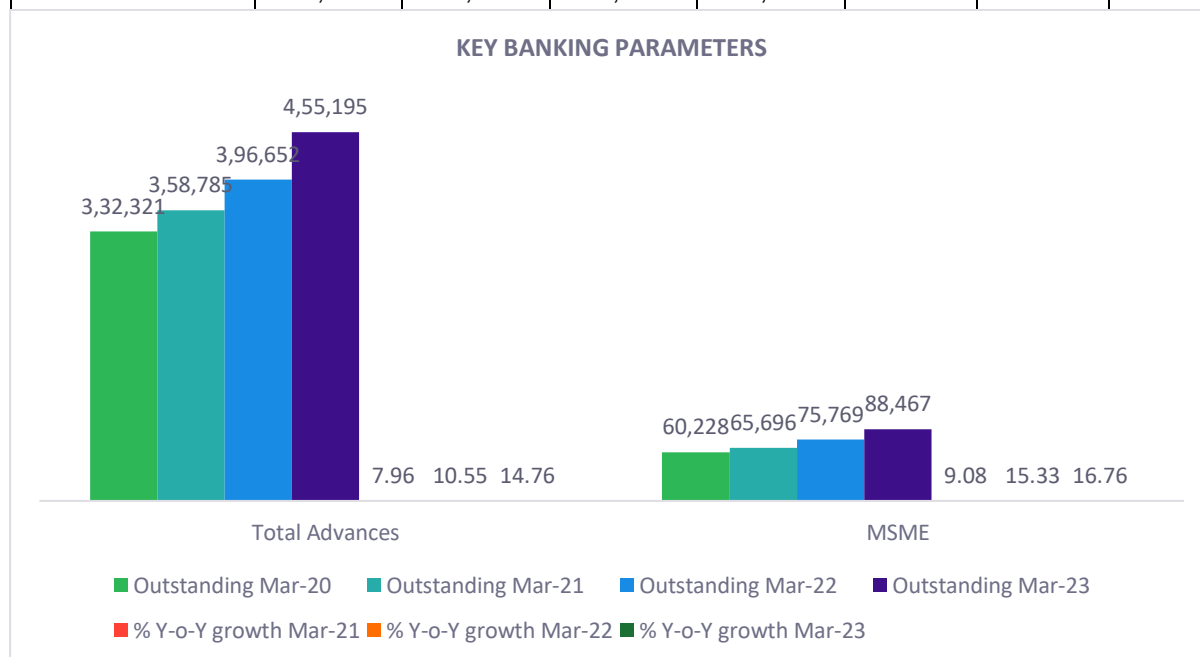


Figure 84: Key Banking Parameters

As per the above graph the growth outstanding of the banks of total advances is March'20 - 18.12%, March'21 – 18.31% whereas in March'22 – 19.10. YoY growth when comparing March'21 to March'22 the growth is 101.03 and March'22 to March'23 has come down by 5.18% to 95.86.

11.3. Madhya Pradesh MSMEs Credit scenario

The traditional sources of revenues in the state comprise formal finance which encapsulates Banks, NBFCs, and other MFIs. The Annual Credit Plan for MSME was 44,945 Crore which

⁵³ <http://www.slbcmadhyapradesh.in/>

is 17.76% of the total Annual Credit Plan for 2022-23. The highest allotment i.e., 27,493 Crore was done for Micro industries, followed by 15,426 Crore for Small and 1,272 Crore for Medium. With the supply aspect covered, the demand was also found to be robust in the state's market. The banks in MP disbursed 166% of their loans. All segments of banking industries aced their target by disbursing more than 100%. The commercial banks have disbursed 160% of the target and the Cooperative Banks have disbursed 645% of their targets. However, one cannot bank upon cooperatives to bridge the financial access gap here. First, they have the lowest target in all banking divisions. Hence the performance must be observed under a huge target. Second, the cooperative banks in the state, as per findings from stakeholder consultations, are hampered by issues like governance issues and asset quality.

11.4. The demand of credit in MP:

Due to market principles and MSMEs life cycle patterns, there exists a strong demand for supply of credit in the state of MP. Investment in plant and machinery, Delayed payments and long payment cycles play a big role in creating demand for credit.

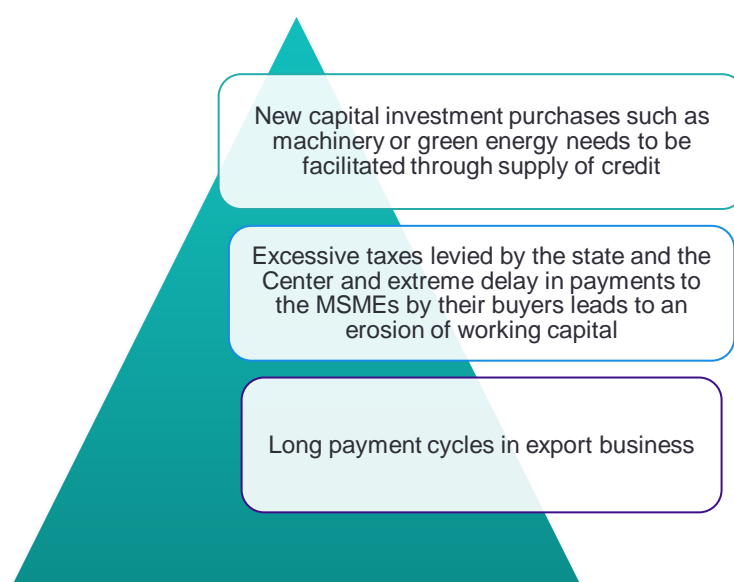


Figure 85: Market Lifecycle Pattern

11.5. Formal Lending and the role of Banks

Banks in MP are the main financial intermediary and hence they have a prominent role in meeting the demand to finance. Although the soundness of the banking system has improved significantly due to recent recapitalization measures by the government, banks have been cautious about lending to SMEs, even though such enterprises may account for a large share of the economic activity.

According to a study conducted by Atal Bihari Vajpayee Institute of Good Governance and Policy Analysis, the constraints (with the percentage of respondents) to Access to Finance for MSMEs in MP ranged from Turn Around Time (18%), lack of knowledge (20%), Difficult and Complex Process (12%), No nearby branches (8%), Complex documentation (14%) and High interest rate (3%). A significant point that can be analysed from this study is the **information asymmetry** prevalent in the lending arena. The information asymmetry about the loans, their documentation and the process results in the process being difficult resulting in huge turnaround time. This, TAT, then fails in addressing the borrower's urgency for the loans and makes him wary to go to banks in future.

The lack of information infrastructure for MSMEs exacerbates the information asymmetry problem and thus a significant risk premium is necessary to address it. In collateral-based lending, the provision of collateral is the simplest way for MSMEs and financial institutions to reduce the risk premium in loan formulations. The Collateral plays a key role in Policy intervention. Without the collateral, the MSMEs are facing a high rate of interest and hence, require some machinery or plant or land as collateral. Due to the indivisibility of capital or land, the MSMEs must get high-value collaterals to the FIs. These rigid assets cause loan shortages and thus, loan portability cannot happen. The need for collateral can be a third-party fund, like the Credit Guarantee fund, which may guarantee the loan. Also, with the introduction of the Basel capital accord, many governments have expanded the policy-based finance for MSMEs to mitigate the constraints on MSME finance as an urgent countermeasure. In this situation, efficient and lower-cost credit risk evaluation based on transaction history can be a bankable countermeasure.

11.6. Informal lending

A highly significant component of informal finance is the quasi capital which is the contribution from savings, friends, families, and moneylenders/chit-funds/ pawnbrokers. The issues with these sources are their high rate of interest and lack of legal cushion against arbitrariness detrimental to the borrower. Hence, the state has an impetus to channel MSMEs to embrace formal sources of finance. However, there are many roadblocks for both lenders and borrowers in facilitating MSMEs' entry into formal financial lending.

Madhya Pradesh government has MP Moneylender (Amendment) Act 2020 which states that Moneylenders cannot charge interest rates above a certain threshold as notified by the state. However, the implementation is still a cause of concern which makes the problem persist. Additionally, employer lending occurs, with owners providing loans to employees. However, these loans can carry staggering interest rates of up to 120% per annum, potentially trapping borrowers in debt cycles, an issue particularly detrimental to artisans and other workers before they start their businesses.

According to the AIGGPA study, 90% of the MSMEs felt the requirement for a working capital facility. 67% of the applicants didn't receive bank loans. Hence, this 67% only do have three options. Either go for self-funding or assistance for family members. The other option is to take help from Moneylenders. 37% of the applicants went for this option. The options of Chit Funds are also available but due to their tarnished reputations owing to multiple scams, moneylenders are still considered a better bet. Even though the interest rate charged by the latter goes up to 200%.

11.7. State benefits to MSMEs under various financial assistance scheme

The government, being the prime mover of the economy, has the onus of complementing the bank's steps and pitching in to fill in the gaps where it deems necessary. The MP government, through its capital assistance scheme in plant and machinery to self-employment ones, has taken many initiatives to facilitate providing capital assistance to MSMEs. The financial assistance to MSMEs has increased from 1189 Crore in 2020-21 to 1780 Crore in 2021-22 to 2551 Crore in 2022-23. Similarly, the self-employment schemes have disbursed 192.7 Crore in 2020-21 to 189.72 Crore in 2021-22 to 323.09 Crore in 2022-23. However, a state needs to be compared with a statistically similar state to ascertain real improvement in its performance. Hence, Madhya Pradesh can be compared with its neighbor Rajasthan on scheme performance indices as they have the nearly same number of MSMEs,

- In 2022-23, in MUDRA, the state disbursed **24,632.59 Crore** through **37,01,661** accounts. In comparison, Rajasthan had disbursed 24,492.62 Crore through 29,77,440 accounts. This means the number of beneficiaries covered and the amount disbursed are higher in Madhya Pradesh as compared to Rajasthan. However, the amount disbursed per account is higher in Rajasthan. In the era of high inflation, the higher disbursed amount will cover the increased OPEX. Hence, MP needs to take measures in bridging this gap, especially in Tarun (50,000 to 5 Lakhs) category where Madhya Pradesh lags behind Rajasthan.
- Madhya Pradesh has a total of 5,957 projects under PMEGP. The margin money disbursed under the scheme is 181.29 Crore. As compared to MP, Rajasthan has 2,037 projects in which 114.18 Crore was disbursed.
- Following this trend, in CGTMSE, Madhya Pradesh has 25,442 Cases which is lesser than Rajasthan's 32,178 Cases. However, in all other parameters- Credit Guarantee Extended Amount, No of Claims Settled, and Claims Settled Amount, MP performs better than Rajasthan. This denotes that MP has higher coverage per account showing the banks' propensity to avail this facility for higher loan value.
- In the last five years, MP Govt has supported 1.2 lakh beneficiaries under the Mukhya Mantri Swarojgar Yojna (MMSY), providing financial support of 1105 crore as margin money on loans extended worth around Rs. 7000 crores. Under Mukhya Mantri Yuva Udyami Yojana (MYUY), around 1400 beneficiaries have benefited.
- During the troubled COVID period, the state government focusing on the low-income segment has extended credit to 2.62 lakh street vendors, who have been affected badly due to the lockdown and loss of business during the pandemic. Banks, along with the government, have extended Rs. 268 crores to 2.6 lakh street vendors in the state with an average loan of Rs. 10,000/-. Further, 35.57 lakh people in MP benefitted through the Mudra Loan scheme in the year 2019-20, wherein 86% belonged to the Shishu category (less than 50k) and 10% of the Rs. 1-5 lakh segment. Most of the schemes cover either the marginalized and weaker section like street vendors or loans under Shishu loans or coverage of microfinance institutions (MFIs) for up to Rs. 1 lakh loan and the higher segments of SMEs (more than 10 lakhs). The segment of Rs. 1-5 lakh is missing from most scheme benefits, and commercial lending aspects are termed missing middle, which needs specific attention.

The main issue with the government schemes lies with the Implementing Agency (IA). The IA, which are usually banks in this case, generally fall short of resources to create a dedicated SPOC for implementing the scheme. Like a study regarding MUDRA deduced that Time Taken, Disbursement amount, Insufficient Information, and Scheme details coupled with Lack of support from the bank staff were the main hindrances in availing the facility. Similar issues can be extrapolated for other schemes as well.

11.8. Trade Receivables Discounting System (TReDS)

To provide better service and eliminate delayed payment problems lashing the growth of the MSME, RBI launched the Trade Receivables Discounting System in 2018 so that MSMEs can reap benefits. Small businesses may benefit from the platform today more than ever before. Thus, providing a platform to bring the various participants viz MSME sellers, Corporate and other buyers, including the Government Departments and PSUs as well as Financiers together. TReDS was first introduced by the central bank in 2014, and three platforms—M1xchange from Mynd Solutions, Invoicemart from mjunction services, Axis Bank, and RXIL—were given licenses to use the TReDS mechanism in 2017.

Madhya Pradesh, at present, has 493 MSMEs registered on its platform. These MSMEs have access to a wide range of financial institutions for bill discounting and easy access to credit. Similarly, MP has 29 Corporate buyers onboarded. However, the onboarding of many government bodies is still pending due to operational and other constraints.

Challenges faced by MSMEs on TReDS

- Only MSMEs can participate as vendors on this platform
- MSMEs to be formed under Companies Act
- Limitation of financiers towards buyers, which restricts limit that can be provided to vendors
- TReDS may tie up dematerialisation services
- Documentation and agreement policy comes as hinderance to the small MSMEs
- Financing is limited to supplier of large firms
- Type of financiers are limited

11.9. Women Focused MSMEs

Gender participation in MSMEs is a big concern in the state. In MP, the percentage of women-owned MSMEs to the total MSMEs is 12.35%. which is second last in the nation. There are more female-owned units in the rural area than the urban areas. The rural area constitutes of 22.24% and in urban it is 18.42%. This figure is greater than that of Rajasthan at 11.63%. However, the state still has a lot to catch up to bring parity with other states. It must address constraints financial access issues, marketing complications, socio-cultural barriers, and lack of awareness.

Special drives were undertaken for the registration of women-owned MSMEs under the Udyam Registration Portal. During 2022-23, more than 2 lakh women-owned MSMEs registered on the portal during the special drives. To benefit these entrepreneurs, the Public Procurement Policy was amended in 2018 mandating Central Ministries/Departments/Undertakings to procure at least 3% of their annual procurement from women entrepreneurs. Also, to support Women Entrepreneurs under Credit Guarantee Scheme for Micro & Small

Enterprises, two provisions have been introduced for women entrepreneurs w.e.f. 01.12.2022. These are a 10% concession in annual Guarantee fees; and 10 % additional Guarantee coverage of up to 85%, as against the 75 % for other entrepreneurs.

As far as central schemes are concerned, the number of women-owned enterprises that have received credit guarantees under the Credit Guarantee Scheme (CGS) in the country during the year 2022-23 (as of 28.02.2023) was 3,40,013 amounting to Rs. 14,247.24 crore. During the same period, MP disbursed 1,136.44 Crore through 9,679 guarantees issued to women. The number of women-owned enterprises that have received margin money subsidy under the Prime Minister's Employment Generation Programme (PMEGP) in all of India during the year 2022-23 (as of 28.02.2023) was 26,241. MP has 1,217 projects for women under PMEGP during the same time.

Under the Procurement and Marketing Support (PMS) scheme of the Ministry of MSME, 100 % financial assistance/subsidy is offered to women-owned MSMEs towards stall rent charges for participating in Trade fairs/ Exhibitions organized by the Ministry of MSME.

11.10. SC/ ST Focused Entrepreneurs

MSMEs also need to be studied according to their social classifications. The OBC category dominates the MSMEs is 45.34%, followed by 42.33% in the General category. The Schedule Caste and Schedule Tribe populations are 7.96% and 4.30%. Among the districts, Indore emerges as the leading hub for MSMEs in three social categories. It has the highest number of MSMEs in the general, OBC, and SC categories, with 48300, 27287, and 4683 MSMEs respectively. Dhar takes the lead in the ST category with 2448 registered MSMEs. Indore's prominence in the MSME sector indicates its status as a major economic center within Madhya Pradesh.

On the other hand, Niwari district exhibits the lowest number of MSMEs across general (343), OBC (504), and ST (19) social categories indicating a relatively lower concentration of MSME activity in that area. In the SC category, Alirajpur (83) has the lowest count of registered MSMEs. In 2022-23, MP has 725 approved projects by SC entrepreneurs and 466 approved projects by ST entrepreneurs. The state disbursed 16.41 Crore as Margin Money for SC and 8.47 Crore for ST entrepreneurs.

11.11. Green Financing

MSME sectors contribute to 70% of the total industrial pollution in India. The main reason behind this is most of the MSMEs are operating in unorganized sector and with outdated technologies. Green energy costs are around 10 – 30% of the production cost of MSMEs. Due to their limited financial resources or access to loans, MSMEs face difficulty to avail the required equipment which can decarbonize the end product.

11.12. Diagnostic finding

Information asymmetry and huge turnaround time with lack of tracking mechanism were also found to be major issues in survey study on RAMP. Hence, the element of this information asymmetry has been consistent throughout the years. Further insights from diagnostic reveals following: -

- ▶ 60% MSMEs were asked for collateral for loan
- ▶ 15% MSMEs felt that Awareness can resolve access to finance issue
- ▶ 22% MSMEs said PMEGP is the most known scheme for Finance
- ▶ 80% MSMEs will prefer banks for loans
- ▶ 19% MSME that applied for loan faced rejection
- ▶ As per the Survey, 97% of the MSMEs were unaware of the TReDS platform

11.13. Recommendations

The recommendations designed here should address first-time borrowers and borrowers with a credit history. With the stakeholder consultation and the survey, it has been found that the component of information asymmetry is at the heart of the issues plaguing MP's MSMEs growth. This information asymmetry may range from a lack of credit history to a lack of information about beneficiaries among many issues. Hence, the recommendations should be designed to address various aspects of this component and other issues plaguing financial access.

i. Channelizing Financial Intermediaries for Increasing Financial Access:

As the credit disbursement (as displayed by ACP) has been robust, the state needs to leverage the strength of banks to increase the number further.

- For this purpose, districts can be given individual targets according to the socio-economic indices like tribal population, mobility access and other variables. The targets will be- Disbursement/ Target percentage (more weightages given to the new customer acquisition), No of ST, SC, OBC and Women beneficiaries, and Letter of Credit issued for covering the exports. The banks in the district will work as an inherent unit to formulate and these measures like- organizing periodic loan mela, meeting with industry associations and so on. The district which achieves maximum target can be felicitated and provided with added benefits like fund assistance. The districts can, in turn, evaluate the banks based on Turn-Around-Time taken in the disbursement of loans. With standard LOD and equal effort in sensitizing the new populace, the bank with lowest TAT will be awarded with the district's fund as a float in its account.
- Have a dedicated cell in each district for MSMEs to help them sensitize about the working capital loans and address their issues in due time.
- Capacity building for lending institutions, particularly, state level financial institutions and cooperative banks that are the major source of funds for funding window for MSME sector through banking channels. Efforts to include Madhyanchal Gramin Bank and various Cooperative banks in the CGTMSE framework.
- A dedicated software for tracking loans must be made so that beneficiaries know the stage of their application.

- As the target achievement is 166% in MSMEs, a target proportionate to the real demand must be included in ACP for the sector.

ii. Assistance for Government schemes

- Creating a window for the government scheme beneficiary to punch in his details of the payment schedule of the loan availed. This detail shall then be sent to the concerned bank for verification with a TAT for 14 days. Post, that the payment schedule will be deemed to be proper, and the beneficiary account will be credited with the subsidy amount.
- A Bank's adherence to scheme targets and promptness of response in subsidy will be awarded by the district administration.

iii. Credit Guarantee and Increasing the ambit of CGTMSE

Creation of a mechanism for MSMEs to get their application audited by CGTMSE and based on high score on a scoring matrix, avail credit from the banks at a competitive rate.

- Special dedicated training for CGTMSE organized by bankers in the districts which explains about documentation, fees and overall advantages of the scheme.
- A corpus fund by the state to support Start-Ups and first gen entrepreneurs. The proposals will be evaluated by the senior officials from the MSME department.

iv. Credit Risk Database & Credit Rating:

Credit Ratings will be devised for State's MSME using Credit Rating Database (CRD). This CRD can be devised from the inputs from State's commercial tax department, CIBIL scores and banking transaction history. The banks may then use these ratings as a significant variable to calculate the interest incidence and the collateral incidence in loan process.

v. Digitization

A dedicated mobile app should be designed which can provide a stepwise instruction for various aspects of loan process and status of the loan process. This intervention is necessary as 44% of the respondents felt the need of capital assistance in the application process. Rest awareness campaigns with a trained SPOC will also go a long way in addressing the apprehensions and sensitize the MSMEs about the process. Similarly, FIs has no specialized tools or ERPs to process loans also specialized resources should be deployed to assess and disburse loans.

vi. Strengthening of State Facilitation Council and TReDS

Delayed Payments has been a consistent issue observed in the stakeholders consultations and survey. Hence, to address this issue, following measures must be taken –

a) MSEFC

- Mechanism of online filing of complaints with standard LODs for supporting document. Making rest of the process automated.
- Decreasing the Turn-Around-Time of intermediation, arbitration for MSMEs by creating SOPs and manpower increase and training.
- Create a mechanism to increase the adherence of the MSEFC decisions by the concerned parties through banks and other important stakeholders.

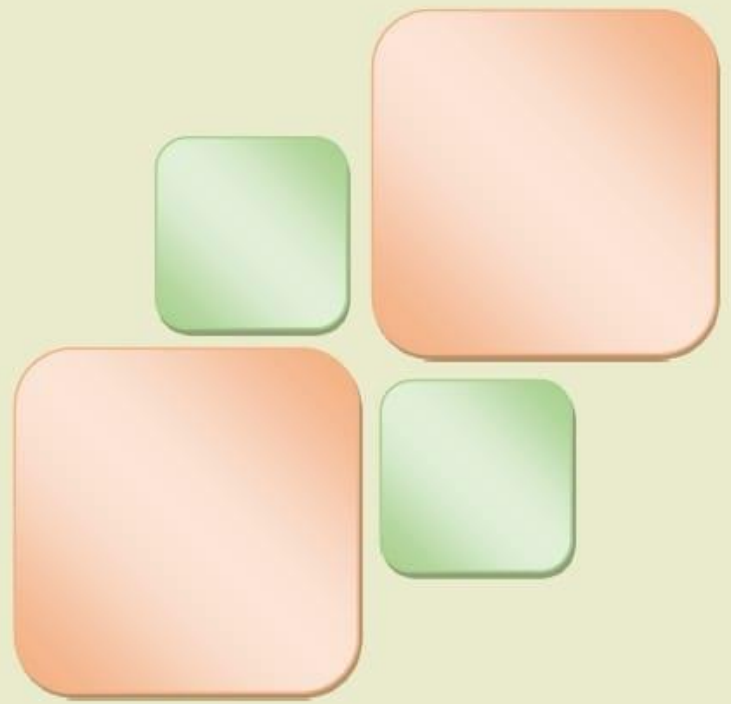
b) TReDS

- Creating a corpus fund to deploy as a guarantee to support the banks in discounting invoice raised in business dealings within micro and small industries.
- Simplification of list of documents for onboarding.
- Periodic events to create awareness about and training of the platform.

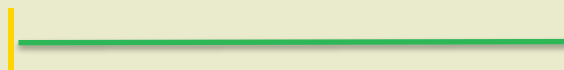
vii. Green finance

Awareness and financial constraints are the main issue hindering an MSME's embrace of green finance. Hence, the ways to address these issues are –

- Audit of existing CETP and other waste treatment plants for efficiency and targets for new ones assigned for all District Industry Centers.
- Organizing periodic awareness program about waste segregation, environment friendly SOPs and benefits of circular economy to create potential in it.
- Designing a program similar to SUPRABHA (Sustainable Partnership for Rooftop Solar Acceleration in Bharat) to address the barriers for accelerated GRPV installation) for the state's MSMEs to have them access a new source of energy and leverage SIDBI's existing green financing schemes for assistance in plant and machinery for these firms.
- With onboarding Centre along with it, foreign banks can be reached out to provide green financing.



Access to Market



12. Access to Market

Madhya Pradesh is a leading industrial state in India. It is the 10th largest economy in the country, and the state's GDP increased by 19.74 per cent in FY2022–23. Madhya Pradesh boasts five prominent industrial regions, namely Bhopal, Gwalior, Indore, Rewa, and Jabalpur. The exports of the state of Madhya Pradesh have been on constant upward trend with almost 100% increase in last 5 years. While the total quantum of exports stood at 6382 million US Dollars in FY 2018-19, the exports have almost doubled to 7834 million US Dollars in FY 2021-22.

Madhya Pradesh Export Trends (US Million Dollars)

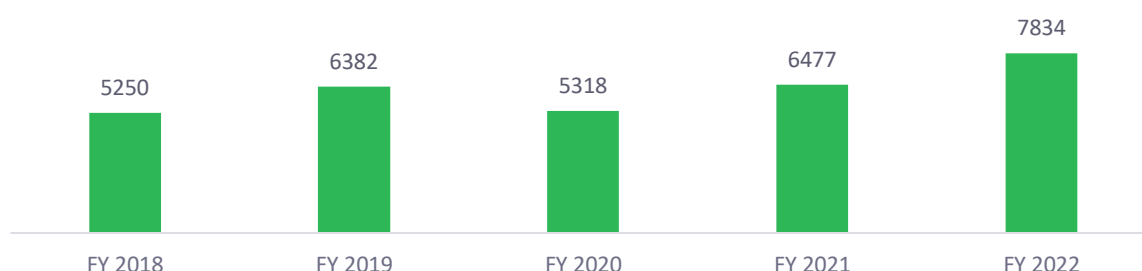


Figure 82 86: Madhya Pradesh Export Trends (US Million Dollars)

The main industries in Madhya Pradesh are Textile manufacturing, Automobiles, Food processing, Engineering and Agriculture equipment manufacturing. The state also has a growing IT/ITeS sector. Madhya Pradesh has 12 IT-SEZs granted formal approval, and existing IT Parks at Electronics Complex Indore, Crystal IT Park Indore and Malanpur Gwalior. The state also has a large talent pool of over 100,000 engineers graduating annually. Madhya Pradesh is a rapidly growing industrial state with a lot to offer investors. The state has a strong industrial ecosystem, a skilled workforce, and a number of incentives to attract investment.

Here are some of the key factors that are driving the growth of the industrial ecosystem in Madhya Pradesh:

- ▶ **Abundant natural resources:** Madhya Pradesh is rich in natural resources, such as coal, iron ore, limestone, and marble. These resources provide a strong foundation for the development of a wide range of industries.
- ▶ **Strategic location:** Madhya Pradesh is located in the heart of India, making it easily accessible to markets across the country. The state is also well-connected to major ports and airports, providing easy access to global markets.
- ▶ **Government support:** The Madhya Pradesh government is committed to promoting industrial development. The state offers a number of incentives to attract investment, such as tax breaks, land subsidies, and infrastructure support.
- ▶ **Proactive industrial associations:** There are a number of proactive industrial associations in Madhya Pradesh that are working to promote industrial development.

These associations provide support to businesses in areas such as market research, training, and networking.

As a result of these factors, the industrial ecosystem in Madhya Pradesh is growing rapidly. The state is attracting investment from both domestic and international companies. In the coming years, Madhya Pradesh is expected to become one of the leading industrial states in India.

Access to market plays a pivotal role in the growth and sustainability of Micro, Small, and Medium Enterprises (MSMEs) in Madhya Pradesh. The state's vibrant entrepreneurial ecosystem, coupled with its strategic geographic location, offers immense opportunities for MSMEs to thrive and contribute to the economic development of the region. However, despite the promising prospects, many MSMEs face significant challenges when it comes to accessing markets, reaching customers, and effectively competing in an ever-evolving business landscape. This chapter explores the various dimensions of market access for MSMEs in Madhya Pradesh, examining the barriers they encounter and highlighting potential strategies and initiatives aimed at enhancing their market reach and competitiveness.

12.1. Sectoral Analysis and Opportunities in Domestic Market

Madhya Pradesh, located in central India, excels in several key sectors. Here is some additional information about the five sectors mentioned and the industrial growth centers in the state:

12.1.1. *Agriculture and Food Processing*

Madhya Pradesh is known as the "Soybean State" of India and is a major producer of various crops such as wheat, rice, pulses, oilseeds, and cotton. The state has a robust food processing industry, including industries for processing soybean, fruits, vegetables, dairy products, and meat.

Agriculture and Food Processing Sector - Madhya Pradesh

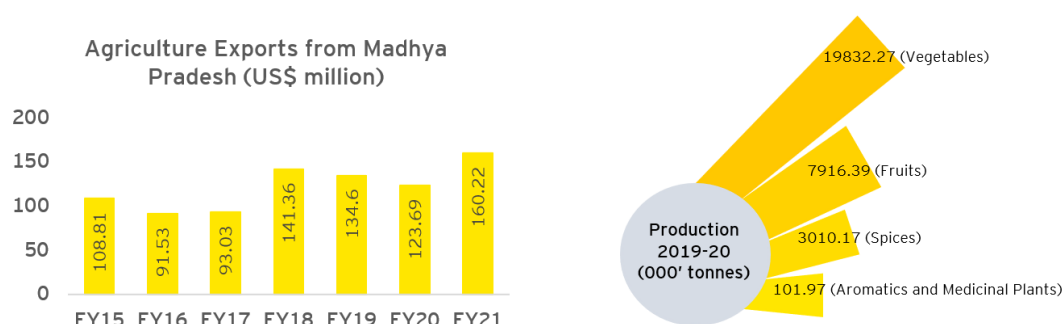


Figure 83 87: Agriculture and Food Processing Sector - Madhya Pradesh

Madhya Pradesh, located in the heart of India, boasts a rich agricultural heritage. Agriculture has long been the main source of livelihood for the people of the state, providing employment and sustenance to a significant portion of the population. With a commitment to promoting

regenerative agriculture and sustainable sourcing, the government of Madhya Pradesh, in collaboration with major Indian and global brands, has taken significant steps to enhance agricultural productivity and ensure the well-being of farmers. This note explores key aspects of agriculture in Madhya Pradesh, including budget allocations, government schemes, food parks, and horticulture production.

- ▶ **Promotion of Regenerative Agriculture and Sustainable Sourcing:** Recognizing the importance of sustainable agricultural practices, the government of Madhya Pradesh has actively collaborated with major Indian and global brands, as well as farmers and civil society, to promote regenerative agriculture and sustainable sourcing. This collaboration aims to encourage the adoption of environmentally friendly farming techniques, reduce chemical inputs, and enhance the overall sustainability of agricultural production in the state. Such initiatives not only benefit the environment but also contribute to the long-term prosperity of farmers and the overall socio-economic development of the state.
- ▶ **Mega Food Parks:** The establishment of mega food parks is another significant step taken by the Government of India to boost agricultural development in Madhya Pradesh. One such park, the Indus Mega Food Park in Khargone, is already operational. Spanning a leasable area of 24 acres, this food park serves as a hub for food processing, storage, and distribution. It offers modern infrastructure, including cold storage facilities, processing units, and logistics support, which enables farmers to add value to their produce and access better market opportunities. The establishment of food parks enhances food processing capabilities, reduces post-harvest losses, and facilitates the growth of agribusinesses in the state.
- ▶ **Horticulture Production:** Madhya Pradesh's agricultural prowess extends to horticulture, with a significant focus on the production of fruits and vegetables. As per the first advance estimates of 2021-22, the state expected to produce 30,793.67 thousand tonnes of horticulture crops, utilizing an area of 2,166.37 thousand hectares. This substantial horticulture production showcases the favorable agro-climatic conditions and the concerted efforts of farmers and the government to diversify agricultural activities.

Agriculture in Madhya Pradesh continues to be the mainstay of livelihood for a large portion of the population. With substantial budget allocations, the government's support through schemes like PM-Fasal Bima Yojana, collaborations for sustainable sourcing, and the establishment of mega food parks, the state is actively working towards promoting agricultural growth and ensuring the well-being of farmers. The significant production of horticulture crops, vegetables, and fruits further emphasizes the state's potential to contribute to the agricultural sector at both the regional and national levels. Through sustainable agricultural practices and strategic investments, Madhya Pradesh is paving the way for a prosperous and resilient agricultural future.

Following are the different types of agro-based industries that are in Madhya Pradesh:

12.1.2. *Sugar Industry*

The state's major sugarcane-producing districts, such as Narsinghpur, Chhindwara, Burhanpur, Betul, and Datia, predominantly lie in western Madhya Pradesh. This note delves

into the significance of sugarcane as a raw material, the geographical distribution of sugar mills, and the impact of the sugar industry on the state's economy.

- ▶ **Geographical Distribution of Sugar Mills:** The western part of Madhya Pradesh is home to the majority of sugar mills due to its concentration of sugarcane-producing areas. This distribution is driven by the need for proximity to the source of raw material, as sugarcane is perishable and best suited for immediate processing after harvest.

The first sugar mill in Madhya Pradesh was established in Jaora, Ratlam, marking the beginning of the state's sugar industry. Currently, the largest sugar mill in Madhya Pradesh is located in Barlai, Sehore, contributing significantly to the region's economy. Other important sugar mills in the state include Dabra Sugar Mill in Gwalior, Jeevaaji Rao Sugar Corporation in Mandsaur, and Seth Govind Das Sugar Mill in Ujjain. In total, Madhya Pradesh is home to 27 functional sugar mills.

- ▶ **Economic Impact and Employment Generation:** The sugar industry in Madhya Pradesh plays a crucial role in the state's economic growth and employment generation. The industry contributes significantly to the agricultural sector, supporting the livelihoods of farmers involved in sugarcane cultivation. Sugarcane farming provides employment opportunities to a large number of rural households, stimulating rural economies and improving income levels.

Moreover, the sugar industry generates direct and indirect employment in sugar mills and ancillary industries. It creates jobs in areas such as transportation, logistics, packaging, and marketing, contributing to overall socio-economic development. The presence of sugar mills in various regions also stimulates local economies by increasing trade and commerce and attracting ancillary businesses.

- ▶ **Government Support and Technological Advancements:** The Madhya Pradesh government recognizes the importance of the sugar industry and provides support to enhance its growth. Policies and schemes aimed at improving sugarcane cultivation practices, modernizing sugar mills, and promoting value addition in the sector have been implemented. These initiatives facilitate the adoption of advanced technologies, including efficient crushing methods, cogeneration of power from bagasse, and the production of by-products like ethanol and molasses.

The sugar industry in Madhya Pradesh plays a crucial role in supporting the growth and development of Micro, Small, and Medium Enterprises (MSMEs) in the state. The industry's operations and demand for raw materials create numerous opportunities for MSMEs, providing them with a supportive ecosystem for growth.

- ▶ **Supply Chain Opportunities:** The sugar industry relies on a well-established supply chain network for the procurement of sugarcane, transportation of raw materials to mills, and distribution of finished sugar products. This network creates avenues for MSMEs involved in logistics, transportation, packaging, and other related services. MSMEs can benefit from providing specialized services and catering to the specific needs of the sugar industry, thereby contributing to its efficiency and productivity.

- ▶ **Ancillary Industries:** The sugar industry creates opportunities for MSMEs in ancillary sectors. These include businesses involved in manufacturing and supplying equipment, machinery, spare parts, and components required by sugar mills. MSMEs engaged in engineering, fabrication, electrical works, and maintenance services find a market within the sugar industry. These symbiotic relationships between the sugar industry and MSMEs contribute to local economic development and employment generation.
- ▶ **Value-Added Products and By-Products:** The sugar industry in Madhya Pradesh has embraced diversification and value addition by producing by-products such as ethanol, molasses, and bagasse-based products. MSMEs have the potential to tap into these value chains, exploring opportunities in sectors such as ethanol production, distilleries, animal feed manufacturing, and renewable energy. These initiatives not only enhance the economic viability of the sugar industry but also provide avenues for MSMEs to diversify their product offerings and expand their customer base.
- ▶ **Entrepreneurial Opportunities:** The sugar industry's presence in Madhya Pradesh creates a conducive environment for aspiring entrepreneurs to venture into related businesses. MSMEs can explore opportunities in sectors such as sugarcane farming, organic farming practices, sugar distribution, retail outlets, and innovative marketing strategies. The growth of the sugar industry acts as a catalyst for entrepreneurial endeavors, enabling MSMEs to capitalize on the industry's demand and expand their business horizons.
- ▶ **Government Support:** The Madhya Pradesh government recognizes the importance of MSMEs in driving economic growth and employment generation. It has implemented various schemes and policies to support MSMEs, providing them with financial assistance, skill development programs, access to credit, and technological advancements. The government's proactive approach in supporting MSMEs in the state aligns with the growth objectives of the sugar industry and contributes to a favorable business environment.

12.1.3. *Hydrogenated Oil Industry*

The thriving oilseed production in Madhya Pradesh not only contributes significantly to the state's agricultural sector but also creates numerous opportunities for Micro, Small, and Medium Enterprises (MSMEs) in the edible oil industry. Following excerpt details out on how the oilseed production in Madhya Pradesh supports MSMEs and drives economic growth:

- ▶ **Supply Chain and Processing:** Madhya Pradesh's first rank in oilseed production provides a strong base for MSMEs involved in the processing and extraction of edible oils. MSMEs play a crucial role in the supply chain by procuring oilseeds from farmers, processing them in oil mills, and producing various edible oil products. These enterprises contribute to the value addition of oilseeds and cater to the growing demand for edible oils in the state and beyond.
- ▶ **Oil Mill Operations:** Major oil mills in Madhya Pradesh, located in regions such as GanjBasoda (Vidisha), Morena, Gwalior, Khandwa, Indore, and Jabalpur, offer opportunities for MSMEs to engage in oil milling activities. These enterprises undertake crushing, refining, and packaging of oilseeds, producing a wide range of edible oils for domestic consumption and commercial purposes. MSMEs involved in oil milling contribute

to employment generation, promote local entrepreneurship, and support the growth of the edible oil industry.

- ▶ **Ancillary Industries:** The edible oil industry in Madhya Pradesh provides a thriving ecosystem for ancillary industries. MSMEs can explore opportunities in sectors such as packaging, labeling, branding, and distribution of edible oils. Additionally, industries related to machinery manufacturing, equipment maintenance, and quality testing services find scope for growth by catering to the needs of the oilseed processing and edible oil manufacturing units. These ancillary industries contribute to the overall value chain and add value to the edible oil sector.
- ▶ **Government Support:** The Madhya Pradesh government recognizes the importance of MSMEs in driving economic growth and employment generation. It has implemented various schemes and policies to support MSMEs in the state, providing financial assistance, skill development programs, access to credit, and technological advancements. The government's proactive approach in supporting MSMEs in the edible oil sector encourages their growth and enhances the competitiveness of the industry.
- ▶ **Market Opportunities:** The demand for edible oils continues to rise, both domestically and globally. MSMEs in Madhya Pradesh have the advantage of catering to the local market and exploring opportunities for expansion beyond the state's borders. The oilseed production base in Madhya Pradesh ensures a consistent supply of raw materials, making it favorable for MSMEs to meet the increasing consumer demand for high-quality edible oils.

12.1.4. *Textiles*

Madhya Pradesh has a significant presence in the textile industry. Cities like Indore, Bhopal, and Ujjain have a thriving textile manufacturing sector, producing cotton and synthetic textiles, garments, and handlooms. The state is known for its Maheshwari and Chanderi sarees, which have a rich cultural heritage.

Textile Sector - Madhya Pradesh



Figure 88: Textile sector in Madhya Pradesh

Madhya Pradesh has also emerged as a significant player in the cotton and silk sectors. The state's favorable climatic conditions and proactive government initiatives have contributed to its success as a major cotton producer and a burgeoning silk industry.

- **Cotton Production and Exports:** Madhya Pradesh has established itself as one of the major cotton-producing states in India. In the fiscal year 2020-21, the cotton production in the state reached an impressive 21 million tonnes (MT). The state's conducive agro-climatic conditions, extensive cultivation areas, and the dedication of farmers have propelled its cotton sector's growth.

The significance of the cotton industry in Madhya Pradesh is further underscored by its contribution to the country's exports. In FY22, cotton yarn exports alone stood at US\$ 490.5 million. This robust export performance highlights the competitiveness and quality of cotton produced in the state, leading to enhanced opportunities for farmers and economic growth for the region.

- **Government Initiatives to Attract Investments:** The government of Madhya Pradesh has taken proactive measures to attract investments in the textile sector. Recognizing the importance of textile projects, the government offers attractive incentives to potential investors. Under the Industrial Investment Promotion Assistance Scheme, textile projects are eligible for a five-year interest subsidy at a rate of 5%, while composite textile projects

enjoy a higher interest subsidy of 7%. The absence of a cap on these subsidies further incentivizes investors to set up textile ventures in the state.

In addition to the interest subsidy, the government provides substantial assistance in plant and machinery, offering 100% support for eight years. This financial aid aims to encourage industrial growth and the establishment of modern textile manufacturing facilities. The combination of favorable policies, financial assistance, and infrastructure support enhances the prospects of the textile industry in Madhya Pradesh, attracting investments and generating employment opportunities.

- ▶ **Silk Production:** Madhya Pradesh's textile landscape also includes a thriving silk industry. In 2018-19, the state produced an impressive 100 million metric tonnes (MT) of silk. This significant production indicates the state's potential to contribute to the silk market, both domestically and internationally. Silk production not only adds value to the agricultural sector but also provides employment opportunities across the silk value chain, benefiting the rural population and promoting socio-economic development.
- ▶ **The Future of Textile Industry in Madhya Pradesh:** The cotton and silk sectors in Madhya Pradesh have tremendous potential for growth and expansion. The state's focus on promoting cotton production, coupled with its commitment to attracting investments in the textile industry, sets the stage for a prosperous future. By providing attractive incentives, favorable policies, and infrastructure support, the government aims to transform Madhya Pradesh into a textile hub, creating employment opportunities, fostering economic growth, and contributing to India's textile exports.

Madhya Pradesh's position as a major cotton producer and emerging silk industry showcases the state's commitment to agriculture and textile sectors. With substantial cotton production and notable exports of cotton yarn, Madhya Pradesh has established itself as a significant contributor to India's textile industry. The government's initiatives, including interest subsidies, machinery assistance, and infrastructure development, further strengthen the textile sector's prospects, attracting investments and fostering sustainable growth. The state's impressive silk production also adds to its textile prowess. By leveraging its strengths and implementing strategic measures, Madhya Pradesh is well-positioned to become a thriving textile destination, bringing economic prosperity and social development to the state and its people.

12.1.5. Tourism

Madhya Pradesh is famous for its historical and cultural heritage, attracting tourists from all over the world. The state is home to UNESCO World Heritage Sites like Khajuraho temples, Sanchi Stupa, and Bhimbetka rock shelters. It also boasts of national parks like Kanha, Bandhavgarh, and Pench, which are renowned for their wildlife and tiger reserves.

Textile Sector - Tourism

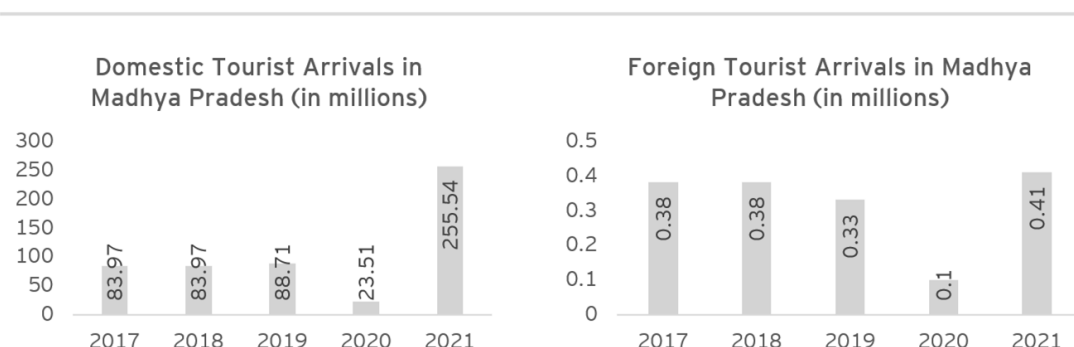


Figure 89: Tourism Sector in Madhya Pradesh

Madhya Pradesh, also known as the "Heart of India," boasts a captivating blend of scenic beauty, rich cultural heritage, and vibrant wildlife. The state's abundance of pilgrim centers, temples, wildlife sanctuaries, and historical sites make it a top destination for both domestic and international tourists. This note explores the tourism potential of Madhya Pradesh, including visitor statistics, government initiatives, and major tourist attractions that make the state a treasure trove for travelers.

- **Visitor Statistics and Government Initiatives:** Madhya Pradesh attracts a significant number of tourists each year, both from within India and abroad. In 2021, the state witnessed 0.41 million foreign tourist arrivals and a remarkable 255.54 million domestic tourist visits. These numbers highlight the popularity and appeal of Madhya Pradesh's diverse tourism offerings.

Recognizing the importance of tourism, the state government has allocated substantial resources to develop and promote this sector. In the State Budget 2019-20, an allocation of Rs. 229 crore (US\$ 32.77 million) was proposed for the development of the state's tourism department. This investment demonstrates the government's commitment to enhancing the infrastructure, services, and overall visitor experience in Madhya Pradesh.

- **Major Tourist Attractions in Madhya Pradesh:** Madhya Pradesh is adorned with a myriad of breathtaking tourist attractions that cater to diverse interests. Some of the prominent destinations that captivate visitors include:
 - **Kanha:** Home to one of the largest wildlife sanctuaries in Asia, Kanha National Park is renowned for its stunning landscapes, diverse flora and fauna, and the opportunity to spot the majestic Royal Bengal Tiger in its natural habitat.
 - **Khajuraho:** Known for its UNESCO World Heritage-listed temples, Khajuraho is famous for its intricately carved sculptures that depict various aspects of human life, sensuality, and spirituality. The temples of Khajuraho are considered masterpieces of architectural and artistic brilliance.

- **Bhimbetka:** Located in the Raisen district, Bhimbetka is home to the oldest cave paintings in the world. These prehistoric rock shelters display vivid depictions of early human life, wildlife, and cultural practices, dating back thousands of years.
- **Sanchi:** Recognized as a UNESCO World Heritage Site, Sanchi is renowned for its ancient Buddhist Stupa. This architectural marvel, built by Emperor Ashoka, serves as a significant pilgrimage site for Buddhists and showcases the rich heritage and artistry of ancient India.
- **Bandhavgarh:** With the highest density of tiger population in the country, Bandhavgarh National Park enthralls wildlife enthusiasts and nature lovers. The park's lush forests, gushing streams, and diverse wildlife make it a remarkable destination for wildlife safaris and conservation efforts.
- **Bhedaghat:** Nestled on the banks of the Narmada River, Bhedaghat is known for its awe-inspiring marble rocks rising up to 100 feet. The Dhuandhar Waterfall and the enchanting boating experience through the towering marble cliffs leave visitors mesmerized.

► **Promoting Tourism Worldwide:** To showcase the beauty and uniqueness of its tourism destinations to travelers worldwide, Madhya Pradesh Tourism Board collaborated with Travelxp, a prominent travel channel, in June 2021. This collaboration aims to create engaging content that highlights the diverse attractions, cultural heritage, and natural wonders of Madhya Pradesh, enticing global travelers to explore the state's hidden treasures.

Madhya Pradesh's diverse and enchanting tourism offerings make it a remarkable destination for travelers seeking a blend of natural beauty, cultural heritage, and wildlife experiences. With its scenic landscapes, ancient temples, captivating cave paintings, and thriving wildlife sanctuaries, the state offers a wealth of experiences to visitors.

Supported by government initiatives, investments in infrastructure, and collaborations with travel media, Madhya Pradesh's tourism sector is poised for further growth and development. As travelers explore the wonders of Madhya Pradesh, they embark on a journey of discovery and immerse themselves in the vibrant tapestry of nature, culture, and history that the state offers.

12.1.6. *Pharmaceuticals*

Madhya Pradesh has a significant presence in the pharmaceutical industry, with several pharmaceutical companies operating in the state. Indore, in particular, has emerged as a major pharmaceutical hub, hosting numerous pharmaceutical manufacturing units and research institutions.

Pharmaceuticals Sector - Madhya Pradesh

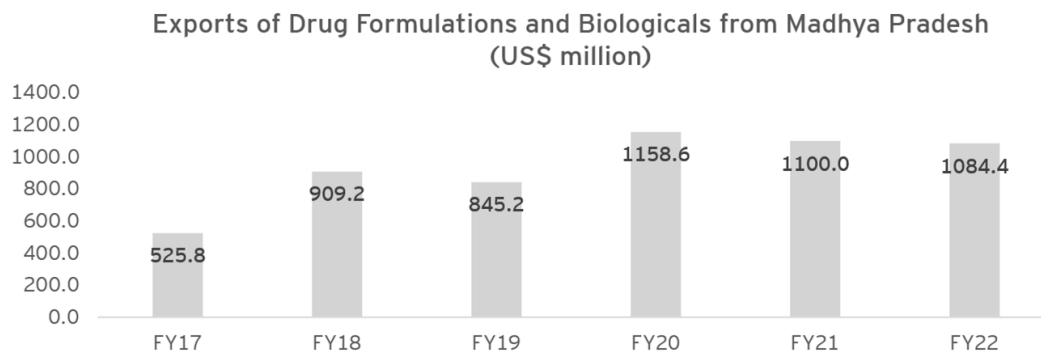


Figure 90: Pharmaceutical Sector in Madhya Pradesh

Madhya Pradesh has emerged as a significant hub for the pharmaceutical industry in India, with various industrial areas housing over 280 pharmaceutical units. The state's strategic locations, including Dewas, Indore, Pithampur, Mandideep, and Malanpur, have become centers for pharmaceutical manufacturing and exports. The following delves into the robust pharmaceutical sector in Madhya Pradesh, focusing on the prominent role it plays in supporting the growth of Micro, Small, and Medium Enterprises (MSMEs) and its contribution to the state's economy.

- ▶ **Pharmaceutical Manufacturing in Indore:** Indore, one of Madhya Pradesh's key cities, has established itself as a major producer of pharmaceuticals in India. The city boasts a diverse range of pharmaceutical manufacturing units that produce tablets, capsules, and other formulations. This concentration of pharmaceutical manufacturing facilities has created a supportive ecosystem, attracting renowned pharmaceutical companies to establish their presence in Indore and leverage its expertise and infrastructure.
- ▶ **Pithampur SEZ: A Production Hub for Pharmaceutical Majors:** Pithampur Special Economic Zone (SEZ), located in Indore, is a prime industrial zone that serves as a production hub for pharmaceutical majors such as Cipla, Lupin, Mylan, and many others. This SEZ offers state-of-the-art infrastructure, tax incentives, and a business-friendly environment that attracts leading pharmaceutical companies to set up manufacturing units. The presence of these industry leaders not only contributes to the state's economy but also creates opportunities for MSMEs to become part of the pharmaceutical supply chain.
- ▶ **Role in Export Market:** Madhya Pradesh's pharmaceutical sector has made significant strides in the global export market. In FY22, formulations and biological product exports from the state accounted for 13% of India's total pharmaceutical exports, amounting to a value of US\$ 1084.41 million. This demonstrates the industry's competitiveness and the ability of pharmaceutical companies in Madhya Pradesh to meet international quality standards. The growing export market opens avenues for MSMEs to participate in the supply chain, providing them with opportunities for collaboration, subcontracting, and expansion.

The pharmaceutical sector in Madhya Pradesh plays a vital role in fostering the growth of MSMEs. Here are key factors contributing to MSME development:

- ▶ **Ancillary Services:** The presence of a robust pharmaceutical sector creates opportunities for MSMEs to provide ancillary services such as packaging, labeling, quality testing, logistics, and raw material supply. MSMEs engaged in these services find a thriving market within the pharmaceutical industry, supporting their growth and job creation.
- ▶ **Technology and Innovation:** The pharmaceutical sector's advancements in technology and research create avenues for MSMEs to contribute through innovation and specialized services. MSMEs can explore collaborations with pharmaceutical companies to offer expertise in research and development, process optimization, and product formulation, driving mutual growth and competitiveness.
- ▶ **Employment Generation:** The pharmaceutical industry in Madhya Pradesh generates a substantial number of direct and indirect employment opportunities, particularly benefiting the local population. MSMEs play a significant role in this by providing employment in various sectors, including manufacturing, packaging, quality control, and administrative support.
- ▶ **Government Support:** The Madhya Pradesh government recognizes the importance of the pharmaceutical sector in driving economic growth and employment generation. It offers various incentives, infrastructure support, skill development programs, and financial assistance schemes to support MSMEs in the pharmaceutical industry. These initiatives facilitate access to capital, technology, and market opportunities, enabling MSMEs to thrive and contribute to the state's overall development.

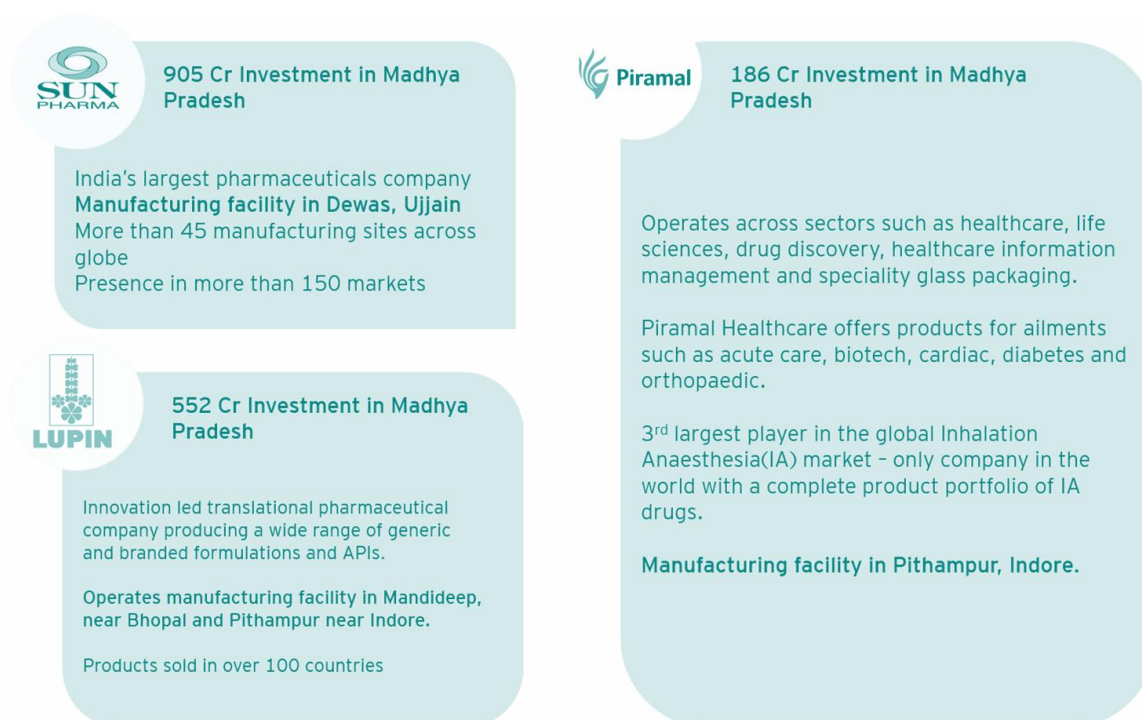


Figure 91: Pharmaceuticals Anchor units in Madhya Pradesh

Sun Pharma, India's largest pharmaceuticals company, has a manufacturing facility located in Dewas, Ujjain, Madhya Pradesh. With a strong presence in the global pharmaceutical market, Sun Pharma operates more than 45 manufacturing sites across the world and has a presence in over 150 markets. This note highlights the positive impact of Sun Pharma's operations on Micro, Small, and Medium Enterprises (MSMEs) in Madhya Pradesh.

Piramal Group, a renowned conglomerate, operates across various sectors, including healthcare, life sciences, drug discovery, healthcare information management, and specialty glass packaging. With its diverse product portfolio, the group addresses ailments in areas such as acute care, biotech, cardiac, diabetes, and orthopedics. Additionally, Piramal Group holds the distinction of being the third-largest player in the global Inhalation Anesthesia (IA) market, offering a complete range of IA drugs. In Madhya Pradesh, Piramal Group has a manufacturing facility in Pithampur, Indore. This presence in the state has significant implications for Micro, Small, and Medium Enterprises (MSMEs) in the region.

Lupin Ltd, an innovation-led translational pharmaceutical company, has a significant presence in Madhya Pradesh. With operations spanning across the globe, Lupin specializes in producing a wide range of generic and branded formulations and active pharmaceutical ingredients (APIs). The company operates manufacturing facilities in Mandideep, near Bhopal, and Pithampur, near Indore, in Madhya Pradesh. These facilities play a crucial role in Lupin's global operations and contribute to the state's pharmaceutical sector.

12.1.7. Mineral Based Industry

Madhya Pradesh is rich in mineral resources, making the mineral-based industry a crucial sector in the state's economy. It has abundant reserves of minerals like coal, limestone, bauxite, copper, and diamond. The state has mineral-based industries such as cement, aluminum, steel, and refractories.

Mineral Based Sector - Madhya Pradesh

Mineral	FY 2018	FY 2019	FY 2020	FY 2021
Coal	112239	118661	113804	108040
Bauxite	581.39	722.54	637.83	495.12
Copper Ore	2339.04	2542.15	2406.35	1788.5
Copper Conc	75.48	82.94	60.95	52.71
Iron Ore	2679	2792	3124	3182
Manganese Ore	831.35	944	906	685
Phosphorite	113.3	98.6	99.3	93
Diamond (in Carat)	39699	38437	25603	13849
Limetone	42744	49762	43686	36945

Figure 92: Mineral production in Madhya Pradesh ('000 MT)

Madhya Pradesh, one of the key mineral-producing states in India, boasts abundant mineral resources that offer tremendous potential for industrial growth. With rich deposits of coal, limestone, manganese, bauxite, dolomite, fire clay, granite, and marble stones, the state provides a fertile ground for mineral-based industries. This note explores the significance of

the mineral-based industry in Madhya Pradesh, highlighting its contribution to the state's economy and industrial development.

- ▶ **Mineral Resources and Deposits:** Madhya Pradesh's mineral wealth encompasses various resources, including coal, limestone, manganese, bauxite, dolomite, fire clay, granite, and marble stones. The availability of these minerals creates a favorable environment for the establishment of mineral-based industries. The state's vast reserves provide a reliable and sustainable supply of raw materials for industries, facilitating their growth and development.
- ▶ **Major Mineral-Based Industries:** Madhya Pradesh hosts a range of mineral-based industries that contribute to the state's industrial landscape. Notable sectors include cement production, thermal power generation, ceramic products, tiles, and refractories. These industries utilize the available mineral resources to manufacture products that cater to both domestic and international markets. Their presence enhances economic activity, employment generation, and infrastructure development in the state.
- ▶ **Diamond Production:** Madhya Pradesh holds the distinction of being the sole diamond-producing state in the country. The state's diamond production reached 13,849 carats in FY21 (until January 2021). The diamond mining and processing industry in Madhya Pradesh offer opportunities for value addition, job creation, and revenue generation. It contributes to the state's economy and promotes the development of related sectors, such as diamond cutting, polishing, and jewelry manufacturing.
- ▶ **MOIL Ltd. and Mining Projects:** MOIL Ltd., a state-owned manganese ore mining company, is actively involved in new projects worth Rs. 5.18 billion (US\$ 78.79 million) in Madhya Pradesh and Maharashtra. These projects aim to enhance manganese ore mining operations and increase production capacity. Notably, the company's Ukwa mine in Madhya Pradesh is undergoing a project worth Rs. 771.5 million (US\$ 10.46 million) to establish a sinking vertical shaft at a depth of 324 meters. The Balaghat mine in Madhya Pradesh is also witnessing the sinking of a large diameter high-speed vertical shaft at a depth of 750 meters. These mining projects not only contribute to the mineral output but also create employment opportunities and boost regional development.
- ▶ **Economic Impact and Development:** The mineral-based industry in Madhya Pradesh has a significant economic impact, contributing to the state's GDP and industrial growth. It fosters job creation, infrastructure development, and the overall socio-economic well-being of the region. The industry's value chain extends beyond mining, encompassing downstream activities such as processing, manufacturing, and distribution, providing opportunities for MSMEs and other enterprises to participate in the sector and stimulate economic growth.
- ▶ **Sustainable Practices and Environmental Conservation:** While the mineral-based industry plays a crucial role in Madhya Pradesh's industrial growth, it is essential to prioritize sustainable practices and environmental conservation. Responsible mining, efficient resource utilization, and the adoption of eco-friendly technologies help minimize the industry's environmental footprint and ensure long-term sustainability. The state government, in collaboration with industry stakeholders, promotes sustainable mining practices and environmental protection measures.

Madhya Pradesh's mineral-based industry not only drives industrial growth but also provides significant opportunities for Micro, Small, and Medium Enterprises (MSMEs) in the state. With abundant mineral resources and a diverse range of mineral-based industries, Madhya Pradesh offers a conducive ecosystem for MSMEs to thrive. This note highlights the role of MSMEs in the mineral-based industry and their contribution to the state's economic development.

In addition to these sectors, the IT, ITES (Information Technology Enabled Services), and automobile sectors have witnessed significant growth in areas near Indore. Indore, being the largest city in Madhya Pradesh, has experienced substantial development in these industries. It has emerged as an important IT and software development hub, attracting major companies. The city's cleanliness and overall infrastructure have earned it the title of the "cleanest city in the country."

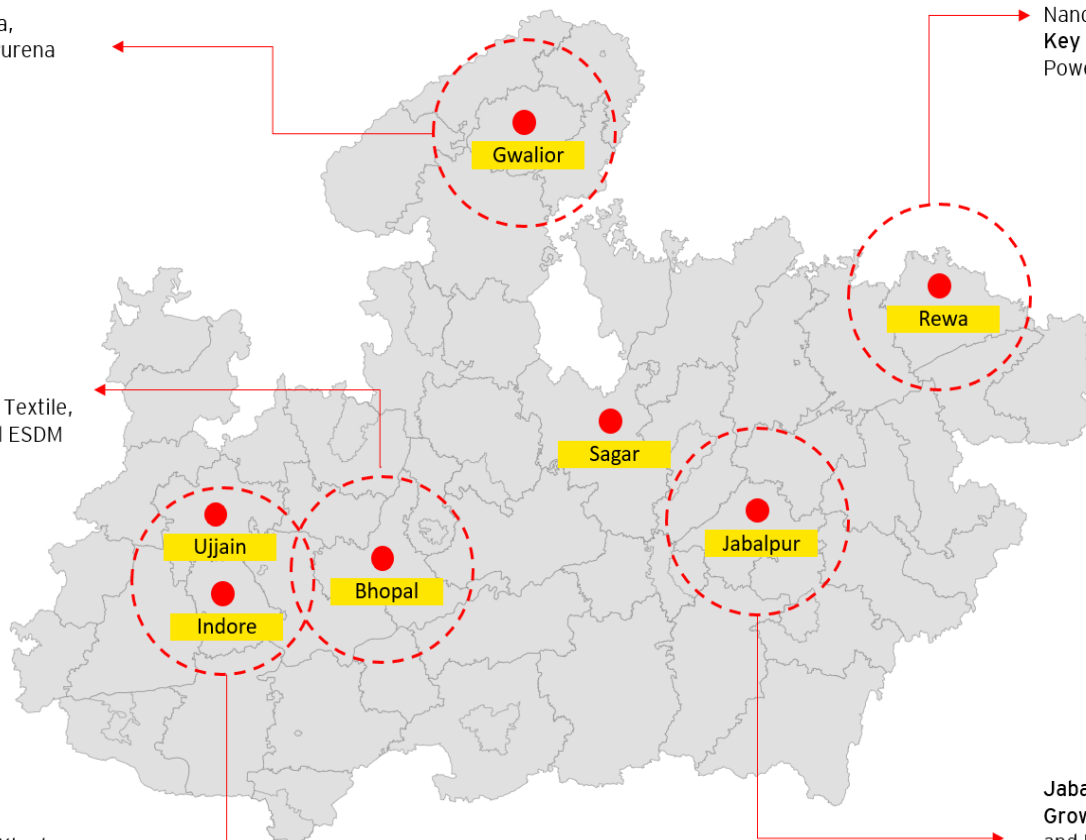


Figure 93: How Anchor Units help MSMEs to Develop

Gwalior & Sagar Region
Growth Centres: Malanpur, Ghirongi, Banmore, Chainpura, Siddhgawan, Pratapura and Purena
Key Industries: Textile, Food Porcessing, FMCG and mining

Rewa Region
Growth Centres: Rewa, Waidhan, Maiher and Nandan Tola
Key Industries: Mining, Food Porcessing, Power and Cement

Bhopal Region
Growth Centres: Mandideep, Pillukheda, Bbal, Piparia
Key Industries: Engineering, Textile, Food Processing, IT/ITeS and ESDM



Indore and Ujjain Region
Growth Centres: Pithampur, Kheda, Meghnagar, Ujjain, Dewas, Maksi and Jaggakheda
Key Industries: Auto, Pharmaceuticals, Textile, Food Processing, IT/ITeS and ESDM

Jabalpur Region
Growth Centres: Borgaon, Maneri, Lamtara and Katni
Key Industries: Defence, Textile, Mining, Food Processing and Cement

figure 94: Key Industries & Growth Centre's in MP

12.2. Key Pointers for Access to Market for MSMEs

Access to market for Micro, Small, and Medium Enterprises (MSMEs) encompasses several components that enable them to reach customers, expand their reach, and effectively compete in the market. The key components of access to market for MSMEs include:

- ▶ **Market Research and Intelligence:** MSMEs need access to market research and intelligence to understand customer needs, market trends, and competition. This component involves gathering data on target markets, consumer preferences, market size, and segmentation. It helps MSMEs make informed decisions, tailor their products or services, and develop effective marketing strategies.
- ▶ **Market Entry and Expansion:** MSMEs require support in entering new markets and expanding their existing customer base. This component includes assistance in identifying potential markets, developing market entry strategies, establishing distribution networks, and navigating regulatory requirements. Access to market entry and expansion services helps MSMEs overcome barriers to entry and reach untapped markets.
- ▶ **Marketing and Promotion:** Effective marketing and promotion strategies are essential for MSMEs to create brand awareness, attract customers, and drive sales. This component includes activities such as developing marketing plans, branding, advertising, digital marketing, public relations, and participation in trade fairs or exhibitions. Access to marketing and promotion resources enables MSMEs to effectively showcase their products or services and differentiate themselves from competitors.
- ▶ **E-commerce and Online Platforms:** In the digital era, e-commerce and online platforms play a crucial role in providing access to a broader customer base. This component involves leveraging e-commerce platforms, online marketplaces, and social media to showcase products, facilitate transactions, and reach customers globally. Access to e-commerce infrastructure and online platforms enables MSMEs to expand their market reach beyond geographical limitations.
- ▶ **Business Networking and Collaboration:** Building business networks and fostering collaborations is vital for MSMEs to access new market opportunities. This component includes participation in business associations, industry events, networking forums, and partnerships with larger companies or distributors. Access to business networking and collaboration platforms facilitates knowledge sharing, collaboration, and access to potential customers or partners.
- ▶ **Export and International Trade Support:** For MSMEs aiming to enter international markets, access to export and international trade support is crucial. This component involves assistance in understanding export regulations, market intelligence for foreign markets, trade finance, export promotion initiatives, and access to export-oriented infrastructure. Supporting MSMEs in export and international trade helps them tap into global markets and diversify their customer base.

Access to market for MSMEs encompasses various components, including market research, market entry and expansion support, marketing and promotion resources, e-commerce and online platforms, business networking and collaboration opportunities, export and international

trade support, and access to financing and credit. Enabling these components helps MSMEs overcome market barriers, increase their market presence, and foster sustainable growth in the competitive business landscape.

12.2.1. Market Research and Intelligence

Data insights and research play a crucial role in helping Micro, Small, and Medium Enterprises (MSMEs) grow in Madhya Pradesh. By leveraging data insights, MSMEs can make informed business decisions, improve efficiency, and gain a competitive edge. Here's a succinct idea about how data insights and research can aid the growth of MSMEs in Madhya Pradesh:

- ▶ **Market Understanding:** Data insights and research provide MSMEs with valuable information about market trends, customer preferences, and competitors in Madhya Pradesh. By analyzing market data, MSMEs can identify untapped opportunities, target specific customer segments, and tailor their products or services to meet local demands. This understanding of the market enables MSMEs to develop effective strategies for growth.
- ▶ **Improved Decision-Making:** Data insights enable MSMEs to make data-driven decisions based on accurate and up-to-date information. By analyzing customer data, sales data, and operational metrics, MSMEs can identify patterns, trends, and opportunities for improvement. This empowers them to optimize their operations, allocate resources efficiently, and make informed decisions regarding product development, marketing strategies, and expansion plans.
- ▶ **Cost Optimization:** Data insights help MSMEs in Madhya Pradesh optimize their costs and improve cost-efficiency. By analyzing financial data, procurement data, and operational metrics, MSMEs can identify areas of unnecessary expenditure, streamline processes, and negotiate better deals with suppliers. This cost optimization allows MSMEs to maximize their resources and allocate funds to growth-oriented activities.
- ▶ **Enhanced Customer Experience:** Data insights enable MSMEs to better understand their customers and personalize their offerings accordingly. By analyzing customer behavior, feedback, and preferences, MSMEs can provide tailored products or services, improve customer service, and enhance the overall customer experience. This leads to increased customer satisfaction, loyalty, and positive word-of-mouth, driving the growth of MSMEs in Madhya Pradesh.
- ▶ **Competitive Advantage:** Data insights and research enable MSMEs to stay ahead of their competitors in Madhya Pradesh. By monitoring competitor activities, analyzing market trends, and benchmarking performance, MSMEs can identify gaps in the market, differentiate their offerings, and develop unique value propositions. This competitive advantage allows MSMEs to attract customers, increase market share, and establish themselves as leaders in their respective industries.
- ▶ **Expansion and Diversification:** Data insights provide MSMEs with valuable information for expansion and diversification strategies. By analyzing market data, customer behavior, and industry trends, MSMEs can identify new markets, assess demand for their products or services, and make informed decisions regarding geographic expansion or product

diversification. This helps MSMEs in Madhya Pradesh expand their reach, tap into new opportunities, and drive growth.

Data insights and research are essential for the growth of MSMEs in Madhya Pradesh. By leveraging data-driven decision-making, cost optimization, enhanced customer experience, competitive advantage, and expansion opportunities, MSMEs can unlock their full potential, drive sustainable growth, and contribute to the economic development of the state.

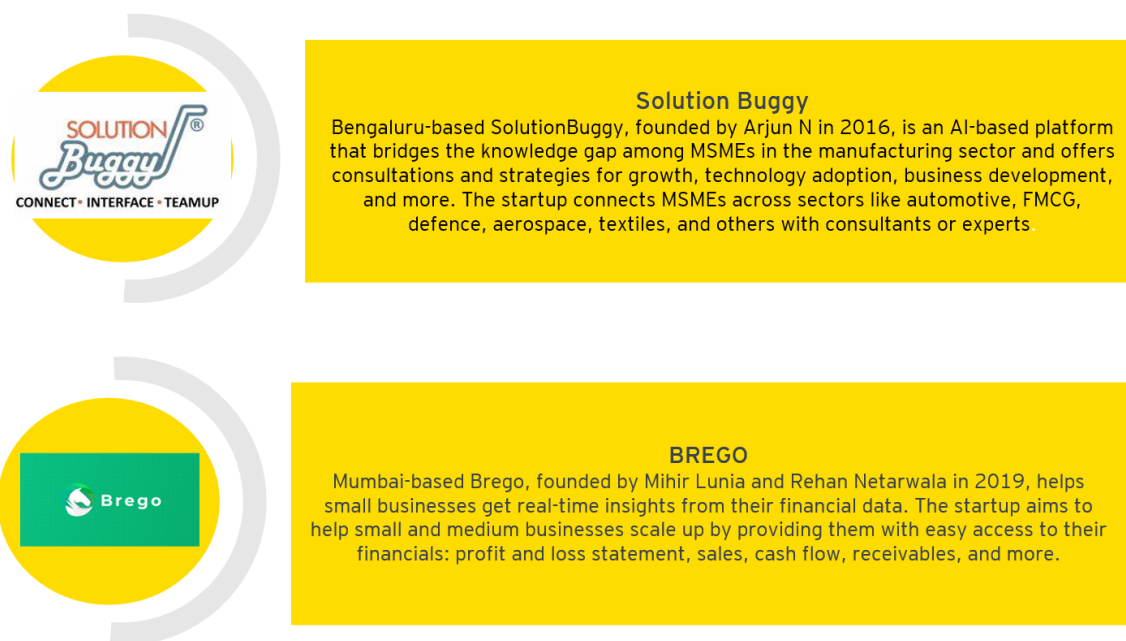


Figure 95: Startups providing tech driven insights and solutions for MSMEs in the country

Market Entry and Expansion

Micro, Small, and Medium Enterprises (MSMEs) play a vital role in the economic growth and employment generation in India. To further boost their growth potential, it is crucial to provide MSMEs with opportunities to enter new markets and expand their operations. This note emphasizes the need for market expansion and explores various strategies that can enable MSMEs to enter new markets and expand their businesses.

- ▶ **Streamlined Registration Processes:** The recent easing of the registration process through initiatives like 'Udyam Registration' has simplified the initial registration for MSMEs and first-generation entrepreneurs. However, it is essential to further enhance the continuity and annual updating processes to minimize administrative burdens and facilitate smooth operations. Continual improvements in the registration process will encourage more MSMEs to engage in market expansion activities.
- ▶ **Access to Market Information and Research:** MSMEs require access to market information and research to identify new market opportunities and consumer preferences. Collaboration between government agencies, industry associations, and research institutions can provide MSMEs with valuable insights into target markets, industry trends, and competitor analysis. Access to such information equips MSMEs with the necessary knowledge to tailor their products or services and enter new markets with confidence.

- ▶ **Export Readiness and Assistance:** Exporting presents a significant growth opportunity for MSMEs, but it can be challenging without proper resources and expertise. The government and industry bodies should provide targeted support and training programs to enhance MSMEs' export readiness. Assistance can include export-oriented training programs, access to trade finance, participation in trade fairs and exhibitions, and market entry support. These initiatives help MSMEs navigate the complexities of international trade and expand their customer base beyond domestic borders.
- ▶ **Digital Transformation and E-commerce:** Digital transformation and e-commerce platforms have opened new avenues for MSMEs to reach national and international markets. MSMEs should be encouraged to embrace digital technologies and leverage e-commerce platforms to showcase their products or services. The government can provide incentives and support programs to facilitate the adoption of digital technologies, develop online marketplaces, and promote cross-border e-commerce. This enables MSMEs to access larger marketplaces, reach a wider customer base, and expand their business globally.
- ▶ **Collaborative Networks and Clusters :** Collaborative networks and clusters play a crucial role in enabling MSMEs to enter new markets and expand their operations. Establishing industry-specific clusters and business networks fosters collaboration, knowledge sharing, and collective marketing efforts. These networks can be supported by government initiatives, industry associations, and incubation centers, facilitating joint ventures, shared resources, and market expansion opportunities for MSMEs.
- ▶ **Market Development Programs and Incentives:** Government-led market development programs, incentives, and subsidies can encourage MSMEs to enter new markets and expand their operations. These initiatives can include export promotion schemes, market development funds, tax incentives, and procurement preferences for MSMEs. Such programs create a conducive environment for MSMEs to explore new markets, invest in technology, and expand their production capacities.

12.2.2. *E-commerce and Online Platforms*

Digital technology has helped create a “nation of entrepreneurs” due to the emergence of many e-commerce start-ups. Business processes are increasingly becoming data driven and MSMEs are benefitting from the continued expansion of e-commerce in India. SMEs may or may not have their own online presence (such as a website) but 43% of SMEs participate in online sales in India. Web-enabled SMEs in general make higher profits, have enhanced customer reach and improved employment opportunities. Year 2022 saw the launch of the state-backed Open Network for Digital Commerce (ONDC) to democratise e-commerce in India. The initiative aims to create a level playing field for small retailers, unbundling commerce. The ONDC platform is a future-defining innovation-led transformation in e-commerce. It aims to create new opportunities, curb digital monopolies and support micro, small, and medium enterprises and small traders and help them harness the power of digital. With digitization of kiranas, an influx of startups in the B2B segment, and investments and the growing focus on e-tail giants, B2B e-commerce emerged as one of the fastest growing segments of the online retail market.

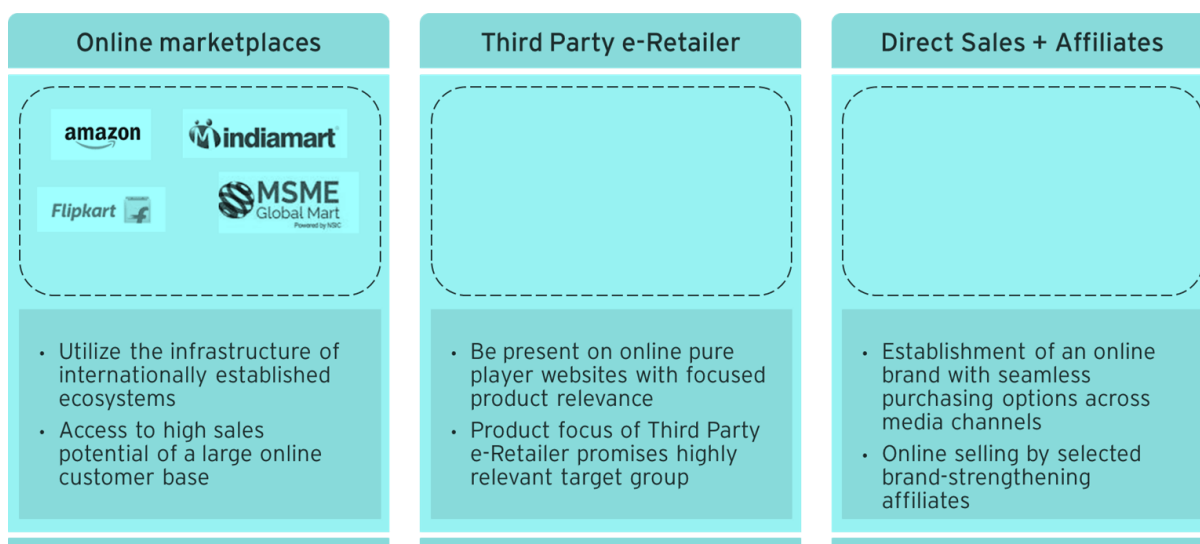
It was observed that high-web SMEs in India grew at 19 per cent (historical three-year sales growth), when compared with low-web SMEs who registered a lower growth figure of 13 per cent. A similar pattern was observed across other countries wherein the SMEs using a wide range of internet tools to operate, registered higher growth rates compared to SMEs having only a website/social networking site or no web site at all. Further, SMEs who use the internet extensively have also been shown to export approximately two times more by export value when compared to SMEs who use the internet sparingly.

As per a survey, around 56% of SMEs believe that the use of internet technologies is critical for business growth while 22% are completely ignorant about the potential of using internet for their business.

The state of Madhya Pradesh has a robust digital infrastructure and a large pool of IT talent, which has helped to drive the growth of e-commerce in the state. Many e-commerce companies have established a strong presence in Madhya Pradesh and operate in various sectors such as fashion, electronics, and food delivery. However, like in other parts of the country, the e-commerce industry in MP faces several challenges related to E-Commerce infrastructure such as:

- ▶ **Poor internet connectivity in some parts of the state:** Despite the widespread availability of internet services in Madhya Pradesh, there are still some areas where internet connectivity is poor or unreliable. This can pose challenges for e-commerce companies that rely on a fast and stable internet connection to operate.
- ▶ **Limited adoption of emerging technologies:** Although emerging technologies such as artificial intelligence and blockchain offer significant benefits for e-commerce companies, their adoption is still limited in Madhya Pradesh. This may be due to factors such as cost, lack of awareness, and limited availability of skilled professionals. According to a survey conducted by the Confederation of Indian Industry (CII) in 2019, around 56% of MSMEs in India were using digital technologies to improve their operations, and over 30% of them were using emerging technologies such as AI and blockchain. There is a growing trend towards the adoption of emerging technologies by MSMEs in India, including Madhya Pradesh. There is a huge potential that can be captured in this regard.
- ▶ **Cybersecurity risks:** Cybersecurity threats such as hacking, phishing, and malware pose a significant risk to e-commerce companies in Madhya Pradesh. To mitigate these risks, e-commerce companies need to invest in robust security systems and protocols. It is essential for businesses to remain vigilant and to take appropriate steps to safeguard their data and systems from cyber-attacks.

E-Commerce can be divided into three pillars: online marketplaces, third party e-retailers and direct sales & affiliates. Each of these pillars has different characteristics. Depending on a number of factors (for example product, target group, implementation expertise, etc.), the pillars have different strategic relevance for a manufacturer or vendor.



- **Online marketplaces:** The market entry experienced of seasoned B2C players such as Amazon & eBay is accelerating the growth of B2B online marketplaces. In accordance with its advertising slogan “Everything you love about Amazon. For work” Amazon Business now offers business customers a marketplace that is fully tailored to B2B needs (ERP connection, net price, scale conditions, multi-user accounts, etc.) and has proven B2C user friendliness. Manufacturers and other vendors can gain access to this tried-and-tested infrastructure by listing their products, thereby also gaining access to the existing ecosystem, which includes a whole spectrum of service functions such as Fulfillment by Amazon (FBA) and Amazon Marketing Services (AMS). The listing comes with access to the high sales potential generated by a large international customer base; however, notwithstanding these substantial opportunities, a dedicated online marketplace strategy must be used to determine – in a differentiated fashion – the product categories for which the platform is truly suitable. It must also determine the conditions to be met and, most importantly, the associated risks.
- **Third party e-Retailers:** Third party e-retailers, or online pure players, are providers that run their businesses (usually) exclusively online. These providers often have a very clear focus on specific product categories. Accordingly, when manufacturers and other vendors list their products with a third-party e-retailer, they are promised access to a highly relevant target group.
- **Direct Sales + Affiliates:** Direct sales refers to direct sales through a company’s own e-shop. Generally, sales can be carried out via one of three routes. Firstly, a producer can sell directly to end users in the usual way. Secondly, customers from the manufacturer’s e-shop can be forwarded to partners, or “affiliates” (usually selected third party e-retailers). Thirdly, a hybrid of direct sales and forwarding to affiliates is also possible. Overall, the goal is to offer interested end-users a seamless purchase process – whether it occurs directly from the manufacturer or from a recommended partner. This seamless integration – and the strategic yet systematic selection of affiliates – must be defined precisely within the framework of a dedicated direct sales & affiliates strategy.

12.2.3. *Export and International Trade*

Exporting goods and services provides a significant opportunity for Micro, Small, and Medium Enterprises (MSMEs) to expand their business, increase revenue, and contribute to the economic growth of their respective regions. In the context of Madhya Pradesh's aim to achieve a 5% share of total exports, it becomes imperative for MSMEs to embrace exports and enter foreign markets. This long note explores the importance of exports for MSMEs, strategies to enter foreign markets, and how the Madhya Pradesh Trade Promotion Council (MPTPC) can support these endeavors.

12.2.4. *Benefits of Exporting for MSMEs:*

- ▶ **Market Diversification:** Entering foreign markets reduces dependency on domestic demand, allowing MSMEs to diversify their customer base and mitigate risks associated with local economic fluctuations.
- ▶ **Increased Revenue and Growth:** Exporting offers access to larger markets, enabling MSMEs to increase sales, generate higher revenues, and drive business expansion.
- ▶ **Competitive Advantage:** International exposure allows MSMEs to gain insights into global market trends, technologies, and customer preferences, fostering innovation and enhancing their competitiveness.
- ▶ **Enhanced Brand Image:** Successfully entering foreign markets helps establish a strong brand presence, fostering credibility and trust among international customers and partners.
- ▶ **Learning Opportunities:** Exporting exposes MSMEs to international business practices, supply chain management, and regulatory requirements, providing valuable learning experiences for their overall growth and development.

12.2.5. *Strategies for MSMEs to Enter Foreign Markets*

- ▶ **Market Research:** Conduct comprehensive market research to identify potential export markets, assess customer demand, and analyze competitors. Identify target markets based on factors such as market size, growth potential, cultural compatibility, and regulatory environment.
- ▶ **Product Adaptation:** Tailor products or services to meet the specific needs and preferences of the target market. Consider factors such as packaging, labeling, certifications, and compliance with local regulations and standards.
- ▶ **Partnering and Networking:** Collaborate with local distributors, agents, or strategic partners who have a strong understanding of the target market. Utilize trade fairs, exhibitions, and business delegations to network and establish valuable contacts.
- ▶ **Export Financing:** Access financial assistance programs offered by government bodies, financial institutions, or export promotion councils to mitigate the financial risks associated with exporting. Explore export credit insurance to protect against non-payment by foreign buyers.

- ▶ **Build Strong Relationships:** Prioritize building trust and maintaining long-term relationships with international customers. Consistent communication, reliable delivery, and after-sales service play vital roles in establishing customer loyalty.
- ▶ **Compliance and Documentation:** Understand and adhere to export regulations, customs procedures, and documentation requirements specific to each target market. Seek professional advice or utilize the resources provided by export promotion agencies to ensure compliance.
- ▶ **Technology Adoption:** Leverage digital platforms, e-commerce, and online marketplaces to reach a wider customer base, reduce transaction costs, and streamline export processes.

12.2.6. *Incentives and Schemes by Central and State Government*

Madhya Pradesh is making consistent effort towards enhancing exports in state through following initiatives:

- ▶ **Geographical Indicator (GI)** products identification for every district pertaining to local strength and resources available. Geographical Indication (GI) tags play a significant role in recognizing and protecting the unique qualities, traditional craftsmanship, and cultural heritage associated with specific products originating from a particular geographical region. Madhya Pradesh, with its rich cultural and natural heritage, has obtained several GI tags for its distinct products. However, there are a couple of products from the state that were refrained from receiving GI tags, namely Bell Metal Ware of Datia and Tikamgarh (Logo) and Leather Toys of Indore (Logo). Madhya Pradesh, being home to a diverse range of traditional crafts and agricultural products, has recognized the importance of GI tags in promoting and preserving the identity of these unique offerings. These GI tags not only provide legal protection but also enhance the market value and visibility of the products, ensuring their authenticity and origin. One notable example of a GI-tagged product from Madhya Pradesh is the Jhabua Kadaknath Black Chicken Meat. This indigenous breed of chicken is renowned for its taste, texture, and nutritional value. The GI tag acknowledges Jhabua Kadaknath as a distinct product originating from Jhabua district in Madhya Pradesh, ensuring its exclusivity and safeguarding the interests of local farmers and producers.

The state has successfully obtained a **total of 18 GI tags**, showcasing the diversity and uniqueness of its products. These include Chanderi and Maheshwari fabrics, Bagh Prints, Ratlami Sev, Nimar Durries, and more. These GI-tagged products contribute to the economic development of the region by promoting local industries, preserving traditional craftsmanship, and attracting tourists.

However, there have been cases where certain products from Madhya Pradesh, such as Bell Metal Ware of Datia and Tikamgarh (Logo) and Leather Toys of Indore (Logo), were **not granted GI tags**. The reasons for such decisions may vary, but it could be due to factors like lack of distinctiveness, insufficient documentation, or non-compliance with the requirements set by the GI registration authorities.

In conclusion, GI tags have played a significant role in Madhya Pradesh, recognizing and preserving the cultural heritage and traditional craftsmanship of various products. While the state has obtained several GI tags, including the recent addition of Jhabua Kadaknath Black Chicken Meat, it is important for producers to continue striving for excellence, adhering to the requirements for obtaining GI tags, and promoting their unique offerings to gain recognition and protection for their products in the future.



Figure 96: 18 GI Tags of Madhya Pradesh

Obtaining a GI tag requires a rigorous process, including the demonstration of unique characteristics, traditional production methods, and a strong association with the geographical region. It is essential for producers and stakeholders of these products to adhere to the guidelines and fulfill the criteria set by the GI authorities to increase the chances of receiving a GI tag. The denial of GI tags should not discourage the producers and craftsmen in Madhya Pradesh. Instead, it should motivate them to further refine and promote their products, preserving their unique identity and cultural significance. It is crucial to continue promoting awareness about GI tags, educating producers about the benefits of GI protection, and supporting them in improving the quality and marketability of their offerings.

- ▶ **One District One Product (ODOP):** ODOP being the existing export hub for the districts have importance in terms of export promotion for the identified products for a particular district. There is a need to strengthen these infrastructures for good marketing and promotion of ODOP products. The scheme adopts the One District One Product (ODOP) approach to reap the benefit of scale in terms of procurement of inputs, availing common services and marketing of products.

Industries Department have made it possible to connect a maximum number of stake holders through District Export Promotion Committee's (DEPC) meetings and finalizing list of ODOP for Madhya Pradesh

Madhya Pradesh has 72 ODOP products listed from 52 Districts after a rigorous stake holder consultation and field study assisted by trade specialists / consultants.

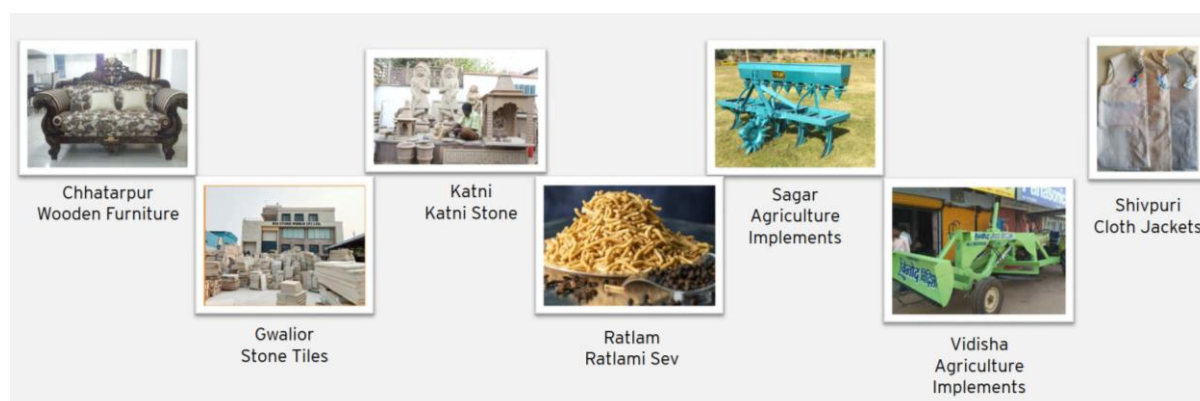


Figure 97: ODOP Products Madhya Pradesh

The Department of Micro, Small, and Medium Enterprises (MSME) in Madhya Pradesh is actively working to support and promote the One District One Product (ODOP) initiative for MSMEs in the state. Through various initiatives and platforms, the department is assisting MSMEs in enhancing their marketing and branding efforts for ODOP products. Here are some notable marketing and branding initiatives, undertaken by the department:

- ▶ **"Kathi" Mobile App:** The development of the "Kathi" mobile app provides a centralized platform for accessing all information related to Wooden Furniture from Chhatarpur. This app serves as a digital catalog, enabling potential customers to explore the variety and features of wooden furniture products. It facilitates easy access to product details, pricing, and contact information of MSMEs in the Chhatarpur region, thereby promoting business opportunities.
- ▶ **E-commerce and B2B Portals:** The MSME department has facilitated the onboarding of MSMEs onto popular e-commerce platforms such as Flipkart, Ebay, and IndiaMart. By leveraging these online marketplaces, MSMEs gain wider visibility, access to a larger customer base, and opportunities for national and international business expansion. This initiative supports MSMEs in effectively showcasing and selling their ODOP products to a global audience.
- ▶ **Fashion Expo for Shivpuri Cloth Jackets Clusters:** The department has provided a marketing platform to the Shivpuri Cloth Jackets Clusters by organizing a Fashion Expo in Delhi in January 2022. This expo serves as a significant opportunity for MSMEs in the cloth jackets sector to display their unique products, establish business connections, and attract potential buyers. It helps in promoting the distinctive craftsmanship of Shivpuri Cloth Jackets and facilitates market penetration.
- ▶ **Trade Fairs Participation:** MSMEs in Madhya Pradesh are encouraged to participate in renowned trade fairs such as the India International Trade Fair in Delhi, Agri Expo, Gwalior Vyapar Mela, and Rahas Mela. These trade fairs provide a platform for MSMEs to showcase their ODOP products, network with industry peers, and engage with potential buyers. Such participation helps in increasing market visibility, building brand awareness, and exploring business opportunities.

- ▶ **ODOP Booklet, Brochure & Miniatures:** The MSME department has prepared visually appealing and informative materials such as ODOP booklets, brochures, and miniatures. These materials serve multiple purposes, including display at trade fairs, distribution at promotional events, and gifting to potential buyers or business partners. They highlight the unique features, craftsmanship, and cultural significance of ODOP products, acting as effective marketing tools to generate interest and create a lasting impression.

By providing these marketing and branding initiatives, the Department of MSME Madhya Pradesh is playing a vital role in supporting MSMEs and promoting ODOP products. These efforts contribute to the visibility, market access, and growth prospects of MSMEs in the state, empowering them to showcase their products on various platforms, connect with potential buyers, and expand their customer base. The department's proactive approach in facilitating these initiatives demonstrates its commitment to fostering the growth and success of MSMEs in Madhya Pradesh.

With respect to exports promotions, here are some notable activities conducted by the department:

- ▶ **Virtual Buyer-Seller Meet with Embassy of India, Beirut:** In June 2022, a virtual buyer-seller meet was organized in collaboration with the Embassy of India in Beirut. This platform facilitated interactions between MSMEs from Madhya Pradesh and potential buyers in Lebanon. Such meetings provide an opportunity for MSMEs to showcase their ODOP products, establish business connections, and explore export opportunities in international markets.
- ▶ **India-Guatemala Hybrid Buyer-Seller Meet for Agri Implements:** In March 2022, a hybrid buyer-seller meet was conducted between India and Guatemala specifically for Agri Implements. This platform allowed MSMEs specializing in agricultural implements to connect with potential buyers from Guatemala. Such initiatives foster international trade relations, showcase the expertise of MSMEs, and create avenues for exporting ODOP products to foreign markets.
- ▶ **Participation of Agriculture Implements Units from Vidisha in Ghana Trade Show:** The department facilitated the participation of agriculture implements units from Vidisha in the Ghana Trade Show 2023. This trade show serves as a platform for MSMEs to exhibit their ODOP products, engage with international buyers, and explore export opportunities in the Ghanaian market. It helps in promoting Madhya Pradesh's ODOP offerings on a global scale.
- ▶ **Export Promotion Workshops by DGFT and APEDA:** The MSME department, in collaboration with the Directorate General of Foreign Trade (DGFT) and the Agricultural and Processed Food Products Export Development Authority (APEDA), conducted export promotion workshops in various cities including Vidisha, Chhatarpur, Gwalior, Shivpuri, and Ratlam. These workshops aim to educate MSMEs about export procedures, documentation, quality standards, and market-specific requirements. By enhancing exporters' knowledge and skills, these workshops enable MSMEs to effectively promote and export their ODOP products.

- Efforts in Reaching out to Economic Diplomacy Division, MEA: The MSME department is continuously reaching out to the Economic Diplomacy Division of the Ministry of External Affairs (MEA) to promote ODOP products overseas. By engaging with MEA, the department aims to leverage diplomatic channels and establish collaborations with foreign countries for the export and promotion of ODOP products. These efforts contribute to expanding the global presence of Madhya Pradesh's ODOP offerings.

Through these initiatives, the Department of MSME Madhya Pradesh is actively assisting MSMEs in promoting and exporting their ODOP products. These efforts not only facilitate business interactions between MSMEs and potential international buyers but also provide valuable knowledge and resources to enhance exporters' capabilities. By creating opportunities for export promotion and international market access, the department is playing a crucial role in expanding the reach and success of ODOP products from Madhya Pradesh.

With respect to Skill Development & re-learning through exposure visits, following are some of the initiatives being taken by the Department of MSME Madhya Pradesh:

- Vidisha Agriculture Implement MSMEs visiting Karnal Agri Implements Cluster CFC & Kurukshetra: The department organized an exposure visit for MSMEs in the agriculture implement sector from Vidisha to visit the Karnal Agri Implements Cluster Common Facility Center (CFC) and Kurukshetra. This visit allowed MSMEs to observe and learn from the practices, technologies, and infrastructure at the Karnal Cluster, thereby enhancing their skills and knowledge in their field of expertise.
- Ratlami Sev manufacturing units visiting Indore Namkeen Cluster and Food Processing and Packaging Units: MSMEs involved in the Ratlami Sev manufacturing sector were given the opportunity to visit the Indore Namkeen Cluster and various food processing and packaging units in Indore. This exposure visit enabled them to understand the production processes, quality control measures, and packaging techniques used by established players in the industry. It served as a platform for knowledge sharing and adopting best practices for the Ratlami Sev MSMEs.
- Wooden Furniture MSMEs of Chhatarpur visiting Saharanpur Wooden Furniture Cluster: MSMEs engaged in the wooden furniture sector from Chhatarpur were provided with an exposure visit to the Saharanpur Wooden Furniture Cluster. This visit allowed them to explore and understand the craftsmanship, design techniques, and production methodologies employed by skilled artisans in Saharanpur. By observing and interacting with experienced professionals, the Chhatarpur MSMEs gained insights to improve their own wooden furniture manufacturing processes.
- Through these exposure visits, the MSME department facilitates knowledge transfer, fosters collaboration, and encourages MSMEs to learn from successful enterprises in their respective industries. These initiatives contribute to the skill development and capacity building of MSMEs, enabling them to enhance the quality, competitiveness, and marketability of their ODOP products.

In addition to exposure visits, the department also focuses on fostering partnerships and collaborations. By facilitating collaborations between MSMEs, industry associations, research institutions, and other relevant stakeholders, the department creates a platform for knowledge

exchange, innovation, and joint initiatives. These partnerships help MSMEs in accessing resources, technology, and expertise, thereby strengthening their overall capabilities and competitiveness.

With respect to Quality Improvement & Technology Upgradation, following are some of the initiatives being taken by the Department of MSME Madhya Pradesh:

- ▶ **Stakeholder Consultations:** The department conducts stakeholder consultations with reputed institutes such as the Indian Institute of Crafts and Design (IICD), Central Food Technological Research Institute (CFTRI), Indian Institute of Information Technology Design and Manufacturing (IIITDM), National Institute of Design (NID-Bhopal), Quality Council of India (QCI), Apparel Training and Design Centre (ATDC), and Forest Research Institute (FRI). These consultations aim to understand the opportunities available for MSMEs in terms of quality improvement, technology upgradation, and design interventions.
- ▶ **Workshops with MSME Technology Centre, ONDC, etc.:** The department organizes workshops in collaboration with institutes like MSME Technology Centre and Office of the Development Commissioner (MSME) to educate MSMEs on various aspects of quality improvement and technology upgradation. These workshops provide valuable insights into the latest advancements, best practices, and techniques to enhance product quality, productivity, and efficiency.
- ▶ **Collaboration with National Institute of Design, Bhopal:** The department collaborates with the National Institute of Design (NID) in Bhopal to provide support to ODOPs such as Wooden Furniture from Chhatarpur and Stone Tiles from Gwalior. This collaboration focuses on design interventions, product development, and capacity building for MSMEs in these sectors. It aims to enhance the aesthetic appeal, functional aspects, and marketability of ODOP products through innovative design approaches.
- ▶ **Detailed Project Reports (DPRs) for CFCs:** The department prepares Detailed Project Reports (DPRs) for setting up Common Facility Centers (CFCs) in Chhatarpur and Vidisha under the State Cluster Scheme and Micro and Small Enterprises Cluster Development Program (MSE-CDP) respectively. These CFCs provide MSMEs with shared infrastructure, technology support, and access to common facilities, enabling them to upgrade their production processes, improve quality, and reduce costs.
- ▶ **Partnership with National Institute of Fashion Technology, Bhopal:** The department partners with the National Institute of Fashion Technology (NIFT) in Bhopal to provide design interventions and workshops specifically for MSMEs involved in the Shivpuri Jackets sector. This collaboration aims to enhance the design aesthetics, product development, and market positioning of Shivpuri Jackets, thus enabling MSMEs to create unique and appealing offerings.

Through these initiatives, the Department of MSME Madhya Pradesh is actively helping ODOP MSMEs in quality improvement, technology upgradation, and design interventions. By collaborating with renowned institutes and facilitating workshops and consultations, the department enables MSMEs to stay updated with the latest industry practices, adopt advanced

technologies, and leverage design interventions to enhance the quality, competitiveness, and market value of their ODOP products.

12.3. Recommendation for MSME access to Market

12.3.1. *Bridging the information gap for MSMEs*

1. **Development of Innovative Toolkits and Preparation of Promotional Information:**

GoMP design toolkits for MSMEs of the State; these will be a collection of self-help guides, tutorials, and resources geared to help the MSMEs including FAQs, Self-service help etc. The following will be curated the GoMP:

- a. **District Profiles:** EY will assist the Department in creation of district profiles for each district of the state. This will capture details like, MSME Landscape, Industrial Infrastructure, key sectors and industries, key clusters, total employment, investment climate, export scenario, key challenges, potential sectors for MSMEs. This document will be a great assistance to investors, potential and existing entrepreneurs. .
- b. **Project Profiles:** GoMP will develop project profiles of key industry groups and/or Minor Forest Produce (MFP). These can be used by entrepreneurs in a pitching event, loan application, discussion with investor by just tweaking key enterprise specific information i.e., total investment, no of employees, no. of machines installed etc.
- c. **Tutorials:** Videos tutorials will be prepared and uploaded on website of MPLUN which explains the detailed procedures and checklist of documents required for:
 - i. Applying for schemes of central and state including PMEGP, MUDRA, CLCS-TUS Swarozgar yojna etc.,
 - ii. Applying for various high frequency list of services/ licenses required by an MSME while establishing its unit
- d. **Success Stories:** EY will support the Department in preparation of success stories of MSMEs of the state which have been benefitted with the various initiatives of GoMP and Department. These success stories will be uploaded on the website and shared on social media to encourage existing and potential entrepreneurs.
- e. **Event Calendar:** Department will prepare an event calendar which will include list of marketing events and its details. This calendar will be made available on the website and on each DIC office for informing MSMEs about national/ international exhibitions.

12.3.2. *Recommendation in area of digital marketing*

The creation of a systematic E-Commerce Strategy covering all relevant channels is recommended to enable companies to withstand and to profit from disruptive markets. E-Commerce channels are forming new links between manufacturers/ vendors and end users in the B2B and B2C fields. As far as the connection to the manufacturer/ vendor is concerned, this can occur via both non-automated order processing (NAOP) and automated order

processing (AOP), just as in conventional sales channels. The main difference is the interface to the end customer.

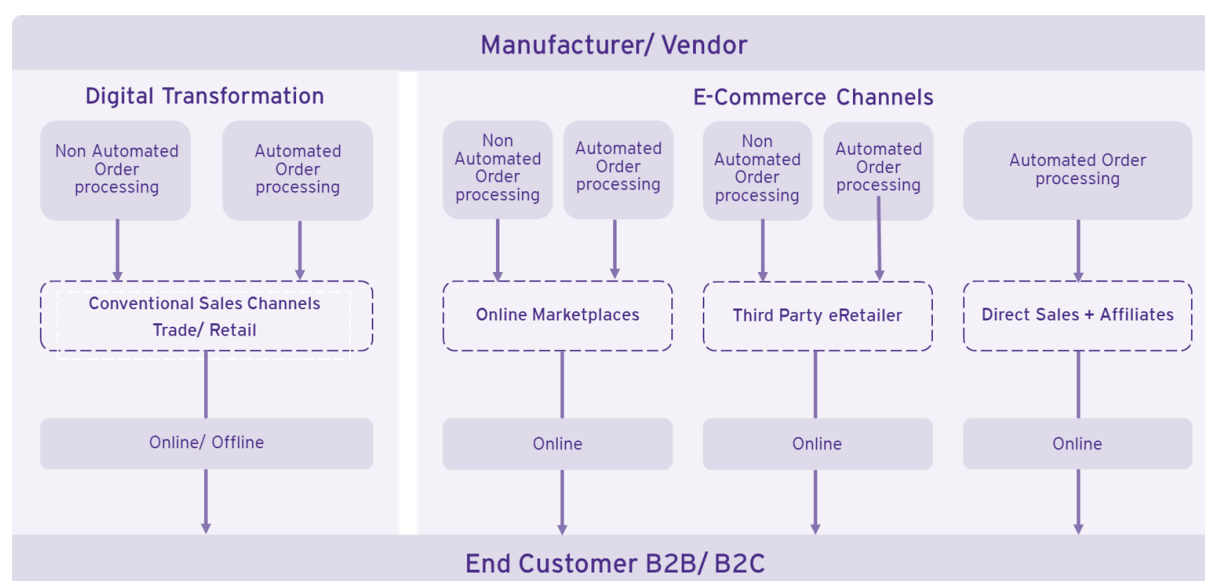


Figure 98: E-Commerce Strategy

- 1. Tie-up with E-commerce Companies:** Several government bodies have collaborated with Amazon, Flipkart, ebay, Alibaba etc., for online listing and selling of local products. The Department can utilize one of the existing programs of these e-commerce companies for onboarding of the state's MSMEs on the portal. GoMP will collaborate with these agencies with strong KPIs to measure performance

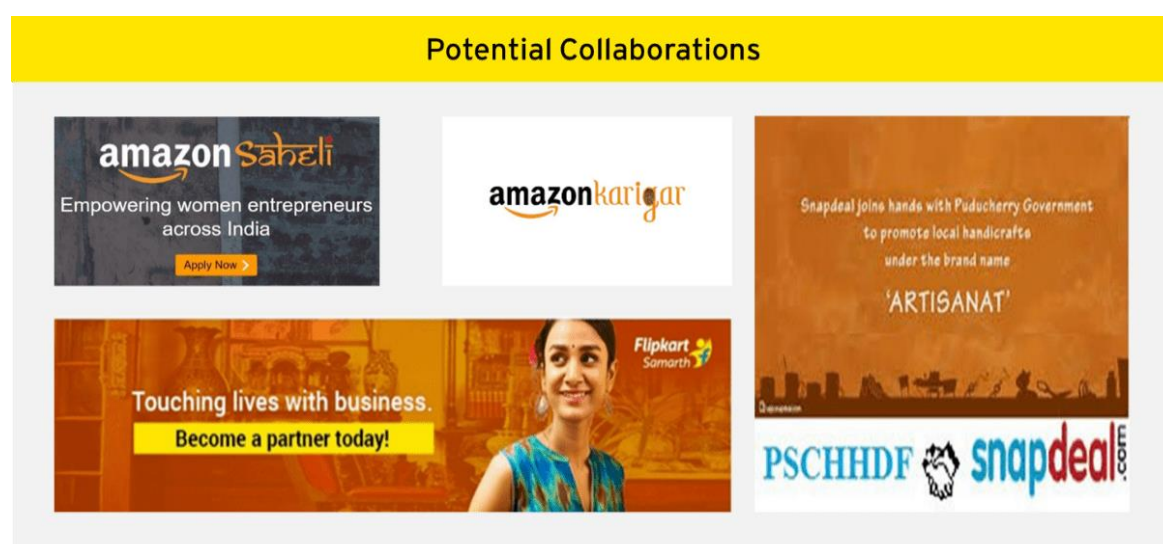


Figure 99: Potential Collaborations

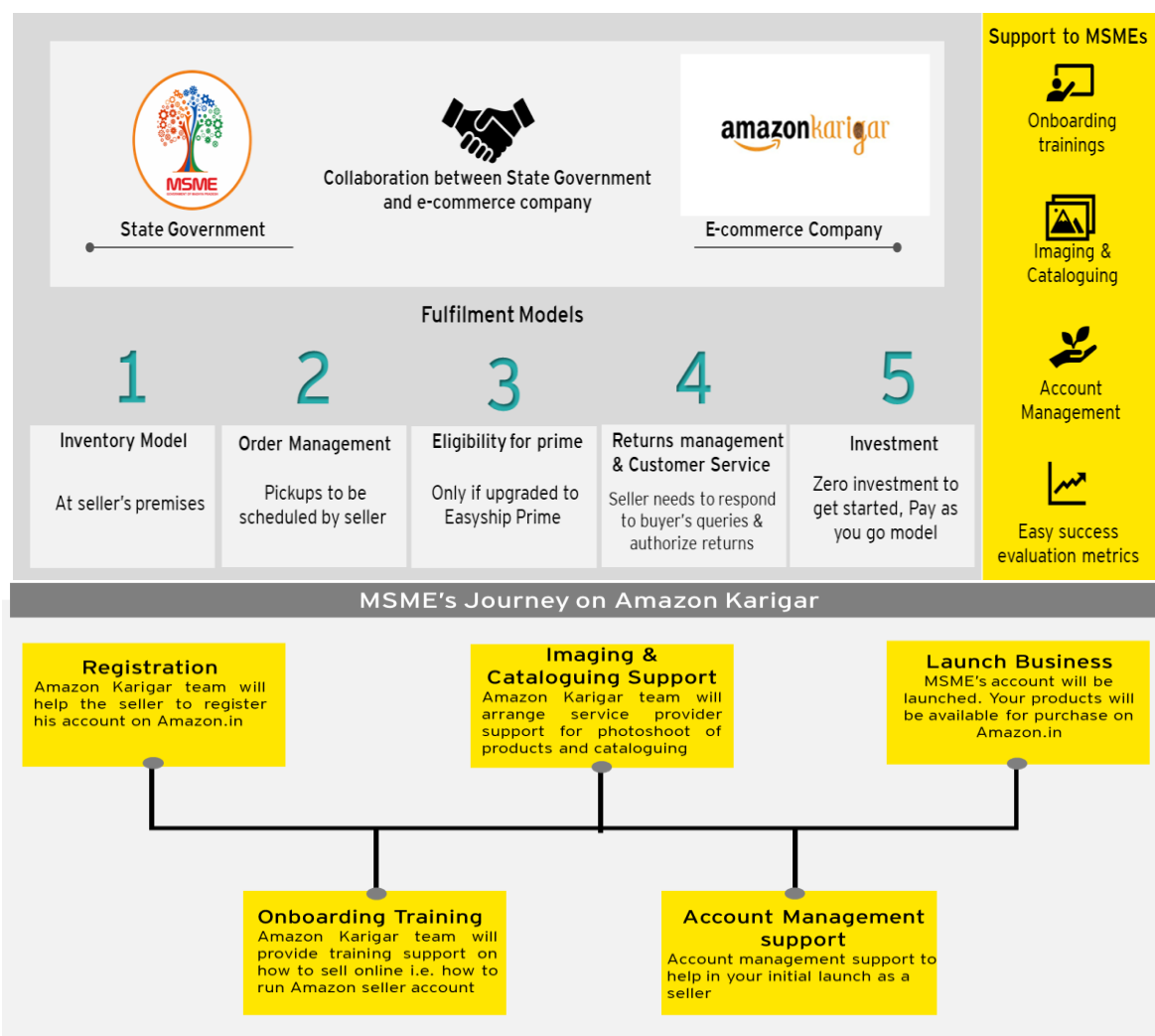


Figure 100: Illustrative of Collaboration with Amazon Karigar

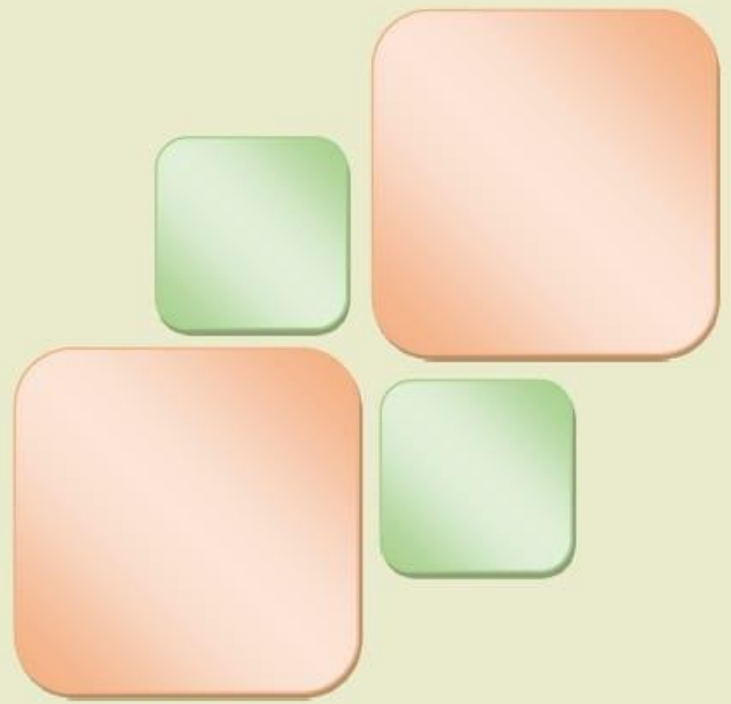
Recommendation in areas of Export

- **Documentation:** Export documentation is one of the major area of concern for MSME's which needs to be addressed to facilitate exports. Role of experts for helping in documentation to be looked in by the department.
- **Genuine buyers:** There is no information on genuine buyers thus MSME units have to rely mostly on mediator. Also getting payment from exporters is considered as major risk. Government of MP will provide database of genuine buyers so that supply of materials and payments are ensured to the MSMEs in time bound manner
- **Information gap:** With different compliances involved, these units do not want to take extra burden and want hassle free marketing. Government will provide support in this area through an information portal which will provide all the information related to export starting from documentation, regulatory compliances needed and certification.

- **Marketing support:** There is no information on sector specific trade fairs thus MSME units are not able to get information on exporting countries and buyers.
 - **Buyer Seller meet:** Buyer seller meet to be organised. Sector specific trade fairs should be organised at state level. These trade fairs should be dedicated to genuine buyers. Government can make a package of the category of products to be promoted in the trade fairs. Business facilitation representative of Indian embassy to be roped in for sector specific trade fairs and B2B meetings.
 - **Government intervention in marketing:** There is also need of domestic bridging within state governments where state governments can play role of mediator agency and should provide marketing platform to textile based MSMEs in form of emporiums.
- **Facilitation support:** Export promotion council is required.
 - Chamber of Industries to provide inputs on export promotion and liaise between govt. and MSME's
 - Sectoral chapters should be organised with export promotion councils.
 - Export council/hub to be created which can provide awareness and assistance to MSMEs on export. There is a need of one stop solution to all the export related queries.
- **Infrastructure:** An integrated structure shall be made housing end to end export related activities. This infrastructure shall house section wise raw material units, finishing units, marketing unit and custom offices. Government should also facilitate promotion of sectoral clusters.
 - **Mall concept:** An integrated flatted structure can be made as part of export promotion wherein all exporting MSME units can display their products for promotion. Exporters can be invited to these malls and orders can be placed basis on the samples.
- **Innovative Approach:** Country specific cluster approach shall be targeted where consortium/group of similar enterprises shall be made with one government officials in charge who will be responsible for facilitating and supporting these units in exporting to target country.
- **Product profiling:** Product profiling for identifying potential products for export to be carried out at the earliest.
- **Ease of doing business:** As the renewal & inclusion process for certification is usually delayed, the state can look at procedural reforms in real sense and time

bound nature. The state can also look on alternatives like auto-renewal, one-time fees, retention fees, etc. to smoothen the process of certification. Also, online approvals shall be given official status to lessen procedural time.

- **Enabling environment:** An enabling environment to be developed by industry tie-ups, B2B interactions with clients, having expertise with relevant experience in logistics, custom clearance, forex, export documentation, FEMA regulations, etc. Specific countries to be identified for export promotion.
- **Focus country and sectors:** Selection of 5 Countries and 5 Sectors for focussed trade fairs.



Delayed Payments and Samadhan



13. Samadhaan/ Delayed payments (DLI 6)

As mandated by Chapter-V of MSME Act, 2005, MP Micro & Small Enterprises Facilitation Council (MP-MSEFC) has been established in Bhopal for redressal of grievance regarding delayed payment to MSE Suppliers of the state. The SAMADHAN Portal plays a vital role in providing a platform for Micro and Small Enterprises Facilitation Councils (MSEFC) in Madhya Pradesh to resolve disputes and address delayed payment issues. However, the portal faces certain challenges that hinder its effective functioning. Following examines the key challenges faced by the SAMADHAN Portal identified during various stakeholder consultations and suggests potential solutions to overcome them.

1. **Delay in Disposal:** One of the primary challenges faced by the Samadhaan Portal is the delay in disposing of applications and cases. The sheer volume of applications filed before the State Councils in Madhya Pradesh makes it humanly impossible to meet the stipulated timelines. This delay in disposal leads to frustration and loss of faith in the system. The insufficient staff and inadequate legal knowledge further impede the Council's ability to function effectively.
2. **Portal-Linked Technical Concerns:** The SAMADHAN Portal faces several technical concerns that affect its usability and functionality. Some of these concerns include:
 - a. **Multiple Claim Cases:** The portal lacks the provision to group applications or cases filed by the same applicant or buyer in the same district. This can lead to confusion and inefficiencies in managing multiple claims. To address this, the portal should be updated to include a feature that enables grouping of applications or cases by applicant or buyer.
 - b. **User-Level Dashboard:** The absence of a user-level dashboard hampers the applicant's ability to track the status of their application or case. Implementing a user-friendly dashboard within the portal will provide real-time updates to applicants, enhancing transparency and reducing ambiguity.
 - c. **Capturing Reasons for Rejection or Disposal:** Currently, the portal does not capture the reasons for the rejection or disposal of an application or case. This lack of information hinders the understanding of the decision-making process. Adding a feature to record the reasons for rejection or disposal will provide clarity to the applicants and allow them to address any shortcomings.
 - d. **Provision for Editing Application Details:** The inability to edit application details in the portal can lead to rejection due to errors or inaccuracies. Incorporating an option to edit application details within a specified timeframe will help applicants rectify mistakes and prevent unnecessary rejections.

The survey data reveals that most MSMEs (87%) have delayed payment issues. The major reason for delayed payment for MSMEs is the power asymmetry between MSMEs and buyers (large companies). It means that buyers dictate the contract terms for getting the goods/services from MSMEs and pay them at their convenience. Buyers get free credit by delaying payments, and if MSMEs try to influence the contract, they have negotiation power

and change their supplier. For the majority of MSMEs, delayed payments have become a part of the country's business culture.

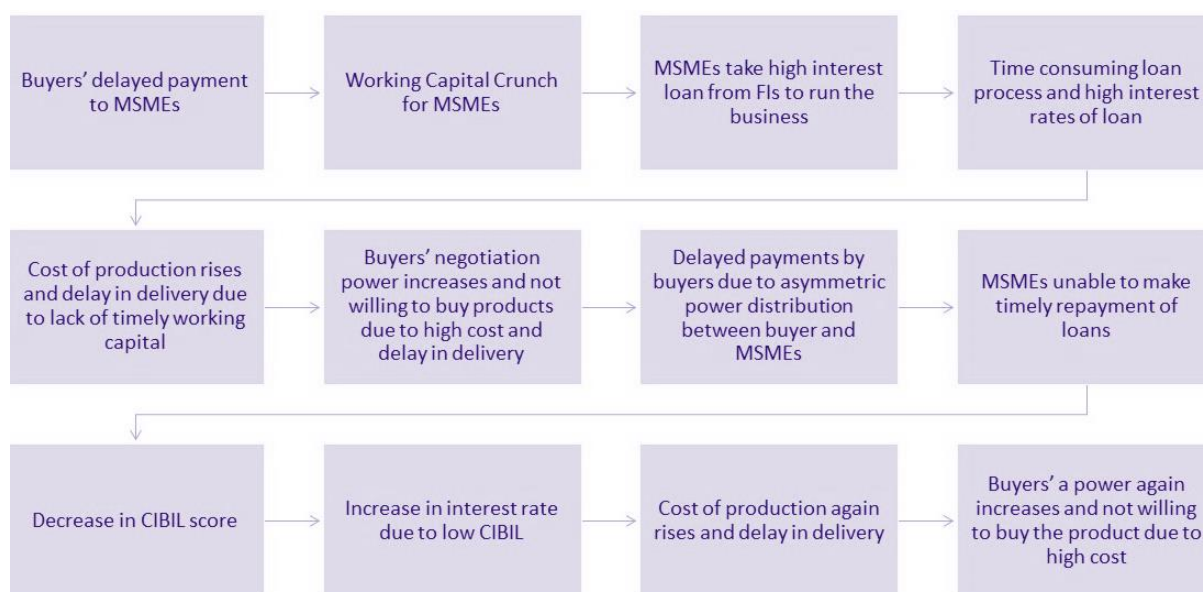


Figure 101: Vicious cycle of delayed payments

The SAMADHAN Portal plays a crucial role in facilitating the resolution of disputes and delayed payments for MSEs in Madhya Pradesh. However, addressing the challenges faced by the portal is essential to ensure its smooth functioning and maintain the faith of MSEs in the system. By enhancing the staffing, establishing standard operating procedures, and addressing technical concerns related to grouping of cases, user-level dashboards, capturing reasons for rejection or disposal, and providing provision for editing application details, the SAMADHAAN Portal can become a more efficient and user-friendly platform. These improvements will contribute to the timely resolution of disputes and enhance the overall effectiveness of the MSEFCs in state.

In order to smooth and quick disposal of grievance, Department of MSME, Govt. of Madhya Pradesh is developing a robust Online Dispute Resolution Portal, which is under development and API integration needs to be made with the Samadhaan portal.

12.1 Suggested Recommendations

Awareness and Outreach:

- ▶ Launch a comprehensive awareness campaign about the Samadhaan Portal through various channels, such as social media, radio, television, and community outreach programs.
- ▶ Collaborate with legal aid organizations, NGOs, and community leaders to spread awareness about the portal and its benefits.

Training and Sensitization:

- ▶ Conduct specialized training programs for the team responsible for managing the Samadhaan Portal. This training should focus on legal procedures, effective communication, and empathy while dealing with users' disputes.
- ▶ Organize sensitization workshops to help the team understand the emotional and legal complexities that users may face during the dispute resolution process.

Enhancing Resolution Rates:

- ▶ Collaborate with legal experts, mediators, and arbitrators to provide support through Samadhaan Portal for resolutions and improve the success rate of disputes
- ▶ Implement a systematic tracking mechanism to monitor the progress and outcomes of disputes, ensuring timely and effective resolutions.

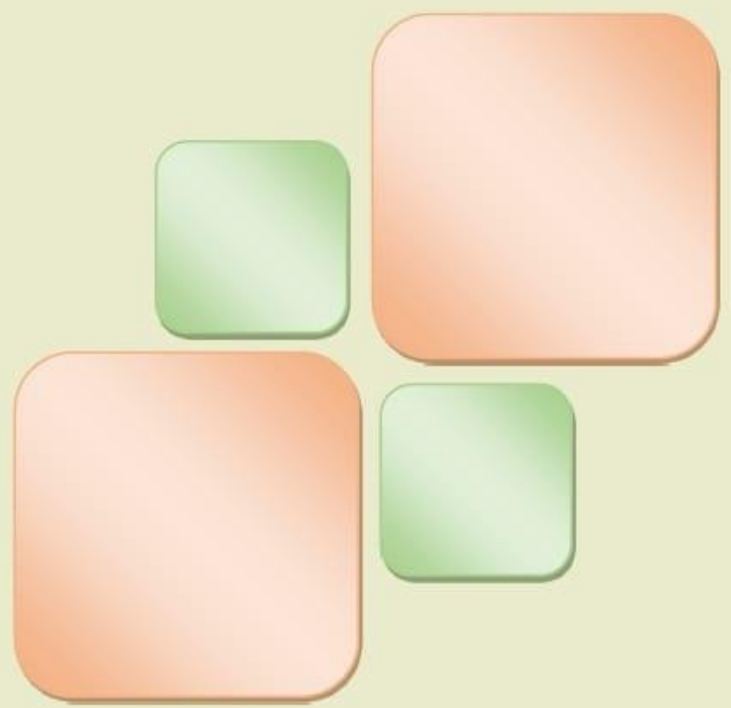
Technical Improvements

- ▶ Invest in technology upgrades: **MSME Dispute Resolution Portal** to improve the user interface and user experience of the Samadhaan Portal.
- ▶ **MSEFC Circuit Bench:** Flexible MSEFC case resolution basis on needs of zones

We suggest below 5 steps for Solving the Delayed Payment Conundrum: A Strategic Roadmap for Empowering MSME

Table 46: 5 Steps to Samadhan

Strategic Steps	Sub-Steps
Enhancing Awareness and Capacity Building	<ul style="list-style-type: none">• Launch extensive awareness campaigns to educate MSMEs about provisions like the SAMADHAN portal, TReDs, and MSEF councils.• Organize training programs to guide MSMEs on how to use these platforms effectively.
Streamlining Onboarding Process	<ul style="list-style-type: none">• Simplify the process of registration on platforms like RXIL, M1exchange, and Invoice Mart. Provide detailed user manuals and customer support to help MSMEs navigate these platforms.
Encouraging Participation of Buyers	<ul style="list-style-type: none">• Create incentives for buyers to join and actively participate in these platforms• Mandate timely payments and promote the platform among large corporations and government departments.
Leveraging the Convergence Framework	<ul style="list-style-type: none">• Ensure efficient flow of benefits to MSMEs, helping them to navigate financial challenges due to delayed payments.• Use the centralized information portal as part of the convergence strategy to share information about government provisions and platforms to tackle delayed payments.
Strengthening Legal and Regulatory Framework	<ul style="list-style-type: none">• Strengthen regulations around payment terms in contracts to provide more protection for MSMEs.• Establish robust mechanisms for dispute resolution and enforcement of payment terms



Interventions



14. Interventions

The primary issues identified in the survey study on RAMP are related to information management and process efficiency. It indicates a need for improved transparency, efficiency, and monitoring in the RAMP project. These could be addressed through initiatives such as developing an information sharing platform, streamlining processes, and implementing a robust tracking system. We have devised our RAMP state interventions keeping these issues into considerations.

- **Information Asymmetry:** Information asymmetry refers to a situation where some participants in a process or transaction have better information than others. This can lead to imbalances, inefficiencies, and potential mistrust in a system or process. In the context of the RAMP project, it could mean that certain stakeholders (perhaps the MSMEs, project administrators, or policy makers) have more or better information than others. This asymmetry could negatively impact decision making, resource allocation, and overall project effectiveness. The "ask" here could be for mechanisms or systems to ensure better information sharing and transparency among all stakeholders.
- **High Turnaround Time:** Turnaround time is the amount of time taken to complete a process or fulfill a request. In the RAMP project, a high turnaround time could indicate inefficiencies, possibly due to bureaucratic delays, procedural complexities, or other bottlenecks. This could slow down the implementation of reforms or the disbursement of benefits to the MSMEs. The ask in this case could be to streamline and accelerate the processes involved in the project, such as application processing, decision making, and delivery of benefits or services.
- **Lack of Tracking Mechanism:** The absence of a tracking mechanism means that stakeholders might find it difficult to monitor the progress of activities or tasks in the RAMP project. This could lead to uncertainties and inefficiencies in project execution, and potentially reduce accountability. The ask here could be for a robust tracking or project management system that allows stakeholders to monitor the status of various activities or requests in real time.

Further, in the context of rapidly changing business needs of MSMEs of Madhya Pradesh and leveraging active support from RAMP initiatives, we have divided our solution spanning across five strategic pillar and four enablers which are aligned to the core theme of RAMP. The interventions **aim to cover 1 Lakh MSMEs of Madhya Pradesh** and involves firming up a Strategic eco-system plan (covering all the stakeholders) with an objective to create an enabling environment that prioritizes investments summarily for making MSMEs competitive and strengthening institutions/enterprises through resource mobilization, advocacy, and capacity building. State of Madhya Pradesh, under RAMP will create **5000 Champion MSMEs (including 500 Green MSMEs) in a span of five years.**



Figure 102: Pillars & Enablers of RAMP Program

The strategic pillars identified are catering to entire value chain process of MSMEs. The Interventions under each of the pillar will help support MSMEs in enhancing their competitiveness.

14.1. Awareness and sensitization

The diagnostic assessment highlighted the need of sensitizing MSMEs on various aspects of Government interventions. Most MSMEs are unaware of CGTMSE, TReDS, Champion Schemes and Samadhan. In order to facilitate schemes/policies/products and services (aligned to RAMP initiatives) reach out to MSMEs, GoMP will engage in a well-aligned outreach exercise. Extensive effort will be undertaken to create a buzz around RAMP initiatives and its benefits to MSMEs. Following activities will be undertaken under this

- Knowledge repository:** A knowledge repository of all the schemes will be made available on MPLUN website. MPLUN will also develop marketing collateral including brochures, pamphlets, guidelines, flyers, videos and other materials to be used in the awareness campaigns. MPLUN will also prepare tool kits for DICs to help them promote schemes to MSME. Tool Kits will include list of relevant schemes and policies, initiatives under RAMP schemes, DoMSME policies and its benefits, events calendar, success stories and FAQs etc.
- Events and workshops:** Sensitization workshops will be conducted for educating MSMEs about various schemes available with their benefits. Tailor made events and workshops will be organised for reaching out to MSMEs. Business networking events, seminars and workshops will be organized in every district for new/ existing MSMEs where prominent speakers will be invited for capacity building of MSMEs. These events will help upskill MSMEs as well as connect them with other businesses in the region, experts, and other

relevant stakeholders. Cluster specific awareness campaigns will be organized. Social media platforms (Facebook, twitter) will also be leveraged for online campaigning.

- c. **RAMP Help desk:** MPLUN in coordination with DoMSME, GoMP will constitute and establish a help desk at every DTICs to help MSMEs avail RAMP schemes and address any concerns that they have.

The awareness and outreach activities will focus on all the schemes aligned to RAMP. An indicative listing is presented below:

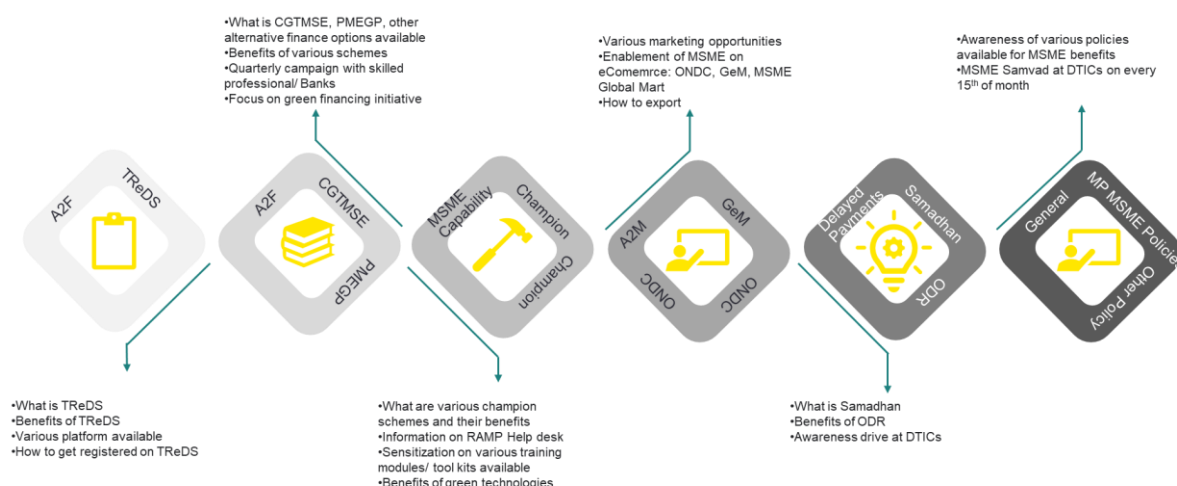


Figure 103: Awareness & Outreach Schemes

Table 47: Below are the activities which shall be carried out under each heads

Area	Scheme	Sensitization activities
A2F- TReDS, CGTMSE, PMEGP other alternate model of financing	General	<ul style="list-style-type: none"> To make the entrepreneurs aware of various schemes like NMCP, MDA, CLCSS, and PMEGP etc. and interface with bankers for micro firms, so as to address working capital related Issues It is proposed to conduct quarterly campaigns with skilled professionals to educate MSMEs about the procedure and assist MSMEs in learning digital banking know-how. In order to increase knowledge of green finance, it is suggested that monthly awareness programs be organized with the assistance of DICs of each district.
A2M	GeM, ONDC, Export	<ul style="list-style-type: none"> Creating robust market connections improves local and global trade and investment links. By increasing production, employment, income, and living standards, it aids local markets in meeting the demands of globalization. MPLUN is the nodal agency of GeM. GeM workshop will be created in every district every quarter to sensitise MSMEs on GeM For ONDC, sensitization workshop in initial year will be done at zonal offices post which districtwide penetration will be carried out.

		<ul style="list-style-type: none"> It is proposed to conduct state-wide and district-wide buyer-seller meets to facilitate the MSMEs to identify various market opportunities (domestic + international) and thereby pursue them. Workshop shall be carried out with DGFT to sensitise MSMEs on export.
Champion scheme	ZED, LEAN, Innovate	<p>It is also proposed to organise quarterly workshops at DTICs to sensitize designing and technology based MSMEs to help them avail benefits under Champion's Innovative Scheme thereby developing confidence in their operations and innovations.</p> <p>For LEAN, sensitization will be carried out at identified clusters also with a focus on medium enterprises.</p>
MSME competitiveness	Quality	Make MSME aware about the quality standards followed in different product category, and to capacitate them to follow these standards and certifications
MSME competitiveness	Energy & Environment	<ul style="list-style-type: none"> To make the entrepreneurs aware and implement energy efficiency measures through audits for cost optimization, waste reduction and better working conditions for workers. Adoption of Green Technology: MSMEs must adopt green technology as it increases productivity, lowers environmental impact, and boosts firm competitiveness. However, MSMEs are unaware of the defined government provisions for adopting green technology. <ul style="list-style-type: none"> ➤ Planning recurring awareness campaigns in every 2 months about waste segregation, environmentally appropriate SOPs, and the possibilities of the circular economy. ➤ In order to help the state's MSMEs access a new source of energy like solar rooftop will also make use of SIDBI's current green financing schemes to help these businesses with plant and machinery.
MSME competitiveness	Technology	To sensitize MSEs regarding the technological needs, changes, modernisation, and better practices related to process improvements, and manufacturing practices.
Delayed Payments	Samadhan	<p>Making MSMEs aware of samadhan scheme and ODR facilities</p> <p>Launch a comprehensive awareness campaign about the Samadhaan Portal through various channels, such as social media, radio, television, and community outreach programs.</p> <p>Collaborate with legal aid organizations, NGOs, and community leaders to spread awareness about the portal and its benefits.</p>
Business environment	EoDB	<ul style="list-style-type: none"> Sensitization about departmental website for easy approvals.

		<ul style="list-style-type: none"> • Create a dedicated EoDB support team to assist businesses in navigating through the complex process and provide guidance on compliance requirements. • Offer online resources, webinars, and workshops to educate businesses about the EoDB process and help them overcome challenges.
Policy and Scheme	MSMED Policy Start Up Scheme State Cluster Scheme MMUKY Other schemes for MSME	It has been found that MSMEs are unaware of many schemes and policies that are coined by central and state government to help them in their daily operations and other processes.

Below methods are proposed for promotion and awareness of the RAMP and related schemes /policies. The timeline of each promotion should be spread according to tenure of the complete scheme.

Table 48: Methods proposed for promotion and awareness of the RAMP schemes and policies

Sn	Activity	Details of Activity
1	Radio Promotions	Radio Ads/Jingles
		Radio programmes/show
2	TV Promotions	TV ads
		TV programmes/Show
3	Print Promotions	Newspaper Ads (display & classified)
		Articles
		Press Release
		Flyers/Pamphlets
		Brochure
		Newsletters
4	SMS Marketing	
5	Interactive Voice Response	
6	Online Promotions	Webinars
		Press Conference
7	Offline Promotions Activities	Press Conference
		Workshops
		Events
		Seminars
8	Outdoor Promotions	Hoardings
		Banners
9	Social Media Promotions	Instagram, Facebook, Youtube, Twitter, WhatsApp & LinkedIn
10	Online Promotions	E-mail Marketing
		Website/Webpage
11	Offline Outreach/Citizen Engagement Activities	Nukkad Natak
		Contest/quiz

Sn	Activity	Details of Activity
		Helpline Number

Outreach support: In order to reach maximum number of aspiring entrepreneurs & increase the number of beneficiaries for the department, we propose to follow a 4 dimensional approach for maximum outreach to all parts of Madhya Pradesh. These will be, a dedicated helpline, an agile chat-bot, a web wizard and virtual counselling.

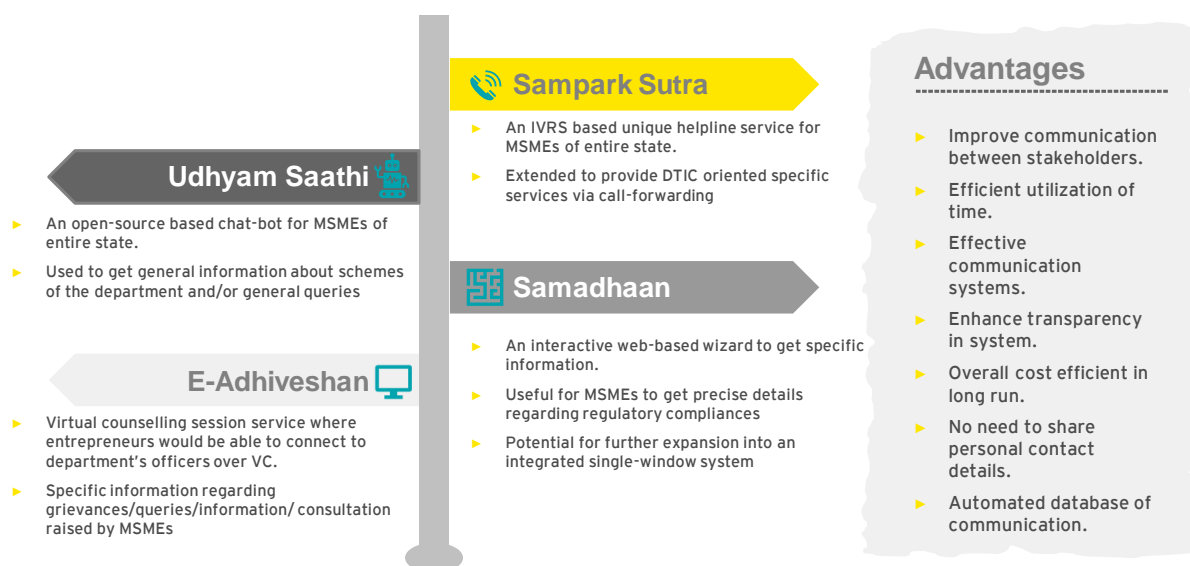


Figure 104: 4-Dimensional Approach

Year of Enterprises: The first year of RAMP program will be coined as a year of enterprises here effort will be undertaken to sensitize MSMEs around RAMP scheme and to target maximum MSMEs under its ambit. By the end of year, **5000 MSMEs** will be identified for focussed interventions which will act as Champion MSMEs for Madhya Pradesh Ecosystem. Out of these 5000, **500 sustainable MSMEs** will be identified doing intervention in area of green technologies.

14.2. Focused capacity building for MSMEs

To ensure MSMEs understand and are able to access appropriate assistance of various schemes of GoMP and RAMP, MPLUN will prepare training and capacity building architecture framework including intensive training & institutional building activities such as analysis of training needs, preparation of materials and delivery of training. Gaps will be identified in terms of MSMEs access to various schemes of GoMP including schemes under RAMP and a roadmap will be prepared to address the issues. Based on these gaps, training will be designed in consultation with Training institutions. Furthermore, we understand that local industry association, self-help groups, local bodies plays a critical role in the income generating activity at district level and improving the performance of microenterprise. They also provide personalized advisory support to beneficiaries from time to time. Thus, separate **training modules will be developed for imparting Training of Trainers (ToTs) and knowledge & skill upgradation of these agencies**. Following activities are proposed

- ▶ **Recruit Train Deploy (R-T-D) Model:** The concept focuses on bringing industry in, in various capacities, to meet its specialized workforce training needs and so provide

those who complete its intended training with ready employment. The program will provide improved pedagogy, on-the-job training for practical experience, and ongoing industry interaction for increased employability when training the workforce.

- ▶ **Global Skill Park:** MPLUN during the RAMP Implementation stage will identify the specific need to skill training and development as per the need of each district. Therefore, it is that MSME department to have a MoU with Global Skill Park in order to identify the potential people enrolled under different departments and government institutions to avail specialised skill training.
- ▶ **Continuous feedback mechanism:** MPLUN will ensure that MSMEs will start leveraging the benefit of schemes and government intervention post training. To bridge the gap, feedback mechanism shall be developed which will capture bottlenecks in understanding the government intervention benefits. Feedback collected will also suggest if any changes can be made in current module.
- ▶ **Website to Pool Talent:** It is proposed to create an online portal with pool of skilled and unskilled labours. The same should be made available to the MSMEs with a minimum cost of registration in order for MSMEs to identify the labour with required skill set and connect with them easily.

14.3. Training through effective partnership

GoMP will collaborate with educational institutions and vocational training centers to design and implement skill development programs tailored to the needs of the MSMEs. Customized module shall be designed for training MSMEs. MPLUN will tie up with institutions like Global Skills Park, CEDMAP, AIGGPA, DICCI (to cater to SC/ST beneficiaries), FICCI Flo (to cater to women MSMEs) to develop training modules for MSMEs. Trainings will be conducted on regular intervals and MSME performance will be measured on regular basis. GoMP will encourage industry-led apprenticeship and internship programs to bridge the skills gap and create a skilled workforce for the sector.

Although DICs are present at district level to support MSMEs, their limited capacity on provision of key services to MSMEs restricts the potential and existing entrepreneurs to identify and enhance their existing enterprise avenues. Even industry associations do not get intended support from DICs. In order to cover all 52 districts, MPLUN would leverage the services of available technology platform for providing services to MSMEs. Haqdarshak is such organization that works at grass root level and provide benefits to MSMEs on various areas. We will leverage their model⁵⁴ to support the MSMEs of all districts.

⁵⁴ Haqdarshak charges MSMEs for the services provided. EY proposes to tie up DoMSME to Haqdarshak for on ground support and reach.

About Haqdarshak

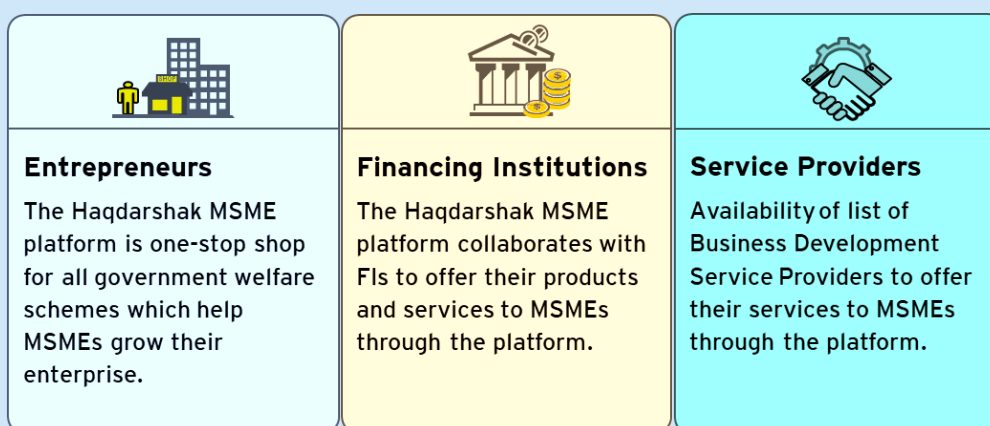


Haqdarshak is a tech platform that connects citizens with their eligible welfare schemes. Their technology matches citizen profile with scheme eligibility to determine a customised list of eligible schemes. Through Haqdarshak volunteers, they support citizens to apply for the schemes to ensure last-mile support. In their journey of 4 years, they have supported over 300,000 citizens across India to access welfare entitlements.

Haqdarshak for MSMEs

Haqdarshak recognizes MSME as the thriving sector enabling growth opportunities for the country. A designated Haqdarshak MSME platform has been established to support MSMEs in accessing government welfare schemes for funding, subsidies, licensing and registrations etc.

Haqdarshak's solution to the MSME ecosystem



Haqdarshak charges MSMEs for the services provided. GoMP will cover the charges through RAMP support.

14.3.1. Tailormade interventions

MPLUN will map MSMEs of state with respect to the need of various champion scheme. State has already identified focus sectors and subsectors. MPLUN will prepare district wise sector wise MSME requirements on basis of key indicators. Analysing the state's performance and competitiveness include a review of external sources of competition to determine the competitive positioning through benchmarking the sectors against the developed and developing nations. Production costs, sales margins, price mark-ups, export, productive capacity and productivity for cluster products will be considered as possible measures of economic performance. Post mapping is done tailormade plan will be prepared for boosting MSME competitiveness.

Inclusivity through Equitable Entrepreneurship: Addressing the Social Category Disparities in MSMEs of Madhya Pradesh

Creating an inclusive entrepreneurial ecosystem that truly embraces and enables all social categories is not just a moral imperative; it is a necessary step for sustainable economic growth. By addressing the unique challenges faced by SC and ST entrepreneurs in Madhya Pradesh, we can ensure that the state's entrepreneurial landscape is as diverse and vibrant as its population. Entrepreneurship and small business development play an essential role in

achieving social and economic development goals, including poverty alleviation, income generation, and social integration. Despite this, disparities persist between different social categories, particularly in the context of the Micro, Small, and Medium Enterprises (MSMEs) in Madhya Pradesh. We have captured the probable resolutions to encourage inclusivity and equity in entrepreneurship in Madhya Pradesh.

Probable Resolutions: Promoting Equity and Inclusivity

Addressing the disparities in SC and ST MSMEs necessitates a multi-pronged approach aimed at empowering these entrepreneurs and facilitating their seamless integration into the entrepreneurial ecosystem:

- **Promote Entrepreneurial Education and Capacity Building:** Implement targeted capacity-building programs for SC and ST entrepreneurs. These could include training in business management, financial literacy, digital skills, and industry-specific knowledge.
- **Increase Awareness about Government Schemes:** Conduct awareness campaigns about government schemes and platforms like GeM and TReDs. Ensure these campaigns reach SC and ST entrepreneurs, and offer support in understanding and accessing these platforms.
- **Simplify Formalization Process:** Simplify the process of obtaining GSTN, PAN, and other requisite registrations for SC and ST entrepreneurs. This could involve providing language assistance, digital support, and reducing bureaucratic red-tape.
- **Facilitate Access to Infrastructure:** Develop inclusive policies that facilitate access to industrial parks, complexes, and areas for SC and ST entrepreneurs. This could include preferential allotment or subsidized rates.
- **Encourage Participation in Marketing Events:** Actively promote participation of SC and ST entrepreneurs in trade fairs, exhibitions, and other marketing events. Provide financial and logistical support to enable their participation.
- **Ease Access to Financing:** Further ease access to financing for SC and ST entrepreneurs by improving awareness about government schemes, offering collateral-free loans, and simplifying the loan application process.

GoMP will prepare Gender & SC/ST action plan for Madhya Pradesh which will have time-bound results for boosting competitiveness of SC/ST/Women led/Women owned MSME. It will also devise mechanisms to ensure access of common support infrastructure and services to women-led MSMEs and incentivize DTICs to provide enhanced support to women-led MSMEs clusters to carry out technology partnerships. GoMP will also develop its own MSME scale up program for target **1000 MSMEs identified**. One leading practice in this area is Turquality model as presented below:-

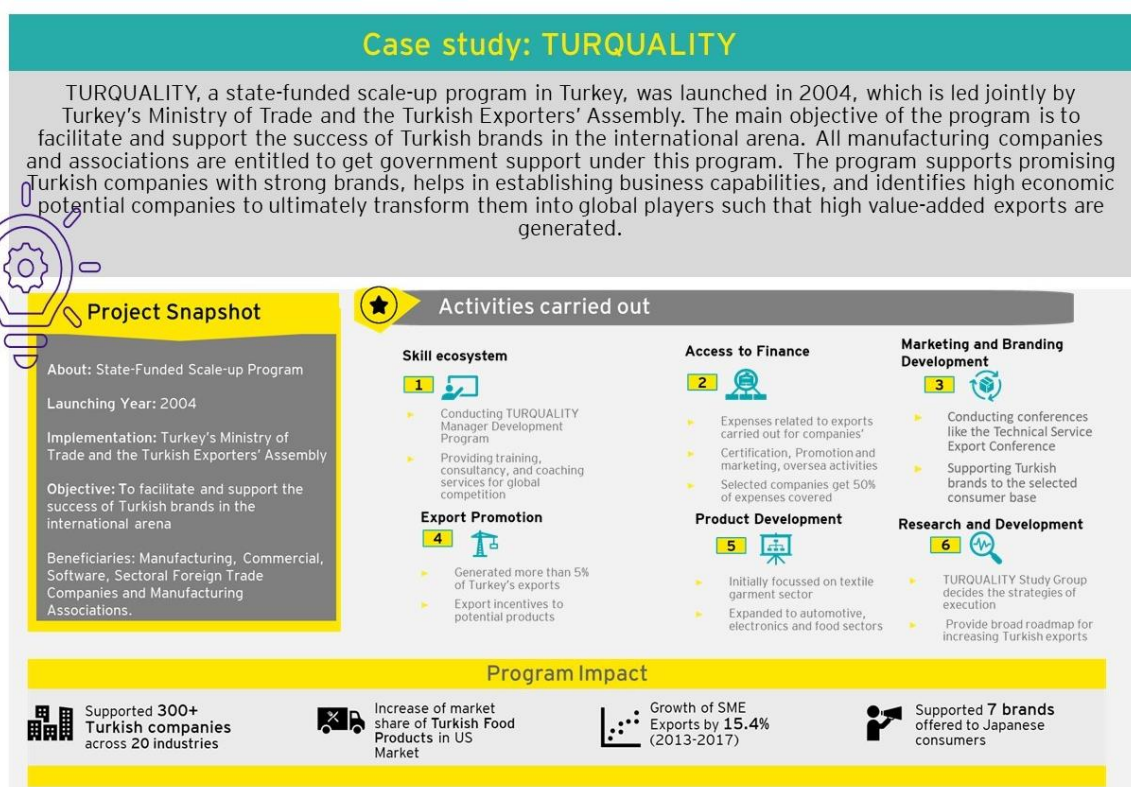


Figure 105: Case Study TURQUALITY

14.3.2. Channelizing Financial Intermediaries for Increasing Financial Access

As the credit disbursement (as displayed by ACP) has been robust, the state needs to leverage the strength of banks to increase the number further.

- For this purpose, districts can be given individual targets according to the socio-economic indices like tribal population, mobility access and other variables. The targets will be- Disbursement/ Target percentage (more weightages given to the new customer acquisition), No of ST, SC, OBC and Women beneficiaries, and Letter of Credit issued for covering the exports. The banks in the district will work as an inherent unit to formulate and these measures like- organizing periodic loan mela, meeting with industry associations and so on. The district which achieves maximum target can be felicitated and provided with added benefits like fund assistance. The districts can, in turn, evaluate the banks based on Turn-Around-Time taken in the disbursement of loans. With standard LOD and equal effort in sensitizing the new populace, the bank with lowest TAT will be awarded with the district's fund as a float in its account.
- TReDS : Activities to be undertaken includes** Creating a corpus fund to deploy as a guarantee to support the banks in discounting invoice raised in business dealings within micro and small industries and Simplification of list of documents for onboarding.

14.3.3. Special focus on women based MSMEs

Steps will be undertaken to connect women-owned enterprises with consumers locally and globally through e-market linkages, provide access to technology and market intelligence to

help women-owned enterprises keep up with technological advancements and improve their products and services, encourage innovation to help women-owned enterprises develop new and better products and services and promote research and development to help women-owned enterprises stay competitive in the market. Aspire for Her is one such initiative which works in this area. GoMP will collaborate with Aspire for Her to promote its women based MSMEs.

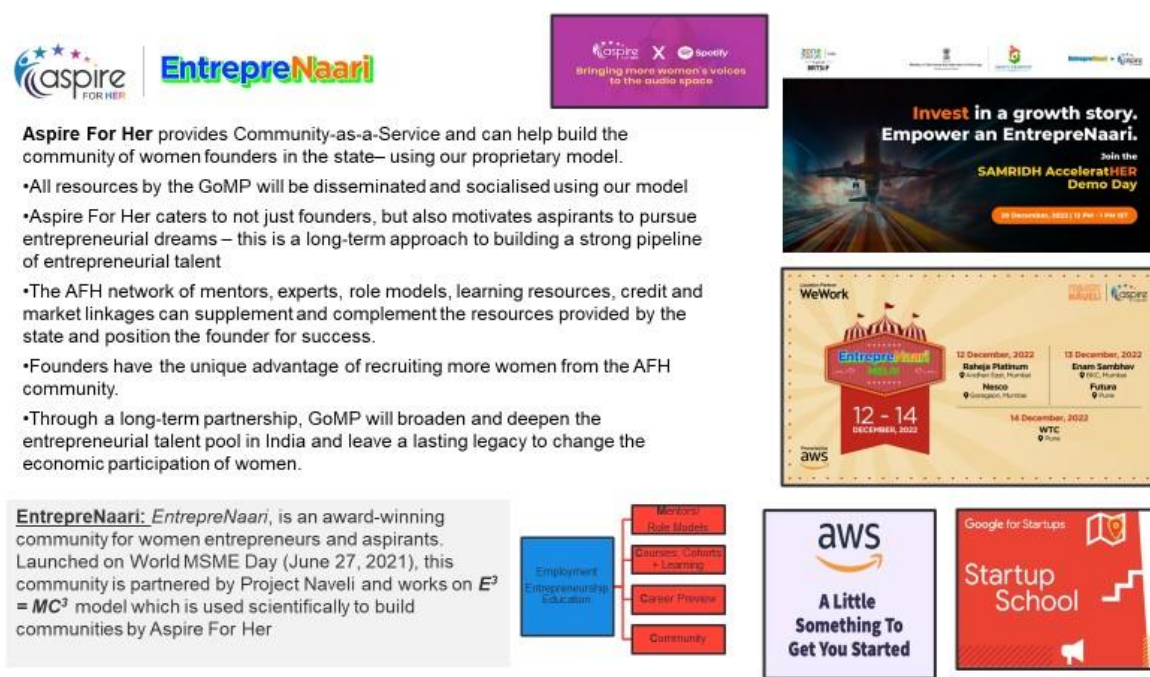


Figure 106: Steps taken to connect women-owned enterprises with consumers

14.3.4. Robust Sector specific Entrepreneurship Development Program (EDP)

The Government of Madhya Pradesh has been supporting entrepreneurs/Self Employment beneficiaries by providing an enabling environment for job creation and entrepreneurship. Department of MSME, Government of Madhya Pradesh run various flagship schemes for employment generation and promotion under which there is provision of interest subsidy and margin money support on capital investment. The applicant aspiring for setting-up a business unit goes through several processes starting from an idea to executing it into the real grounds. Looking for market feasibility, Technology financial assistance is one of the major concerns an entrepreneur should look into at the very early stage. GoMP will develop a sector specific Entrepreneurship Development Program Modules under RAMP scheme to benefit budding entrepreneurs.

14.4. Institution Strengthening

Strengthening of core institutions and departments is essential as these are responsible for monitoring and evaluating of the schemes and policies and reaching to maximum beneficiaries. We understand that there is a need to augment the capacity of MPLUN and DTICs. To foster RAMP effectiveness, MPLUN will develop capacity building and change management strategies for its own institutions, DIC and relevant state government departments. These officials will be trained on delivery mechanism of RAMP schemes. MPLUN will develop awareness & outreach plan, capacity building strategies, roadmap and

guidelines for effective training for MSMEs and stakeholder institutions. MPLUN in coordination with partner institutions will develop learning module for government officials for their capacity building on operationalization of RAMP scheme intervention.

14.4.1. *MPLUN Strengthening*

RAMP provides an immense opportunity to strengthen MPLUN both on physical and digital front. MPLUN will strengthen its existing staff for successful implementation of scheme. The MPLUN website would be completely revamped and would act as a one stop solution for all the MSMEs.

14.4.2. *DIC Strengthening*

District Industry Centre (DICs) serve as a focal point for accelerating the development of MSMEs. They support small business owners, SME entrepreneurs, rural industrialists under a single roof. While the importance of DICs is vital for a district in its growth and are yielding better results when compared to past models, there is a need to further strengthen the DICs by addressing the challenges faced by entrepreneurs and applying respective measures. In present situation the DICs role is limited to oversee financial assistance to MSMEs and overseeing infrastructure development activities. Because of their limited capacity, DICs are not able to provide end to end support to MSMEs. Under RAMP scheme, DIC shall be strengthened to serve as a last mile touchpoint to support MSMEs and entrepreneurs by providing customized advisory support through handholding and mentoring to help MSMEs in growing their business and making them competitive. It is proposed to conduct quarterly awareness trainings along with the review meetings for all the DICs of Madhya Pradesh. This will help the officials to understand the importance of scheme and thereby help them in implementing the scheme better at grassroot level. Effort will be undertaken to **Supporting and promoting DTIC presence on social media platforms** on RAMP scheme.

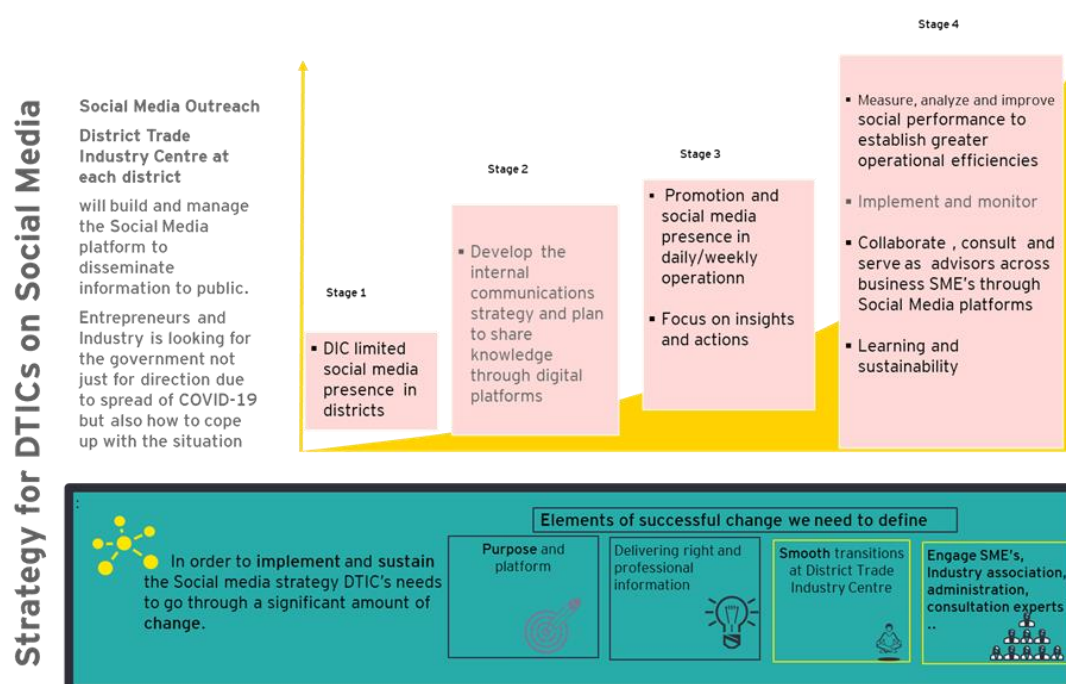


Figure 107: Strategy for DTICs on social media

14.4.3. *Strengthening of other related bodies*

- **Capacity building for lending institutions**, particularly, state level financial institutions and cooperative banks that are the major source of funds for funding window for MSME sector through banking channels. Efforts to include Madhyanchal Gramin Bank and various Cooperative banks in the CGTMSE framework.
- **MSEFC Strengthening:** Delayed Payments has been a consistent issue observed in the stakeholders consultations and survey. Hence, to address this issue, following measures must be taken –
- Mechanism of online filing of complaints with standard LODs for supporting document. Making rest of the process automated.
- Decreasing the Turn-Around-Time of intermediation, arbitration for MSMEs by creating SOPs and manpower increase and training.
- Create a mechanism to increase the adherence of the MSEFC decisions by the concerned parties through banks and other important stakeholders.

14.5. Improving market access

Following interventions will be undertaken under access to market: -

- I. **Developing a comprehensive marketing strategy:** GoMP will prepare a comprehensive marketing strategy. GoMP will also hire a digital marketing agency which will support in the creation and managing of digital assets. It will help in creation of like icons/colours/key phrases for select products. Set up a **dedicated marketing agency**, Conduct market research to identify target markets and consumer preferences, guiding the marketing strategies and Collaborate with trade associations and chambers of commerce to organize trade fairs and international marketing events to showcase MSME products.

II. MSME Enablement on ecommerce

MPLUN will help support MSMEs to be enable on e-Commerce through a value chain approach which includes

- **Setting up hubs in districts /clusters to act as a one stop shop for –**
 - Training facility: Undertaking year-round training programs, Workshops/ sessions
 - Warehousing facility: Storage & dispatch facility, Fulfilment centers
 - Support centers for - GST & taxation, Cataloguing, Product design, Query resolutions
- Providing a centralised support system with information desk
- Deploying SOA on the ground to digitalize MSMEs/sellers

III. Revamping Vendor development initiative

Department of MSME, Government of Madhya Pradesh conceptualised Vendor Development Programme to enhance the capability and capacity of vendors for meeting the required standard by the anchor units. The programme helped both anchor and vendor unit in

collaborating for a **win win situation** where vendors got their market and anchor got products at less transaction costs. Madhya Pradesh Laghu Udyog Nigam Ltd (MPLUN) was the nodal agency for the implementation of this three year programme. The objective of this program was to develop Madhya Pradesh vendors as competitive manufacturers and suppliers of components required by anchor units and MNCs for local and outside state market through industrial linkages, with a special focus on MSMEs. Following were the major objectives of this program

- ▶ Capacity building of MSMEs/vendors
- ▶ Gap analysis of products and existing vendor base of anchor units
- ▶ Facilitating interaction between anchor and vendor units
- ▶ Ensuring the MSME secures the Purchase Order from the anchor unit.

In the course of implementation of the programme it was observed that most of the MSMEs faced challenges at numerous levels e.g. developing marketing techniques, building of supply chain network, investment in geographic expansion etc. while connecting with buyers. While, VDP was successful in increasing the vendor base of state, a more focused approach will help in enabling MSMEs of state be part of the global value chain specially under the current COVID scenario where on one hand, the supply chains of industries are completely disrupted and on the other hand MSMEs are not finding any business. This indicates that there is a severe need for the second round of Vendor Development Programme to make Madhya Pradesh a world class vendor base. The objective is to have a demand driven program which would further strengthen the state's vendor capacity by improving their competitiveness.

Anchor Vendor Facilitation process in MP | SME Linkage with Private Sector Firms

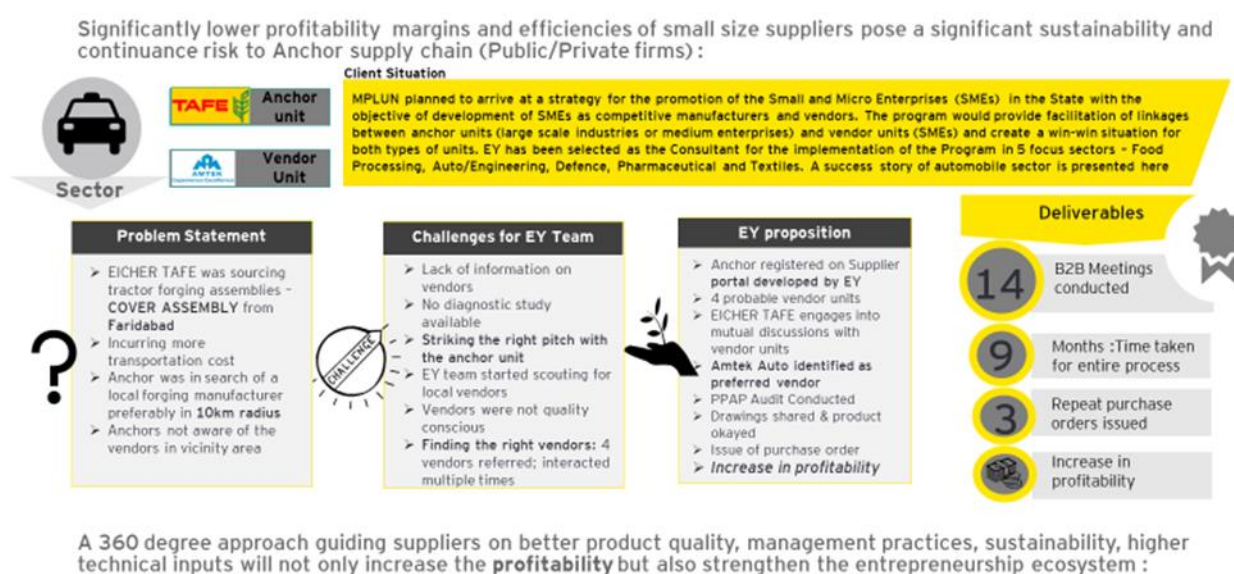


Figure 108: Anchor Vendor Facilitation Process in MP

Under RAMP, MPLUN will propose target-based vendor development program to benefit MSMEs of state.

IV. Export and Transparent Export:

- Establishing a centralized digital trade platform that integrates all export-related processes, documentation, and compliance requirements. This platform should provide real-time status updates and reduce processing times for exporters.
- Develop and publish standardized Standard Operating Procedures (SOPs) for export procedures, ensuring clarity and transparency in the export process.
- Conduct regular training and workshops for exporters to enhance their understanding of export regulations and procedures, promoting compliance and transparency.

14.6. Samadhaan

Madhya Pradesh has one MSEFC whereas state like Maharashtra has seven. Still, Madhya Pradesh through its regular MSEFC meetings are disposing off cases of delayed payments. We propose below initiative for Samadhaan

a. **Training and Sensitization:**

- Conduct specialized training programs for the team responsible for managing the Samadhaan Portal. This training should focus on legal procedures, effective communication, and empathy while dealing with users' disputes.
- Organize sensitization workshops to help the team understand the emotional and legal complexities that users may face during the dispute resolution process.

b. **Enhancing Resolution Rates:** Collaborate with legal experts, mediators, and arbitrators to provide support through the Samadhaan Portal. These experts can help facilitate resolutions and improve the success rate of disputes resolved through the platform.

c. **Technical Improvements and Team Expansion:** Invest in technology upgrades to improve the user interface and user experience of the Samadhaan Portal and hire additional staff with legal expertise and technical skills to handle the increasing number of cases and ensure smooth functioning of the platform.

d. **Legal Case Management System:** For Samadhan, GoMP will develop a MSME Facilitation Council Portal. The portal will facilitate End to End settlement of disputes and filling of delayed payment under one single window & optimizing current redundant processes, will provide seamless Data Exchange & Process Standardization and Harmonization across all stakeholders and will also act as a Single Point of Access for all Regulatory requirements to undertake delayed payment. It will also have a systematic tracking mechanism to monitor the progress and outcomes of disputes submitted through the portal, ensuring timely and effective resolutions.

e. **MSEFC Circuit bench** to meet needs of MSMEs on need basis

14.7. Enablers

Measures for supporting the entire RAMP Program in Madhya Pradesh

14.7.1. Strengthening state institutional arrangements

Considering the large scope and spread of programme, Govt of Madhya Pradesh will establish a District Level RAMP Committee (DLRC) chaired by Collector to ensure effective implementation of overall plan and delivery of the tasks under the program. We will encourage regular coordination and collaboration between different departments involved in the RAMP initiatives to ensure seamless communication and faster resolution of queries and establish a mechanism for joint meetings and consultations among departments to address cross-functional issues efficiently. GoMP will work in tandem with both National Project Monitoring Unit (NPIU) and MoMSME for implementation of RAMP scheme in Madhya Pradesh. We will set up fortnightly discussion with NPIU to update on our positioning and to also seek guidance and suggestions on implementation aspects.

Further since RAMP intervention is align to various other department (for example IPIP department for EoDB, other concerned department for approvals and regulatory compliances, science and technology department for innovation support, technical education department for meeting the skill and capacity building needs of MSMEs etc), we propose a cross cutting convergenc framework as below:-

Convergence Strategy for Fostering Entrepreneurial Ecosystem in Madhya Pradesh

The existing policies like the MSME Development Policy 2021, MP Start-up Policy 2022, and Mukhya Mantri Udyam Kranti Yojana are strategic pillars for fostering a vibrant entrepreneurial ecosystem in Madhya Pradesh. By integrating these initiatives into a holistic convergence strategy, the state can optimise its resources, align its initiatives, and stimulate growth in the MSME and startup sectors. This strategy can be envisioned along the following lines:

Centralized Information and Communication: Establish a centralized information portal to streamline communication related to all the schemes. This portal would serve as a one-stop solution for comprehensive details about the subsidies, grants, and financial assistance available under different policies. It should be regularly updated with information about upcoming events, training programs, and new amendments in the policies.

Unified Application Process: A single, comprehensive application can help MSMEs and startups to determine their eligibility for different subsidies and assistance available under different policies. This unified application process can simplify the process and ensure a seamless operational framework.

Collaborative Events and Training Programs: Leverage provisions in the MP Start-up Policy 2022 for organizing events to create joint events that provide information and training related to both MSME and startup benefits. These events can serve as networking and mentorship opportunities, bringing together entrepreneurs, industry experts, and policy-makers.

Cross-Policy Benefits: Introduce cross-policy benefits, such as exemptions and concessions, that could be accessed by beneficiaries of both MSME and Startup policies. For instance, the Exemption on Electricity Duty and Concession in Electricity Tariff could be extended to startups. Similarly, the Marketing & Liquidity Support/Assistance provision for startups could also be made available to MSMEs.

Integration of Mukhya Mantri Udyam Kranti Yojana: The self-employment scheme can be effectively integrated with the other two policies by providing additional benefits to self-employed individuals who wish to establish startups or MSMEs. The provision for collateral-free loans can serve as initial capital for such enterprises. Moreover, the interest subvention could be coupled with other financial assistance provided under MSME and Startup policies to further reduce the cost of credit.

Collaboration with Educational Institutions and Incubators: The collaboration with institutions of higher education and incubators is crucial for fostering innovation and entrepreneurial skills. Joint programs could be initiated where young entrepreneurs are mentored and guided to leverage various policy benefits effectively.

Monitoring and Evaluation: Implement a robust monitoring and evaluation mechanism to ensure the effective functioning of the convergence strategy. Regular audits and feedback surveys can be used to continually improve the system and address any challenges faced by the beneficiaries.

Strengthening the State Innovation Challenge: The State Innovation Challenge, under the MP Start-up Policy 2022, provides a platform for entrepreneurs to tackle economic-social problems of the state. This could be integrated with the MSME policy and the self-employment scheme, thereby allowing a wider audience to participate in the challenge and apply their innovative ideas.

14.7.2. Digitization & Integration at MPLUN: Technology enabled initiatives to meet RAMP KPIs

Proposed platform is designed to address the core themes of RAMP and empower MSMEs to thrive in this dynamic business environment, key focus areas of proposed technology solutions will be:

- 1) Access to Finance
- 2) Access to Market
- 3) Capacity Building
- 4) Sustainability

14.7.3. Madhya Pradesh Tech Advantage Platform: MSME Integrated Transparent Responsive Application (MITRA)

Madhya Pradesh TechAdvantage Platform will be designed as single window platform for MSME sector for Madhya Pradesh to provide a tech enabled tools and service for enablement and growth of business keeping in mind the key focus areas described below:










MSME Focus Area	Opportunities for Tech. Intervention	Proposed Tools
Access To Finance	<ol style="list-style-type: none"> 1) Discovery of schemes and incentives for various focus industries with the state 2) Ability to finance business at best possible rates 	 Know Your Incentive (KYI)  Know Your Credit Potential (KYCP)
Access To Market	<ol style="list-style-type: none"> 1) Access to new buyers across India using E-commerce and digitization of products 2) Integration with other GOI Portals and network 	 Integrated E-Commerce Portal
Capacity Building	<ol style="list-style-type: none"> 1) Ability to discover services and products to enable business at affordable rates 2) Ability to upskill to meet new market needs within the sector 	 SaaS Services  SME Finder  Online Certification
Sustainability	<ol style="list-style-type: none"> 1) Enable MSME to register as "Registered Entity" to generate green credits by adopting sustainable practices 2) Access to green technology and services 	 Green Registry  Waste Management  Eco Labelling

Figure 109: MSME Focus Areas, Opportunities, & Proposed Tools

Access to Finance

The proposed solution will act as a facilitation desk for MSMEs to get easily access on numerous incentives and aid through schemes and priority sector lending mandates, the credit uptake and margin money/subsidies provided by lending institutions to MSMEs in the state, key components of solution will be as follows:

- 1) **Registration of MSME:** MSME to register on this portal by providing information of Products and Services, Investment details and document repository which will result in creation of 360-degree view of the MSME Profile.
- 2) **Fund Planning:** provide ability to plan for capital requirements to setup or expand their capabilities based on selected location.

- 3) **Know your Incentives:** based on the unit types understand incentives & credit worthiness requirements.
- 4) **Scheme Benefits:** Understand central schemes and eligibility requirements to apply. Apply for benefits online and tracking milestones for benefits.
- 5) **Apply Online:** Filling of Common Application Form (CAF) and apply for required clearances online, track status and interact with MPLUN officials through ticketing system for queries.
- 6) **State Government MIS & Dashboard:** State will have dashboard for Units Location, Sector wise product Information, Emerging Cluster hotspot, Stakeholder consultation and outreach to focus sectors for MPLUN.
- 7) Integration with TReds, Udhyam, CGTMSE, SIDBI & other financial institutions to improve cash flow.
- 8) Integration of GSTN and TReDS to allow verification of the status of input tax credit for GST invoices by TReDS platforms.

These proposed interventions aim to address the financing needs of MSMEs and promote their growth and development in the state. Effective implementation, compliance measures, and incentives for stakeholders are crucial for the success of these initiatives.

Other notable initiatives under Access to finance includes:-

- (i) **Digitization for Access to finance:** A dedicated mobile app should be designed which can provide a stepwise instruction for various aspects of loan process and status of the loan process. This intervention is necessary as 44% of the respondents felt the need of capital assistance in the application process. Rest awareness campaigns with a trained SPOC will also go a long way in addressing the apprehensions and sensitize the MSMEs about the process. Similarly, FIs has no specialized tools or ERPs to process loans also specialized resources should be deployed to assess and disburse loans.
- (ii) **Credit Risk Database & Credit Rating:** Credit Ratings will be devised for State's MSME using Credit Rating Database (CRD). This CRD can be devised from the inputs from State's commercial tax department, CIBIL scores and banking transaction history. The banks may then use these ratings as a significant variable to calculate the interest incidence and the collateral incidence in loan process. Mechanism will also be created for MSMEs to get their application audited by CGTMSE and based on high score on a scoring matrix, avail credit from the banks at a competitive rate.

E-Commerce Enablement

Solution will act as a catalyst for achieving access to market offers significant potential. Digitally empower and handhold the MSMEs to leverage e-commerce market. Facilitate MSMEs to showcase their products and services to a broader audience, open new market opportunities beyond their local or traditional customer base. Eliminate the need for MSMEs to invest in building their own digital infrastructure or e-commerce platforms. By leveraging the solution, MSMEs can access a ready-made digital framework, including online storefronts, payment gateways, and logistics support. To enhance creditworthiness and credibility of MSMEs establishing their digital footprint and transactional history. Key components of solution will be as follows:

- 9) **Registration of MSME:** Manufacturer, Logistic Partner & Buyer registration, and profile generation. eKYC of MSMEs.
- 10) **Product Catalogue:** Category wise Virtual tour of products, Specifications, product rating and available suppliers based on location and serviceability.
- 11) **Inventory:** Details of each product inventory & availability along with seller information and rating.
- 12) **Online Selling:** Buyers can view the catalogue, select the product & add into the cart. Online purchase the products through digital payments.
- 13) **Product Delivery:** Product will be delivered to the respective buyer location. Buyer can confirm the delivery. Consignment can also be track during entire life cycle.
- 14) **State Government MIS & Dashboard:** State will have dashboard for category wise product Information, no. of sales, revenue.
- 15) State e-commerce platform with ability to integration with GEM and other e-commerce platforms like MSME mart, Khadi India.

The solution aims to digitally empower MSMEs, facilitating access to markets through an e-commerce platform. It offers a ready-made digital framework with product catalogues, online selling, payment gateways, and logistics support. The platform enables MSMEs to showcase products, increase creditworthiness, and provides state-level dashboards for monitoring and integration with other e-commerce platforms.

Capacity Building

Solution will act as a catalyst for achieving need of MSMEs for skill development and capacity building. Provide support in forming connects with Centre of Excellence. Portal will address the need of MSMEs for technical business knowledge. Key components of solution will be as follows:

- 16) **Registration of MSME:** MSME to register on this portal by providing information for Design and implement skill development programs, focusing on technical skills, product design, marketing strategies, financial management, and entrepreneurship, Training and awareness sessions on standardized processes, quality control, and best practices. Provide ability to search list of courses.
- 17) **Digital Courses:** MSME can apply for relevant courses as per their need.
- 18) Integration with state COEs & Empaneled Certification Agencies & CEDMAP EDP program.

Greening of MSMEs

To enable MSMEs adopting greening initiative, a comprehensive solution is proposed. Interventions focused on greening initiative for MSMEs include following: -

- Identifying 500 potential MSMEs
- Training MSMEs on various green technology initiatives available in market
- Promising suitable greening measures.

14.7.4. Strengthening MPLUN website

MPLUN, in its endeavour to support MSMEs of state through RAMP scheme will have strengthen its existing platform: the platform will be made a robust one by gaining insights from global best practices. The platform will have following features:

- **Digital Repository:** The digital repository comprising of various digital tools will be provided to the MSMEs for digitizing the overall operations of an enterprise. The repository will provide access to several software's such as ERP, finance & automated accounting, tax reconciliation, cloud services etc., Partnerships will be developed with various corporate, Government, and start-up organizations to list these tools on the portal.
- **Digital learning library**

The digital learning library will provide MSME with digital access and support on various areas as defined below: -

Certification & Licensing <ul style="list-style-type: none"> Configuration of flowchart solution MSME related certificate & license Conduct workshops/webinar Provide possible solution for technical document Test Strategy & Planning Data maintenance required Change Management strategy & planning 	MSME Tutorials <ul style="list-style-type: none"> Campaign activity to share overall information related to MSME Schemes A detailed plan will be prepared for each scheme The plan will include activity level details including application procedure as video or presentation and associated time required to do the same Execution will be carried out for each scheme 	Marketing Automation <ul style="list-style-type: none"> Marketing strategy to be drawn out for each location as part of the exercise Details of all the online e-commerce platform under control of government The registration process as buyer or seller Description of benefits associate with online marketing activities
Digital Consortium <ul style="list-style-type: none"> Consortium is about a panel or group of Industrialist, Academia experts, Officers & Consultants, Incubation Centres for knowledge sharing Objective of participating in a common activity to build & promote entrepreneurship Pooling resources for achieving a common goal There will be an online platform to manage all activities 	Trends & Analytics of Industry <ul style="list-style-type: none"> Prepare all trends & analysis in compliance with industry quality standards Conduct review & post as a industry report Current industry & business requirement Index of industry & market Analysis of current situation of market & industry Upcoming projects & opportunities 	Success Stories <ul style="list-style-type: none"> A story of a person who rises to fortune, acclaim, or brilliant achievement A detailed about his plan & activities on the project These stories carried out for each location or districts. Inspiration to other Means of recognition and token of award

Figure 110: Digital Learning Library

- **Knowledge bank:** The knowledge bank will disseminate information and will have SOPs on availing benefits of Champion scheme, GeM, ONDC, TReDS, CGTMSE, how to export, etc.
- MPLUN portal will have section on **MSME Community Forum** which will be a question-answer platform for and by the MSMEs where questions can be asked, answered and promoted. This platform can be utilized by MSMEs to share their experience and answer queries of other MSMEs.
- MPLUN will also integrate all the skill building and skill enhancement initiatives undertaken with various beneficiary groups to enhance efficiency, productivity, and competitiveness on its portal which will be integrated with the skill development portal of state department. The portal will be an artificial intelligence and machine learning enabled platform to help

the youth with information regarding skill enhancement and career opportunities. Further, the government department will have real-time access to the number of candidates enrolled, trained, upskilled.

14.7.5. *Effort will be undertaken to leverage Single Window System for MSMEs*

GoMP will get insights from various comprehensive review of existing processes to identify redundancies and bottlenecks studies in developing EoDB platform for MSMEs of state. Efforts will be undertaken to streamline and simplify these processes to reduce the number of documents and steps involved and digitize all EoDB-related processes and documentation, making them accessible to businesses online, and enable electronic submission of documents. Establish a centralized single window clearance system that integrates approvals from various departments involved in the EoDB process.

14.7.6. *Robust M&E System*

Traditional approach for monitoring any interventions in all the government projects has been an excel or Power Point Presentation to track project status and validate reporting. Under RAMP scheme, GoMP will undertake various digital solutions initiative which will help in improving the efficiency and effectiveness of the department as whole. Some of our identified solutions area:-

1. **Robust M&E System for MPLUN- Nodal Agency for RAMP**

In order to monitor and ensure successful project delivery, a strong monitoring mechanism shall be ensured through KPI framework. To ascertain project level outcomes, dashboard shall be prepared and published on weekly basis to all relevant stakeholders. The dashboard shall provide different views for stakeholders for analysis viz. consolidated outcome at centre level, state wise filtered results, branch wise results and other drill downs to minute levels. We have identified KPIs across the key intervention pillars which will be leveraged for tracking the performance of RAMP implementation in state of Madhya Pradesh:-

Table 49: KPIs across the key intervention pillars for RAMP Implementation

Intervention Area	KPIs	Impact evaluation indicators
Skilled Labour	▶ Number of trainings conducted	<ul style="list-style-type: none"> ▶ Impact of skill and capacity gaps on the productivity and profitability ▶ Performance improvement in employee ▶ Productivity enhancement post training employee
Firm Competitiveness		
Champion Scheme	▶ No of Trainings attended on champion schemes	<ul style="list-style-type: none"> ▶ ZED:MSMEs from entry level to Bronze ▶ ZED:MSMEs from Bronze to Silver ▶ ZED:MSMEs from Silver to Gold ▶ LEAN certified MSMEs/ Clusters ▶ MSMEs availing innovate scheme

TReDS	<ul style="list-style-type: none"> ▶ TReDS 	<ul style="list-style-type: none"> ▶ Registration on TReDS ▶ Transaction through TReDS
CGTMSE	<ul style="list-style-type: none"> ▶ Accessing women guarantee from CGTMSE 	<ul style="list-style-type: none"> ▶ No of cases
Delayed Payments	<ul style="list-style-type: none"> ▶ Information gathered from ODR platform and added to ▶ Samadhan portal data base. 	<ul style="list-style-type: none"> ▶ No of cases
Access to Market		
Skill Development for Export Promotion	<ul style="list-style-type: none"> ▶ Number of small businesses and entrepreneurs trained in export documentation, quality standards, and market research ▶ Increase in the number of small businesses and entrepreneurs exporting their products ▶ Increase in the number of countries exporting to 	<ul style="list-style-type: none"> ▶ Increase in revenue generated from exports ▶ Increase in the number of jobs created in the state ▶ Improvement in the quality of exports
Digitalization of Export Promotion	<ul style="list-style-type: none"> ▶ Number of small businesses and entrepreneurs registered on the e-commerce portal for ODOP products ▶ Increase in online sales of ODOP products ▶ Number of digital marketing campaigns executed for promoting exports 	<ul style="list-style-type: none"> ▶ Increase in revenue generated from online sales of ODOP products ▶ Increase in the number of jobs created in the state ▶ Improvement in the visibility and reach of ODOP products
Strengthening Infrastructure for ODOP	<ul style="list-style-type: none"> ▶ Number of common facilities established for testing, packaging, and storage of ODOP products ▶ Increase in the number of small businesses and entrepreneurs availing these facilities ▶ Increase in the number of ODOP products exported from the state 	<ul style="list-style-type: none"> ▶ Increase in revenue generated from ODOP products ▶ Increase in the number of jobs created in the state ▶ Improvement in the quality of ODOP products ▶
Enhancing Access to Finance	<ul style="list-style-type: none"> ▶ Amount of dedicated funds allocated for export promotion ▶ Number of small businesses and entrepreneurs availing subsidies for export-related expenses ▶ Reduction in loan processing time 	<ul style="list-style-type: none"> ▶ Increase in the number of small businesses and entrepreneurs exporting their products ▶ Increase in revenue generated from exports ▶ Increase in the availability of finance for small businesses and entrepreneurs
Collaboration with Industry Association	<ul style="list-style-type: none"> ▶ Number of joint trade delegations organized 	<ul style="list-style-type: none"> ▶ Increase in the number of small businesses and entrepreneurs exporting their products

	<ul style="list-style-type: none"> ▶ Number of international trade fairs participated in ▶ Number of business-to-business matchmaking events held 	<ul style="list-style-type: none"> ▶ Increase in revenue generated from exports ▶ Improvement in the reputation of the state as an exporter
Strengthening Logistics Infrastructure	<ul style="list-style-type: none"> ▶ Number of dedicated logistics parks established ▶ Improvement in last-mile connectivity ▶ Reduction in customs processing time 	<ul style="list-style-type: none"> ▶ Increase in the number of small businesses and entrepreneurs exporting their products ▶ Increase in revenue generated from exports ▶ Reduction in logistics costs
Streamlining Regulatory Framework	<ul style="list-style-type: none"> ▶ Reduction in export procedures and paperwork ▶ Reduction in export-related approval time ▶ Increase in the number of small businesses and entrepreneurs exporting their products 	<ul style="list-style-type: none"> ▶ Increase in revenue generated from exports ▶ Increase in the number of jobs created in the state ▶ Improvement in the ease of doing business for small businesses and entrepreneurs

2. District Level Digital Dashboard: Building and Integrating Technology Platforms

In the time of new-age technology, a dynamic analytical dashboard for monitoring and tracking the performance of each district will be created under RAMP Scheme. This dashboard will visually tracks, analyses and displays key performance indicators (KPIs), metrics and key data points. The dashboard reporting can be updated once every month to rank the performance of the DTICs. It will also help monitor the progress of the districts. State will do quarterly monitoring of RAMP program where all nodal officers will be asked to present their progress and corrective measures will be undertaken for low performing districts.

14.7.7. *Forging Partnership*

Implementation of interventions under RAMP scheme requires longer-term involvement of various state departments, financial institutions, SMEs, NGOS and other government bodies as major stakeholders, thus a collaborative approach is required for reviewing, defining and delivering the project as per the desired objective. Emphasis will be laid on inclusiveness of stakeholders, wherein GoMP will undertake inputs from stakeholders at regular intervals. A state of art partnership engagements will be created catering to specific dimensions of MSMEs like technology (ICT), Entrepreneurship & skill development programme (EDP), Business advisory support, Sectoral expertise (Technical service Provider) and for overall organizational efficiency. This will bring in leading practices approach and will enhance the benefits of entire microenterprise ecosystem. Other initiatives include:-

- **Business development centers:** Business development centers provide assistance to MSMEs in various areas such as business planning, marketing strategies, financial management and access to markets. However, the availability and accessibility of such centers in Madhya Pradesh is limited. A yellow pages for BDS provider will be prepared listing all the BDS provider and their area of expertise and will be shared with MSMEs through MPLUN website. Business advisory support will be extended in areas of availing

financial assistance in RAMP scheme, business management, accounting, financial management, marketing, and export. GoMP will undertake **10 FI-BDS Partnerships** to enhance access to vital information and credit schemes for MSMEs. By connecting FIs and BDS providers, these partnerships will serve as a crucial link, bridging the information gap for MSMEs. Financial institutions will work closely with BDS providers to disseminate essential details about various credit programs, eligibility criteria, application procedures, and the required documentation. *(Incentive mechanism will be created for the BDS providers)*

In order to facilitate /support MSMEs, office of Industries Commissioner has constituted a MSME Business Facilitation Cell. Through this cell support consultants have been deputed across the state at DTIC offices to extend handholding support to the MSMEs. Under RAMP Scheme, MBFC cell will be constituted at 7 zonal districts.

- **Networking and mentorship:** MSMEs can benefit greatly from networking opportunities and mentorship programs that connect them with experienced entrepreneurs, industry experts and potential business partners. However, such platforms and programs are limited in Madhya Pradesh. MPLUN will create pool of mentors which will be on boarded with the nodal agency for providing timely support to MSMEs. Further MPLUN will adopt a regional approach in line with UK-LEP initiative. United Kingdom has created a network of local growth hubs. There are 38 growth hubs across the nation one for every Local Enterprise Partnership (LEP). They act as a single local access point for all public and private sector business support, effectively a 'front end' for LEP programmes and other economic support and provide free support on a range of queries. Growth hub partners include Chambers of Commerce, the Federation of Small Businesses, business schools, Enterprise Zones and banks.

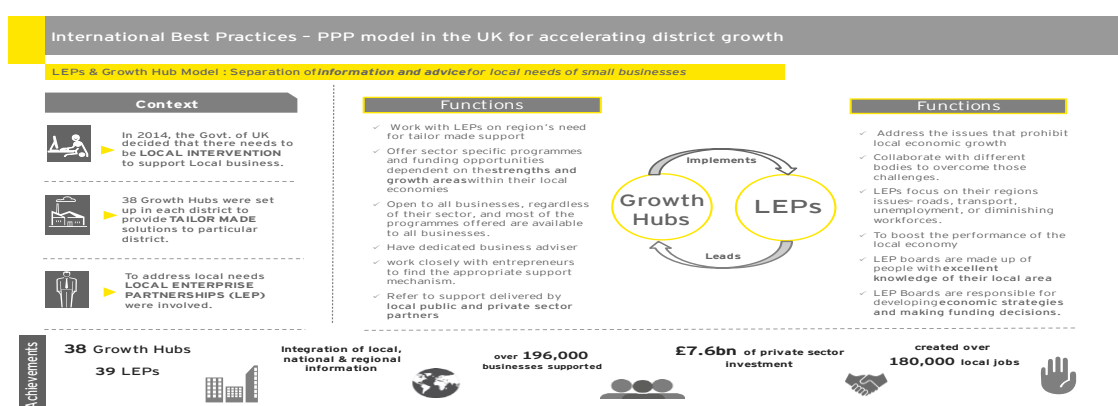
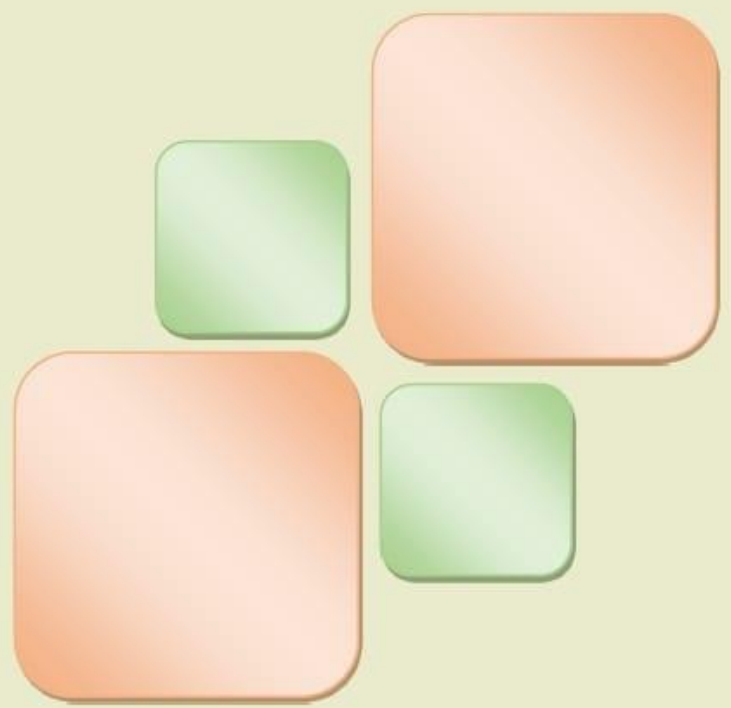


Figure 111: International Best Practices



Program Budget



15. Budget

The RAMP program for the state of Madhya Pradesh has identified a total budget requirement from Gol estimated at **INR 507.61 Cr.** This comprehensive initiative aims to foster the growth and development of the MSME sector in the state. Further, State Government of Madhya Pradesh shall **contribute 30% as its contribution for the** success of RAMP Program in State. The Head Wise budget and its alignment with DLI is presented below:

Table 50: Budget Required under Various Interventions (In Rs Cr)

S. No	Heads	Total (in INR CR)	%age
1.	Capacity Building	132.16	26.04%
2.	Marketing	123.48	24.33%
3.	DTIC Strengthening	45.43	8.95%
4.	MSMEs Testing Facilities	30.00	5.91%
5.	Access to Credit	20.50	4.04%
6.	SPIU	20.00	3.94%
7.	Cluster Development	18.50	3.64%
8.	IT	14.50	2.86%
9.	Awareness Program	14.30	2.82%
10.	MPLUN Strengthening	13.51	2.66%
11.	SAMADHAN	10.49	2.07%
12.	Skill Development	8.00	1.58%
13.	Vendor Development Program	2.75	0.54%
14.	District Export Action Plan	1.56	0.31%
15.	Collaboration with Private/Public players	1.25	0.25%
16.	TReDS	1.00	0.20%
17.	Monitoring & Evaluation	4.03	0.79%
	Total	461.47	
	Admin Cost (10%)	46.15	
	Grand Total	507.61	

Madhya Pradesh State contribution: 30%

Further total 18 projects are being identified with broad interventions. Below is the list of projects linked with DLIs.

Projects	Heads	DLI
P-1	Awareness generation	2,3,4,5,6
P-2	Capacity Building	2,3,4,5,6
P-3	Skill Development	2,3,4,5,6
P-4	Awareness generation, Capacity Building and Skill Development	2,3,4,5,6
P-5	Access to Market and Vendor Development Program	2,3
P-6	Institution Strengthening: DoMSME	2,3,4,5,6
P-7	Institution Strengthening: DTIC Strengthening	2,3,4,5,6
P-8	Institution Strengthening: MPLUN Strengthening	2,3,4,5,6
P-9	MSMEs Testing Facilities	
P-10	Access to Credit	2,3
P-11	MSME Competitiveness improvement: Focus on technology	4,5
P-12	MSME Competitiveness improvement: Focus green initiative	
P-13	MSME Competitiveness improvement: Focus on Cluster Development	2,5
P-14	Digitization and technology interventions	2,5
P-15	Delayed Payments and SAMADHAN	6
P-16	Collaboration with Private/Public players and forging partnerships	2
P-17	Monitoring & Evaluation	2,3,4,5,6
P-18	Monitoring & Evaluation- Impact assessment	2,3,4,5,6

S. No	DLI	Disbursement Linked Indicators (DLIs)	Total MSMEs/ Unit	Unit	Unit cost (Rs)	Total Cost (Rs)	In Rs Lakhs
1	2	3	4	4	5	5	6
1	DLI 2	Accelerating MSME Sector Centre-State collaboration					
2	DLR 2.1	MSME Strategic Investment Plans (SIP) from participating states with attention to cross-cutting GGTP themes approved					
3	DLR 2.2	Completion of targeted SIP Implementation Plan actions					
4	DLR 2.2	SPIU	1	Lumpsum	20,00,00,000	20,00,00,000	2,000
5	DLR 2.2	Develop a one-stop integrated portal (including district level) + MSME Single Window portal	1	Lumpsum	9,00,00,000	9,00,00,000	900
6	DLR 2.2	Software integration with concerned departments of MSMEs	1	Lumpsum	2,50,00,000	2,50,00,000	250
7	DLR 2.2	Backward Integration of portal with CHAMPIONS Scheme	1	Lumpsum	3,00,00,000	3,00,00,000	300
8	DLR 2.2	Preparation of communication and outreach strategy to focus on GGTP agenda	1	Lumpsum	₹ 1,50,00,000	1,50,00,000	150
9	DLR 2.2	Financial & Business Development Services Partnership	5	Banks/ FIs	25,00,000	1,25,00,000	125
10	DLR 2.2	Subtotal DLI 2.2		MSMEs		37,25,00,000	3,725
11	DLR 2.3	Increase in number of MSMEs (i) in entry level MSME Champions Scheme completing bronze level ZED; (ii) registered on TReDS; (iii) initiated a case on Samadhaan for ODR; (iv) guarantees for women owned MSEs; (v) green guarantees					
12	DLR 2.3	Training to MSMEs on getting ZED certifications (100 MSMEs per district with approx. 30% women led/promoted MSMEs)	5200	MSMEs	5,000	2,60,00,000	260
13	DLR 2.3	Conversion of Bronze certified MSMEs to Silver/Gold	1040	MSMEs	15,000	1,56,00,000	156
14	DLR 2.3	Training to MSMEs on getting LEAN certifications (1 Workshop for approximately 50 MSMEs from each district)	2600	MSMEs	15,000	3,90,00,000	390
15	DLR 2.3	Training to MSMEs on getting Innovate Scheme: Design certifications with support institutions (includes 300 Women MSMEs) <i>(unit cost is more because of the consultation charge of institutions)</i>	1300	MSMEs	30,000	3,90,00,000	390

S. No	DLI	Disbursement Linked Indicators (DLIs)	Total MSMEs/ Unit	Unit	Unit cost (Rs)	Total Cost (Rs)	In Rs Lakhs
16	DLR 2.3	Training to MSMEs on Innovate Scheme: IPR	1040	MSMEs	15,000	1,56,00,000	156
17	DLR 2.3	Training to MSMEs on Innovate Scheme: Incubation support (approx. 200 MSMEs per Year out of which 40 women led MSMEs) -	800	MSMEs	10,000	80,00,000	80
18	DLR 2.3	Training to MSMEs on GeM (3000 MSMEs every year)	12000	MSMEs	5,000	6,00,00,000	600
19	DLR 2.3	Training to state department (high priority) to onboard on GeM (30 State officials every quarter and approx. four trainings)	480	Govt	15,000	72,00,000	72
20	DLR 2.3	Training to MSMEs on E-Commerce (ONDC, Amazon, Flipkart Onboarding etc)	2000	MSMEs	10,000	2,00,00,000	200
21	DLR 2.3	Aggressive awareness campaigns to encourage MSME onboarding to TReDS platform. (100 MSMEs per district)	2600	MSMEs	5,000	1,30,00,000	130
22	DLR 2.3	Awareness generation and sensitization of 5,000 MSMEs to adopt new and green technology	5000	MSMEs	5,000	2,50,00,000	250
23	DLR 2.3	Capacity building of 500 MSMEs to adopt new and green technology	500	MSMEs	35,000	1,75,00,000	175
24	DLR 2.3	Sensitization and capacity building of DTICs & MSEFC on Samadhan (Once in a year)	208	DTIC	10,000	20,80,000	21
25	DLR 2.3	Awareness Generation Programmes for MSMEs on SAMADHAN portal	5200	MSMEs	5,000	2,60,00,000	260
26	DLR 2.3	MSME Conclaves once in 2 Years	2	Conclaves	9,00,00,000	18,00,00,000	1,800
27	DLR 2.3	MSE CDP: Support required for outreach, DPR preparation, Handholding support: Existing cluster	5	Clusters	50,00,000	2,50,00,000	250
28	DLR 2.3	MSE CDP: Support required for outreach, DPR preparation, Handholding support: New cluster	5	Clusters	50,00,000	2,50,00,000	250
29	DLR 2.3	State Clusters: Support required for outreach, DPR preparation, Handholding support:	20	Clusters	50,00,000	10,00,00,000	1,000
30	DLR 2.3	SFURTI: Support required for outreach, DPR preparation, Handholding support : Existing clusters	5	Clusters	20,00,000	1,00,00,000	100
31	DLR 2.3	SFURTI: Support required for outreach, DPR preparation, Handholding support: New clusters	5	Clusters	20,00,000	1,00,00,000	100

S. No	DLI	Disbursement Linked Indicators (DLIs)	Total MSMEs/ Unit	Unit	Unit cost (Rs)	Total Cost (Rs)	In Rs Lakhs
32	DLR 2.3	GI Tagging of ODOPs	5	Products	10,00,000	50,00,000	50
33	DLR 2.3	Clusters supported under other ministry like MoT, MoFPI etc	5	Clusters	20,00,000	1,00,00,000	100
34	DLR 2.3	Sub Total 2.3	38240	MSMEs		67,89,80,000	6,790
35		Total DLI 2 (Budgeted for Madhya Pradesh)	38240	MSMEs		1,05,14,80,000	10,515
36	DLI 3	Enhancing the effectiveness of Firm Capabilities Scheme					
37	DLR 3.1	MSME Champions schemes improvement and scale-up implementation plan approved including establishment of an integrated Programme management system					
38	DLR 3.1	Training Need Assessment of DTIC officials (52 districts visit for total four times)	208	Govt	35,000	72,80,000	73
39	DLR 3.1	Training Need Assessment of MPLUN	120	Govt	35,000	42,00,000	42
40	DLR 3.1	Capacity building of MPLUN officials across domain, functional and behavioural competencies (2 times)	50	Govt	35,000	17,50,000	18
41	DLR 3.1	Capacity building of officials from DTICs, Dols and State corporations of MP (55 DTICs+ two trainings per year for four years)	520	Govt	15,000	78,00,000	78
42	MPLUN 1	Human Resource Management (5 persons on outsource basis at MPLUN dedicated to RAMP) at head office	7	MPLUN	33,60,000	2,35,20,000	235
43	MPLUN 2	Laptops	6	MPLUN	85,000	5,10,000	5
44	MPLUN 3	Desktop/All in One	4	MPLUN	85,000	3,40,000	3
45	MPLUN 4	Photocopier	3	MPLUN	2,00,000	6,00,000	6
46	MPLUN 5	Printer with Scanner	6	MPLUN	35,000	2,10,000	2
47	MPLUN 6	Furnitures, fixtures & consumables	10	MPLUN	4,00,000	40,00,000	40

S. No	DLI	Disbursement Linked Indicators (DLIs)	Total MSMEs/ Unit	Unit	Unit cost (Rs)	Total Cost (Rs)	In Rs Lakhs
48	MPLUN 7	Hiring of Event Management Agency for MPLUN	1	MPLUN	10,00,00,000	10,00,00,000	1,000
49	DLR 3.1	Refresher sessions for MPLUN, DoI, DTICs and State corporation officials (2 times)	50	Govt	15,000	7,50,000	8
50	DLR 3.1	Partner with educational/vocational institutions adopting a demand driven approach to skill building of MSME workforce- Recruit Train and Deploy (R-T-D) Model : Target training to selected 10000 MSMEs	10000	MSMEs	8,000	8,00,00,000	800
51	DLR 3.1	Human Resource Management (2 additional staff on outsourced basis at DTIC to anchor RAMP implementation - RAMP Helpesk for CHAMPIONS Scheme	55	HR	67,20,000	36,96,00,000	3,696
52	DLR 3.1	Zonal MBFC (Two resources)	14	HR	33,60,000	4,70,40,000	470
53	DLR 3.1	Laptops	55	Resource/DTIC	75,000	41,25,000	41
54	DLR 3.1	Handheld device	55	Resource/DTIC	20,000	11,00,000	11
55	DLR 3.1	Printer with Scanner	55	Resource/DTIC	35,000	19,25,000	19
56	DLR 3.1	Furnitures and fixtures	55	Resource/DTIC	2,00,000	1,10,00,000	110
57	DLR 3.1	DTIC Internship Program	440	Interns	10,000	44,00,000	44
58	DLR 3.1	Margin Money for MSMEs as Top up of Current Scheme	2000	MSMEs	90,000	18,00,00,000	1,800
59	DLR 3.1	MSME Innovation cum Incubation Centers at Suitable Institutions	52	Centers	1,20,00,000	62,40,00,000	6,240

S. No	DLI	Disbursement Linked Indicators (DLIs)	Total MSMEs/ Unit	Unit	Unit cost (Rs)	Total Cost (Rs)	In Rs Lakhs
60	DLR 3.1	Support in listing at NSE/BSE - SME Exchanges	80	MSMEs	2,62,500	2,10,00,000	210
61	DLR 3.1	Development of EDP - Sector Specific Modeules - model DPRs	15	Modules	10,00,000	1,50,00,000	150
	DLR 3.1	MSMEs Testing Facilities for Quality Certification	2	Testing	15,00,00,000	30,00,00,000	3,000
62	DLR 3.1	MSME Promotion Helpdesk/Cell	2	Helpdesk	4,00,00,000	8,00,00,000	800
63		Subtotal DLI 3.1	12080	MSMEs		1,89,01,50,000	18,902
64	DLR 3.2	Measurable Improvements in MSME Champions Scheme performance and results indicators AS PART OF 3.1					-
65	DLR 3.2	Design & launch campaigns on public domains for State Government schemes- (Newspaper ad, Outdoor advertisement, movie shoot, radio jingles)	1	Lumpsum	1,00,00,000	1,00,00,000	100
66	DLR 3.2	Publish IEC materials- customized modules, capsules and packages to offtake Champion & Technology upgradation schemes @104 workshops	104	Workshops	30,000	31,20,000	31
67	DLR 3.2	Uptake of GeM, ONDC, ODOP & Samadhan: Develop simplified manuals for MSMEs illustrating know-how of these portals.	20	Manuals	75,000	15,00,000	15
68	DLR 3.2	RAMP Branding & promotion: Launch an online branding toolkit with templates & guidelines.	4	Lumpsum	18,00,000	72,00,000	72
69	DLR 3.2	Branding assistance program including toolkits, workshops, training sessions, and consultations to support 10,000 MSMEs.	10000	MSMEs	15,000	15,00,00,000	1,500

S. No	DLI	Disbursement Linked Indicators (DLIs)	Total MSMEs/ Unit	Unit	Unit cost (Rs)	Total Cost (Rs)	In Rs Lakhs
70	DLR 3.2	Hire a digital marketing agency to prepare a comprehensive marketing strategy.	1	Lumpsum	4,00,00,000	4,00,00,000	400
71	DLR 3.2	Training to MSMEs on certification for export promotion on "how to export"	10000	MSMEs	15,000	15,00,00,000	1,500
72	DLR 3.2	Vendor Development Program (100*5 = 500 MSMEs)	25	VDP	5,00,000	1,25,00,000	125
73	DLR 3.2	Anchor Vendor Facilitation and Matchmaking	100	MSMEs	1,50,000	1,50,00,000	150
74	DLR 3.2	Levraging & Implementation District Export Action Plan	52	MSMEs	3,00,000	1,56,00,000	156
	DLR 3.2	Advertisement, Printing & Publicity	1	Lumpsum	2,80,00,000	2,80,00,000	280
75	DLR 3.2	Exposure visit of select MSMEs (National and International) for four years	500	MSMEs	10,00,000	50,00,00,000	5,000
76	DLR 3.2	Organize 4 trade fairs to uplift and promote outreach of products.	8	Fairs	2,75,00,000	22,00,00,000	2,200
77		Sub Total DLI 3.2	20525	MSMEs		1,15,29,20,000	11,529
78		Total DLI 3 (Budgeted for Madhya Pradesh)	32605	MSMEs		3,04,30,70,000	30,431
79	DLI 4	Strengthening the receivable financing market for MSMEs					
80	DLR 4.1	Regulation(s) issued to facilitate: (i) NBFCs participation as factors; (ii) TReDS to register transaction with CERSAI; (iii) priority against third parties on a first-to-file basis					

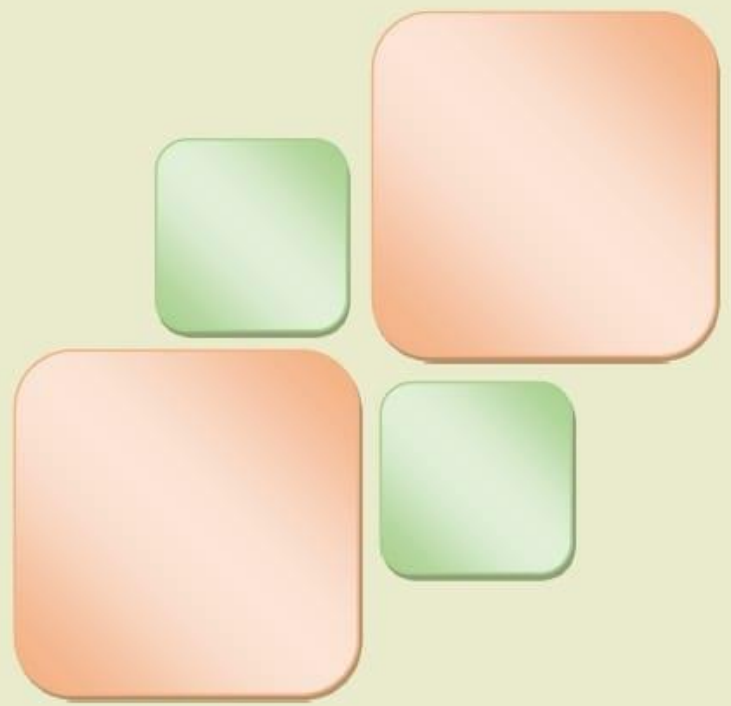
S. No	DLI	Disbursement Linked Indicators (DLIs)	Total MSMEs/ Unit	Unit	Unit cost (Rs)	Total Cost (Rs)	In Rs Lakhs
81	DLR 4.1	Training Workshops for 1000 MSMEs during the RAMP Program period	1000	Work shops	1,00,000	10,00,00,000	1,000
82	DLR 4.1	Sub Total DLI 4.1	1000	MSMEs		10,00,00,000	1,000
83	DLR 4.2	Mechanism operationalized to allow buyer submission of invoices to GSTN for input tax credit to be treated as buyer confirmation on TReDS.					
84	DLR 4.2	1000 MSMEs will be targeted with workshops for Orientation on Input Tax Credit Process	1000	MSMEs	10,000	1,00,00,000	100
85	DLR 4.2	Instituting a feedback collection mechanism for accessing the effectiveness of the trainings and capacity building programmes	1	Lumpsum	80,00,000	80,00,000	80
86	DLR 4.2	Sub Total DLI 4.2	1000	MSMEs		1,80,00,000	180
87	DLR 4.3	Increase in number of new NBFCs on TReDS					
88	DLR 4.3	State wide awareness generation through IEC on TReDS redressal upto block level	1	Lumpsum	45,00,000	45,00,000	45
89	DLR 4.3	Aggressive awareness campaigns to encourage PSE/ NBFCs onboarding to TReDS platform.	1	Lumpsum	45,00,000	45,00,000	45
90	DLR 4.3	Sub Total DLI 4.3				90,00,000	90
91	DLR 4.4	Increase in volume of invoices discounted on TReDS					
92	DLR 4.4	Awareness generation for MSMEs on TReDS	10000	MSMEs	4,000	4,00,00,000	400

S. No	DLI	Disbursement Linked Indicators (DLIs)	Total MSMEs/ Unit	Unit	Unit cost (Rs)	Total Cost (Rs)	In Rs Lakhs
93	DLR 4.4	Facilitation for onboarding of OEMs, PSUs, Medium Enterprises on TReDS.	500	MSMEs	4,000	20,00,000	20
94		Sub Total DLI 4.4	10500	MSMEs		4,20,00,000	420
95		Total DLI 4 (Budgeted for Madhya Pradesh)	12500	MSMEs		16,90,00,000	1,690
96	DLI 5	Enhancing Effectiveness of CGTMSE and “GG” delivery					
97	DLR 5.1	CGTMSE operationalizes GG guarantees innovations by following actions: (i) defining tag to track greening investments; (ii) issues revised guarantee guidelines for: (a) women headed MSEs and (b) green investments					
98	DLR 5.1	Enhance Knowledge and Financial Training	10000	MSMEs	4,000	4,00,00,000	400
99	DLR 5.1	Enable 1,000 MSME units to access Targeted financial products i.e., Innovative and alternate financial mechanism	1000	MSMEs	4,000	40,00,000	40
100							
101		Sub Total DLR 5.1	11000	MSMEs		4,40,00,000	440
102	DLR 5.2	Increase in the value of CGTMSE guarantees to women-headed businesses					
103	DLR 5.2	Prepare Gender & Inclusion Action plan for state to boost competitiveness of women/SC/ST entrepreneurs (costing included for workshops at each district with GMs and Line department)	52	Govt	2,00,000	1,04,00,000	104
104	DLR 5.2	Capacity building for women/SC/ST entrepreneurs in collaboration with Industrial associations	10000	MSMEs	4,000	4,00,00,000	400
105		Sub Total 5.2	10000	MSMEs		5,04,00,000	504
106	DLR 5.3	Increase in the value of guarantees for green investments					

S. No	DLI	Disbursement Linked Indicators (DLIs)	Total MSMEs/ Unit	Unit	Unit cost (Rs)	Total Cost (Rs)	In Rs Lakhs
107	DLR 5.3	Capacity Building to MSMEs units to digitally submit their documents loan applications	10000	MSMEs	4,000	4,00,00,000	400
108	DLR 5.3	Incentivize (by anyways) women-led MSMEs on technology adoption/enhancement	100	MSMEs	10,000	10,00,000	10
109	DLR 5.3	Workshops and campaigns in collaboration of Associations, Clusters & thinktanks to educate 5000 MSMEs about ESG & RECP Practices	5000	MSMEs	4,000	2,00,00,000	200
110	DLR 5.3	Developing social and environment framework for MSMEs	1		5,00,000	5,00,000	5
111	DLR 5.3	Assistance to 5000 selected MSMEs to avail technical support for self-assessment & audit to identify pain areas for optimization	5000	MSMEs	10,000	5,00,00,000	500
112		Sub Total 5.3	20000	MSMEs		11,15,00,000	1,115
113		Total DLI 5 (Budgeted for Madhya Pradesh)	41000	MSMEs		20,59,00,000	2,059
114	DLI 6	Reducing the incidence of delayed payments					
115	DLR 6.1	Samadhaan portal adapted to play the role of platform to link ODR private service providers to MSMEs					
116	DLR 6.1	Sensitization and capacity building of MSMEs to use Samadhan	10000	MSMEs	4,000	4,00,00,000	400
117		Subtotal 6.1	10000			4,00,00,000	400
118	DLR 6.2	Increase in cases resolved by ODR filed through the Samadhaan portal					

S. No	DLI	Disbursement Linked Indicators (DLIs)	Total MSMEs/ Unit	Unit	Unit cost (Rs)	Total Cost (Rs)	In Rs Lakhs
119	DLR 6.2	Sensitization and capacity building of MSMEs to use Samadhan through ODR	10000	MSMEs	4,000	4,00,00,000	400
120	DLR 6.2	MSEFC Dispute Resolution Management System - Integration with SAMADHAN	1	Lumpsum	1,80,00,000	1,80,00,000	180
121	DLR 6.2	Human Resource Management (1 Legal Professional on contract basis at MSEFC to anchor SAMADHAN related Issues) <i>on need basis</i>	160	MSEFC	40,000	64,00,000	64
122	DLR 6.2	Laptops	1	MSEFC	75,000	75,000	1
123	DLR 6.2	Printer with Scanner	1	MSEFC	30,000	30,000	0
124	DLR 6.2	Furnitures and fixtures as required	2	MSEFC	2,00,000	4,00,000	4
125		Sub Total 6.2	10000	MSMEs		6,49,05,000	645
126		Total DLI 6 (Budgeted for Madhya Pradesh)	20000	MSMEs		10,49,05,000	1,045
127		Monitoring & Evaluation					
128	M&E 1	Monitoring visit to each district (Half Yearly)	416	District	75,000	3,12,00,000	312
129	M&E 2	Quarterly state level reviews (virtual plus physical)	16	Quarterly	75,000	12,00,000	12
130	M&E 3	Conferences and workshops (Quarterly) (virtual plus physical)	16	Quarterly	4,00,000	64,00,000	64
131	M&E 4	Development and Implementation of Environment and social safeguard Framework for RAMP Implementation in Madhya Pradesh	1	Lumpsum	5,00,000	5,00,000	5

S. No	DLI	Disbursement Linked Indicators (DLIs)	Total MSMEs/ Unit	Unit	Unit cost (Rs)	Total Cost (Rs)	In Rs Lakhs
132	M&E 5	Impact Assessment study	2	Lumpsum	5,00,000	10,00,000	10
133	Total M&E					4,03,00,000	403
134	Subtotal		144346			4,61,46,55,000	46,143
135	Admin cost@10%			Admin Cost		46,14,65,500	4,614
136	Grand Total (C+D)		144346	MSMEs		5,07,61,20,500	50,757



Output-Outcome Indicator

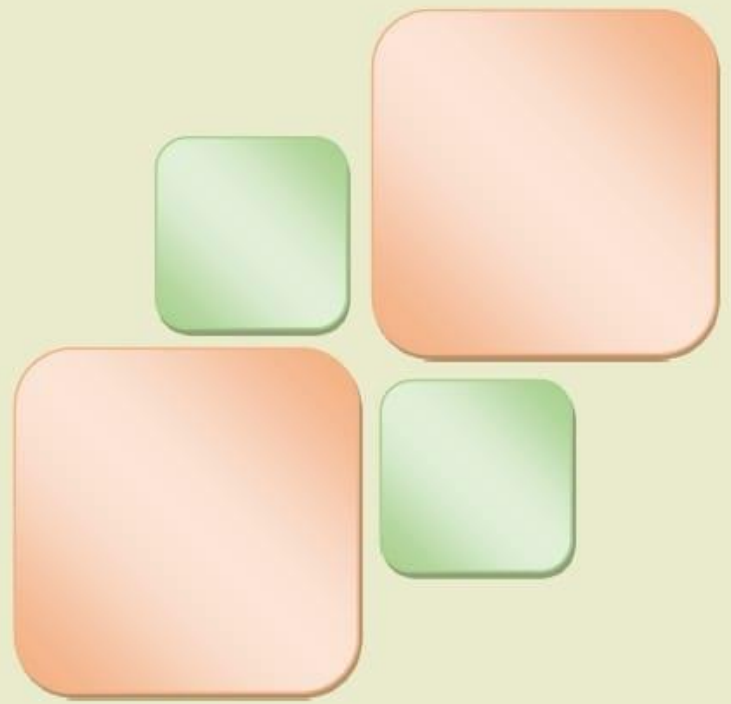


16. Output & Outcome Indicators

S.No	Heads	Baseline	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28	Remarks
1	Number of MSMEs completing Bronze level under ZED	320	416	541	703	914	1188	Targeting 5200 MSMEs and 23% success rate for Bronze Level
2	Number of MSMEs completing silver level under ZED	0	62	81	105	137	178	15% of Bronze certified MSMEs
3	Number of MSMEs completing Gold level under ZED	0	6	8	11	14	18	10% of Silver certified MSMEs
4	Number of MSMEs completing Lean	NA	10	30	60	90	130	Targeting 2600 MSMEs and 5% success rate
5	Number of women led MSMEs completing Lean (out of total LEAN MSMEs)	NA	1	2	3	5	7	5% of total LEAN MSMEs in the State (Inclusive)
6	No. of MSMEs adopting Green Technology	NA	50	150	300	400	500	10% of 5000 targeted MSMEs
7	Formalization of MSMEs (Onboarding of MSMEs on UDYAM Portal)	8,25,278	907806	998586	1098445	1208290	1329118	10% Growth Rate
8	Number Women Headed MSMEs (Onboarding of MSMEs on UDYAM Portal)	93,000	97650	102533	107659	113042	118694	5% Growth Rate
9	Number SC/ST MSMEs (Onboarding of MSMEs on UDYAM Portal)	29,866	32853	36138	39752	43727	48099	10% Growth Rate
10	No. of MSMEs getting Financial Assistance under MSMED	2,551	2806	3087	3395	3735	4108	10% Growth Rate
11	No. of Women led MSMEs getting Financial Assistance under MP MSMED 2021	NA	140	154	170	187	205	5% of total MSMEs getting Financial assistance every year
12	Number of MSMEs accessing credit under CGTMSE	25,442	30530	36636	43964	52757	63308	20% Growth Rate
13	Number of women-headed MSMEs accessing credit under CGTMSE	9,679	11615	13938	16725	20070	24084	20% Growth Rate
14	Number of MSMEs accessing credit under CGTMSE for RECP/Greening investments	0	50	150	300	400	500	10% of Total Trainings

S.No	Heads	Baseline	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28	Remarks
15	No. of MSMEs availing Margin Money under MPMSMED 2021	0	200	500	1000	1500	2000	10% from awareness programs
16	No. of MSMEs listed on SME Stock exchnages	NA	5	15	30	50	80	5% of Medium enterprises
17	Number of MSMEs initiated a case for Online Dispute Resolution through Samadhaan Portal and direct referrals by State Facilitation Councils (SFCs).	1,900	2280	2736	3283	3940	4728	
18	Number of MSME delayed payments cases resolved by ODR through the Samadhan Portal.	0	200	500	1000	1500	2000	
19	Number of MSMEs on-boarded onto TReDS platform.	2,195	2415	2656	2922	3214	3535	10% Growth Rate
20	Number of Women led MSMEs on-boarded onto TReDS platform.	0	241	266	292	321	354	10% of total onboarded MSMEs on TReDS
21	Increase in number of PSUs, PSEs, OEMs on TReDS	0	5	10	30	40	50	Targeting 50 PSUs/OEMs/State PSEs
22	Training and capacity building of State Industries Department and DTICs for outreach and implementation support of MSME Programme	NA	4%	22%	30%	11%	7%	Targeting 1000 Officials
23	Training and capacity building of MPLUN for outreach and implementation support of MSME Programme (Percentage of Trainings Every Year)	NA	4%	22%	30%	11%	7%	Targeting 100 Officials
24	No. of FI-BDS Partnerships	0	1	2	3	4	5	
25	MSMEs onboarded on GeM Platform	NA	500	1000	3000	4000	5000	Targeting 5000 MSMEs
26	Women Led MSMEs onboarded on GeM Platform	NA	50	100	300	400	500	10% of Total MSMEs onboarded

S.No	Heads	Baseline	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28	Remarks
27	MSMEs onboarded on ONDC/ other e-commerce platforms	NA	1000	2500	5000	8000	10000	Targeting 10000 MSMEs
28	No. of MSMEs going for National/International exposure visit	NA	50	150	250	400	500	Target of 500 MSMEs
29	No. of Women led MSMEs going for National/International exposure visit	NA	5	15	25	40	50	10% of Total MSMEs going for exposure visits
30	No. of SC/ST MSMEs going for National/International exposure visit	NA	8	23	38	60	75	15% of Total MSMEs going for exposure visits
31	Increase in the number of Export Units	NA						
32	Increase in the number women led Export Units	NA						
33	Skill Development Trainings	NA						
34	Setting up MSME Innovation cum incubation center	NA	10	20	35	45	52	Establishing in each district



Project Risk and Mitigation Plan



17. Project Risk and Mitigation Plan

Risk and issue management is a key part of the successful delivery of projects and will be integrated with all aspects of delivery, including planning and reporting.

MPLUN will have oversight of and will monitor all risks across the program, identifying interdependencies and escalating risks and issues to MoMSME as and when needed.

Table 51: Project Risk and Mitigation Plan

S. No.	Challenges	Risk	Mitigation plan
People			
1.	Ownership/ Involvement / lack of support from DTIC	Lack of involvement and scheme understanding may impact the implementation of scheme at ground level	DTICs to take required action and respond to all state emails related to the scheme Participation of DTIC in training / awareness session conducted by MPLUN
Process			
2.	Clarity in roles and responsibilities of all key deliverables	Lack of clarity shall delay the processes, approvals and deliverables	Creation of responsibility matrix in action plan with defined responsibilities Review meetings to ensure following of allotted responsibility / accountability
3.	State Departments unaware on scheme and their roles	Limited awareness of state department on scheme and their roles shall further delay the RAMP effectiveness	Two-pronged approach: MPLUN to ensure scheme discussion in regular stakeholder meeting
4.	Mode of communication & approvals	Emphasis on physical meetings / hard copies / file movement shall delay the process related to key activities of scheme implementation	Email / Online meetings be the preferred mode of communication and given equal priority for faster and efficient implementation of tasks
5.	Coordination	Lack of Coordination across and within the departments may either lead to important measures, initiatives sometimes being left out	Facilitate coordination among departments on the overlapping issues through organizing inter departmental meetings, workshops prior to and during the implementation of initiatives identified
6.	Non-Adoption of Dashboards	Non adoption of dashboards by DTICs, other relevant stakeholders	MPLUN will undertake training of all the stakeholders from time to time and will ensure that data is

S. No.	Challenges	Risk	Mitigation plan
		(department) due to IT systems, availability of information and in requisite format etc can limit the impact of the project.	collected and entered in timely manner.



Annexures

Stakeholder Meetings and FGDs

Sr. No.	Name of the Industry	POC details				District	Location	Sector	Date
		POC Name	Designation	Contact No.	Email				
1.	KVIC	Mr. Akhilesh	-	9425673987	tribal@mp.gov.in	Bhopal	B-3/4 Office Complex, Gautam Nagar Bhopal	Industries	12/06/2023
2.	Tribal Affairs	Mr.Narottam Warkhade	-	+91 9424752100	kvicbhopal@gmail.co.in	Bhopal	Rajiv Gandhi Colony Shaymla Hills Bhopal	Government	13/06/2023
3.	FMPCCI	Dr. Surendra Sharma	Asst. Secretary	7869958887	fmpcci@fmpcci.org	Bhopal	129-A, 2nd Floor, Malviya Nagar, Bhopal-462003	Government	14/06/2023
4.	ASSOCHAM	Mr.Sudpito Biswas	Asst Director	8017066203	sudipto.biswas@assocham.com	Bhopal	5 th Floor, DB Mall, Bhopal	Industries	14/06/2023
5.	NSIC	Faisal Hussain	Chief Manager	9510124446	bobpl@nsic.co.in	Bhopal	110, Opposite to Nahar Hospital, Roshanpura, Malviya Nagar, Bhopal,	Government	14/06/2023
6.	PhD Chambers of Commerce	Mr. Anirudha Dubey	State Manager	9826050696	phdcci@phdcci.in	Bhopal	22, Vaishali Nagar, Near Kamla Nagar Police Station Kotra, Bhopal – 462 003	Government	14/06/2023
7.	Bake and shake	Mr. Sanjay Talreja	Owner	0755 429 1111	wecare@bakenshake	Bhopal	Govindpura, Bhopal	Food Industry	15/06/2023
8.	Sigma Heavy Engineering Industries	Mohd. Babar	Account Manager	080855 51000	info@sigmaheavyengg.com	Bhopal	6B, Bijli Nagar Private Colony Road, Govindpura Industrial Area,	Manufacture Industry	15/06/2023
9.	Pharma Cluster	Dr. R.S. Goshwami	President	9425007474	fmpcci@fmpcci.org	Bhopal	11-G, JK Road, Industrial Area, Govindpura	Pharma	16/06/2023
10.	Hind Pharma	Mr. R S Goswami	President	9425007474	contact@hindpharma.com	Bhopal	Govindpura Industrial Area Bhopal	Pharma Industries	16/06/2023

Sr. No.	Name of the Industry	POC details				District	Location	Sector	Date
		POC Name	Designation	Contact No.	Email				
11.	Maina Steel	Prashant Raghuvanshi	Proprietor	9115597229	N.A	Indore	Polo Ground	Manufacturing	21/06/2023
12.	Anand Industry	Satish Hosija	CEO	8889994857	N.A	Raisen	<u>99, Sector-A, Plot NO-12 Anand Industries, Industrial Area Mandideep, Raisen.</u>	Manufacture Industry	21/06/2023,
13.	Vindhyanchal Packers	Mr. Vimal Kumar Jain	Owner	9425014525	N.A	Raisen	<u>99, Sector-A, Plot NO-12 Industrial Area Mandideep, Raisen.</u>	N.A	21/06/2023
14.	The Companion Healthcare & Hygiene	Mr. Neeraj Singhai	Owner	9425004469	N.A	Raisen	Raisen	N.A	21/06/2023
15.	MP Small Scale Industries Organisation	Vipin Kumar Jain	President	+918462003334	Mpsio2rediffmail.com	Bhopal	E-2/30, Arera Colony Bhopal	Finance	21/06/2023
16.	Kohinoor Elastic Pvt Ltd	Jitender Yadav	GM HR	0731 242 4034	contact@kohinoorelastics.com	Indore	Polo Ground	Clothing	21/06/2023
17.	Favorite Food Company	Sunil Gureja	Director	098262 77750	favoritefoodco@gmail.com	Indore	Polo Ground	Toys	21/06/2023
18.	NABARD	Mr. Shailendra Padiyar	Assistant General Mnager	+918267067066	Shailendra.padiyar@nabard.org	Bhopal	E-5, Arera Colony Bhopal	Finance	22/06-2023
19.	Jabalpur Readymade cloth Cluster	Mr. Deepak Jain	Director	9300100033	NA	Jabalpur	Jabalpur	Garments	22/06/2023
20.	Rewa Polymers	Mr. Manish Patel	President, Jabalpur	9425326020	NA	Jabalpur	Jabalpur	Polymers	22/06/2023
21.	Pawar Collection	Sunil Pawar	Proprietor	-	N.A	Indore	Polo Ground	Textiles & Readymade	22/06/2023

Sr. No.	Name of the Industry	POC details				District	Location	Sector	Date
		POC Name	Designation	Contact No.	Email				
22.	Kataria Furniture	Gagan Jain	CEO	0731 242 0420	katariafurniture@yahoo.com	Indore	Polo Ground	Furniture	22/06/2023
23.	Polo Ground Association	Dhananjay Chichalkar	Association Head	9826077373	N.A	Indore	Polo Ground Association Office	NA	22/06/2023
24.	Rohit Offset	Mahesh Gupta	President	9425920202	N.A	Indore	Laghu Udyog Bharti Indore	NA	22/06/2023
25.	Madhya Pradesh Industrial Development Corporation Limited	Mrs. Priyanka Saxena	Senior Trade Advisor	+91 9685740367	email id: priyankaexportcell@gmail.com	Bhopal	First Floor Tawa Complex, Bittan Market, 1, E-5 Arera Colony, Bhopal, Madhya Pradesh, Pin code: 462016	Industry	22/06/2023
26.	Central Bank of India	Mr. Manish Khare	Manager	-	-	Bhopal	Bhopal	Finance	22/06/2023
27.	Bank of India	Mr. Taqi Iftikhar	Manager - Marketing	+91 9654093011	taqi.iftikhar@bankofindia.co.in	Bhopal	Bank of India Building, Ground Floor, Arera Hills, Bhopal,	Finance	22/06/2023
28.	Diamond Food Products	Pradeep Mittal	CEO	9425150395	diamondfoodvds@gmail.com	Vidisha	Vidisha	Food industry	22/06/2023
29.	Siddharth Foods	Siddharth Singhai	CEO	-	-	Vidisha	Vidisha	Food industry	22/06/2023
30.	Unikil Pesticides Pvt. Ltd.	Saurabh Bhargava	CEO	9993338066-	unikilvds@gmail.com	Vidisha	Vidisha	Chemical Industry	22/06/2023
31.	United Pesticides Pvt. Ltd.	Saurabh Bhargava	CEO	9993338066-	-	Vidisha	Vidisha	Chemical Industry	22/06/2023
32.	Conitex	Abhishek Sethiya	CEO	9425917499	N.A	Ujjain	Ujjain	N.A	23/06/2023
33.	Shri Packers Pvt Ltd	Rajesh	General Manager	-	shreepackers165@gmail.com	Ujjain	Ujjain	N.A	23/06/2023
34.		Iqbal	Manager	-	-	Ujjain	Ujjain	Food Industry	23/06/2023

Sr. No.	Name of the Industry	POC details				District	Location	Sector	Date
		POC Name	Designation	Contact No.	Email				
	A1 Industries								
35.	Proposed Furniture Cluster, M/S Ajay Anand Enterprise and Lakhya enterprises	Mr. Anand	Owner	9826722260	-	Bhopal	Kolar Road, Near Info Media Technologies, Janki Nagar, Chuna Bhatti, Bhopal, Madhya Pradesh 462016	Furniture	23/06/2023
36.	State Bank of India (SBI)	Mr. Madan Mohan Patel	Manager (NPA)	+91 9329942803	madan.patel@sbi.co.in	Bhopal	1 st Floor, Commercial Branch Building, Hoshangabad Road, Bhopal	Finance	23/06/2023
37.	Jabalpur chamber of commerce and industries/ FMPCCI	Mr. Himanshu Khare	Vice President, FMPCCI	9425151965	fmpcci@fmpcci.org	Jabalpur	Jabalpur3	NA	23/06/2023
38.	Mahakaushal Udyog Sangh	Mr. D R Jaswani	President	9425154411	NA	Jabalpur	Jabalpur	Industry	23/06/2023
39.	Bank of India	Taqi Iftikhar	Manager	+919654093011	Taqi.iftikhar@bankofindia.co.in	Bhopal	BOI Building, Jail Road, Arera Hills, Bhopal	Finance	23/06/202
40.	Madhya Pradesh State Skill Development & Employment Generation Board	Shri Sanjeev Shrivastava, IAS	Chief Executive Officer	07552581138	ceo.mpssdegb@mp.gov.in	Bhopal	Gas Rahat ITI Building, Raisen Road, Govindpura, Bhopal	Government	03/07/2023

Consultation Workshops

Jabalpur Workshop July 10 '2023	Bhopal Workshop July 14 '2023	Indore Workshop July 17 '2023
Access to Finance		
Smadhaan portal is extremely slow & time taking.	Loan rejections are solely on the basis of balance sheet.	Banks do not provide all the information at once which causes delay in taking loan.
Complicated bank process and number of documents needed are more.	Linear economy model is outdated and required to adopt circular model.	High-end tech start-ups often encounter challenges in securing loans. To address this, banks and the government are collaborating.
MP store purchase rules (MPSPR) are not considered by electricity board.	Unavailability of finances for adoption of upgraded technology.	Limited provision of electricity subsidies restricted to power looms.
Banks ask for collateral on loans amounting 10 lakhs and above.	Lengthy transaction periods results in delayed payments.	Banks do not provide clear rejection reasons.
No coverage provided to MSMEs for losses incurred from natural calamities and pandemic like Covid19	Cash payment requirement for buying raw materials.	Costs associated with finance, such as stamp duty and other fees are higher.
	Lengthy and offline document submission process in the Samadhan portal for resolving delayed payment issues.	Lack of proper cluster planning in Indore, which leads to issues related to low-quality products
		Delayed payments exceeding 45 days.
Suggestions in the area of Access to finance		
District officer (GM DIC) should have tenure for more atleast 5 years to see progress in MSMEs.	There is a need to move away from traditional businesses and explore new avenues utilizing artificial technology.	Bank guarantee stamp duty should be eliminated to reduce financial burdens.
Mechanism to bridge buyers and sellers, thereby boost confidence to next generation entrepreneurs.	The Turn Around Time (TAT) for loan processing should be reduced. This can be done through a comprehensive checklist that consolidates all the required documents for loan applications which will be standardised for all the banks.	Industrial areas should have wider roads to facilitate easier transportation.
DICs to have provision for registering brands and product.	Suggested an auto debit system from the buyers for payment of good/ service purchased and thereby abide by the rule of 45 days payment and avoid delayed payment.	Portal should be created to provide information about imported products
Banks should provide easy loans for automatic MSMEs.	Single window system to be introduced for smooth working of MSMEs.	Skill development programs should be implemented for various industries to enhance the workforce's capabilities.
Suggested an auto debit system from the buyers for payment of good/ service purchased and thereby abide by the rule of 45 days payment and avoid delayed payment.	-	Inclusion of an international trade subsidy scheme would benefit businesses engaged in international trade.

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CIBIL score should be reconsidered or decreased for MSMEs eligibility to avail loans.	-	National MSME board should conduct regular meetings at least once a month to address industry-related concerns.
An active Single Window System to map various departments & their proceedings towards MSMEs.	-	Single window system to be introduced for smooth working of MSMEs.
Access to Market		
Purchase of raw material and sell of the actual product has time lag and the prices are high.	Significant taxes imposed on the import of batteries, which affect MSMEs.	New MSMEs encounter challenges to identify markets.
Transport for export of the goods increases price of final goods.	Access of units to international market is very less as there is dearth of information on export among MSME units.	The costs associated with specifications, technical specifications, brochures, etc., add to the financial burden of MSMEs.
	Majority of small players are not interested in exporting directly because of the challenges in areas of documentation, export processes and payments.	
Suggestions in access to market		
Raw material rates should be standardised.	More awareness and support program need to be conducted for solar PCBs module installation in industries.	Government intervention is necessary to address the heavy reliance on investments for marketing purposes.
There should be support to identify the new markets.	Assigned expert for documentation of export documents.	Government to provide assistance and support to export units
Need for transport subsidy for export of goods.	There is need of an information portal which will provide all the information related to export starting from documentation, regulatory compliances needed and certification.	Organizing buyer meets would facilitate direct interactions between buyers and MSMEs, boosting market access.
	Buyers sellers meet to be organised.	Proper guidance and support should be provided to create a conducive environment for selling their products.
	There is also need of domestic bridging within state governments where state governments can play role of mediator agency and should provide marketing platform.	Implementation of the MSME store purchase policy should be ensured to provide MSMEs with market access opportunities.
	Chamber of Industries to provide inputs on export promotion and liaise between govt. and MSME's	
Women/ SC/ ST based MSMEs		
Strengthening of Incubation Centres is required.		Less opportunity for women led MSMEs.
There is a mandate for a 3% purchase for women MSMEs at PSUs, but no data is available in this regard.	There is lack of awareness about government programs to support Women/SC/ST-related led MSMEs.	Export data is unavailable.

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	Challenges related to the timely disbursement of government subsidies, credit limit issues, and limited growth due to cumbersome guidelines.	Women/ SC/ ST have lack of awareness for government policies.
	If cash credit (CC) limit has taken from one bank by MSMEs, then it's difficult to get from other banks.	
Suggestions for Women/ SC/ ST based MSMEs		
SC/ ST/ Women should receive skill development training and jobs for same skills.	There is a need of industry visits, particularly to micro units led by SC/ST entrepreneurs.	Subsidy should be more for SC/ ST/ Women than compared to other general beneficiaries.
	More financing bodies should be formed so that MSMEs will have more options.	Need of skill training should be met by various departments.
	Policy related to cash credit limit for MSMEs need to be looked into.	Simple documents should fulfil the need of banks to provide loans.
Green MSMEs		
There is a scheme centred at Green MSMEs named Yuva Udyami Yojana, but the interest rates are too high.	Solar panels are expensive to install.	No subsidiary for solar panel installation.
EPS-Thermocoal packaging is not sustainable. Substitutes which are viable and less expensive should be worked upon.	There is no subsidiary for green technology implementation.	Testing labs should be there to identify if the industrial residual is organic or not.
Milk trading comes under allied Agri commodity hence TDS should not be deducted on it just like other Agri based activities. The government should subsidize green initiatives and provide some initial investment.	Green – technology installation should be subsidised.	
FPOs should be considered as start-ups and all those benefits should be made available to FPOs which are in place for start-ups.		
Suggestions for Green MSMEs		
MSME Competitiveness		
Complex process for registration of innovative products.	Support required for sick units that faced difficulties due to the pandemic in Subsidy.	Unaware of Zed, Lean and Innovative scheme.
	Equal grant opportunities for retail businesses within the MSME sector.	Patent and copyrights take long time for approval.
	While substantial funds were allocated to MSMEs during COVID-19, many MSMEs were left out of the support measures.	No encouragement from government for innovation.
Suggestions for MSME Competitiveness		
Awareness campaigns for competitive scheme.	There is a need for the government department to monitor the disbursement of subsidies by banks.	Initial monitory support for innovation based MSMEs
		Zed certification fees to be reduced.
Ease of Doing Business		
Pollution control norms and equipment pose challenges for MSMEs	MSMEs have to visit many departments for operational formalities.	Licenses renewal is on yearly basis.

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Obtaining permissions for new industries is a major challenge.	Process for renewal of licenses is complex.	There is no single nodal department to assist MSMEs.
Difficulty in renewal of licenses.		
Suggestions for Ease of Doing Business		
To simplify the process of industrial permissions and licenses.	Single window to assist MSMEs.	1 portal for information on renewal of licenses.
Should have 1 license or permission instead of many different licenses.		Dedicated help desk or cell to present MSMEs to various departments.

