



Strategic Investment Plan (SIP) under RAMP, Telangana

**Submitted to:
Ministry of MSME , Government of India**

**Submitted by:
Telangana State Promotion Corporation Ltd (TSTPC),
Government of Telangana**

October 2023



Executive Summary

This Strategic Investment Plan (SIP) for the state of Telangana has been prepared in response to the World Bank supported “Raising and Accelerating MSME Performance (RAMP) scheme being implemented by the Ministry of MSME. The chapters in this report highlight the result of a diagnostic exercise conducted to understand the current gaps in the MSMEs support architecture in Telangana. This report also evaluates the MSME landscape from a multistakeholder perspective across a comprehensive list of challenge areas. Finally, it recommends a suite of potential interventions to boost MSME performance in the state.



Background

India is the 5th largest economy in the world¹ and home to about 1.42 billion, overtaking China as the most populated country as of April 2023². A key tenet of this economic powerhouse is the strong incidence of the informal economy and the instrumental role of MSMEs. For developing countries, the informal sector plays a crucial role in the overall socio-economic development. This is because a majority of the workforce in developing countries are engaged in the informal sector. According to an OXFAM report, 86.8% of the Indian workforce is employed in the informal/unorganized sector³. This includes regular workers, casual laborers, migrant workers, domestic laborers, street vendors, subsistence entrepreneurs, etc. Herein, a vast majority of the marginalized sections of the society like women, SC/STs depend on their survival from this sector. Data suggests that women are more likely to be employed in the informal sector both in rural and urban areas than men. Amongst others, this underlines to the need for focused attention on the pertinent issues of this sector.

MSMEs comprise of a vast majority of this informal sector in developing countries like India. India houses a total of 622.9 lakh MSMEs that contribute to about 30% of the nation's GDP, 40% of total exports and employs about 11.10 crore people⁴. While it would be erroneous to declare that all MSMEs fall under the informal economy, data suggests that over 75% of India's MSMEs are not registered, explaining their synonymity. Although there has been a steady growth of the Indian MSME sector in the last decade, several issues characterize this economic segment. With over 95% of the MSMEs being micro, they lack the scale, resources, and the capacity to keep up with the latest of technology, manufacturing processes and business development practices. Lack of timely credit, poor awareness on new market opportunities and several systemic constraints have restrained their potential.

The COVID induced, serial lockdowns in 2020 brought this already burdened sector to a juddering halt. It faced severe disruptions in the production and logistics supply chains. Unsold inventory, unexpected order cancellations, goods stuck in transit, scarcity of inputs, labor shortages, delayed payments, mandatory credit outflows on fixed costs and interests hit the economy hard. Over 73% of MSMEs reported a drop in orders and over 40% seemed to have borrowed funds for survival⁵. With the lockdown affecting their earnings³ about 40 crore workers were pushed into deeper poverty. Here again, women faced a disproportionate impact of the pandemic. Sectors like personal services, beauty, textiles and apparel and food processing that were predominantly women-led were the worst affected.

The Indian government introduced a huge economic stimulus package of 20 lakh crores - 'Atma Nirbhar Abhiyan 2020' to help the various sectors in India. This package was designed in the form of various liquidity measures, changes in the regulatory framework as well incentives for MSMEs. Nevertheless, short term relief measures must be followed up with interventions to support recovery and long-term sustained growth. Systemic changes deemed necessary will have to be incorporated and the institutional capacity must be strengthened. With a similar objective of bolstering the MSME sector in the nation, an RBI Expert Committee on MSMEs had been commissioned as early as June 2019, to study and recommend a list of regulatory, financial and implementation reforms.

¹ GDP growth (annual %) - India | Data (worldbank.org)

² UN Population Census Estimate

³ A Glance at the Informal Sector in India | Oxfam India

⁴ NSS 73rd Round 2015-16

⁵ Enhancing Competitiveness and Productivity of India's Micro, Small, and Medium-Sized Enterprises during Pandemic Recovery, ADB



Currently, in a bid to take forward these recommendations, as well as to strengthen the overall Covid Resilience and Recovery Program of MoMSME, the Government of India has launched a World Bank supported scheme called “Raising and Accelerating MSME Performance (RAMP)”. The program aims at improving market access, access to credit, strengthening institutions and governance at the Centre and State, improving Centre-State linkages and partnerships, addressing issues of delayed payments, and greening of MSMEs. The RAMP program is designed in accordance with the World Bank Program for Results (P for R) instrument. The funds for which will be provided to the Ministry on achievement of mutually agreed Disbursement Linked Indicators (DLIs).

The main objectives of RAMP are:

- i. Strengthening coordination and institutions at the National and State level
- ii. Building and integrating technology platforms
- iii. Enhancing firm capabilities and access to markets
- iv. Strengthening the receivables financing market
- v. Enhancing guarantee products towards increased greening and gender participation
- vi. Expanding access to Online Dispute Resolution Mechanism (ODR)

In addition to strengthening the capacity of the MoMSMEs at the national level, participating states are required to prepare and implement a Strategic Investment Plan (SIP). The SIP will help arrive at a strategic roadmap for a four-year period (FY 2023-24- FY 26-27) that details out interventions to be implemented under various challenge-heads identified. It will not only address the traditional challenges faced by the MSME sector in the state but will also build the required systemic capacity to respond to emerging challenges.

In lieu of the above, the state government of Telangana had submitted an LoU to the GoI for participation in the RAMP program on 20.09.2022. Subsequently, on 16.03.2023 the Telangana RAMP Program Committee was constituted under the leadership of Sri Jayesh Rangan IAS, Principal Secretary, Industries & Commerce. Telangana State Trade Promotion Corporation (TSTPC) was appointed as the ‘State Nodal Agency’. On 16th May 2023, KPMG Advisory Services Pvt. Ltd., was onboarded as the consulting agency responsible for the preparation of the SIP for the Telangana State. This report is a diagnostic study of the performance of the state’s MSMEs across various parameters, delivery and uptake levels of state assistance, current gaps in the MSMEs support ecosystem, as well as needs and challenges of entrepreneurs operating within this ecosystem. It will serve as a futuristic document to achieve the state vision for its MSMEs. This SIP is divided into 8 chapters, in a sequentially linear order of the study.

Chapter 1 presents a comprehensive overview of Telangana’s economy and its MSME sector – institutional structure, legal and regulatory framework, sector performance, export linkages, etc. Chapter 2 throws light on the study methodology that was adopted in this report and the process of data collection and analysis. Chapter 3 is a detailed account of the corroborated findings of both the primary and secondary data analysis. This is systematically presented in the form of challenges and recommendations across 9 thematic challenge areas. Chapter 4 consists of a list of interventions that are dually hinged on (a) DLIs of the RAMP program (2) Pertinent needs of the state’s MSMEs as identified by the study. Chapters 5 elaborates on the governance framework, the SPIU, team structure, etc. Finally, Chapters 6,7 & 8 capture the communication/outreach strategy, guidelines for strengthening of capacities and conclude with a summary of budget and the Monitoring & Evaluation framework.



MSME Ecosystem of Telangana

Telangana, known as the 'State of Innovation', boasts of a thriving ecosystem for MSMEs. With robust infrastructure, investor-friendly policies, and a proactive government, Telangana has become a hotspot for MSMEs growth and innovation. It is estimated that Telangana is home to about 26.05 lakh MSMEs⁶ out of which 56% are in rural areas and 44% in urban areas. As many as 19,954 registered MSMEs have commenced their operations since the formation of the state amounting to a cumulative investment of about 31,023 crores. MSMEs are the largest employers in the State after agriculture and construction sectors. The state boasts of many one-of-a-kind initiatives such as the Telangana Industrial Health Clinics (TIHCL), TS-iPASS, TS Global Linker, etc. that aim to foster a conducive business environment that empowers MSMEs to thrive, contribute to employment generation, and drive economic growth in the region.

Telangana secured 1st rank in the country in "Ease of Doing Business-2016" and was declared by the Ministry of Commerce, Government of India as the National Topper with a score of 98.78% despite being the youngest state in the country. Furthermore, according to NITI Aayog Export Performance Index Report 2022, the state ranks No.2 in export preparedness among landlocked states. Telangana contributed to 11.6% of India's IT exports in 2019-20, accounting for 23.5% of India's IT export growth 2019-20. Telangana's MSME also hold an indispensable position in the aerospace and defence exports having carved out a niche in the global markets. In fact, one of the reasons to the incredible growth story of the nation's youngest state is attributed to its industrial ecosystem.

Since the onset of the pandemic, Telangana's MSMEs have demonstrated resilience by adapting to the evolving needs of the global economy and sustaining steady growth. The state government took various measures to support MSMEs in recovering from the pandemic induced shock, however, there still exists persistent challenges that hinder their competitiveness and growth potential. In fact, these obstacles have remained fairly constant over time, and were simply exacerbated by the lockdowns.

The study adopted a comprehensive and robust approach in capturing data from the various stakeholders to understand the varied perspectives and competing priorities of each party. Primary data consisted of a baseline survey of 5000 MSMEs across the state while qualitative data was gathered from 50 in depth interviews and FGDs. Secondary data took form of desk-based research of past performances, current trends, potential opportunities and target markets for growth, scholarly accounts of systemic gaps, etc. Also, a benchmarking exercise with respect to national and global best practices in every thematic area was carried out. The data thus gathered was studied and interpreted in accordance with the Key Performance Indicators (KPI) and Result Areas (RAS) of RAMP.

The following section presents a compendium of the findings categorized into 8 thematic areas.

⁶ NSS 73rd Round 2015-16



Analysis and Findings

The following table summarises the findings of both the primary and secondary data analysis gathered through various methods of data collection mentioned above. This is systematically presented in the form of challenges and recommendations across 8 thematic challenge areas.

Thematic areas	Challenges	Recommendations by stakeholders
Access to credit	<ol style="list-style-type: none"> Lack of sufficient awareness on various credit schemes/incentives and the alternative financial resources available in the market. Insufficient availability of credit at affordable rates to finance working capital needs. Rate of lending at banks is too high, hindering the financial viability of MSMEs. Undue delays in scheme disbursal creating a distrust in state efforts. Stringent collateral requirements Assessment of risk of MSME lending using parameters devised to test larger corporations. 	<ol style="list-style-type: none"> Strengthen collateral free lending requirements. Shift from a turnover based working capital financing to cash-flow based financing for timely working capital loans. Promote cash flow-based lending by collaborating with Account Aggregators and FinTech companies. Develop a digital platform to gather credit information and develop credit ratings exclusively for MSMEs. Increase effectiveness of TReDS by addressing procedural constraints. Strengthening District Industrial Centers DICs as focal points of business facilitation and information dissemination
Delayed payments	<ol style="list-style-type: none"> General lack of awareness and information about the state mechanisms for filing cases in instances of delayed or non-payment, such as the MSME SAMADHAAN portal. Intentional delays in payments to MSMEs to delay the settlement of cash, by deliberately raising objections on the bills submitted. Reluctance among MSMEs in filing complaints/cases for the fear of losing future orders from buyers. Lengthy turnaround times for resolving cases filed through the MSME SAMADHAAN portal and MSEFC, which highly discourages MSMEs from utilizing this service. Underutilization of MSEFCs due to unclear and intricate documentation processes as well high costs 	<ol style="list-style-type: none"> Conducting comprehensive training programs for district officials to improve the capacity of Telangana's MSEFCs and enhance their ability to facilitate prompt dispute resolution. Strengthening state's MSEFCs by improving their digital infrastructure and hiring trained staff, to enhance dispute resolution services. Conducting awareness drives and campaigns that recognize and incentivize large buyers in the nation that commit to prompt payments to MSMEs. Incorporating delayed payments as an exclusive/ substantial indicator in various performance frameworks like EoDB 2.0 to achieve due importance at the national level. Promotion of the entry of Online Dispute Resolution (ODR) service



Thematic areas	Challenges	Recommendations by stakeholders
	<p>associated with pursuing resolution through such institutional channels.</p> <p>6. Systemic impediments in the inconsistency in scheduling MSEFC sessions throughout the year.</p>	<p>providers to ensure faster and effective resolution of payment related disputes.</p> <p>6. Explore possibilities/efficacy of including the clearance of MSME dues as part of the compliance requirements on the audit reports of large businesses, MNCs and PSUs⁷.</p> <p>7. Expand the scope of facilitation councils to include redressal of medium enterprises as well.</p>
Access to markets	<ol style="list-style-type: none"> 1. Lack of steady supply of raw materials at competitive rates 2. Poor cluster level linkages 3. Issues on the GeM portal 4. Challenges faced in ICT adoption 5. Need for strengthening district level export mechanism 6. Need for better awareness generation on the MSME Champion Schemes 	<ol style="list-style-type: none"> 1. Capacity Building and Support for GeM 2. Promotion of MSME export performance 3. Focus on improving the digital literacy of entrepreneurs and on the basic physical and digital infrastructure especially in remote locations of the state 4. Product certifications for MSMEs 5. Localization of centralized innovation hubs.
Access to Skilled Manpower	<ol style="list-style-type: none"> 1. Inability of ITIs in the state to meet the manpower requirements of MSMEs in the state in terms of both quality and quantity. 2. Unpredictable absence of migrant laborers, and their having to travel to their hometowns/place of residence to avail government assistance. 3. Incongruence in the industry-led demand for skilled workforce and the curriculum imparted at ITIs and skill development institutes. 4. Need for strengthen links between the MSME industry and educational institutions in the state for capacity building of manpower. 	<ol style="list-style-type: none"> 1. Creation of effective training curriculum through a better understanding of the skill requirements of MSMEs in each sector/district. 2. Creation of a labor market database in the state. 3. Transformation of ITIs as technology centers. 4. Strengthen partnerships between the industry and the research fraternity. 5. Reinforce the uptake of skilling programs for women entrepreneurs. 6. Provision of access to affordable business service providers.
Social Inclusion-Gender gaps	<ol style="list-style-type: none"> 1. A fundamental bias that women are subjugant to men both in terms of capabilities and efforts which 	<ol style="list-style-type: none"> 1. Recalibration of the process of formalization to be responsive of the gendered constraints in the society.

⁷ Recommendations to support Government of Telangana in the revival of the MSME ecosystem, 2021



Thematic areas	Challenges	Recommendations by stakeholders
	<p>obscures their credibility, deterring their access to various assistances.</p> <ol style="list-style-type: none"> Higher level of invisibility of women led MSMEs due to factors like management pattern, firm size, poor financial literacy, and lack of social support Formalization of women led MSMEs hampered due to complex registration processes mandating documentation that most women could not provide. The need for timely credit in addition to the lack of financial awareness about the various credit opportunities available, the pros and cons of borrowing, requirements of lending institutions, etc. Digital onboarding and export procedures rendered cumbersome for many women entrepreneurs. Limited offtake of Enterprise Development Programs (EDP) targeting women MSMEs. 	<ol style="list-style-type: none"> Motivate financial institutions towards building financial products that suit the needs of women-led microenterprises Redesigning trainings targeted towards women as bundled offerings are a great opportunity. Bundling access to finance, loans, or cash grants with business-focused training for higher participation. Promoting collaborative efforts between state level women entities such as WE-Hub and SLBC, to improve access to credit funding for women led enterprises. Addressing financial literacy and digital upskilling of women entrepreneurs with highly contextualised training modules to suit individual business needs and competence levels of the female owners.
Access to infrastructure	<ol style="list-style-type: none"> Land <ol style="list-style-type: none"> Unaffordable and uncompetitive land rates for MSMEs within TSIC industrial parks. Space deficits within existing IPs forcing MSMEs to shift operations to private owned land. Ambiguities in the land allotment process within state owned land parks. Deficit in land supply in industrialized districts demanding expansion into peri urban regions. Need for social infrastructure like housing, health, and educational facilities around major industrial hubs. Increase in utility costs and property taxes with the Gram 	<ol style="list-style-type: none"> Setting up and earmarking smaller plot sizes within industrial estates by TSIC. Similarly, land spaces at affordable prices must be earmarked for MSMEs in every district. Micro units in the state can benefit from smaller multiproduct industrial parks with shared facilities. This can also include access to existing private incubator/accelerators for MSMEs at subsidized rates. Invite research organizations, universities, centers of excellence, industry associations, chambers of commerce, incubators, accelerators, and regional development to setup Digital Innovation Hubs (DIH) through PPP models.



Thematic areas	Challenges	Recommendations by stakeholders
	<p>Panchayats, making running of enterprise units expensive for MSMEs.</p> <p>2. Power</p> <p>a. Issuance of No Objection Certificates (NOCs) to new units since 2015, imposition of additional surcharges on power procurement via open access and collection of wheeling charges upfront amplifies the operational costs for commercial and industrial MSME consumers relying on open access.</p> <p>b. The lack of sufficient three phase power supply for operating heavy machineries, reinstating the need for uninterrupted and cost-effective power supply to the sector</p> <p>3. Common Facility Centers</p> <p>a. Low prevalence of CFCs and Common Testing Facilities in industrial parks in Telangana.</p> <p>b. Lack of sufficient temperature-controlled storage and transportation facilities</p> <p>c. Need for development of common infrastructure like viz. Prototyping/ Design/ Manufacturing/ Testing/ Certification Services in Industrial Estates for MSMEs.</p>	<p>4. Offset high power rates by incentivizing renewable energy sources like roof top solar panels. This will not only make MSMEs self-reliant, but it will also further the state's greening agenda.</p> <p>5. Setting up of CFCs in industrial estates for MSMEs.</p>
Greening of MSMEs	<p>1. Limited technical guidance in assisting MSMEs in adopting new technologies</p> <p>2. Inadequate funding for research and development demonstration projects, and the establishment of industry standard.</p> <p>3. Noticeable absence of data on emissions, and lack of mandates or restrictions in place for controlling emissions from MSMEs.</p> <p>4. The evolving capital market and high initial capital costs for</p>	<p>1. Expansion of existing incentive-based models to meet the specific needs of the MSME sector.</p> <p>2. Encourage the support of larger corporations particularly in challenging-to-improve sectors like manufacturing, to financially incentivize MSMEs to adopt eco-friendly practices in their supply chains.</p> <p>3. Development of innovative financing models, including community-based financing systems and blended finance</p>



Thematic areas	Challenges	Recommendations by stakeholders
	<p>sustainable products discourage the integration of RECP practices within the supply chain.</p> <p>5. Misalignment of institutional finance ecosystem with the needs of MSMEs. Definitions of financial allocations, leverage amounts, and co-financing modalities require better clarity.</p> <p>6. Financial strain caused by the COVID-19 pandemic has led to reduced demand for innovation financing, a lack of incentives for early adopters of greening measures, and resource limitations within financial institutions.</p> <p>7. Provisions to enhance energy efficiency and promote renewable energy within MSMEs do not account for the complexities of being part of a larger supply chain.</p>	<p>tools, to overcome obstacles in accessing climate finance.</p> <p>4. Establishment of a dedicated fund to support R&D and pilot initiatives to promote LCT adoption and create a centralized database for incentive structures.</p> <p>5. Intensify capacity building and awareness initiatives at both central and state levels to address the lack of knowledge regarding technological solutions, industry standards, best practices, and opportunities for commercial finance.</p> <p>6. Introduction of a revolving finance mechanism to reach more MSMEs by mitigating technological and financial risks faced by the sector.</p> <p>7. Creation of a digital ecosystem and reliable database to facilitate monitoring and reporting frameworks.</p>
Policies, procedures, and compliance constraints	<p>1. Lack of a dedicated and comprehensive MSME policy framework that holistically addresses the needs of MSMEs.</p> <p>2. No standardization of the existing policy landscape. Schemes targeting MSMEs are highly fragmented across departments and piece meal in nature.</p> <p>3. The limited awareness among MSMEs regarding the initiatives and schemes offered by the Central and State Government.</p> <p>4. Compliance burdens and lack of transparency hindering early-stage funding and setting up procurement targets.</p> <p>5. Need to simplify complex compliances for foreign and domestic market regulations,</p>	<p>1. Adoption of a dually pronged approach to address the issue of data paucity. A statewide MSME census must be conducted on an urgent basis⁹. This must be accompanied by fervent awareness drives to increase MSME registration on UDYAM.</p> <p>2. This data collection exercise can be accompanied by the creation of a comprehensive and reliable database of MSMEs. Various data points such as GST, PAN, registration data, voters' data, Aadhaar, Udyam, TS-iPASS etc. that are already available with different government departments.</p> <p>3. Dissemination of awareness about schemes and initiatives in the native language- Telugu for better comprehensibility and reach. The</p>



Thematic areas	Challenges	Recommendations by stakeholders
	<p>demanding significant time and resources.</p> <p>6. Need to develop more schemes and incentives on digital inclusion, to encourage the onboarding of MSMEs onto E-commerce platforms⁸.</p>	<p>same can be followed for information dissemination on application procedures, government notifications and more.</p> <p>4. Extending the degree of accountability, transparency and adeptness adopted in TS-iPASS to the delivery of other schemes in the state as well.</p> <p>5. Clear distinction in policies for the manufacturing and services sectors.</p> <p>6. Drafting a clear exit strategy for MSMEs facing insolvency to help MSMEs effectively reallocate their productive assets in the event of an insolvency and boost the confidence of lending agencies regarding the recovery of defaulted loans.</p>



Snapshot of Proposed Interventions

The table below presents a snapshot of interventions that have been conceptualized basis the DLIs of the RAMP program as well as the pertinent needs of the state's MSMEs as derived from the results of the diagnostic assessment.

PROJECT 1	Consolidated MSME Database							
	A real-time MSME consolidated database to facilitate inter-department coordination coordination for effective MSME policy making							
DLI Mapping	DLI 3: Enhancing effectiveness of MSME CHAMPIONS Scheme (ZED, LEAN, IPR, Design, Digital and Incubation)	DLI 4: Strengthening Receivable Financing Market for MSMEs	DLI 5: Enhancing Effectiveness of CGTMSE and ‘Greening and Gender’ delivery.	DLI 6: Reducing the incidence of delayed payments.	Critical projects to develop competitiveness of MSMEs.			
Expected Impact	1. A streamlined system in place to synchronize multiple MSME databases. 2. Better inter-departmental collaboration with respect to MSME policy decision making. 3. A visual dashboard of MSME information with real time analysis report across districts, enterprise type, sector wise etc. 4. Targeted initiatives to raise awareness on Udyam registration and formalization of MSMEs.							
Proposed Budget (Rs. In crores)	Total - Support under RAMP			4.44				
	Contribution from State Government			1				
	Grand Total			5.44				
PROJECT 2	Setting up of Enterprise Development Centre at DICs							
	Strengthening DICs by setting up Enterprise Development Centers (EDCs) at district level to strengthen institutional delivery of services for MSME competitiveness. The EDCs will be set up in physical & virtual mode with special assistance for women entrepreneurs							
DLI Mapping	DLI 3: Enhancing effectiveness of MSME CHAMPIONS Scheme (ZED, LEAN, IPR, Design, Digital and Incubation)	DLI 4: Strengthening Receivable Financing Market for MSMEs	DLI 5: Enhancing Effectiveness of CGTMSE and ‘Greening and Gender’ delivery.	DLI 6: Reducing the incidence of delayed payments.	Critical projects to develop competitiveness of MSMEs.			
Impact	Details			Year 1	Year 2	Year 3	Year 4	Total
	No. of MSMEs benefitting			5000	5500	6000	6500	23000



	No. of Training programs	50	70	90	110	320
	Strategic partnerships between EDCs and Government Departments, Private organizations, financial institutions etc	4	8	10	12	34
Proposed Budget (Rs. In crores)	Total - Support under RAMP		81.18			
	Contribution from State Government		5.02			
	Grand Total		86.20			
PROJECT 3	Center of Design Excellence (CoDE) – Design, Brand promotion, Incubation & IPR					
	Enhancing firm capabilities through design, propelling indigenous brands with IPR, trademark filing and fostering entrepreneurship through incubation					
DLI Mapping	DLI 3: Enhancing effectiveness of MSME CHAMPIONS Scheme (IPR, Design, Digital and Incubation)		DLI 5: Enhancing Effectiveness of CGTMSE and 'Greening and Gender' delivery			
Quantitative Impact						
		Year 1	Year 2	Year 3	Year 4	Total
	No. of MSMEs benefitting	70	100	150	200	520
	No. of partnerships	2	3	3	3	11
	No. of workshops	4	6	10	10	30
	No. of startups benefitting	4	4	4	4	16
Proposed Budget (Rs. In crores)	Total - Support under RAMP		8.18			
	Contribution from State Government		20			
	Grand Total		28.18			
PROJECT 4	Import Substitution					
	Leveraging industrial growth momentum of Telangana and capacitating its existing manufacturing base to expand MSME manufacturing through targeted import substitution.					
DLI Mapping	Critical projects to develop competitiveness of MSMEs					
Impact	Year 1	Year 2	Year 3		Year 4	
	<ul style="list-style-type: none">20 product groups for import substitution identified100 MSMEs for import substitution development selected	<ul style="list-style-type: none">Prototypes of 10 import substitution product groups developedCommercial production of 5 prototype product	<ul style="list-style-type: none">Prototypes of 10 import substitution product groups developed.Commercial production of 10 prototype product		<ul style="list-style-type: none">Commercial production of 5 product groups started in 25 MSMEsExposure visits to product group	



	<ul style="list-style-type: none">Prototype of 5 import substitution product group developed.Marketing plan for 10 import substitution product groups prepared	<ul style="list-style-type: none">groups started in 25 MSMEsIdentification of factors towards providing 'even playing field' with imported productsEnvironmental impact assessment of 10 developed product groups completed	<ul style="list-style-type: none">groups started in 50 MSMEsMarketing plan for 10 import substitution product groups developed.Environmental impact assessment of 10 product groups completed.	<ul style="list-style-type: none">related international Fairs of 50 MSMEs.Compulsory product standards for 5 product groups introduced.End of project report of PMU prepared.			
Proposed Budget (Rs. In crores)	Total - Support under RAMP			35.34			
	Contribution from State Government			-			
	Grand Total			35.34			
PROJECT 5	Reviving distressed MSMEs						
	Implement a digital transformation strategy and expand outreach for TIHCL to support distressed industries. Utilize the digital application along with physical initiatives to reach out to more enterprises, offer targeted support for survival and growth of enterprises						
DLI Mapping	DLI 4: Strengthening Receivable Financing Market for MSMEs	DLI 5: Enhancing Effectiveness of CGTMSE and 'Greening and Gender' delivery.	Critical projects to develop competitiveness of MSMEs.				
Impact							
	Details		Year 1	Year 2	Year 3	Year 4	Total
	No. of MSMEs outreached through physical mode		1500	2000	2500	3500	9500
	No. of sick MSMEs supported		750	1000	1250	1750	4750
	No. of training programs		15	26	26	26	93
	No. of MSMEs onboarded on TReDs platform		100	150	200	250	700
Proposed Budget (Rs. In crores)	Total - Support under RAMP			103.46			
	Contribution from State Government			10			
	Grand Total			113.46			
PROJECT 6a	Mapping of Energy intensive MSMEs to make them energy efficient						
	Conducting Study of Energy Intensity Mapping of MSMEs and exploring green financing initiatives as incentives for adoption of green technology						
DLI Mapping	DLI 5: Enhancing Effectiveness of CGTMSE and 'Greening and Gender' delivery.						



Impact	<ol style="list-style-type: none"> Baseline assessment of energy consumption pattern in 15 key industry clusters across energy intensive sectors. Mapping of Centre – State policies and institutions to incentivize MSME to adopt green practices. Outreach to at least 2500 MSMEs for energy audits to optimize energy use and reduce operations costs. 	
Proposed Budget (Rs. In crores)	Total - Support under RAMP	0.449
	Contribution from State Government	-
	Grand Total	0.449
PROJECT 6b	Greening MSMEs – Green pioneer support program for MSMEs	
	Green pioneer support – Empowering MSMEs to adopt green practices through network support from Start-ups and academia	
DLI Mapping	Critical projects to develop competitiveness of MSMEs	DLI 5: Enhancing Effectiveness of CGTMSE and 'Greening and Gender' delivery.
Impact	<ul style="list-style-type: none"> Increased awareness through technology demonstration programs by conducting 10 sessions in each year with 100 MSME participants in a batch. Impacting 1000 MSMEs Conducting 5 sessions in each year with 50 MSMEs in batch. Impacting 250 MSMEs 8 Cohorts of Startup Grand Challenges will bring startups, MSMEs and SMEs on one platform. Enabling greening of MSMEs through One-on-One Consultation & Mentorship Sessions – targeting 2000 MSMEs in 4 years Conducting Carbon Footprint Assessment for MSMEs – targeting 2000 MSMEs in 4 years 	
Proposed Budget (Rs. In crores)	Total - Support under RAMP	24.87
	Contribution from State Government	-
	Grand Total	24.87
PROJECT 7	Digital Sahkaari	
	Digital Sahkaari- a program which envisages digital empowerment of MSMEs across all the districts & sectors and end to end handholding to reap the benefits of e-commerce	
DLI Mapping	Critical projects to develop competitiveness of MSMEs	
Impact	<ul style="list-style-type: none"> 20,000 MSMEs become aware of e-commerce platforms and its benefits. Handholding support to 10,000 MSMEs for onboarding and developing photo catalogues for online visibility and subsequent smooth transactions. At least 10% annual increase in sales growth of MSMEs through the program. Enhanced market reach with expanded visibility offered by e-commerce platforms. 	



Proposed Budget (Rs. In crores)	Total - Support under RAMP		13.12				
	Contribution from State Government		-				
	Grand Total		13.12				
PROJECT 8	SHGs and Startups to MSMEs						
	Empowering SHGs and start ups to evolve into sustainable MSEs. The program will offer comprehensive package of support, including capacity building, financial assistance, and market linkages						
DLI Mapping	DLI 5: Enhancing Effectiveness of CGTMSE and ‘Greening and Gender’ delivery.		DLI 3: Enhancing effectiveness of MSME CHAMPIONS Scheme (ZED, LEAN, IPR, Design, Digital and Incubation)				
Impact	1. 1500 SHG groups and 500 women led start ups (15500 beneficiaries) capacitated to become MSMEs through intensive and customised programmes. 2. 1500 SHGs and 500 start ups will be formalised and registered on the Udyam portal. 3. Atleast 500 MSEs to be linked to CGTMSE. 4. Atleast 6000 MSEs will become part of public procurement. 5. 100% MSEs will be linked to digital e-commerce. 6. Creation of a cadre of 100 trade counsellors accessible by the MSMEs for any support on trade and exports 7. Increased credit and market linkages to export products from these SHG groups and start ups in 5 focus sectors – food processing, garments, handicrafts, and electrical & electronics- atleast 15% of MSMEs will start exporting by the end of the programme.						
Proposed Budget (Rs. In crores)	Total - Support under RAMP		15.35				
	Contribution from State Government and Private players		25				
	Grand Total		40.35				
PROJECT 9	Addressing MSME skill gaps						
	Transforming 25 ITIs and vocational training centers as technology and training hubs to meet specific skill training needs of the sector						
DLI Mapping	Critical projects to develop competitiveness of MSMEs						
Impact		Details	Year 1	Year 2	Year 3	Year 4	Total
		No. of ITI transformed	5	7	7	6	25
		No. of Total trainees	1000	2000	4500	10000	17,500
		Of which women/SC/ ST trainees	120	200	450	730	1,500
		Placement percentage of trainees with MSMEs	60%	65%	70%	80%	
	Total - Support under RAMP			93.69			



Proposed Budget	Contribution from State Government/ private players	825
(Rs. In crores)	Grand Total	918.69
PROJECT 10	Women Acceleration Program A program designed for new and emerging women entrepreneurs to accelerate their scale up journey through handholding and mentoring	
DLI Mapping	DLI 5: Enhancing Effectiveness of CGTMSE and 'Greening and Gender' delivery	DLI 4: Enhancing effectiveness of MSME CHAMPIONS Scheme
Impact	1. Support 140 women owned Start-ups (over 4 cohorts in 4 years) in increasing awareness and marketing opportunities for their products for outlets and online markets 2. Each cohort shall facilitate credit linkage-based funding opportunities for 15-17 women owned start-ups. 3. Facilitate partnerships of participating women start-ups with corporates working for R&D support, technology transfer, business development etc.	
Proposed Budget	Total - Support under RAMP	4.74
(Rs. In crores)	Contribution from State Government	-
	Grand Total	4.74
PROJECT 11	Identification & Development of MSME Export Champions Create MSME export champions from the identified thrust Sectors in Telangana- Chemicals/ electricals/ drugs/ spices/ metals/ defence etc and handhold these potential MSMEs to initiate exports	
DLI Mapping	Critical projects to develop competitiveness of MSMEs.	
Impact	1. 200 MSMEs exporting their products to various countries in the next 4 years. 2. Replication of this methodology, supported by various Govt. of India export schemes across various industrial estates/ clusters in Telangana. 3. A set of 07 user-friendly, sector-specific knowledge guides readily available to MSMEs and businesses seeking to engage in international trade. 4. Increase in number of products exported to different countries.	
Proposed Budget	Total - Support under RAMP	12.32
(Rs. In crores)	Contribution from State Government	-
	Grand Total	12.32
	Strengthening MSEFCs capacities to reduce delayed payments	



PROJECT 12	Address the problem of delayed payments for MSEFCs by enhancing the capacities of empanelled arbitrators for proper functioning of MSEFCs in reducing the delay in disposal of arbitration and conciliation cases						
DLI Mapping	DLI 6: Reducing the incidence of delayed payments						
Impact		Year 1	Year 2	Year 3	Year 4	Total	
	Number of MSME delayed payments cases resolved by ODR through the Samadhaan Portal	100	150	200	250	700	
	Number of District officials trained on ODR dispute resolution	60	65	65	70	260	
Proposed Budget (Rs. In crores)	Total - Support under RAMP				7.36		
	Contribution from State Government				-		
	Grand Total				7.36		
PROJECT 13	Benchmarking studies to assess sectoral technology gaps						
	Assess the current technology gaps among MSMEs and recommendations to be made to bridge the gap and suggest ways in which the Government can support MSMEs to improve their operational efficiency, productivity and competitiveness						
DLI Mapping	Critical projects to develop competitiveness of MSMEs						
Impact	1. Knowledge and information access for MSMEs in Telangana to adopt cutting-edge technology solutions. 2. Through benchmarking against international standards and national standards, the study will pave the way for innovation, technology adoption and increased market access for MSMEs. 3. The study's finding will drive informed policy decisions, unlocking the potential of MSMEs to assess the current trends in technology advancement and ways to leapfrog in technology adoption						
Proposed Budget (Rs. In crores)	Total - Support under RAMP				5		
	Contribution from State Government				-		
	Grand Total				5		
PROJECT 14	Access to credit through enhanced CGTMSE coverage						
	State and CGTMSE trust to extend additional guarantee coverage over existing CGTMSE cover of 75-80% to make it 90% for MSMEs. The aim is to increase formal credit offtake in underserved credit deficit regions especially targeting women/ SC ST MSMEs. It also seeks to encourage lending institutions to provide CGTMSE loans by absorbing additional risk.						
DLI Mapping	DLI 5: Enhancing Effectiveness of CGTMSE and 'Greening and Gender' delivery						
Impact		Year 1	Year 2	Year 3	Year 4	Total	



	MSMEs accessing credit under CGTMSE from underserved districts	1000	1200	1300	1500	5000
	Number of MSMEs accessing credit under CGTMSE for RECP/Greening investments	100	100	100	100	400
	<ul style="list-style-type: none"> Considering average loan size of 50 lakh, approximately 5000 MSE borrowers can benefit over 4 years With 3 employees per unit, around 5000 employment opportunities can be created. 					
Proposed Budget (Rs. In crores)	Total - Support under RAMP				42	
	Contribution from State Government				8	
	Grand Total				50	



Consolidated Budget

The below table presents the consolidated budget for the 14 interventions elucidated in the section above.

S No	Main Interventions Under SIP (including MOMSME and State schemes – including convergence of schemes)	Total Budgetary Outlay	Convergence of existing scheme financing under State contribution	Gap financing required through RAMP Program
1	Consolidated MSME database	5.44	1.00	4.44
2	Setting up of Enterprise Development Centre at DICs	86.20	5.02	81.18
3	Center of Design Excellence (CoDE) Design, Brand promotion, Incubation & IPR	28.18	20.00 (infrastructure)	8.18
4	Import substitution	35.34	-	35.34
5	Reviving distressed MSMEs.	113.46	10	103.46
6a	Study of mapping Energy intensive MSMEs clusters and create visual dashboard	0.45	-	0.45
6b	Greening of MSMEs – Green Pioneer support program for MSMEs	24.87	-	24.87
7	Digital Sahkaari to support and handholding of MSMEs for e-commerce	13.12	-	13.12
8	SHGs/Startups to MSMEs	40.35	25.00 (infrastructure)	15.35
9	Transforming 25 ITIs into Technology hubs to address MSME skill gaps	918.69	825 (equipment / civil infrastructure/ labs)	93.69
10	Women acceleration program	4.75	-	4.75
11	Identification & Development of MSME Export Champions	12.32	-	12.32
12	Strengthening MSEFCs' capacities to reduce delayed payments	7.36	-	7.36
13	Benchmarking study to assess sectoral technology gaps	5.00	-	5.00
14	CGTMSE additional coverage for underserved districts	50	8	42
15	Exposure visits	0.5	-	0.5
	DIC reps for business facilitation centers at Gujarat/ Rajasthan			
	TSIIC & SPVs- for industrial parks/ CFCs to TN			
	TIHCL for State TReDS functioning to TN			
	We hub to successful Incubators running acceleration programmes- IITD			
	SHGs/Industry association visits to Kudambashree, Kerala			



Strategic Investment Plan for Telangana under Raising and Accelerating MSME Performance (RAMP)

S No	Main Interventions Under SIP (including MOMSME and State schemes – including convergence of schemes)	Total Budgetary Outlay	Convergence of existing scheme financing under State contribution	Gap financing required through RAMP Program
		(Rs in crores)		
16	Vocational training exposure visit to Karnataka ¹⁰	6.0		6.0
16	RAMP Communication and Outreach	6.0	-	6.0
17	State program implementation Unit	12.98	-	12.98
18	Impact assessment ¹¹	0.31	-	0.31
	Sub Total	1365.32	894.02	471.3
19	Admin cost (3% cost of intervention which totals to INR 471.3 Crore)	14.14		14.14
	Grand Total RAMP Finance	1379.46	894.02	485.44

¹⁰ Cost per national exposure visit –one cohort of 10 people is estimated at a cost of INR 5 lakh. Over the span of 4 years, there will be 10 exposure visits.

¹¹ 3 Midline report end of Y1, Y2 and Y3 i.e INR 7 lakh per midline report and 1 Final report – INR 10 lakh



SIP Evaluation Criteria

Sr. No.	Criteria for SIP Evaluation	Max Score	Score assessed by Telangana	SIP reference	Justification
1.	A. Quantitative Evaluation Criteria	80	65		
	a) Number of MSMEs registered on UDYAM portal in proportion to total MSMEs as per the 73rd Round of National Sample Survey (NSS)	15	15	Chapter 1.6: Composition under Performance of MSME sector in Telangana , Pg. No: 51	Out of the total 6.07 lakh registered on Udyam, 65% of the MSMEs (\approx 3.96 lakh) were registered since 01.01.2022. The State has shown tremendous progress onboarding MSMEs on Udyam Portal. The State ranks 13th for percentage of MSMEs registered on Udyam portal, among the top 20 states with the highest number of MSMEs as per NSSO data. 6.07 lakh MSMEs registered on UDYAM portal vs 26.05 lakh as per NSSO round 73 for Telangana. 23.3%
	b) Position of State in the latest EoDB Rankings	15	15	N.A	Currently the State is placed in the Achievers Category. Also, the State Ranked 3rd in EODB ranking 2019, moved up 10 positions from 13th rank in the year 2015. Ranked 2nd in the year 2017
	c) Proportion of latest State Budget allocated to MSME	5	5	N.A	Around 20% of the budget allocation to Industries has been allotted to MSMEs in Telangana. Industries budget for Telangana for the year 2022-23 is Rs. 4200 Cr. of which the MSMEs is Rs. 821.96 Cr.
	d) Contribution of MSMEs to State GDP	5	0		-
	e) Percentage of MSMEs as per the 73rd Round of National Sample Survey on boarded on TReDS	5	5		3,851 units are registered on TReDS up to FY 2022-23. 68% of these have been onboarded in the last 2 financial years. As a percentage of the total MSMEs as per the 73rd round of NSS, it is 0.15%
	f) Percentage of State Public Sector Enterprises onboarded on TReDS	5	0		-



Strategic Investment Plan for Telangana under Raising and Accelerating MSME Performance (RAMP)

Sr. No.	Criteria for SIP Evaluation	Max Score	Score assessed by Telangana	SIP reference	Justification
	g) Persons employed in MSMEs which are registered on Udyam Portal of the Ministry (2021-22) (percentage of employees in MSMEs as per the 73rd Round of National Sample Survey (NSS))	5	5	Chapter 1.6.2: Employment, Pg. No: 54, 55	As per Udyam registration data, persons employed in MSMEs in Telangana as of May 2023 is 66.84 lakh. As per NSS 73rd round, the number is 40.16 lakh. No. of persons employed in MSMEs as per Udyam is 166% as compared to NSS.
	h) Contribution of MSMEs to total tax revenue of the State	5	5	N.A	MSMEs contribute close to 30% of the State's GST for Telangana. For the FY 2022-23, the total SGST collected was Rs. 38100.99 Cr., while Rs. 10869.81 Cr. was paid by MSMEs. For the FY 2021-22, the total SGST collected was Rs. 30773.21 Cr., while Rs. 8817.23 Cr. was paid by MSMEs
	i) Percentage of women-led enterprises to total MSMEs on UR	5	5	N.A	Telangana stands 5th in percentage of women-led enterprises vis-à-vis the total MSMEs on Udyam among the top 20 states with the highest number of enterprises registered on Udyam
	j) Citizen Charter for DICs is notified in the State	5	5	N.A	The State has enacted the Telangana State Industrial Project Approval & Self Certification System (TS-iPASS) ACT 2014. As per the ACT, all Industrial Approvals will be accorded within a maximum of 30 days.
	k) Percentage of cases resolved with respect to total cases registered in MSEFCs	5	5	N.A	The State stands at 11th position in the total number of applications filed on the Samadhaan portal at 4184 cases. A total of 1604 cases are pending, and the percentage of pending cases is 38.3 percentage as compared to India's 45.5 percentage. As a percentage of pending cases, the state ranks 4th in least number of pending cases among the top 20 states with the highest number of applications filed. The state has 6 MSEFCs covering



Sr. No.	Criteria for SIP Evaluation	Max Score	Score assessed by Telangana	SIP reference	Justification
					all the districts. MSEFC Rangareddy received the best performing MSEFC Award in the MSEFC Excellence awards 2021.
	l) Growth in the total volume of digital payments done (Y-o-Y basis)	5		N.A	-
2	B. Qualitative Evaluation Criteria	90	90		
	a) Identification of gaps in access to Finance, Market and Technology MSME Sector of the State/UT	20	20	Chapter 03: Challenges & Recommendations Pg. No: 117 - 178	The SIP captures in detail the challenges/ gaps across all the thematic areas of the RAMP Program as listed below. Interventions/ projects have been proposed to address the identified gaps. 1. Access to credit 2. Delayed payments 3. Access to markets 4. Access to Skilled Manpower 5. Social Inclusion- Gender gaps 6. Access to infrastructure 7. Greening of MSMEs 8. Leveraging manufacturing prowess of the MSMEs 9. Policies, procedures, and compliance constraints
	b) 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	50	50	Chapter 4 Proposed Interventions, Pg. No: 191	The State Industrial policy framework for Telangana has a special focus on MSMEs, while enabling the following: <ul style="list-style-type: none"> Adequate number of Smaller Plots and developed sheds for SMEs in Industrial Parks Special fund for Technology Transfer & Modernization in the MSME sector. Marketing assistance for national & international Trade fairs Intellectual Property & Anti-piracy registration assistance Special Fund for addressing Incipient sickness.



Strategic Investment Plan for Telangana under Raising and Accelerating MSME Performance (RAMP)

Sr. No.	Criteria for SIP Evaluation	Max Score	Score assessed by Telangana	SIP reference	Justification
	Scheme, CGTMSE etc)				In line with the initiatives being undertaken by the State to improve the business environment for MSMEs in the State, various programs/ projects have been proposed under RAMP. These programs/ projects are outcome oriented and are proposed to meet short term, medium term and long-term objectives.
	Short Term (0 - 1) years				<p>Short term Objectives: Awareness creation, stakeholder outreach and mobilisation, implementation frameworks through the following projects/ programs:</p> <ul style="list-style-type: none"> Awareness programs & outreach activities. Awareness of MSME CHAMPIONS and other MSME focused Schemes (ZED, LEAN, IPR, Design, Digital and Incubation). Vendor development- MSME connect, development of linkages, TReDs deepening
	Medium Term (2 – 3) years				<p>Medium Term Objectives: Institutional capacity building, EDC operationalization, consolidated real-time databases, integration of EDC website with other websites of We-Hub, TIHCL, etc., creation of databases/ repositories.</p> <p>Projects/ Programs:</p> <ul style="list-style-type: none"> Setting up of Enterprise Development Centre at DICs. Center of Design Excellence (CoDE). Reviving distressed MSMEs SHGs to MSEs. Addressing MSME skill gaps. Women acceleration program. Greening MSMEs - Green pioneer support program for MSMEs
	Long Term (4th year onwards)				<p>Long Term Objectives: Deeper intervention impact on ground :</p> <ul style="list-style-type: none"> Institutional strengthening – ownership and sustainability.



Strategic Investment Plan for Telangana under Raising and Accelerating MSME Performance (RAMP)

Sr. No.	Criteria for SIP Evaluation	Max Score	Score assessed by Telangana	SIP reference	Justification
					<ul style="list-style-type: none"> Efficient delivery of MSME services - digital and physical modes. Reducing the incidence of MSME sick units. MSMEs reaping the benefits of e-commerce, import substitution and export promotion. Increasing CGTMSE coverage to plug the gap of access to credit. Inclusion in the sector Increase in Green finance offtake
	c) Extent of Participation in various Central MSME schemes	10	10	SIP Chapter 03, Pg. No. 130	While the State's participation in most of the central MSME schemes like PMMY, PMEGP, CGTMSE, MSEFC/ Samadhaan, TREDs, UDYAM Registration, etc. has been good to satisfactory, the offtake of certain schemes like ZED, LEAN has been limited. The Government has taken up various initiatives to increase the participation in various central schemes and the progress over the last 2 years has been good.
	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	10	Chapter 4, Project 2: Setting up of Enterprise Development Centre at DICs. Pg. No: 198	<p>DICs provide end to end services to MSMEs from establishment of an enterprise to disbursement of incentives. TS-iPASS is an online platform which provides regulatory approvals for setting up an enterprise without the need for MSMEs to visit various Govt. departments/ DICs to obtain approvals for Establishment and Commence operations. As per the TS-iPASS Act, all approvals have to be provided within a period on 30 days.</p> <p>The DICs also enable MSMEs through various schemes of the Centre and State Governments. They play an important role in propagation of various initiatives of the Central & State Govt. Depts. The DICs are being further strengthened through setting up of</p>



Sr. No.	Criteria for SIP Evaluation	Max Score	Score assessed by Telangana	SIP reference	Justification
					Enterprise Development Centers (EDCs). Entrepreneur Development Cell - Online Portal & Physical touchpoints in all the districts providing full gamut of services from Ideation to Establishment. Extended support cell for Women Entrepreneurs. Services of TIHCL, We-Hub provided through EDCs.
3	C. Distinguishing Factor - Distinguishing Factor identified specific to the State that could be achieved based on evaluation of identified interventions and related funding	30	30	Chapter 4: Proposed Interventions, Pg. No: 191	<ul style="list-style-type: none"> The interventions/ projects proposed as part of the SIP plan to build capacities to address most of the areas targeted under the RAMP program, while leveraging on strong institutional capacities in Telangana. SIP focuses on inclusion of bottom of pyramid MSMEs with projects enabling SHGs to move up the value chain to becoming MSEs and enabling MSEs to sell their products on e-Market places. Women acceleration program to increase the participation of Women led enterprises in the MSME sector. Projects are also proposed around greening for MSMEs and on import substitution leveraging strong manufacturing base. Skill Development Support through ITIs as Technology Centers - Skilling & Upskilling through industry 4.0 technologies. Institutional and unit level impact will be seen at micro, meso and macro levels. Some interventions are pilots which can be scaled up and replicated. The projects cuts across several categories and is aimed at inclusion.



Strategic Investment Plan for Telangana under Raising and Accelerating MSME Performance (RAMP)

Sr. No.	Criteria for SIP Evaluation	Max Score	Score assessed by Telangana	SIP reference	Justification
					<ul style="list-style-type: none"> The projects are export focused to support champion MSMEs across sectors.
	TOTAL	200	185		



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LIST OF ACRONYMS

AA	Account Aggregators
ACP	Annual Credit Plan
AOGUSY	Ayush Oushadi Gunvatta Evam Utpadan Samvardhan Yojana
ALEAP	Association of Lady Entrepreneurs of India
ATUFS	Amended Technology Upgradation Funds Scheme
BDS	Business Development Services
BDMA	Bulk Drug Manufacturers Association
BDL	Bharat Dynamics Limited
BHEL	Bharat Heavy Electricals Limited
CETPS	Common Effluent Treatment Plants
CII	Confederation of Indian Industry
CHAMPIONS	Creation and Harmonious Application of Modern Process
CFC	Common Facilities Center
CFA	Critical Amount Funding
CITD	Central Institute for Tool Design
CGTMSE	Credit Guarantee Scheme for Micro and Small Enterprises
CGAR	Compound Annual Growth Rate
CPSUs	Central Public Sector Undertakings
CPCDS	Comprehensive Power loom Cluster Development Scheme
CLCSS	Credit Linked Capital Subsidy Scheme
DEPs	District Export Plans
DEPCs	District Export Promotion Committees
DICs	District Industries Centres
DIH	Digital Innovation Hubs
DGCIS	The Directorate General of Commercial Intelligence & Statistics
DLI	Disbursement Linked Indicators
ECIL	Electronics Corporation of India Ltd
EMC 2.0	Electronics Manufacturing Clusters Scheme
EoDB	Ease of Doing Business
EPF	Employees Provident Fund
EPI	Export Preparedness Index
ESDP	Entrepreneurship and Skill Development Program
ESDM	Electronics System Design Manufacturing
EV- ESS	Electric vehicle – Energy Storage System
FAME India Phase II	Faster Adoption and Manufacturing of Hybrid and Electric Vehicles India Phase II scheme
FGDs	Focus group Discussions
FMCG	Fast Moving Consumer Goods
FTCCI	The Federation of Telangana Chambers of Commerce and Industry
FU	Factoring Units
FY	Financial Year
GeM	Government e Marketplace
GSVA	Gross State Value Added
GSDP	Gross State Domestic Product
GDP	Gross Domestic Product



GST	Goods and Services Tax
GNPA	Gross non-performing assets
GVA	Gross Value Added
GVC	Global Value Chains
HYSEA	Hyderabad Software Enterprises Association
IaaS	Infrastructure as a Service
ICT	Information and Communication technology
ICARE	Improved Cultivation and Retting Exercises
ID	Infrastructure Development
ISPSD	Integrated Scheme for Power loom Sector Development
IPDS	Integrated Processing Development Scheme
IPR	Intellectual Property Rights
IT	Information Technology
ITI	Industrial Training Institute
IPR	Intellectual Property Rights
KTMP	Kakatiya Mega Textiles Park
KPI	Key Performance Indicators
KVIC	Khadi Village Industries Commission
MIDHANI	Mishra Dhatu Nigam Limited
MAUD	Ministry of Urban development
MOMSME	Ministry of Micro, Small and Medium Enetrprises
MSME	Micro, Small, and Medium Enterprises
MSMED	Micro, Small and Medium Enterprises Development
MSME-DFO	MSME Development and Facilitation Office
MSE- CDP	Micro & Small Enterprises Cluster Development Programme
MSEFC	Micro Small Enterprise Facilitation Council
MUDRA	Micro Units Development & Refinance Agency
NAM	National Ayush Mission
NASSCOM	National Association of Software and Services Companies
NBFCs	Non-Banking Finance Companies
NHDP	National Handicrafts Development Programme
NI-MSME	National Institute for Micro, Small and Medium Enterprises
NIC Code	National Industrial Classification Code
NITI Aayog	National Institution for Transforming India
NMDC	National Mineral Development Corporation
NSS	National Sample Survey
NSIC	National Small Industries Corporation
NPA	Non-Performing Assets
ODOP	One District One Product
PR	Panchayat Raj
PaaS	Platform as a service
PLI	Production-Linked Incentive
PSL	Priority Sector Lending
PMS	Procurement and Marketing Support
PMRY	Prime Minister's Rojgar Yojana
PPP	Public Procurement Policy

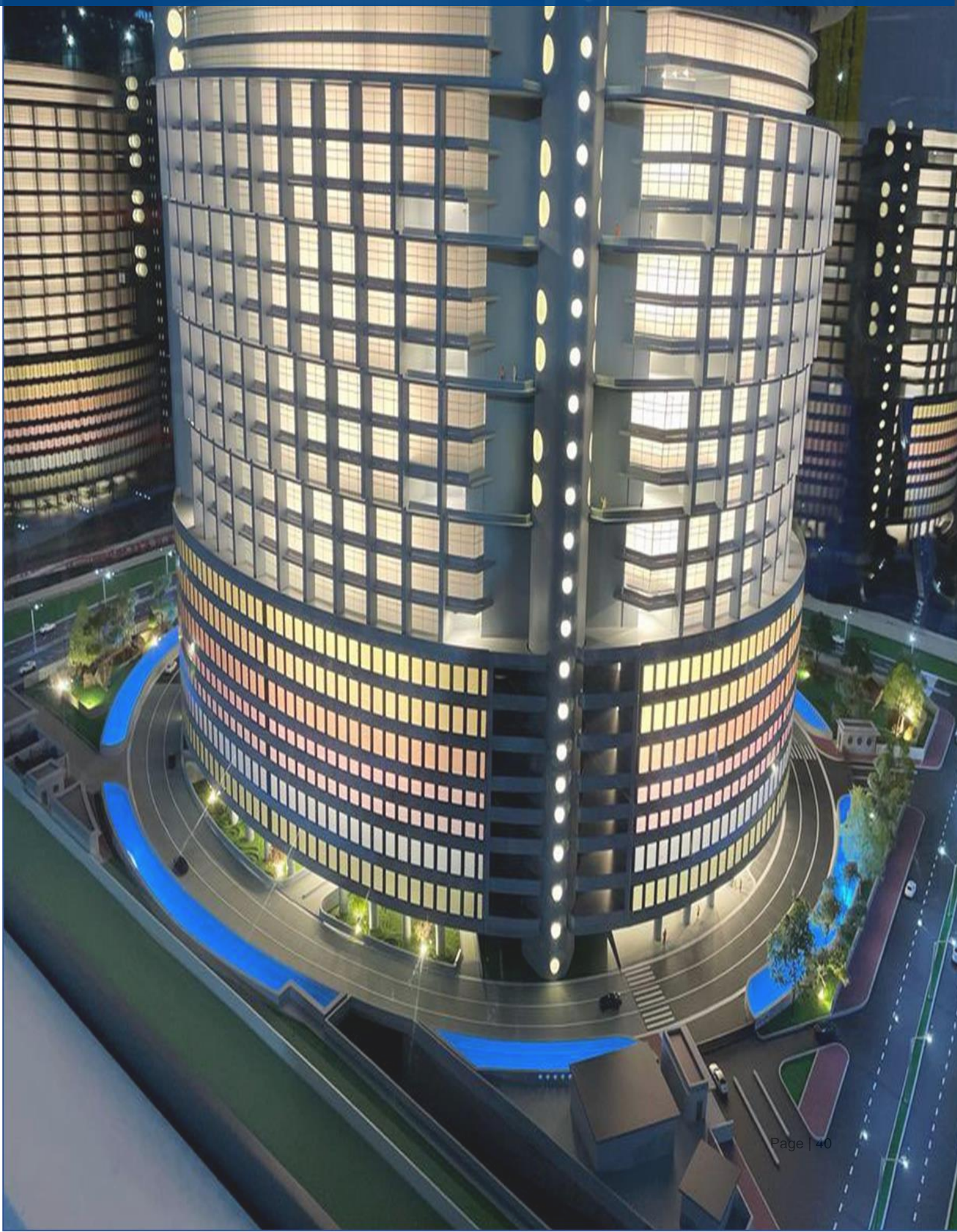


RGIA	Rajiv Gandhi International Airport
RXIL	Receivables Exchange of India limited
RRBs	Regional Rural Banks
SaaS	Software as a service
SCBs	Scheduled Commercial Banks
SEPCs	State Export Promotion Committees
SFURTI	Scheme of Fund for Regeneration of Traditional Industries
SIDBI	Small Industries Development Bank of India
SLBC	State Level Bankers Committee
SPECS	Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors
SPSUs	State Public Sector Undertakings
TAT	Turnaround Time
TAACMA	Telangana and Andhra Pradesh Composite Manufacturers Association
TASK	Telangana Academy for Skill and Knowledge
T-IDEA	Telangana State Industrial Development and Entrepreneur Advancement
TSFPS	Telangana State Food Processing Society
OEMs	Original Equipment Manufacturers
ONDC	Open Network Digital Commerce
ODR	Online Dispute Resolution
PAN	Permanent Account Number
PIA	Patancheru Industrial Association
PF	Provident Fund
PM KSY	Pradhan Mantri Kisan Sampada Yojana
PM FME scheme	PM Formalization of Micro Food processing enterprise scheme
PMEGP	Prime Minister's Employment Generation Programme
PMRY	Prime Minister's Rojgar Yojana
PLISFP	Production Linked Incentive Scheme for Food Processing Industry
PSUs	Public Sector Undertakings
RAMP	Raising and Accelerating MSME Performance
RAs	Result Areas
RICH	Research and Innovation Circle of Hyderabad
SAF	Stressed Asset Financing
SGST	State Goods and Services Tax
SCBs	Scheduled Commercial Banks
SEZ	Special Economic Zones
SIP	Strategic Investment Plan
SEBI	Securities and Exchange Board of India
SC	Scheduled Castes
SCBTS	Scheme for Capacity Building in Textile Sector
SFURTI	Scheme of Fund for Regeneration of Traditional Industries
SITP	Scheme for Integrated Textile Parks
ST	Scheduled Tribes
SPV	Special Purpose Vehicle
STPs	Sewage Treatment Plants
RBI	Reserve Bank of India



TCDS	Textile Cluster Development Scheme
T-FAPP	Telangana Food processing and preservation policies
TIF	Telangana Industrialists Federation's
TIHCL	Telangana Industrial Health Clinic Limited
T-Hub	Technology Hub
TS-iPASS	Telangana State Industrial Project Approval and Self- Certification System
TSTPC	Telangana State Trade Promotion Corporation
TSIIC	Telangana State Industrial Infrastructure Corporation
TSIDC	Telangana State Industrial Development Corporation
TSERC	Telangana State Electricity Regulatory Commission
TSFPZ	Telangana Special Food Processing Zones
TSTMA	Telangana Spinning & Textile Mills Association
T-PRIDE	Telangana State Program for Rapid Incubation of Dalit Entrepreneurs
TReDs	Trade Receivables Discounting System
T-TAP	Telangana Textile & Apparel Policy
TVAGA	Telangana Visual effects, Animation, Gaming Association
UK	United Kingdom
UCBs	Urban Cooperative Banks
UAE	United Arab Emirates
UAP	Udyam Assist Platform
UPI	Unified Payments Interface
USA	The United States of America
VAT	Value Added tax
WHO-GSDP	World Health Organization's Good Storage and Distribution Practices
ZED	Zero Defect Zero Effect

1.Introduction



1. Introduction

Micro, Small, and Medium Enterprises (MSME) sector has been one of the key drivers of economic development in India. The sector supports a large fraction of non-farm employment in the country, contributing around 28% to the GDP, 40% of total exports, and 45% of the national manufacturing output. There are 168 lakh MSMEs registered on Udyam portal, out of which micro enterprises constitute 96%. The sector has experienced turbulent times in the recent past but has emerged resilient leading to faster recovery. The Indian economy is likely to emerge as one of the leading economies in the world and is poised to become a US\$ 5 trillion economy with MSMEs contributing a significant share in this. Accordingly, a major thrust is being provided at all levels in the form of support programs and conducive policy environment so that the sector can perform to its potential.

To strengthen the mission of “Atmanirbhar Bharat”, Government of India has launched a World Bank supported Scheme “Raising and Accelerating MSME Performance (RAMP)”, which supports the overall Covid Resilience and Recovery Program of MoMSME and aims at Improving market access, access to credit, strengthening institutions and governance at the Centre and State, improving Centre-State linkages and partnerships, addressing issues of delayed payments and greening of MSME

1.1 State's Economy

Telangana, a vibrant and thriving state in southern India, was established in June 2014 as the country's youngest state (29th). It was carved out of the state of Andhra Pradesh on account of the regional imbalances in the development of the state. Other than the city of Hyderabad and the adjacent industrial centres, most of the districts of Telangana were economically backward with constrained growth and revenue potential. The State focused on developing these areas through the Backward Region Grant Fund and by introducing progressive policies to improve the socio-economic conditions of the people. Since its inception, the state's GSDP contribution to the nation has been consistently growing despite the unfavourable drought conditions in the first two years of its formation¹² (2014-15 and 2015-16). As of 2022-23, the state ranks 8th highest among top 16 state contributors to India's GDP at current prices¹³. The state's economy is dominated by the

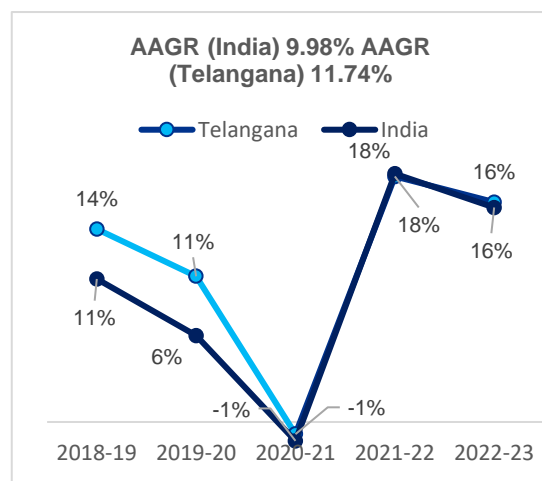


Figure 2 Growth rate (%) GSDP/GDP of Telangana and India at Current Prices taken from the Economic Development Report of Telangana 2023

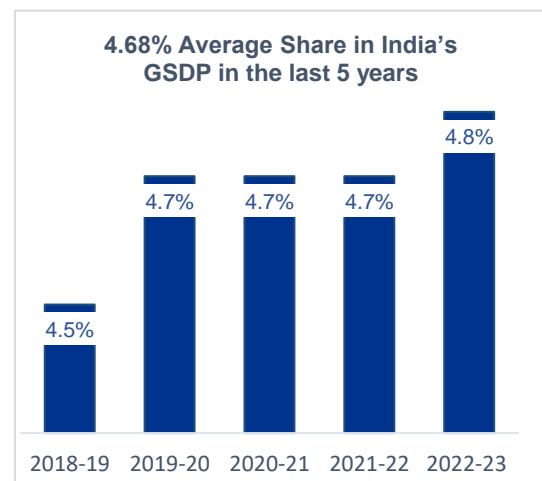


Figure 1 Telangana share in India's GDP (%) at Current Prices taken from the Economic Development Report of Telangana 2023

tertiary sector with a 62.2% GSVA, followed by the primary sector contributing to 21.1% GSVA and the Secondary sector at 18.3% GVA¹⁴ as of 2022-23.

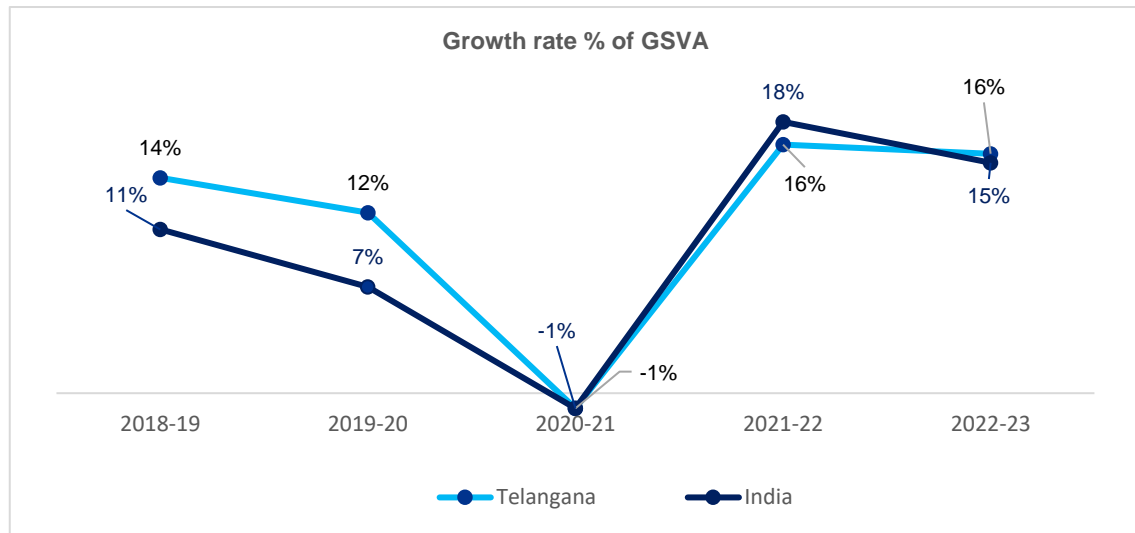


Figure 3 Growth rate (%) of GSVA at Current Prices for Telangana vs India from the Economic Development Report of Telangana 2023

Telangana's Gross Value Added (GVA) grew at an average rate of 11.46% from 2018-19 to 2022-23, outperforming the national average of 9.98%¹⁵. In 2022-23, Telangana's GVA increased by 15.8% exceeding India's GVA growth by 0.6 percentage points depicted in Figure 3

There is a significant recovery from the impacts of COVID-19 in 2021-22 with notable growth in the GSVA, indicating a positive trend and potential expansion for both the industries and services sector (refer to Figure 6 and Figure 7).

In 2022-23, Telangana's GSVA increased by 15.8% and outperformed India's GVA growth by 0.6 percentage points as depicted in Figure 3. There is a significant recovery from the impacts of COVID-19 in 2021-22 with notable growth in the GSVA, indicating a positive trend and potential expansion for both the industries and services sector (refer to Figure 6 and Figure 7).

1.2 Sectoral Growth of the State Economy

The GSVA of any state is a sum of the economic contributions from three major sectors – Agriculture and allied sectors, Industries and Services. Since the inception of the state of Telangana, the services sector has contributed the largest to the state's GSVA and continues to do so. For the year 2022-23, the 63% of the total GSVA of the state came from the services sector.

This is followed by a 19% contribution from the industries sector and 18% from agriculture and allied sectors¹⁶. An analysis of the sectoral composition of GSVA from the period 2014-2023 shows that there is a marginal increase of about 2% in the contribution of agriculture to the total GSVA. Conversely, the contribution of the industries sector shows a drop which is offset by a slight increase in the contributions of the services sector.

¹⁴ Economic Development Report of Telangana 2023

¹⁵ GVA as an indicator representing the production side of economy, Economic development report of Telangana 2023

*Estimates for the year 2022-23 is a projection of existing trend of the last 5 years

¹⁶ Telangana Socio Economic Outlook 2023, p.17

It is worth noting that despite the vibrancy of the industries sector in Telangana, its contribution to the state GSVA is lower than the national trend and conversely, the contribution of the services sector to the state GSVA is higher than the national trend¹⁷ emphasizing the need and relevance of equal thrust on both the sectors if not more on industries.

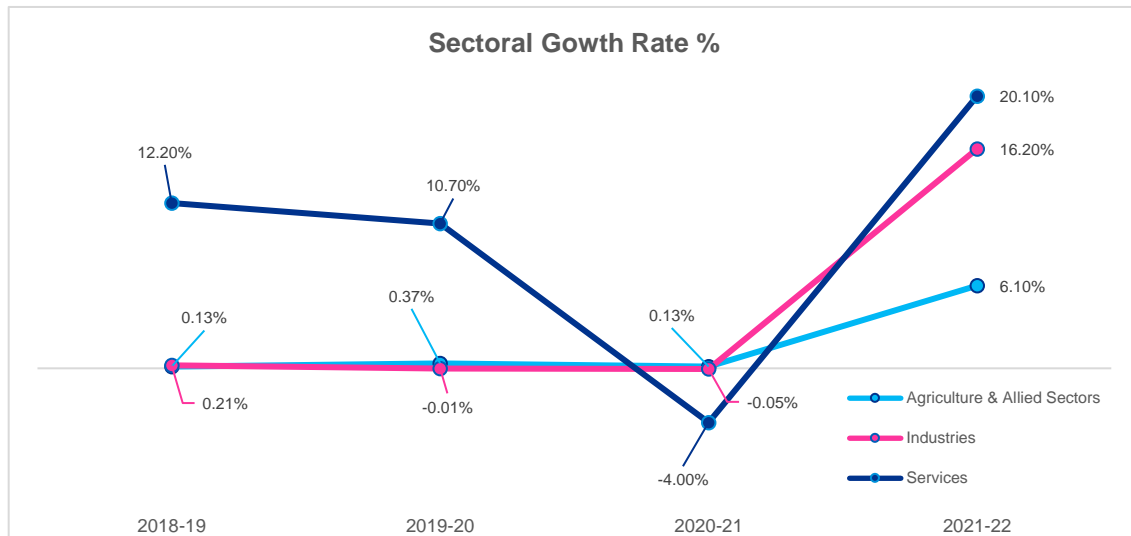


Figure 4 Contribution of Sectors to GSVA Growth at Current Prices for Telangana (2018-19 to 2022-23) from the Telangana Socio Economic Outlook 2023

1.2.1 Industries/Secondary Sector

Data shows that the secondary sector (industries) in the state, achieved an average growth rate of 8.28%, slightly below the national average of 9.26% for the period 2018-19 to 2022-23.

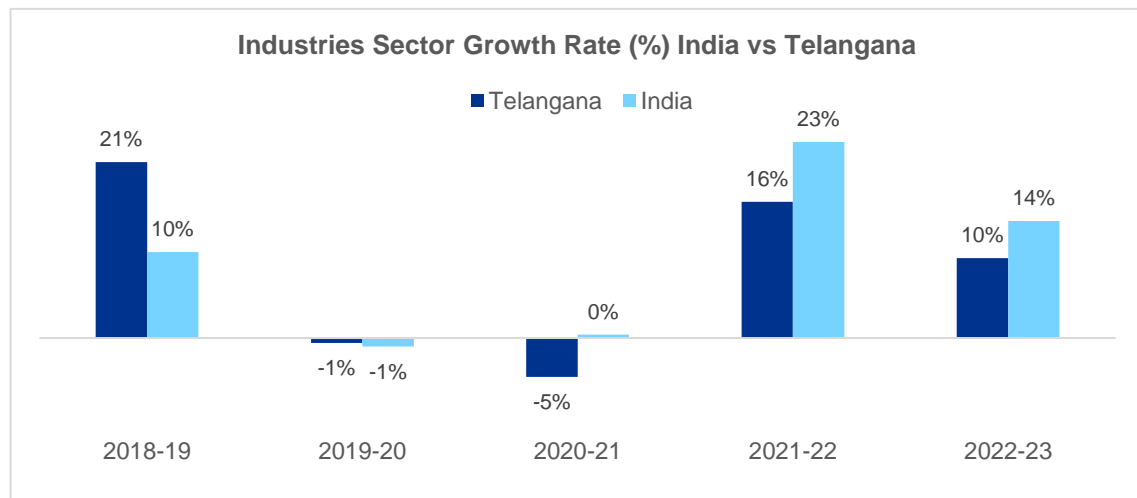


Figure 5 Year wise Industries Sector growth rate in Telangana at current prices from Economic Development Report of Telangana 2023

Within the Industries sector, the manufacturing sector in Telangana is a major growth driver contributing to 59% of the total value, followed by the construction sector at 19%, and the mining and quarrying sub sectors and others. Table 1 summarises the total GSVA contribution of each sub sector to the overall sector. Cumulatively, the CGAR of GSVA for the sector amounts to approximately 4.49% in the last 5 years.

¹⁷ Telangana Socioeconomic Outlook 2023, p.18

Industries Sector GSVA (in Rs Crores)	2018-19	2019-20	2020-21	2021-22	2022-23
Manufacturing	98,148	97,608	96,855	1,16,657	1,29,274
Electricity, Gas, Water Supply	13,201	17,418	15,777	17,604	21,009
Construction	37,687	38,741	35,215	40,072	42,939
Mining and Quarrying	33,337	27,501	25,129	26,702	26,980
Total GSVA (Industries)	1,82,373	1,81,276	1,72,975	2,01,035	2,20,203

Table 1 Sub sectoral activities in GSVA contribution of industries for Y-O-Y growth in Rs Crore. From the Economic Development Report of Telangana 2023

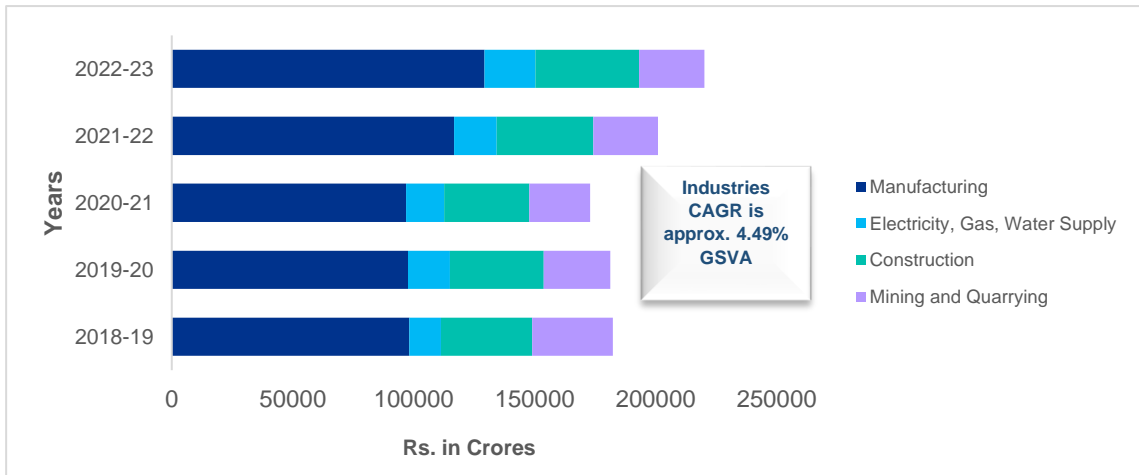


Figure 6 GSVA contribution to Y-o-Y industries growth in Telangana. From the Economic Development Report of Telangana 2023

1.2.2 Services/Tertiary Sector

As mentioned above, the services sector remains the dominant sector of Telangana's economy accounting for an average growth rate of 11.36% compared to the national average 10.52% for the same year.

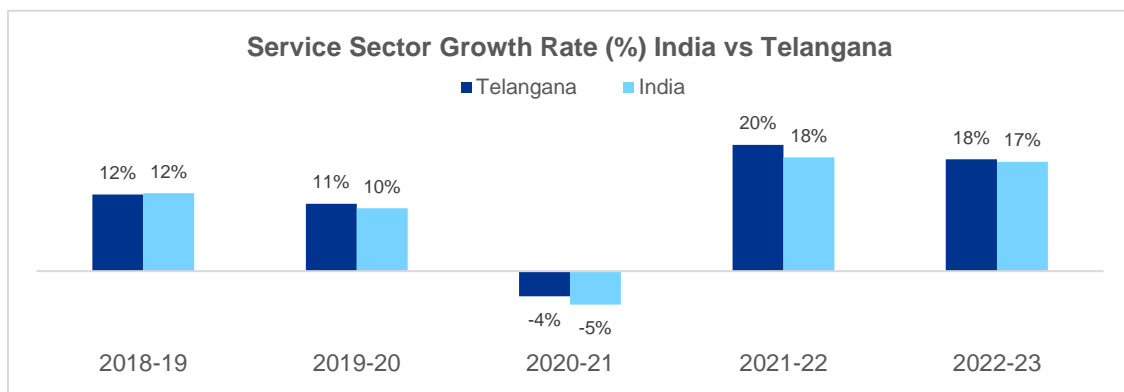


Figure 7 Year wise Industries Sector growth rate in Telangana at current prices from Economic Development Report of Telangana 2023

Within this sector, the major growth drivers have been Real estate, ownership of dwellings and professional services like consultancy at 35% followed by Trade, repair, hotels and restaurants amounting to 30% of the total estimate.

Services Sector GSVA (in Rs Crores)	2018-19	2019-20	2020-21	2021-22	2022-23
Trade, repair, Hotels and Restaurants	1,28,745	1,48,211	1,24,399	1,76,747	2,16,374
Transport, Storage, Communication & Services related to Broadcasting	50,105	54,351	46,642	54,980	64,909
Financial Services	43,841	46,663	48,518	51,563	59,194
Real estate, Ownership of Dwelling and Professional Services	1,61,635	1,80,720	1,93,871	2,18,660	2,49,720
Public Administration	28,124	26,305	27,784	27,533	34,787
Other Services	67,831	75,641	69,404	83,768	97,581
Total GSVA (Services)	4,80,280	5,31,892	5,10,617	6,13,251	7,22,564

Table 2 Sub sectoral activities in GSVA contribution in the Service sector for Y-o-Y growth in Rs Crore. From the Economic Development Report of Telangana 2023

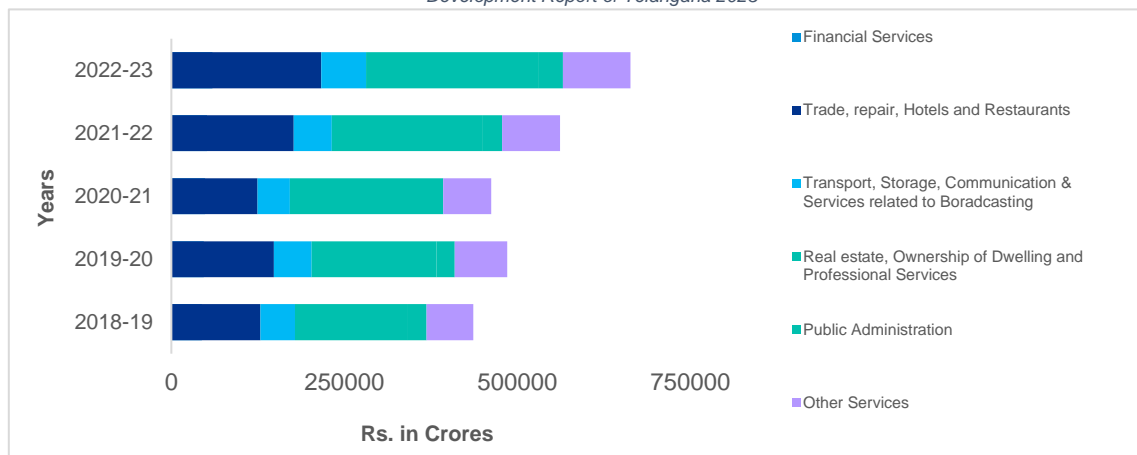


Figure 8 GSVA contribution to Y-o-Y Services sectoral growth in Telangana from the Economic Development Report of Telangana 2023

1.3 MSME Definition and Ecosystem

The definition of MSMEs vary across countries, and a standard global definition does not exist. They may be based on an array of parameters like the number of employees, asset base, sales, etc. In India, the classification of MSMEs is governed by the MSME Act 2006 and was originally based on the investment in plant and machinery for the manufacturing sector and investment in equipment for the services sector. However, in a bid to minimize the differences between the manufacturing and services sectors as well as increase the target base of various government subsidies and schemes, on 13th May 2020 the Central government revised this definition. Accordingly, the new definition is dually hinged on the parameters of investment and annual turnover for both the sectors. The new definition was effective from 01st July 2020.

Criteria	Manufacturing enterprises/ Enterprises rendering services	
	Investment in Plant & Machinery or Equipment	Turnover
Micro	Less than Rs. 1 Crore	Less than Rs. 5 Crore
Small	Less than Rs. 10 Crore	Less than Rs 50 crore
Medium	Less than Rs 50 Crore	Less than Rs 250 Crore

Table 3 MSME classification as per Gazette notification S.O 1702(E) dated 01.06.2020

Increasing the investment ceilings under each category means that regardless of higher turnovers many businesses will still fall under the MSMEs category. The recent inclusion of wholesale and retail trade under the MSME definition has allowed them to avail priority sector lending. However, while turnover based criteria offer transparency and easy verification, certain sectors with low investment but high turnover may lose their MSME status. Also, fluctuations in turnover present challenges for classification and entitlement to specific benefits.

1.3.1 The MSMEs ecosystem in Telangana

Telangana, known as the 'State of Innovation', boasts of a thriving ecosystem for MSMEs. With robust infrastructure, investor-friendly policies, and a proactive government, Telangana has become a hotspot for MSME growth and innovation. The State's diverse industrial landscape, encompassing sectors like IT, manufacturing, pharmaceuticals, and services, provides ample opportunities for MSMEs to flourish. Through initiatives like the Telangana State Industrial Policy and TS-iPASS, the government is fostering a conducive business environment that empowers MSMEs to thrive, contribute to employment generation, and drive economic growth in the region. In fact, one of the reasons to the incredible growth story of the nation's youngest state is attributed to its MSME environment.

The State of Telangana has approximately 2.6 million MSMEs, with 56% located in rural areas and 44% in urban centres¹⁸. These enterprises have collectively generated substantial employment opportunities for a remarkable 40 lakh individuals in the state and play a significant role in driving livelihoods¹⁹.

According to the Udyam portal as on 31st May 2023, Telangana showcases 5,25,166 registered MSME units²⁰. Micro enterprises dominate the sector, numbering 96.24% and offering employment to 58,98,593 (88%) individuals. Small enterprises accounted for 3.38% of total, creating opportunities for 5,27,372 people, while a miniscule of 0.37% of medium enterprises employ 2,58,527 individuals²¹.

	Registered MSMEs in Telangana	
	% Units	% Employment Provided
Micro	96.24%	88.24%
Small	3.38%	7.80%
Medium	0.37%	3.80%

Table 4 Category wise MSMEs in Telangana with resp. employment rates taken from Udyam Data May 2023

5.25 lakh registered MSMEs are distributed across 13 thrust sectors. A sector-wise study of the number of MSMEs shows that 47% of the state's MSMEs belong to the services sector. This is followed by the food processing sector and the FMCG & Domestic appliances sector each housing 14% of the total MSMEs. Together these 3 sectors constitute 75% of the total MSMEs. The size categories of the MSMEs in each sector too, follow the above trend. 75% of the total micro enterprises in the state can be found in the top 3 sectors; 75% of the total small enterprises of the state are in the top four sectors; 75% of the total medium enterprises in the top 5 sectors proving their significance.

18 MSME Sector – Invest Telangana

19 (Invest India Telangana 2023)

20 (Udyam Data May 2023)

21 (Udyam Data May 2023), table 6 – sector wise employment distribution



Sector	Size wise category							
	Total		Micro		Small		Medium	
	No. of units	% Of Total MSMEs	No. of units	% Of Total Size category	No. of units	% Of Total Size category	No. of units	% Of Total Size category
TOTAL	5,25,166		5,05,443		17,776		1,947	
Services	2,45,462	47	2,39,908	47	5,075	29	479	25
Food Processing	71,796	14	68,793	14	2,708	15	295	15
FMCG and Domestic appliances	71,675	14	68,743	14	2,775	16	157	8
Engineering and Capital Goods	39,209	7	36,171	7	2,651	15	387	20
Textiles Industry	23,836	5	23,390	5	396	2	50	3
Mineral based and wood-based Industries	22,936	4	21,468	4	1,354	8	114	6
Health & Life Sciences	15,406	3	14,356	3	899	5	151	8
Auto and Components	9,205	2	8,772	2	360	2	73	4
Plastic and Polymers	8,401	2	7,428	1	844	5	129	7
Electronics & IT Hardware	7,547	1	7,217	1	302	2	28	1
Gems and Jewellery	4,290	1	3,967	1	259	1	64	3
Waste Management and Green Technologies	2,926	1	2,814	1	99	1	13	1
Other Sectors	2,477	0.4	2,416	0.4	54	0.3	7	0.3

Table 5 Sector-wise MSMEs registered in the State

Geographically, 74 % of the total MSMEs in the state are concentrated around 10 out of the total 33 districts in the state. These districts namely Hyderabad, Ranga Reddy, Medchal Malkajgiri, Nalgonda, Nizamabad, Karimnagar, Warangal Urban, Khammam, Sangareddy, Mahbubnagar, Suryapet and Siddipet serving as vibrant centers for MSME activities in the State.



S No	Name of Districts	No. of MSMEs	Micro	Small	Medium
	Total	525166	505443	17776	1947
	% Contribution		96.24%	3.38%	0.37%
1	Hyderabad	106193	98361	6763	1069
2	Ranga Reddy	63341	60625	2408	308
3	Medchal Malkajgiri	54069	51349	2514	206
4	Nalgonda	26412	25938	434	40
5	Nizamabad	21956	21526	407	23
6	Karimnagar	21411	20881	504	26
7	Warangal Urban	18883	18238	609	36
8	Khammam	18330	17825	480	25
9	Sangareddy	15619	15075	476	68
10	Mahabubnagar	15115	14841	254	20
11	Suryapet	14964	14691	263	10
12	Siddipet	11135	10858	264	13
13	Yadadri Bhuvanagiri	10010	9847	154	9
14	Bhadradi Kothagudem	9978	9796	177	5
15	Peddapalli	9626	9450	172	4
16	Jagitial	9345	9193	151	1
17	Medak	9218	8975	223	20
18	Warangal Rural	8779	8631	142	6
19	Kamareddy	8234	8088	142	4
20	Mancherial	8014	7873	138	3
21	Vikarabad	7471	7354	114	3
22	Adilabad	6971	6788	164	19
23	Nagarkurnool	6719	6616	103	0
24	Mahabubabad	6606	6491	112	3
25	Rajanna Sircilla	5861	5781	79	1
26	Nirmal	5250	5101	141	8
27	Jangoan	5171	5092	76	3
28	Wanaparthy	4941	4878	62	1
29	Jogulamba Gadwal	4773	4683	85	5
30	Jayashankar Bhupalapally	3418	3373	43	2
31	Narayanpet	2963	2926	34	3
32	Komaram Bheem Asifabad	2658	2593	62	3
33	Mulugu	1732	1706	26	0

Table 6: District wise distribution of MSMEs in Telangana taken from the Telangana Udyam Dashboard 2023

Aspirational Districts

Out of the 33 states in Telangana, 3 districts namely – Warangal, Khammam, and Adilabad, have been deemed as aspirational districts²².

S No	Name of Districts	No. of MSMEs	Micro	Small	Medium
	State total	525166	505443	17776	1947
	% Contribution	7.64%			
1	Warangal	8779	8631	142	6
2	Khammam	18330	17825	480	25
3	Adilabad	6971	6788	164	19

Table 7 No. of MSMEs in Aspirational districts in the State

1.4 Governance Structure

The overall governance of the MSMEs within the State is under the Department of Industries and Commerce of the Government of Telangana. There is a dedicated Director- MSME & Retail furthering the MSME agenda in the State.

To aid in the effective implementation of policies and programs, the Commissioner of Industries and Commerce, the Directors of specialised business sectors and the Directors of various Corporations such as Telangana State Industrial Development Corporation, Telangana Industrial Health Clinic Limited (TIHCL), Telangana State Trade Promotion Corporation (TSTPC), Telangana State Industrial Infrastructure Corporation (TSIIC) etc work in conjuncture for the overall sector upliftment. Their responsibilities include developing the necessary hard and soft infrastructure to support investments, promoting of exports, facilitating trade and commerce, skilling of workforce, fostering innovation and incubation, encouraging women's entrepreneurship, developing industrial estates and so on.

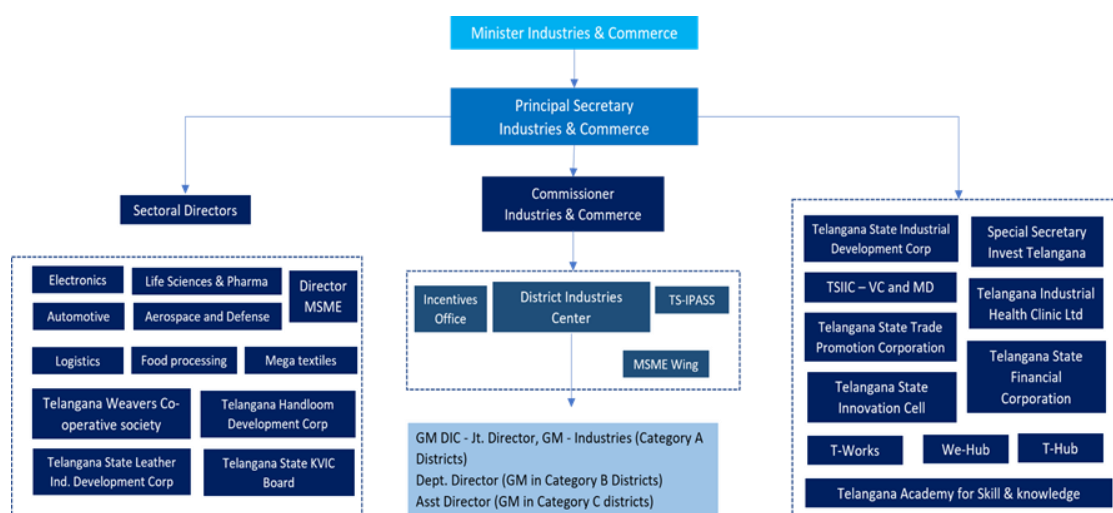


Figure 9 Institutional structure governing MSME sector in the State

At the district level, District Industries Centres (DICs) under the purview of the Commissioner of Industries and Commerce, serve as nodal hubs for governance. Additionally, the TS-IPASS an online portal, also under the Commissioner of Industries and Commerce, acts as a centralised node for Ease of Doing Business in Telangana. This single window interface enables streamlining

²² My MSME dashboard

the various industrial project approval processes thereby aiding in operating an efficient governance system. It ensures timely approvals, simplifies procedures, and overall serves as a one stop platform for the prospective and existing businesses.

1.5 Legal and regulatory framework

The system of laws, regulation and policies that govern the operations of the MSMEs in Telangana is a combination of national laws such as the MSMES Act 2006 and Goods & Services Tax Act as well as state specific laws on matters such as labor, electricity, water, pollution, etc. Some such central/ state acts and laws have been listed below:

S No.	Laws	Compliance areas
1	Micro, Small and Medium Enterprises Development (MSMED) Act, 2006	Parent framework for the promotion, development and enhancement of competitiveness of MSMEs in India
2	Factories Act	Factory registration, safety measures, working conditions and health standards resulting in penalties and closure of operations.
3	Telangana Industrial Disputes Act	Provisions related to industrial disputes, employee grievances, layoffs and retrenchment to prevent legal disputes and maintain harmonious industrial relations
4	Building and Other Construction Workers (Regulation of Employment and Conditions of Services) Act	Compliance with registration requirements, welfare provisions, safety measures and social security contributions for construction workers to ensure worker's well-being.
5	Labor Laws: Telangana Contract Labor (Regulation and Abolition) Act & Telangana Payment of Wages Act	Regulations governing the engagement of contract labor, timely payment of wages, wage deductions, maintaining proper wage records, including obtaining necessary licenses, ensure proper working conditions and adhering to wage and benefit provisions to avoid legal and penal complications regarding employee remuneration.
6	Employees' Provident Fund Scheme	Non-compliance with mandatory EPF contributions, timely deposit of funds, submission of returns and adherence to EPF rules and regulations can lead to penalties and legal disputes.
7	Telangana Shops and Establishments Act	Registration, working hour restrictions, employment regulations, non-compliance can result in penalties and legal consequences
8	Telangana Pollution Control Board (SPCB) Regulations	Environmental regulations, pollution control measures, hazardous waste disposal, leading to fines, penalties and legal action based on measures to be taken under various categories such as Green, Orange, red and white.
9	Telangana Contract Act	Provisions of contractual obligations, adherence to contract terms and conditions, resolution of contractual disputes and protection of contractual rights to avoid contract breaches and legal disputes.
10	Goods and Services Tax (GST)	GST registration, filing of returns, payment of taxes and maintenance of proper records, non-adherence can lead to penalties and legal implications.
11	Income Tax	Income tax regulations including timely filing of returns, payment of taxes, maintaining proper records and adherence to tax deductions and exemptions. Non-compliance can lead to penalties, interest and legal actions.
12	Telangana State Electricity Regulatory Commission (TSERC) Regulations	Compliance with electricity tariff regulations, metering requirements, timely payment of electricity bills to prevent penalties, disconnections and legal actions by electricity regulatory authorities.

S No.	Laws	Compliance areas
13	Telangana Fire Services Act	Compliance with fire safety regulations, installation of fire prevention and protection measures obtaining necessary fire safety clearances and conducting safety audits to prevent fire hazard accidents.
14	Telangana Motor Transport Workers Act	Regulations related to welfare of motor transport workers, including working conditions, hours of service, rest periods and provision of benefits to ensure worker well-being
15	Intellectual Property Rights (IPR)	Trademark registration, copyright protection, patent filings and safeguarding confidential information leading to infringements, legal disputes, and loss of intellectual property rights.

Table 8 Legal and regulatory framework for MSMEs in Telangana

1.6 Performance of MSME sector in Telangana

The performance of the MSME sector in Telangana is quantitatively estimated using the data available from sources such as the Udyam Portal, the Economic census, the National census, and data assimilated from various organizations under the State Government.

1.6.1 Composition

The MSMEs of Telangana (inclusive of those unregistered) constitute about 4.1% of the total MSMEs in India²³. However, the constitution of the MSMEs of Telangana that are formally registered on UDYAM to the national total amounts to slightly lower figure of 3.22%. This renders Telangana in the 26th position in the country in terms of the share of MSMEs.

In terms of the size of MSMEs (regardless of the registration status), micro enterprises signify a dominant presence with 96.2% of total MSMEs, followed by small enterprises with 3.4% of total MSMEs and medium enterprises at 0.38%. This is in conformity with the national trend.

	Udyam data as of May 2023		73 rd NSS (2015-16)	
Telangana	No. of enterprises registered	Proportion of enterprises to total MSMEs	Estimated no. of enterprises	Proportion of enterprises to total MSMEs
	(in lakh)		(in lakh)	
Micro	5.05	96.20%	25.94	99.58%
Small	0.18	3.40%	0.1	0.38%
Medium	0.02	0.38%	0.01	0.04%
Total MSMEs	5.25		26.05	

Table 9 Comparison of No. of MSMEs in the State- Udyam Vs NSS

Here it is important to note that although the 73rd NSS (2015-16) recorded a total of 26.05 lakh MSME units in Telangana, only 5.25 lakh units have been registered on the UDYAM portal to this date. This amounts to an average **22.53% registration rate** which is slightly **lower than the national rate of 28.74%**.

²³ MSME Annual Report 2022-23

State	Estimate No. of MSME (No. in lakh) MSME Annual Report 22-23 (As per NSS 73rd Round)	No. of MSME registered (No. in lakh) UDYAM data as of May 2023	Quantum of registrations %
India	633.88	182.19	28.74%
Maharashtra	47.78	32.45	67.91%
Tamil Nadu	49.48	18.62	37.63%
Uttar Pradesh	89.99	16.98	18.86%
Gujarat	33.16	13.58	40.95%
Rajasthan	26.87	13.48	50.16%
Telangana	26.05	5.87	22.53%

Table 10 Comparison of Udyam registrations of Telangana vs India from MSME Annual Report 2022-23

The trend of MSME registrations on the Udyam portal of Telangana for the last 4 years shows a gradual year on year increase for the micro and small enterprises except medium sized enterprises. Although this growth rate is slightly lower than the national rate (refer Figure 9), overall, this reflects a positive trend of MSME's onboarding on the Udyam portal, while also indicating the scope to ramp up the pace.

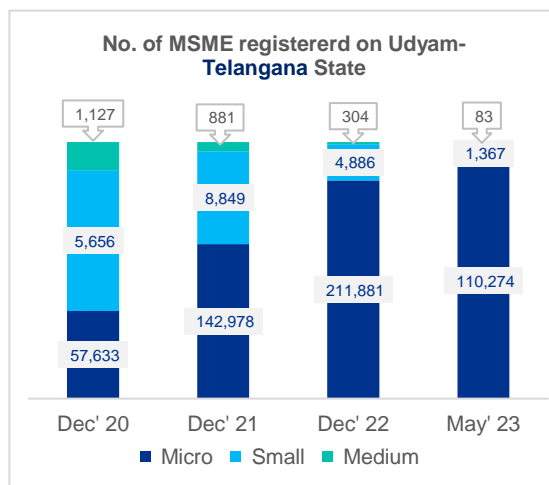


Figure 11 No. of MSMEs on UDYAM per category and growth for last 3 years for Telangana State from MSME Audit Report and MSME dashboard

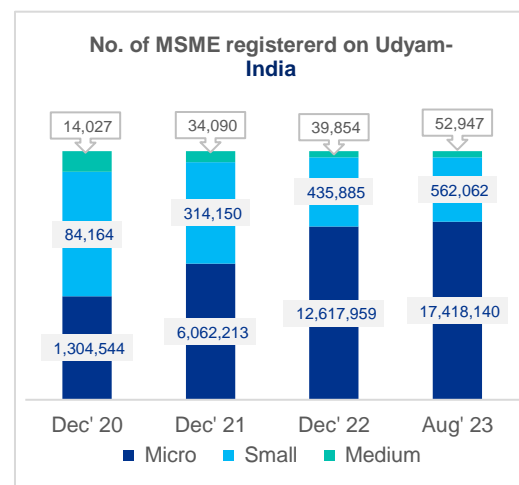


Figure 10 No. of MSMEs on UDYAM per category and growth for last 3 years for India from MSME Audit Report and MSME dashboard

Out of the total 5.98 lakh MSMEs in the state as of 31.8.2023, 1,45,505 units are owned by women entrepreneurs. This accounts for 24.31% of the total MSMEs in the state. Here again, close to 73.24% of the total women owned MSMEs in the state fall under the top 12 districts.

Women Headed MSMEs in Telangana State			
Type of Enterprises	Total MSMEs (As on 01.08.2023) (in lakhs)	Total women owned MSME (As on 01.08.2023) (in lakhs)	% of Women owned enterprises
Micro	5.746	1.425	24.81%



Women Headed MSMEs in Telangana State			
Type of Enterprises	Total MSMEs (As on 01.08.2023) (in lakhs)	Total women owned MSME (As on 01.08.2023) (in lakhs)	% of Women owned enterprises
Small	0.213	0.028	13.14%
Medium	0.024	0.002	8.33%
Total MSMEs	5.983	1.455	24.31%

Table 11 No. of Women headed MSMEs in the State as per Industries Department data

Herein, Telangana stands 8th in the nation in terms of total no. of women owned MSMEs in the nation and 3rd in terms of % composition of women led MSMEs in the state.

District	Women headed MSMEs	Share of Women owned MSMEs in district	Other Category	Grand Total
Total	145505	24%	452754	598259
Hyderabad	24828	21%	94823	119651
Ranga Reddy	17472	24%	55234	72706
Medchal Malkajgiri	16263	27%	44810	61073
Nalgonda	8948	30%	21224	30172
Khammam	6667	32%	14467	21134
Suryapet	6042	35%	11173	17215
Karimnagar	4875	21%	18462	23337
Nizamabad	4824	21%	18647	23471
Hanumakonda	4705	24%	14804	19509
Bhadradi Kothagudem	4007	36%	7265	11272
Mahabubnagar	3999	23%	13362	17361
Sangareddy	3941	22%	14126	18067
Warangal	2916	28%	7559	10475
Peddapalli	2839	26%	8267	11106
Nagarkurnool	2655	33%	5289	7944
Mancherial	2605	27%	6908	9513
Siddipet	2505	19%	10622	13127
Yadadri Bhuvanagiri	2441	21%	9237	11678
Mahabubabad	2375	31%	5362	7737
Jagitial	2241	20%	8805	11046
Medak	2123	20%	8280	10403
Vikarabad	1972	23%	6784	8756
Kamareddy	1920	20%	7847	9767
Rajanna Sircilla	1800	26%	5072	6872
Wanaparthy	1742	30%	4150	5892
Adilabad	1543	19%	6720	8263
Jangoan	1491	25%	4579	6070
Nirmal	1254	20%	5060	6314
Jogulamba Gadwal	1086	20%	4433	5519
Narayanpet	1043	30%	2481	3524

District	Women headed MSMEs	Share of Women owned MSMEs in district	Other Category	Grand Total
Jayashankar Bhupalapally	960	24%	2985	3945
Komaram Bheem Asifabad	842	26%	2393	3235
Mulugu	581	28%	1524	2105

Table 12 Women headed MSMEs in the State-District wise as per the Industries Department Data

1.6.2 Employment

As per the Udyam data for May 2023, the state of Telangana has about 66.48 lakh employees in the MSME sector. 88% of employment is provided by micro enterprises, 8% by small enterprises and 4% by medium enterprises.

Among the top thrust sectors in the state, the services sector is the most employment intensive and contributes to about 48.87% of the total employment in the MSME ecosystem. This is followed by the food processing industry accounting for 15% of total share and engineering and capital goods at 7%.

Sr. No.	Sector wise employment	Micro	Small	Medium	Total
1	Services	2,934,242	239,793	93,330	3,267,365
2	Food Processing	923,611	62,271	24,211	1,010,093
3	Mineral based and wood-based Industries	408,110	26,837	9,379	444,326
4	Engineering and Capital Goods	367,952	67,558	37,763	473,273
5	FMCG and Domestic appliances	360,892	33,411	14,489	408,792
6	Textiles Industry	276,601	10,860	9,348	296,809
7	Auto and Components	246,534	8,292	9,427	264,253
8	Health & Life Sciences	142,209	38,605	34,385	215,199
9	Plastic and Polymers	82,314	21,958	14,077	118,349
10	Electronics & IT Hardware	72,574	7,172	8,122	87,868
11	Gems and Jewellery	59,750	8,984	3,398	72,132
12	Waste Management and Green Technologies	23,804	1,631	598	26,033

Table 13 Sectors that are major contributors of employment ²⁴

In line with the geographical distribution of MSME units, the top 12 districts in the state with the major share of MSMEs generate 52% of the total employment of the MSME sector.

S NO.	Districts	Proportion of employment	Breakup
1	Hyderabad	52%	7.60%
2	Rangareddy		6.00%
3	Medchal Malkajgiri		5.70%
4	Warangal Urban		4.00%
5	Sangareddy		3.90%

²⁴ Services* - Travel and Transportation, Administration, Printing, A/V, Cultural, Information Technology, Financial Services, Legal and Accounting Services, Administration, Research activities, Rental and Leasing, Education, Newspapers, Magazines, books etc.

S NO.	Districts	Proportion of employment	Breakup
6	Karimnagar		3.90%
7	Nalgonda		3.80%
8	Nizamabad		3.70%
9	Khammam		3.60%
10	Mahabubnagar		3.30%
11	Suyapet		3.20%
12	Siddipet		3.10%
13	Medak	48%	3.00%
14	Yadadri Bhuvanagiri		2.80%
15	Warangal Rural		2.80%
16	Others		39.40%

Table 14 Districts that are major contribution of employment as of Udyam data May 2023

In terms of gender classification, female employees constitute a significant 38% of the total MSME employees in Telangana. This is significantly higher than the national trend of 24% however when adjusting for cultural differences across the country and comparing Telangana with culturally similar South Indian states, we see that this figure is at par as depicted in Table 11.

State	Employment (in lakhs)		
	Female	Male	Total
India	264.92	844.68	1109.89
Maharashtra	17.97	72.77	90.77
Tamil Nadu	32.27	64.45	96.73
Andhra Pradesh	21.01	34.98	55.99
Telangana	15.24	24.91	40.16

Table 15 Gender wise distribution of employment in MSMEs in South Indian States from NSS 73rd Round, 2015-16

With regards to ownership too, similar trends can be observed. While the percentage of female owned units in Telangana 23% is slightly higher than the national estimate of 19%, it is fairly like the other South Indian states that share a similar cultural context with respect to gender.

State	No. of units owned		
	Total	Female owned	% Of Total
India	14750018	2775390	19%
Maharashtra	2791139	562428	20%
Tamil Nadu	1533592	384866	25%
Andhra Pradesh	441687	113088	26%
Telangana	475574	110377	23%

Table 16 Gender wise distribution of ownership of MSMEs units in South Indian states from Press Information Bureau dated March 2023

Finally, another data set that is critical to the formulation of targeted MSME policies and the identification of systemic constraints to growth, is the size distribution of enterprises based on the number of workers employed. An increase in medium sized and large sized enterprises over time is a good indicator of expansion and growth. Besides, from the workers' point of view it is well known that larger firms provide more work opportunities and better wages. In Telangana, (as is with the India), we see that over 70% of MSMEs have an employment size less than 50 workers, that too with a majority in the micro category.

1.6.3 Export and global linkages

Enhanced participation of Telangana's MSMEs in Global Value Chains (GVC) holds the potential to foster their growth, facilitate adoption of innovative practices, promote transfer of technology and exchange of best practices and transfer of skill sets to increase productivity in their respective sectors. However currently, a significant number of MSMEs in Telangana are not actively involved in GVCs. MSME's have advantage in exports if they can offer competitive prices or possess the expertise in developing niche products in their sectors. Unlike larger organization and industry players, for MSMEs their smaller size provides them with the agility and swiftness in customizing products, if given the right enabling environment to thrive and resources to gain a competitive edge in global market.

According to **NITI Aayog's Export Performance Index Report 2022, Telangana ranks 2nd in the nation** among landlocked states with a score of 61.36²⁵. Similarly, **Telangana stood first in the country** in creating the best business environment scoring 100, according to the NITI Aayog's 2nd edition of **Export Preparedness Index (EPI)-2021**. The state also secured a place among the top five states in India which contribute to about 75% of the country's overall exports²⁶.

For the year **2022-2023, Telangana's total export value stood at 9, 426,527 crores accounting for 2.5% of the total exports of India**. While this is a 4.21% increase of the state's exports from the previous year, the state's contribution to the nation's exports has dropped by 0.7%.

Export comparison India vs Telangana (2018-23) (Rs. In Crores)					
States	2018-19	2019-20	2020-21	2021-22	2022-23
India	36,864,380	22,260,700	241,035,060	345,111,060	369,601,960
Telangana	457,084	946,646	7,192,098	9,045,328	9,426,527
% of India	1.24	4.25	2.98	2.62	2.55

Table 17 Export data India vs Telangana for the period 2018-23, taken from DGCIS

25 Press Information Bureau of India, July 2023

26 Telangana Industries Annual Report, 2021

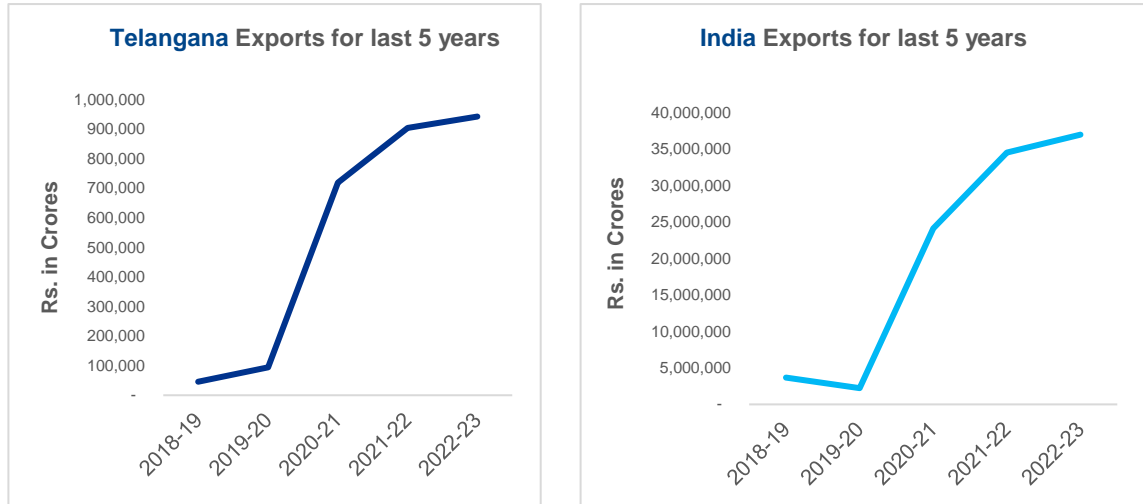


Figure 12 Telangana and India export performance in last 5 years, taken from DGCIS

An interstate comparison of export performance for the year 2022-23 shows that **Telangana ranks 9th in the country for total exports**, with Gujarat, Maharashtra and Tamil Nādu taking the first three spots. The below figure depicts the export performance of the top 5 states in the nation viz-a-viz Telangana.

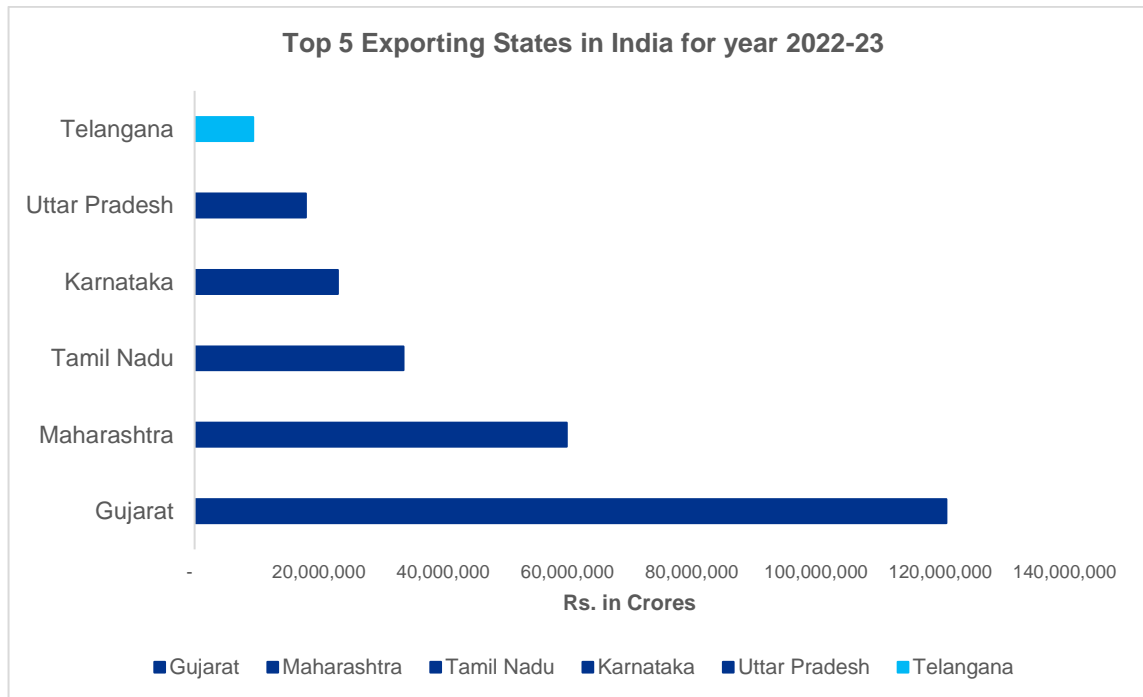


Figure 13 Overall export performance of top 5 States for FY 2022-23 in India taken from DGCIS, EXIM

Sr. No.	Countries (Export Destination)	2022-23 (Rs. In Crores)
1	USA	2,829,843
2	China	548,910
3	UAE	458,785
4	Belgium	281,542
5	UK	233,370
6	Germany	211,687
7	Bangladesh	202,353
8	Russia	195,448
9	Canada	180,778
10	Brazil	175,269
11	Other Countries	10,54,067
Total		63,72,053

Table 18 Top 10 Export destination for FY 2022-23 taken from DGCIS



Figure 14 % of Top 10 Export destination for FY 2022-23 taken from DGCIS

75% of total exports of the state of Telangana for the year 2022-23, was sent to 7 countries namely, USA, China, UAE, Belgium, UK, Germany, and Bangladesh. USA accounts for a remarkable 44% of the total exports followed by China. In terms of the commodities exported, pharmaceuticals and biological formulations comprise is the top exported product category. This followed by chemicals and the aeronautical. The below provided the top 10 product category exported with their corresponding values.

Sr. No.	Commodity	Value in Rs. Crores for FY 2022-23
1	Drug Formulation, Biologicals	3,490,232
2	Residual Chemical and Allied Products	708,660
3	Organic Chemicals	363,750
4	Spices	331,139
5	Electric Machinery and Equipment	260,832
6	Gold and Other Precious Metal Jewelry	168,502
7	Granit, Natural Stone, and Product	147,474
8	Aircraft, Spacecraft	126,913
9	Electronics Components	123,297
10	INDL Machinery for Dairy	119,275
11	Other Commodities	1,182,464
Total		7,022,537

Table 19 Top 10 commodities Exported in FY 2022-23 taken from DGCIS

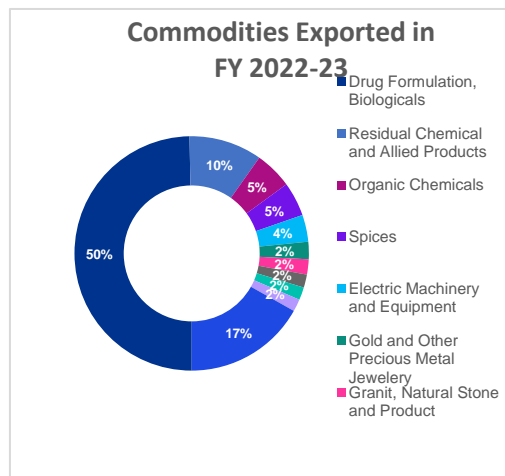


Figure 15: % of Top 10 commodities Exported in FY 2022-23 taken from DGCIS

District as Export Hub (DEH) & One District One Product (ODOP)

Highlighting the need to channelize the potential/diverse identity of each district in our nation to make them export hubs and help small producers access overseas markets, the Department of Commerce introduced the **DEH initiative**. In a similar vein, the Ministry of Food Processing Industries in 2018, had introduced the ODOP program to identify and promote the export of at least one unique product from each district in the country. Subsequently, the overlapping objectives of the two programs led to them being operationally merged in 2022. Herein, **export worthy products have been identified in all the 33 districts** in Telangana. Below is the list of products identified.



List of products under ODOP for Telangana		
S No.	District name	Products Identified as per Minutes of District Level Export Promotion Committee
1	Adilabad	Cotton and Soybean
2	Bhadradi Kothagudem	Paddy Maize and Cashew Nuts
3	Hyderabad	Gems & Jewelry
4	Jagitial	Mango & Rice
5	Jangoan	Rice (Paddy), Handloom and Textiles (Cotton & Silk)
6	Jayashanker Bhupalapally	Chilies, Cement Products
7	Jogulamba Gadwal	Handloom & Textiles (Gadwal Sarees) and Groundnut
8	Kamareddy	Rice & Soyabean
9	Karimnagar	Granite, silver Filigree & Mango, Rice
10	Khammam	Chilies and Granites
11	Komaram Bheem Asifabad	Paddy, Cotton & other Food products (Millets)
12	Mahabubnager	Red gram & Fruits (Mango) & Vegetables and Cotton
13	Mancherial	Rice, Cotton & Mango
14	Medak	Rice, Tomatoes, Maize (sweet corn) & Mango
15	Medchal Malkajgiri	Pharmaceuticals & Biotech Products and Engineering (High Precision Components)
16	Mahabubabad	Chilies & Turmeric
17	Mulugu	Chilies & Tourism
18	Nagarkurnool	Mango & Groundnut
19	Nalgonda	Rice, Sweet lime, Power looms & Pharma
20	Narayanpet	Fruits (Custard Apple Pulp) Handloom & Textiles (Cotton and Silk)
21	Nirmal	Cotton, Maize, Turmeric and Nirmal Crafts
22	Nizamabad	Turmeric & Rice, Seeds Processed) Granites
23	Peddapali	Products Rice based products and Mineral based (Clay Flash & Cement)
24	Rajanna Sircilla	Handloom & Textiles, Dairy Products and Fisheries
25	Ranga Reddy	Food Processing (Biscuits & Confectionery) Quartz & Feldspar, Packing Material, RNR Rice and mango processing
26	Sangareddy	Pharma, Food Processing (Fruits & Vegetables and Engineering
27	Siddipet	Cheniyal Paintings, Cotton (Gollabama Sarees) Mango & Rice
28	Suryapet	Rice, Cement and Red Chilies
29	Vikarabad	Pulses and Fruits & Vegetables, Fullers Earth Granules & Powder, Stone cutting & Polishing Slabs
30	Wanaparthy	Groundnut, & Mango
31	Warangal Rural	Chilies Turmeric and RNR Rice
32	Warangal Urban (Hanumakonda)	Red Chilies, Durries, Granite & Tourism

List of products under ODOP for Telangana		
S No.	District name	Products Identified as per Minutes of District Level Export Promotion Committee
33	Yadadri Bhuvangiri	Handloom-Pochampally Ikat products and Bulk drugs

Table 20 ODOP Program list for Telangana

1.6.4 Sector wise list of major anchor buyers and vendors to PSUs

The following table provides a snapshot of the major anchor buyers/procurement agencies and MSME vendors to PSUs, district/cluster wise for the top sectors in the state.

Sector Name	Name of the Cluster/District	Vendor to PSUs	Major Anchor Buyers/Procurement Agencies
Auto & Auto components	Hyderabad	Registered vendors	Bharat Heavy Electricals Limited (BHEL) Electronics Corporation of India (ECIL)
	Ranga Reddy	NSIC Single Window Registration members	
	Sangareddy	Members of major industries associations including Jeedimetla Industries Association, Patancheru Industries Association and Cherlapally Industries Association.	
	Malakajiri – Medchal	Registered vendors	
Mineral based and wood-based industries	Hyderabad	Registered vendors	National Mineral Development Corporation (NMDC) Mishra Dhatu Nigam Limited (MIDHANI)
	Ranga Reddy	NSIC Single Window Registration Members	
Electronics & IT Hardware	Hyderabad	Registered vendors	Electronics Corporation of India (ECIL) Bharat Heavy Electricals Limited (BHEL)
	Ranga Reddy	NSIC Single Window Registration Members	
Engineering & Capital Goods	Hyderabad	Registered vendors	Bharat heavy Electricals Limited (BHEL) Bharat Dynamics Limited (BDL)
	Ranga Reddy	NSIC Single Window Registration Members	
	Medak	Members of major industries associations including Jeedimetal Industries Association, Patancheru Industries Association and Cherlapally Industries Association.	
	Sangareddy	Registered vendors	
Plastics & Polymers	Hyderabad	Registered vendors	Bharat Heavy Electricals Limited (BHEL) Electronics Corporation of India (ECIL) Bharat Dynamics Limited (BDL)
	Ranga Reddy	NSIC Single Window Registration Members	
	Sangareddy	Members of major industries associations including Jeedimetal Industries Association, Patancheru Industries Association and Cherlapally Industries Association.	
	Medchal – Malkajiri	Registered vendors	
Textiles	Hyderabad	Registered vendors	



Sector Name	Name of the Cluster/District	Vendor to PSUs	Major Anchor Buyers/Procurement Agencies
	Ranga Reddy	NSIC Single Window Registration Members	Bharat Heavy Electricals Limited (BHEL)

Table 21 Sector wise information on major anchor buyers and vendors to PSUs

1.6.5 Overview by sector

The following table provides details for each thrust sector in terms of the no. of MSMEs, no. of geographic clusters, contribution to employment and top 5 districts in which the sectors have highest presence.

NIC 2 Digit Code	Industry	No. of MSMEs	Proportion of MSMEs in total MSMEs in the State - annexure 1	Geographic Clusters	Employment in sector (number)	Employment in sector (share in total)	Top 5 Districts
18,35,36, 37,38,39,41 to 98	Services	2,45,462	47%	07	3,627,365	48.9%	1. Hyderabad 2. Ranga Reddy 2. Medchal Malkajgiri 3. Nalgonda 4. Nizamabad
10	Food processing	71,796	14%	17	1,010,093	15.1%	1. Hyderabad 2. Ranga Reddy 3. Medchal Malkajgiri 4. Nalgonda 5. Nizamabad
00	FMCG and Domestic appliances	71675	14%	01	408,792	6.1%	1. Hyderabad 2. Ranga Reddy 3. Medchal Malkajgiri 4. Nizamabad 5. Nalgonda
28	Engineering and Capital Goods	39,209	7%	12	473,273	7.1%	1 Medchal Malkajgiri, 2 Hyderabad, 3 Ranga Reddy, 4 Sangareddy, 5 Karimnagar
13	Textile industries	23,836	5%	20	296,809	4.4%	1. Hyderabad 2. Ranga Reddy 3. Medchal Malkajgiri 4. Karimnagar 5. Nalgonda
05,06,07,08, 16	Mineral based and wood- based industries	22,936	4%	16	444,326	6.6%	1. Hyderabad 2. Ranga Reddy, 3. Medchal Malkajgiri 4. Karimnagar 5. Khammam
21	Health & Life Sciences	15,406	3%	02	215,199	3.2%	1. Ranga Reddy 2. Medchal Malkajgiri



NIC 2 Digit Code	Industry	No. of MSMEs	Proportion of MSMEs in total MSMEs in the State - annexure 1	Geographic Clusters	Employment in sector (number)	Employment in sector (share in total)	Top 5 Districts
							3. Karimnagar 4. Khammam 5. Nizamabad
29, 30	Auto and Components	s9,205	2%	01	264,253	4.0%	1. Hyderabad 2. Ranga Reddy 3. Medchal Malkajgiri 4. Nalgonda 5. Nizamabad
22	Plastic and Polymers	8,401	2%	03	118,349	1.8%	1. Medchal Malkajgiri 2. Hyderabad 3. Ranga Reddy 4. Sangareddy 5. Nalgonda
26	Electronics & IT Hardware	7,547	1%	03	87,868	1.3%	1. Hyderabad 2. Medchal Malkajgiri 3. Ranga Reddy 4. Karimnagar 5. Nizamabad
32	Gems and Jewelry	4,290	1%	16	72,132	1.1%	1. Hyderabad 2. Karimnagar 3. Ranga Reddy, 4. Warangal 5. Medchal Malkajgiri
36,37,28 & 39	Waste Management and Green Technologies	2,926	%	0	26,033	0.4%	1. Hyderabad 2. Medchal Malkajgiri 3. Ranga Reddy 4. Sangareddy 5. Warangal Urban

Table 22 Details of sector-wise MSMEs in the State

1.6.6 Cluster profile based on Export Engagement and Potential

The following table provides a sector-wise overview of the major clusters in Telangana, their location, the number of MSMEs it comprises, the product range and details on the availability of shared facilities. Apart from catering to the domestic demand, many of these clusters have potential to export their products to overseas markets.

Sr. No.	Name of Sector	District	Geographical Cluster
1.	General Engineering	Hyderabad	<ul style="list-style-type: none"> No. of Units: The cluster consists of around 200 units, majority of them micro enterprises Nature of Cluster: Represented by Geethanagar Navajeevan Nagar Micro Industries Association, the cluster got a sanction of 10.30 crores under MSE-CDP Product Range: The major product category includes general engineering works, CNC, lathe works and plastics and engineering products Markets: Currently the cluster is catering to domestic market to the destinations such as Nagpur, Mumbai, Delhi, Uttar Pradesh, and A.P etc. and some of them supply to PSUs such as ECIL, Midhani, BDL Expansion Plan: Engineering and infrastructure facilities are under construction and would be ready by end of the FY 2023 and association is willing to provide space for establishing skill training center.
2.	Food processing- Biscuits, wafers, and Confectionary	Hyderabad	<ul style="list-style-type: none"> No. of Units: Around 40 units concentrated in and around Kattedan area of Hyderabad, majority of the units are small and micro enterprises and offering direct and indirect employment to 10,000 Nature of Cluster: It's a natural cluster without any assistance provided under Govt schemes Product Range: The product range includes Biscuits, Wafers, and Confectionary items Markets: Catering to primarily domestic markets and few units into exports. Awareness on Government Schemes: There is very low level of awareness among their members
3.	Multi sector	Medak	<ul style="list-style-type: none"> No. of Units: They are around 450 units operating in and around Patancheru of which majority of them are small and micro enterprises Nature of Cluster: It's a natural cluster represented by Patancheru Industries Association which is not much active these days. Product Range: The product range is general engineering, defence and aerospace, food processing, casting etc Markets: Large chunk of units are suppliers to BHEL which is public sector undertaking. There are few units in exports catering to engineering products Awareness on Government Schemes: Majority of units felt that GeM portal is very useful for awareness and government schemes uptake is quite high.
4.	Ceramics	Mancherial	<ul style="list-style-type: none"> No. of Units: Out of 36 units spread across Telangana, 26 units are presently operating from this cluster.



Sr. No.	Name of Sector	District	Geographical Cluster
			<ul style="list-style-type: none"> Nature of Cluster: The cluster formed an association called Ceramic cluster Manufacturers Association Product Range: Major products being manufactured are Stoneware Glazed (SWG) Pipes. Availability of raw material and coal are major reasons for the concentration in the cluster
5.	Silver Filigree	Karimnagar	<ul style="list-style-type: none"> No. of Units: Around 520 artisans are working in this cluster engaged in traditional silver filigree art. Nature of Cluster: A common facilities center (CFC) was set up in this cluster under SFURTI Scheme. An association was formed at cluster level to oversee skilling of artisan and backend marketing support. Markets: The association markets their products through Kalanjali, Lepakshi and Golkonda centers
6.	Textiles	Karimnagar	<ul style="list-style-type: none"> No. of Units: Siricilla Textile Park was set up in the year 2003 with an investment of Rs. 7.73 Cr., in 75 Acres, 210 industrial plots of which 119 units commenced production. Currently only 60 units are operational. Nature of Cluster: Many units were closed due to covid pandemic beside higher cost of raw materials. Majority of the units are dependent on government orders.
7.	Furniture	Warangal	<ul style="list-style-type: none"> No. of Units: Around 2000 artisan/carpenters working in this cluster are spread across Warangal and Hanumakonda. Nature of Cluster: All the workers are engaged in traditional machinery leading to low value-added products. Awareness on Government Schemes: The cluster has not received any support under any government scheme so far.
8.	Leather	Warangal	<ul style="list-style-type: none"> No. of Units: Around 16 tanneries are working in this cluster mainly in the geographical location of Enumamula in Warangal. Only 3 tanneries are operational and engaged in providing lamb and goat skins.
9.	Composites (Earlier fiberglass)	Hyderabad	<ul style="list-style-type: none"> No. of Units: There are around 300 units spread across Hyderabad of polymer composites catering to steel, wood and defense sectors etc. Nature of Cluster: It is being represented by TAACMA (Telangana and Andhra Pradesh Composite Manufacturers Association). It has been informed that Government of Telangana allotted land to TAACMA for setting up CFC in Ibrahimpatnam which will be operationalized in near future. Markets: Majority of the units are catering to domestic markets and very few units are into exports.
10.	Jeedimetla Industries Association	Hyderabad	<ul style="list-style-type: none"> JIA considered to be one largest and oldest industrial areas in India having close to 1500 units. The units are from multiple sectors, majority being pharma, electronics and engineering sectors.

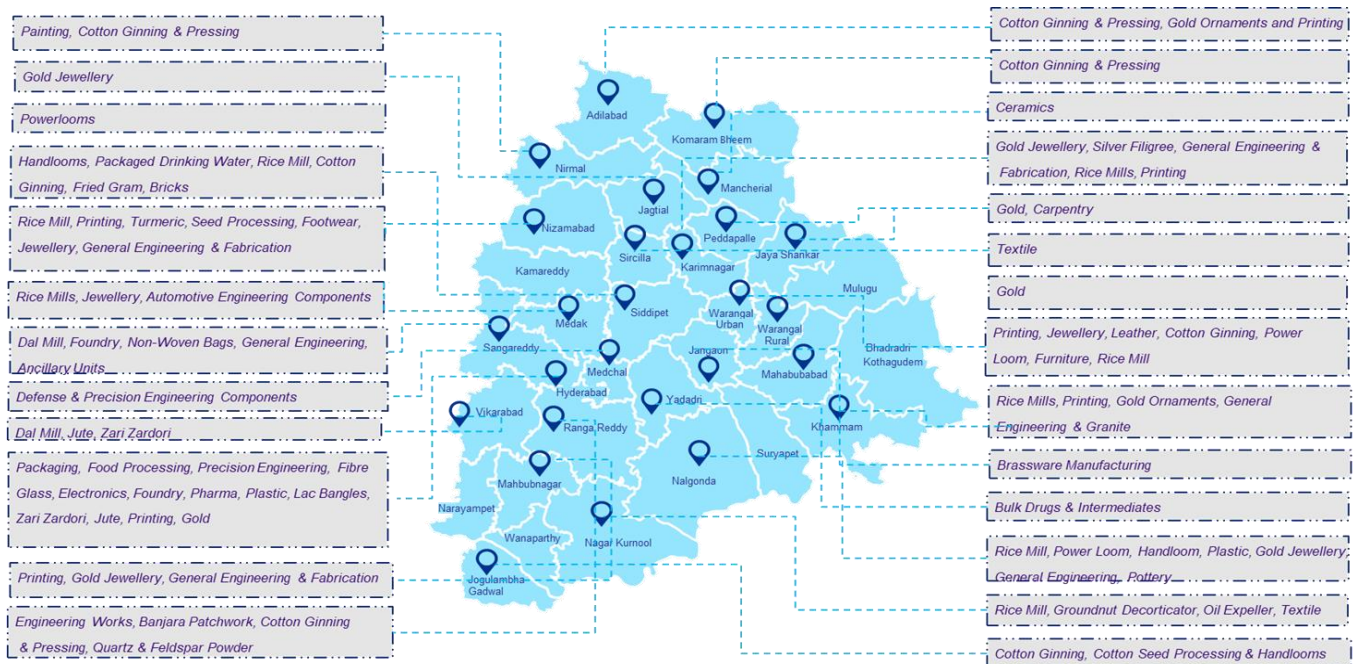


Sr. No.	Name of Sector	District	Geographical Cluster
			<ul style="list-style-type: none"> The industrial area is advanced and has good connections, however no scope for expansion. The industrial area has a testing facility and convention centre for the use by its members.
11.	Cherlapally Industries Association	Hyderabad	<ul style="list-style-type: none"> No. of Units: There are around 1000 units located in Cherapally industrial area in various phases Nature of Cluster: Key sectors housed in the industrial area are printing, forging & general engineering, and plastics etc. and providing employment to 40,000 directly and indirectly. Markets: Majority of the units located are suppliers to Hyderabad based PSUs and OEM. Few units catering to international markets.
12.	Pottery	Nizamabad	<ul style="list-style-type: none"> No. of Units: This artisan cluster based at Chandur in Nizamabad consists of 150 members. Nature of Cluster: The cluster sanctioned under SFURTI scheme and CFC is fully operational. SPV is also formed for this cluster and both soft and hard interventions have been taken-up. Presently the cluster is exploring product diversification with advance training skills.
13.	Zari Zardosi	Hyderabad	<ul style="list-style-type: none"> No. of Units: Around 600 members are working in the cluster engaged in traditional Zar Zardosi work. Nature of Cluster: This artisan-based cluster based at Yakutpur of old city of Hyderabad primarily targets minority community. CFC is fully operational and a separate SPV has been formed for this cluster. Product Range: A common product catalogue is prepared for marketing support. Tie-up with brand-buzz for technical and back-end support has been initiated.
14.	Banjara Jewellery	Nizamabad	<ul style="list-style-type: none"> No. of Units: Around 600 artisans work in the cluster, engaged in traditional banjara jewellery works. Nature of Cluster: The cluster is based at Varni in Nizamabad district. Common Facility Centre is fully operational and both soft and hard interventions are being implemented. A separate SPV is also formed for this cluster.
15.	Zari Zardosi	Vikarabad	<ul style="list-style-type: none"> No. of Units: Around 600 artisans are working in this cluster in traditional zari zardozi work. Nature of Cluster: The CFC is fully operational and both soft and hard interventions are being implemented. A separate SPV is also formed for this cluster
16.	Tribal Jewellery	Nizamabad	<ul style="list-style-type: none"> No. of Units: It consists of 150 artisans primarily engaged in traditional artwork for tribal jewellery products. Nature of Cluster: The cluster is based at Dichpally in Nizamabad district. The CFC is fully operational and both soft and hard interventions are being implemented
17.	Lac Bangles	Hyderabad	<ul style="list-style-type: none"> No. of Units: It consists of 600 artisans engaged in traditional lac bangle works

Sr. No.	Name of Sector	District	Geographical Cluster
			<ul style="list-style-type: none"> Nature of Cluster: This cluster is based out in Hyderabad. The CFC is fully operational. Both hard and soft interventions are under implementation

Table 23 Cluster profile based on Employment & Export Potential

District wise Clusters in the State



Source: MSME – DI

Figure 16 District wise cluster mapping

2. Scope of study & Methodology



2. Scope of Study & Methodology

The primary objective of the RAMP project is to strengthen the performance/resilience of MSMEs through sustainable and innovative market-based services at both the Central and State levels²⁷. This will include the strengthening of institutions and governance mechanisms as well as enhancing firms' capabilities through better access to markets and credit. In order to arrive at an evidence based, holistic MSME support programme for every state, a diagnostic exercise through a Strategic Investment Plan (SIP) is conducted. The SIP will help develop a comprehensive understanding of the MSME situation as it stands and to conceptualize a strategic roadmap to achieve the overarching objectives of the RAMP program.

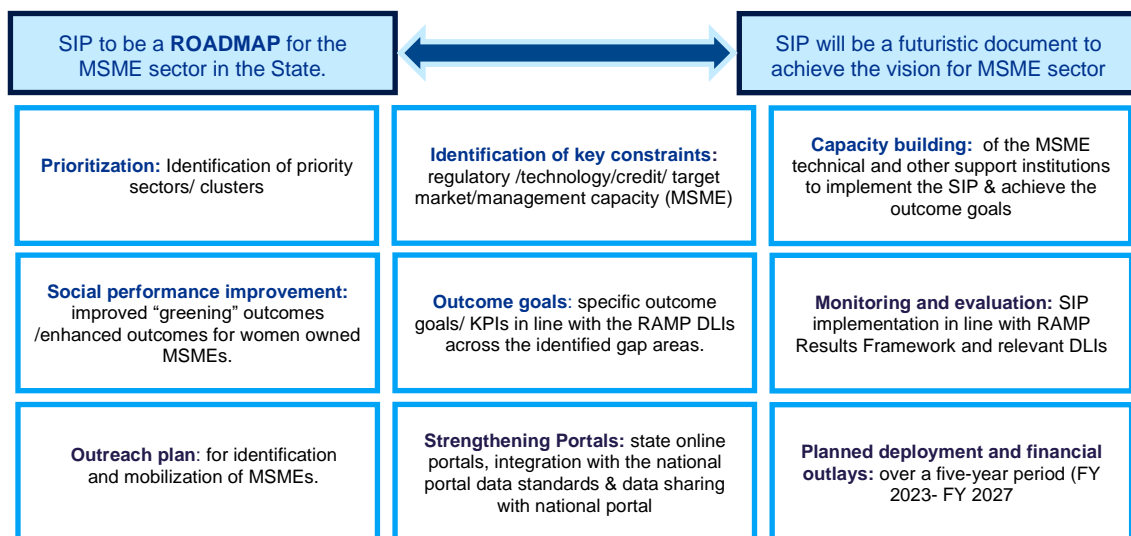


Table 24 RAMP approach for a comprehensive SIP preparation

As the first step in the exercise, the priority/ thrust sectors for the state of Telangana were identified from the Industrial Policy Framework of Telangana 2023. This framework suggests 14 thrust areas and core sectors, based on detailed studies and expert consultations that was conducted by the Telangana Industries Department. It was done to identify the competitive advantages of the state based on factors like geographical location and availability of resources, raw materials, skill base and existing expertise²⁸.

Subsequently, of a list of 85 sectoral activities with unique NIC codes were mapped across 33 districts of Telangana using the Udyam data. The different sectors were scrutinised for various factors like growth trends, number of MSME enterprises, (manufacturing & services units), employment generated, district-wise contribution of sectors to state's GDP, etc. Based on the results, a total of 12 thrust sectors were finalised as priority sectors for the RAMP programme, in consultation with the state. The sectors have been captured in the figure below:

²⁷ RAMP Programme Implementation Manual

²⁸ Industrial Policy Framework 2023, Invest Telangana



Figure 17 Thrust Sectors in the State

Component 1: A comprehensive baseline study incorporating both primary and secondary research methodologies was conducted to analyse the as-is situation of the state's MSME ecosystem. This helped in identifying the key constraints and challenges hampering the growth of this sector. Primary research involved 2000 in-person surveys of MSMEs across the state. Online survey through a specialised tool- survey monkey was administered to 10,000 MSMEs and also through industry associations, however there was not much success in terms of online responses received.

Component 2: Parallely, over 50 stakeholder consultations with various key players of the state's MSME ecosystem were carried out. This comprised of in-depth interviews and focus group discussions across thematic areas. Secondary research took form of desk-based research of past performances, current trends, potential opportunities and target markets for growth and scholarly accounts of systemic gaps, etc. Also, a benchmarking exercise with respect to performance parameters of MSMEs with national and international best practices was conducted.

The mixed methodology was adopted to do away with potential gaps that may arise while employing singular methods as well as to bolster the validity of the findings. Thereby, the data collected from the three sources were triangulated and corroborated for authenticity. It was then analysed in accordance with the Key Performance Indicators (KPI) and Key Result Areas (KRAs) suggested by the programme.



Figure 18 Baseline survey components

2.1 Survey

2.1.1 Sample Selection

As mentioned earlier, preliminary analysis of the Udyam data for the state revealed that around 74.45% of the state's total MSMEs are concentrated in 12 out of the 33 districts in Telangana. These districts namely: Hyderabad, Ranga Reddy, Medchal Malkajgiri, Nalgonda, Nizamabad, Karimnagar, Warangal Urban, Khammam, Sangareddy, Mahbubnagar, Suryapet and Siddipet were considered as the population sample for the scope of the baseline survey.

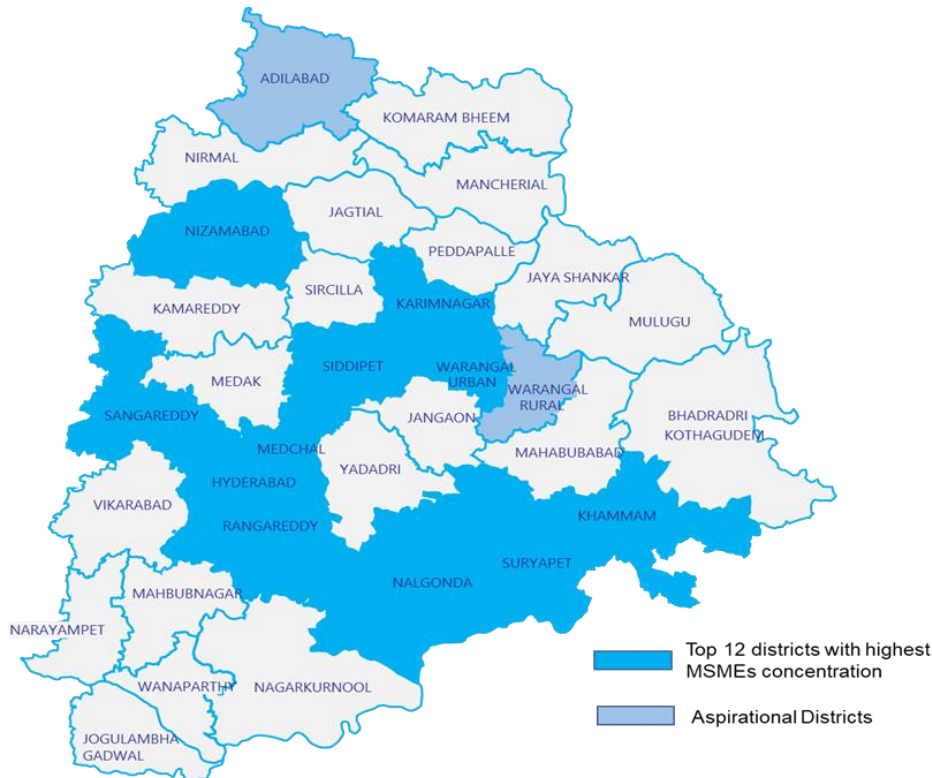


Figure 19 Baseline survey map for selected districts of the State

2.1.2 Sample Size Estimation

To ensure sufficient coverage and adequate representation of the study population, a 95% confidence interval was applied to the total population of 3,87,428 units. This resulted in a sample size of 5000 MSMEs, calculated as below.

The formula used is $n = (Z^2 \times P \times (1-P)) / (ME^2)$ where:

- n = sample size
- Z is the z-score corresponding to the desired confidence level (1.96 for 95% confidence level)
- P is the estimated proportion (0.5 as a conservative estimate)
- ME is the margin of error (+/- 1.37%, in this case)

2.1.3 Sample Stratification

S No	Name of Districts	Total MSMEs in the Telangana				Survey Sample			
		Total MSMEs	Micro	Small	Medium	Total MSMEs	Micro	Small	Medium
	Total	387428	370208	15376	1844	5000	4772	198	30
	% Composition		95.5%	4%	0.5%		95.4%	4%	0.6%
1	HYDERABAD	106193	98361	6763	1069	1370	1269	87	14
2	RANGA REDDY	63341	60625	2408	308	817	782	31	4
3	MEDCHAL MALKAJGIRI	54069	51349	2514	206	698	662	33	3
4	NALGONDA, NIZAMABAD, KARIMNAGAR, WARANGAL URBAN, KHAMMAM, SANGAREDDY, MAHABUBNAGAR, SURYAPET & SIDDIPET ²⁹	163825	159873	3691	261	2115	2059	47	9

Table 25 Sample Stratification for the State

The chosen sample of 5000 MSMEs was spread across the top 12 districts were then stratified based on the enterprise type – micro, small and medium. The quantum of units under each enterprise category followed the overall trend in the state. Further, the sample was also inclusive of MSMEs owned by marginalized social groups such as women, SC and ST.

As mentioned earlier, the baseline survey was conducted using both offline and online methods. While in- person surveys were being carried with 2000 MSMEs, online survey forms were shared with over 10,000 MSMEs registered on the Udyam portal. To further promote the reach of online surveys, the online forms were shared with various industrial associations during stakeholder consultations, who then ensured that it was shared with their respective association members. Apart from these surveys, FGDs with associations like CII, ALEAP, DICCI, FICCI, FTCCI, Jeedimetla Industrial Association, Cherlapally Industrial Association, TIF, TAACMA, Geetanagar-Navjeevan Association as well as rural/ semi-urban clusters in Telangana such as the Ceramic Stoneware cluster at Mancherla, Leather cluster at Enumamula, Textile cluster at Siricilla, Silver Filigree cluster at Karimnagar, Furniture cluster at Hanamkonda, etc. helped in capturing the perspectives and concerns of over 250 MSMEs entrepreneurs first-hand.

2.1.4 Priority Sector Focus

85 sectoral activities with unique NIC codes were mapped across the 33 districts of Telangana and analysed for various data points. Once again, this analysis was used to verify the robustness of the selected sample by cross checking each sector against the geographical concentration of MSMEs. Table 8 provides a snapshot of this analysis.

²⁹ A combined stratification has been adopted for these 9 districts for the purpose of analysis and easy representation, owing to the relatively smaller proportion of MSMEs in these districts in comparison to the top 3, as well as their similarity in terms of enterprise distribution pattern both in size and across sectors.

Sectors	Top 5 Districts (Concentration of MSMEs)				
Auto and Components	HYDERABAD	RANGA REDDY	MEDCHAL MALKAJGIRI	NALGONDA	NIZAMABAD
	(1.86%, 1977)	(1.65%, 1042)	(1.49%, 804)	(1.73%, 456)	(1.86%, 408)
Electronics & IT Hardware	HYDERABAD	MEDCHAL MALKAJGIRI	RANGA REDDY	KARIMNAGAR	NIZAMABAD
	(1.89%, 2008)	(2.02%, 1090)	(1.37%, 870)	(1.35%, 289)	(1.23%, 269)
Engineering and Capital Goods	MEDCHAL MALKAJGIRI	HYDERABAD	RANGA REDDY	SANGAREDDY	KARIMNAGAR
	(19.00%, 10271)	(8.75%, 9295)	(8.52%, 5395)	(10.50%, 1640)	(5.17%, 1106)
Food Processing	HYDERABAD	RANGA REDDY	MEDCHAL MALKAJGIRI	NALGONDA	NIZAMABAD
	(11.26%, 11955)	(13.42%, 8499)	(10.84%, 5862)	(14.15%, 3738)	(16.55%, 3633)
Health & Life Sciences	HYDERABAD	RANGA REDDY	MEDCHAL MALKAJGIRI	KARIMNAGAR	NIZAMABAD
	(4.55%, 4834)	(3.32%, 2103)	(3.42%, 1849)	(2.94%, 630)	(2.57%, 565)
Mineral based and wood-based Industries	HYDERABAD	RANGA REDDY	MEDCHAL MALKAJGIRI	KARIMNAGAR	KHAMMAM
	(4.13%, 4390)	(4.66%, 2952)	(5.10%, 2757)	(7.55%, 1617)	(6.00%, 1100)
Plastic and Polymers	MEDCHAL MALKAJGIRI	HYDERABAD	RANGA REDDY	SANGAREDDY	NALGONDA
	(4.24%, 294)	(1.94%, 2059)	(2.44%, 1543)	(1.91%, 298)	(0.82%, 217)
Textiles Industry	HYDERABAD	RANGA REDDY	MEDCHAL MALKAJGIRI	KARIMNAGAR	YADADRI BHUVANAGIRI
	(4.68%, 4970)	(3.77%, 2391)	(3.94%, 2130)	(7.61%, 1630)	(5.87%, 1551)
Waste Management and Green Technologies	HYDERABAD	MEDCHAL MALKAJGIRI	RANGA REDDY	SANGAREDDY	WARANGAL URBAN
	(1.07%, 140)	(0.63%, 342)	(0.53%, 336)	(0.92%, 144)	(0.47%, 88)
Services*	HYDERABAD	RANGA REDDY	MEDCHAL MALKAJGIRI	NALGONDA	NIZAMABAD
	(45.52%, 48340)	(46.74%, 29607)	(36.52%, 19747)	(53.48%, 14124)	(48.74%, 10701)
Gems and Jewellery	HYDERABAD	MEDCHAL MALKAJGIRI	RANGA REDDY	KARIMNAGAR	WARANGAL URBAN
	(1.35%, 1432)	(1.76%, 376)	(0.54%, 345)	(0.25%, 283)	(0.43%, 232)
FMCG and Domestic appliances	HYDERABAD	RANGA REDDY	MEDCHAL MALKAJGIRI	NIZAMABAD	NALGONDA
	(12.42%, 13184)	(12.70%, 8042)	(12.07%, 6525)	(14.63%, 3213)	(12.09%, 3193)

Table 26 Sector-wise concentration of MSMEs in top 5 districts as per latest Udyam data (May 2023) and State Industrial Policy

2.1.5 Design of Survey Questionnaire

The survey questionnaire was divided into multiple sections based on thematic categories to enable faster and more streamlined data collection. The categories were further divided into sub-categories and questions were devised. Both online and offline channels were utilized to gather responses. The various categories under which the entire questionnaire was segregated, and the subcategories thereof are depicted below in Table 9. The questionnaire exhibits a high level of objectivity by employing multiple choice questions and rating scales.

Categories	Major areas covered			
Profile of the Enterprise	Basic Details - Name, Address, Incorporation, Employees, Sector, export status, etc.	Type - Micro/Small/Medium, Legal Constitution, Activity, Age etc.	Registration & Revenue Details - GST, Udyam etc., NIC code, Annual Turnover, Total Sales etc.	Awareness - About Central Schemes, Feedback and Challenges etc.
Access to Market	Platform availability - GeM, ONDC, e-commerce marketplaces, traditional etc.	Buyer Profile - Retailer, Wholesaler, Govt., OEM, online etc.	Marketing Modes - Brochure, website, e-commerce, email, trade fairs, exhibitions etc.	Practices & awareness - Quality standards & certifications, lean manufacturing techniques etc.
Access to Credit	Type & Source of Capital - Equity, Grants/Subsidy, Debts - Banks, NBFC, Informal etc.	Need and quantum of credit - Expansion, Technology Adoption, Working Capital etc.	Whether Schemes Availed - Central Schemes, State schemes, Industrial/sector policy etc.	Awareness - About TReDS, buyer registration on TReDS, Challenges faced etc.
Access to technology	Technology being used - Machines - computerised/ Manual, Machinery - local/imported etc.	Implementation & Awareness - of Industry 4.0 Technologies like 3D Printing, IoT, Robotics etc.	Technological Finance - Availed assistance under CLCS-TUS scheme etc.	Access Challenges - Lack of knowledge/ awareness/ capital/ skills/ collaborations etc.
Access to Infrastructure	Land Agency - TSIC plots, SEZ, Private Industrial Parks, Converted Agricultural Lands etc.	Land Ownership - Own, Lease, Rented etc.	Basic Infrastructure feedback - Roads, Drainage, Power, Water, Internet, CETPs/STPs, CFCs etc.	Challenges Faced - Cost & Availability of allied - warehouse, cold-chains & soft - R&D, Testing infrastructure etc.
Regulatory Constraints	Registration - Udyam Registration, Awareness of Udyam Assist Platform (UAP) etc.	TS-iPASS (Single Window) - Whether registered? If not, no. of clearances taken & from where?	Approvals/Clearances/Acts applicable - Trade license, Factory Act, Pollution control board, labour etc.	Feedback and Challenges - TAT, Information Accessibility, No. of forms, No. of departments etc.
Access to Skilled Manpower	Division wise Employee Break-up - Permanent/ Contractual, Skilled/ Unskilled, Part-time/Full Time etc.	Employees educational qualifications and skill levels - High School, Diploma, ITI, Graduate, Postgraduate etc.	Soft Skills - Communication, Leadership, Team, Time Management, Critical Thinking, Adaptability, Problem Solving etc.	Reasons for lack of skills - Lack of knowledge, training, qualifications, incentives, linkages with it are, SSCs
Access to Service Providers	Business Development Services taken - Financial, Legal, Market, Technology etc.	Source of BDS - District Industry Centres, Common Facility Centres, Private, etc.	Experience of availing business development services - rating and feedback	Challenges Faced - Limited availability of BDS, Lack of information, Limited value chain linkages etc.
Greening MSMEs	Access - to green energy sources like solar, wind, etc. and to sustainability finance under central and state schemes	Awareness and Priorities - Social responsibility, business responsibility, ESG requirement, consciousness etc.	Monitoring and Practices - Whether measuring consumptions, emissions etc., whether recycling, recovering waste, whether availing green finance instruments	Challenges to sustainability - Lack of awareness of green financing options, lack of knowledge & technical know-how,
Delayed Payments	Grievance redressal - Awareness and Use of MSME SAMADHAN portal for non-payment of dues	Resolution - Complaint resolution through the Micro Small Enterprise Facilitation Council (MSEFC), resolution time etc.	Dispute Resolution - Use of Online Dispute Resolution platform for recovering delayed payments etc.	Challenges - Lack of awareness about institutional mechanisms, cumbersome mechanisms, documentation etc.

Table 27 Design of survey questionnaire

2.1.6 Key Analysis of Survey

The analysis presented in the report is based on the findings of the offline survey conducted during the study to make it more robust and to ensure that the analysis does not get influenced by the below par quality of online responses. Wherever the responses from the online survey were in alignment with the offline survey, the same has been indicated.

a. Profile of Enterprise covered:

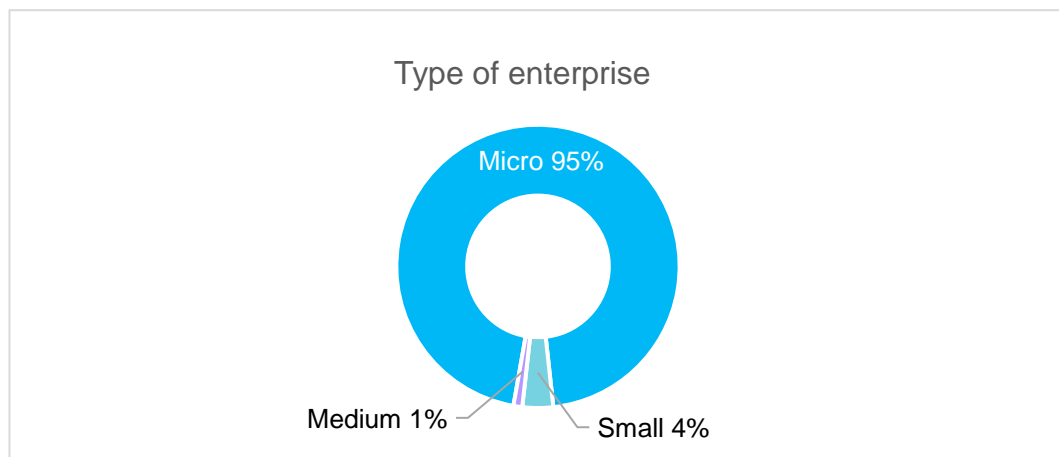


Figure 20 Profile of Enterprises- Type of enterprises

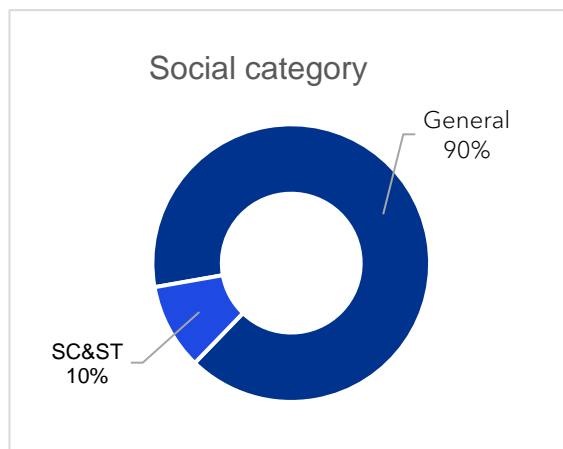


Figure 21 Profile of Enterprise-Category

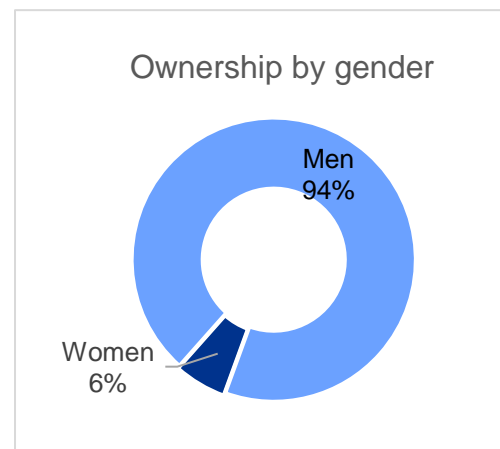


Figure 22 Profile of Enterprise-Ownership by Gender

b. Awareness on central government schemes

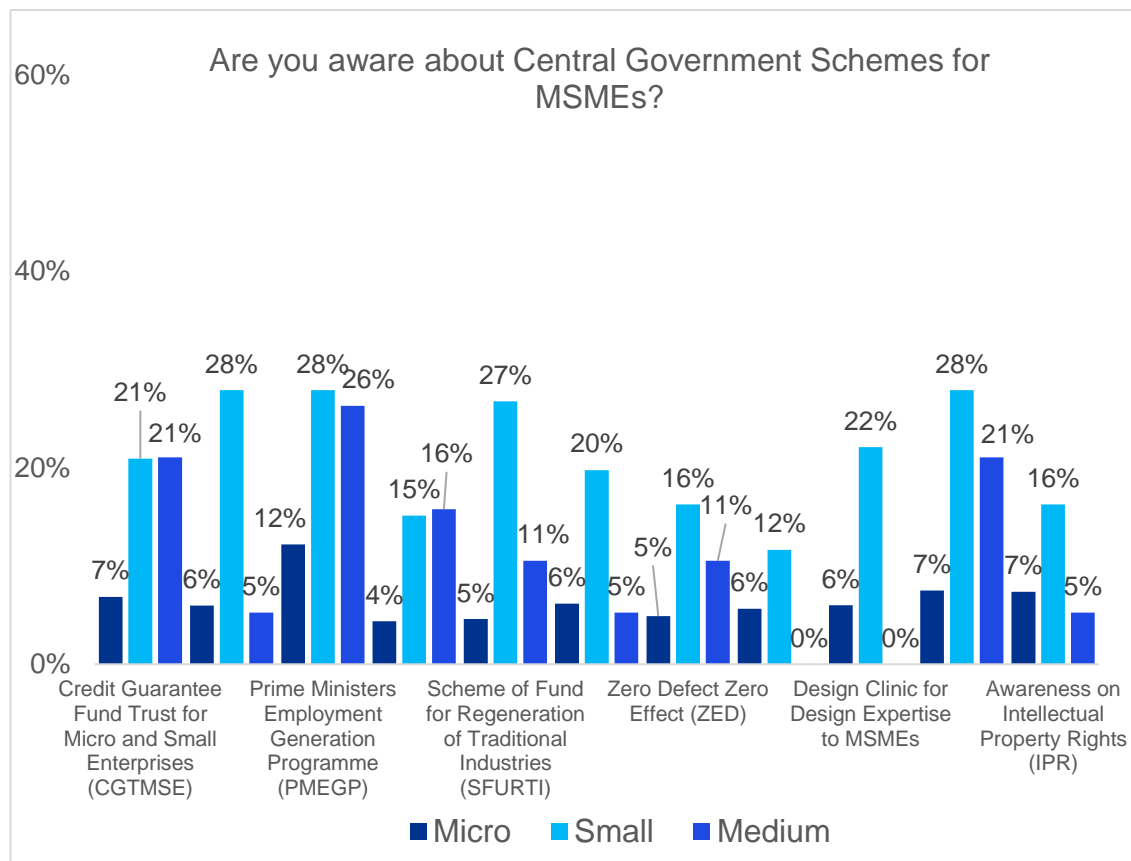


Figure 23 Awareness on Central Government Schemes

c. Challenges faced in doing business

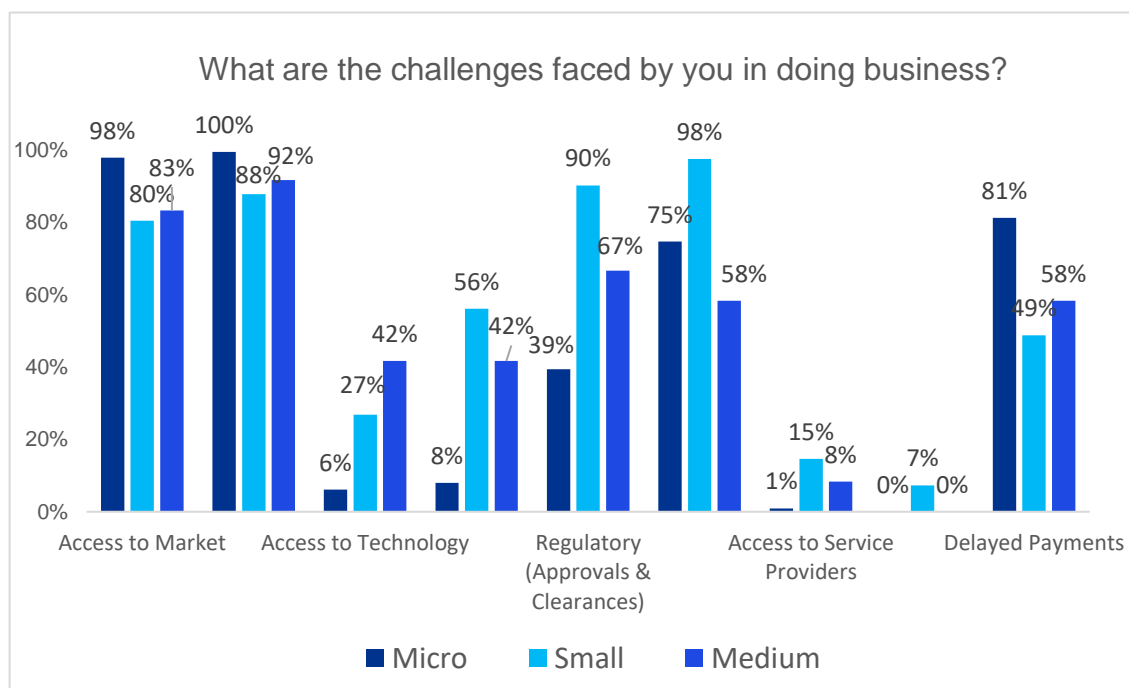


Figure 24 Challenges faced by MSMEs in doing business

1. Access to Credit

a. Preferred source of raising capital

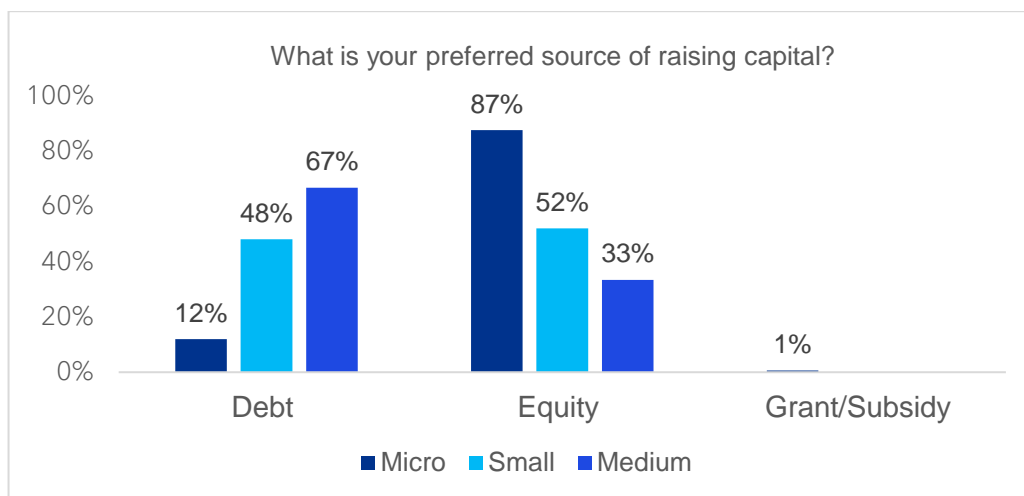


Figure 25 Preferred source of raising capital

Out of the 2000 MSMEs surveyed, **87% of micro industries rely on equity funding**. On the contrary, 67% of medium enterprises resort to debt capital. The preference of small enterprises for capital type is equally divided between debt and equity. **Grants and subsidies as a source of capital seem negligible/nil across all enterprise categories.**

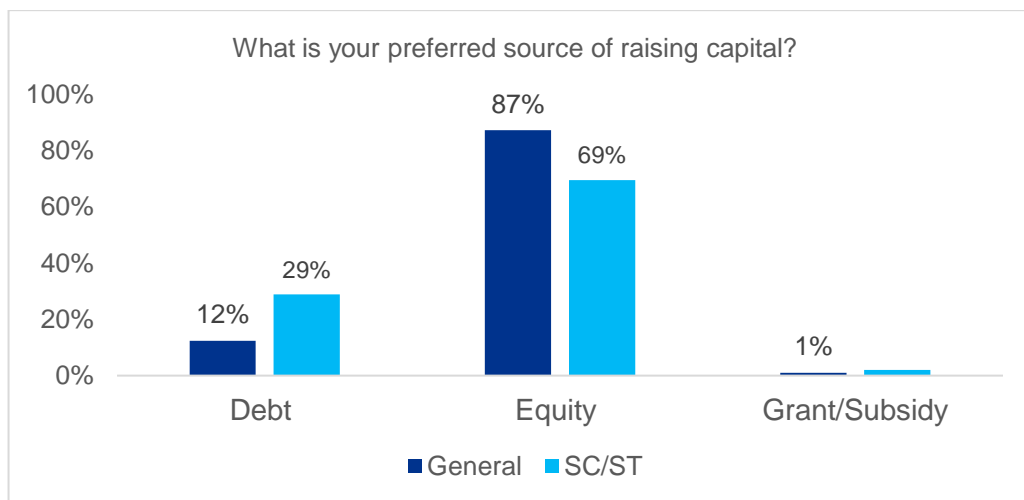


Figure 26 Source of raising capital by social category

Adding the layer of social category to the above analysis reveals that both social categories incline **towards equity sources of raising capital**. However, the **SC/ST category seem to be resorting to debt sources more than the general category**. Here again, the contribution of grant and subsidies for capital requirements is negligible.

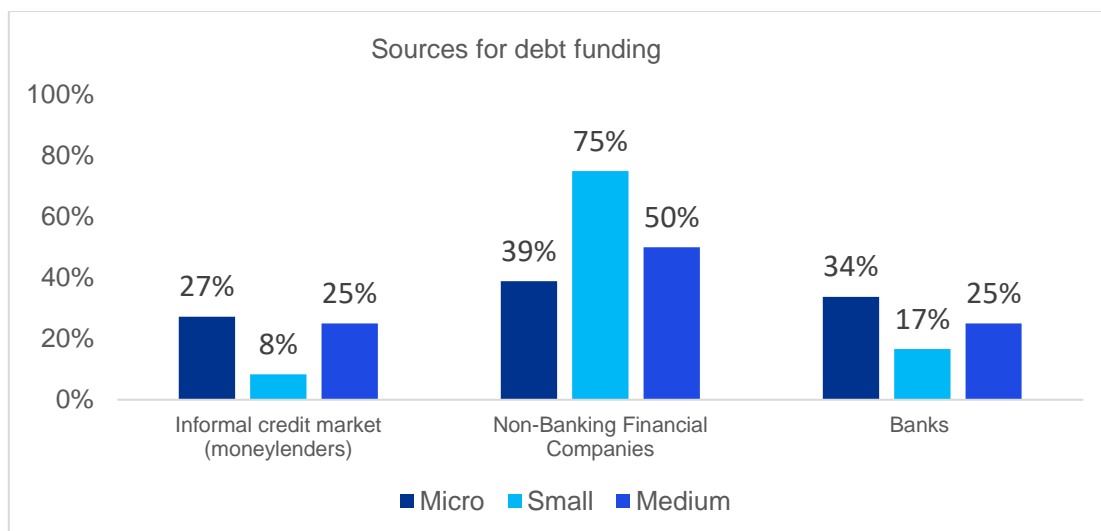


Figure 27 Source for debt funding

Within debt funding, medium & small enterprises primarily depend on formal lending institutions for raising debt while **27% of micro enterprises depend on informal credit markets**. By institution type, **NBFCs contribute to the highest share of debt funding** across size categories followed by banks. 39% of micro enterprises, 75% of small and 50% of medium enterprises avail credit from NBFCs. A comparison of the sources of debt funding by social category too indicates similar results.

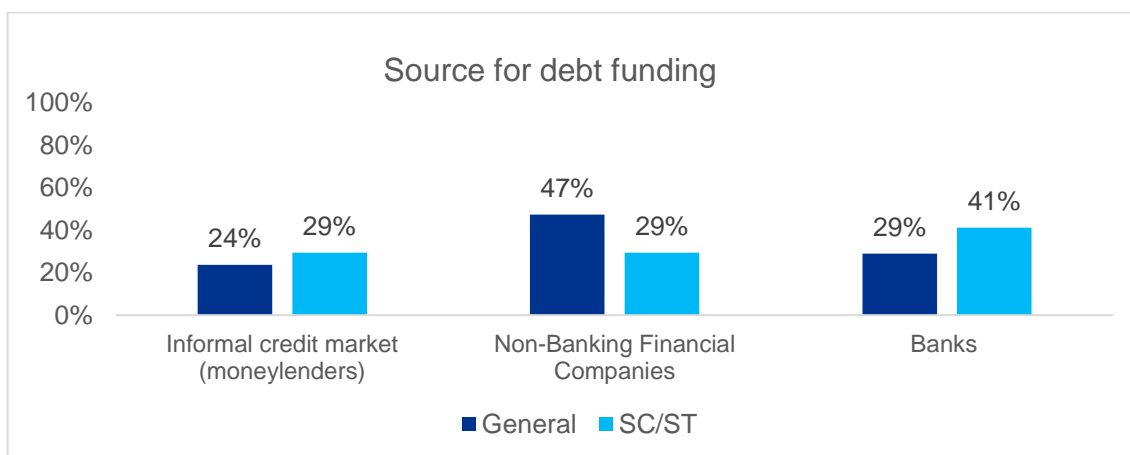


Figure 28 Source of debt funding by social category

b. Purpose of financial requirement

The need for finances is varied across size categories. While **83% of micro enterprises and 53% of small enterprises require funds for working capital requirements**, a majority of the medium firms seem to be raising capital for capital expenditure as expansion/ diversification.

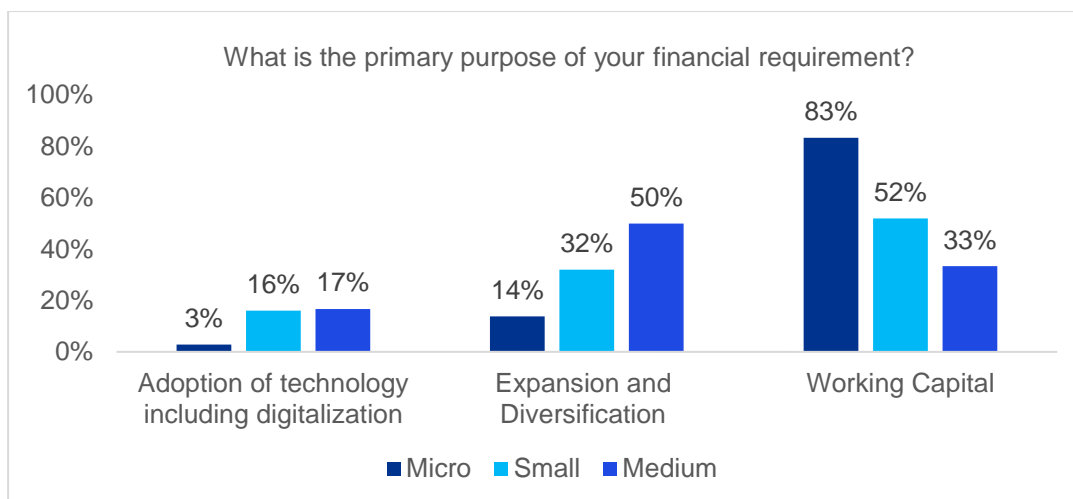


Figure 29 Purpose of financial requirements

c. Availing financial assistance through Central Government schemes

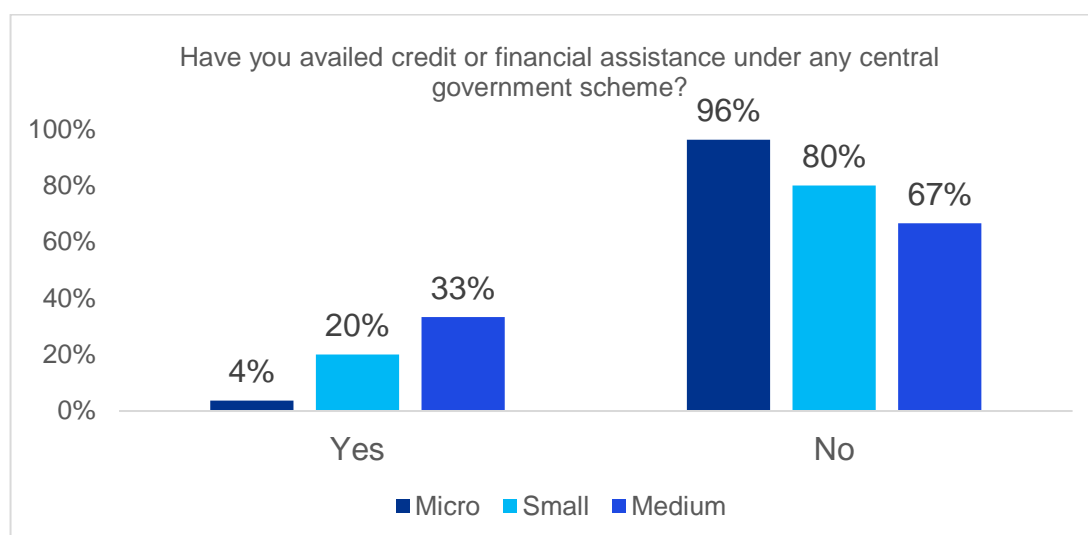


Figure 30 Financial assistance availed by MSMEs through Central Government Schemes

Overall, **81% of MSMEs have not availed financial assistance through any central government schemes**. Therein, only 4% of the total micro enterprises and 20% of small enterprises and 33% medium enterprises surveyed have availed government assistance. The following diagram shows the offtake in percentage of top government schemes. According to this, the MUDRA loans are the most availed assistance category and PMEGP is the least.

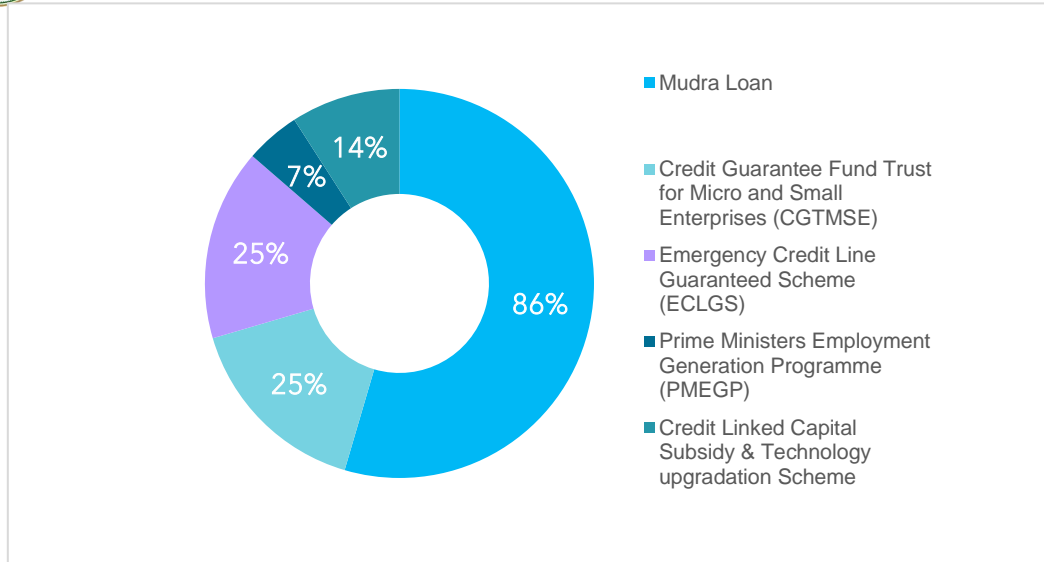


Figure 31 Financial assistance availed by Central Government Schemes

d. Availing incentives and concessions under the Telangana Industrial Policy or any other sector specific policy

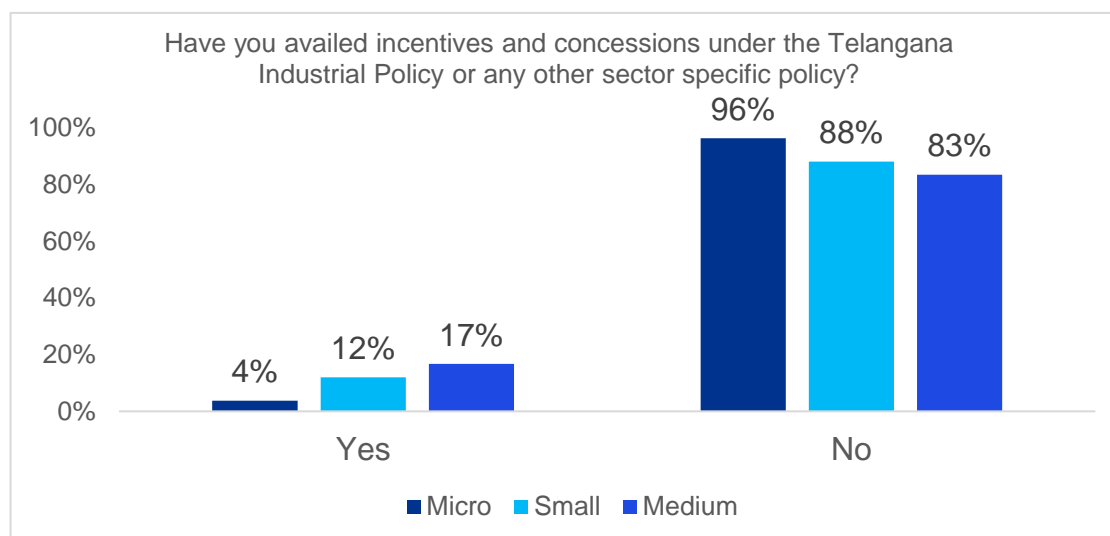


Figure 32 Incentives and concessions under Telangana Industrial Policy or any other sector specific policy- General

89% of overall MSMEs have not availed incentives/ concessions under Telangana Industrial Policy or any other sector specific policy. Here again, the estimates are abysmal for micro enterprises with only 4% having availed assistance. Amongst the larger firm categories, 12% of small enterprises and 17% medium enterprises availed benefits. Interestingly, an analysis of scheme uptake by social category reveals that **the degree of scheme uptake by SC/ST category is 4x times the general category.**

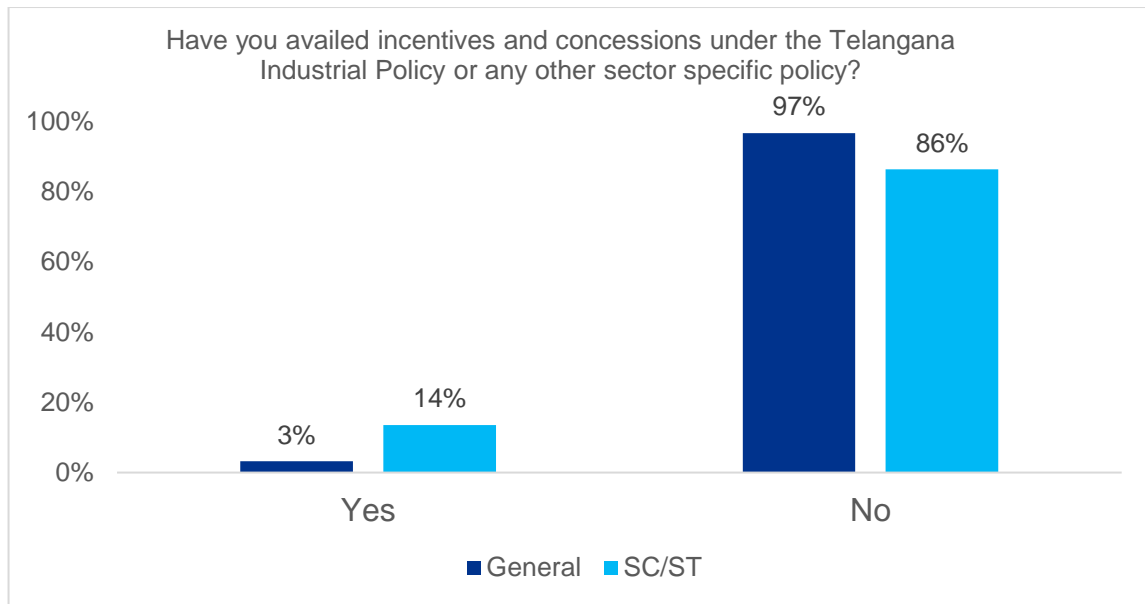


Figure 33 Incentives and concessions under Telangana Industrial Policy or any other sector specific policy- Category wise

e. Challenges faced in raising capital.

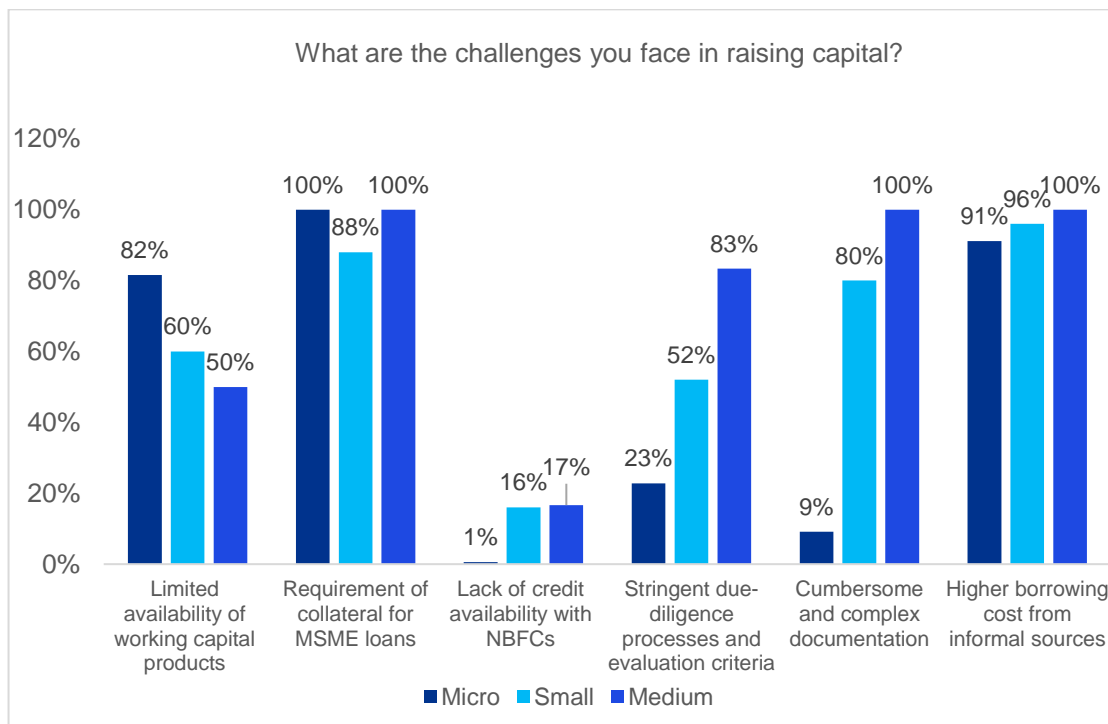


Figure 34 Challenges faced by MSMEs in raising capital

Survey results revealed that the **challenges faced by MSMEs in raising capital varies according to the enterprise size**. As the size of operations increases, the challenges pertaining to working capital seem to be replaced by documentation processes & compliance-based issues. Nevertheless, issues pertaining to lending- need for collateral/higher borrowing costs seem to be affecting the firms universally.

Micro enterprises reported limited availability of working capital (82%), requirement of collateral for loans (100%) and higher borrowing/interest rates (91%) as top challenges. However, for

medium sized enterprises higher borrowing costs (100%), requirement of collateral for MSME loans (100%), cumbersome unclear and complex documentation (100%) were the top challenges. Small sized enterprises fell in between the two categories, with 96% complaining of high borrowing costs, 88% firms facing challenges regarding requirement of collateral, 60% poor availability of working capital and others.

f. Awareness about Telangana Industrial Health Clinic Limited (TIHCL)

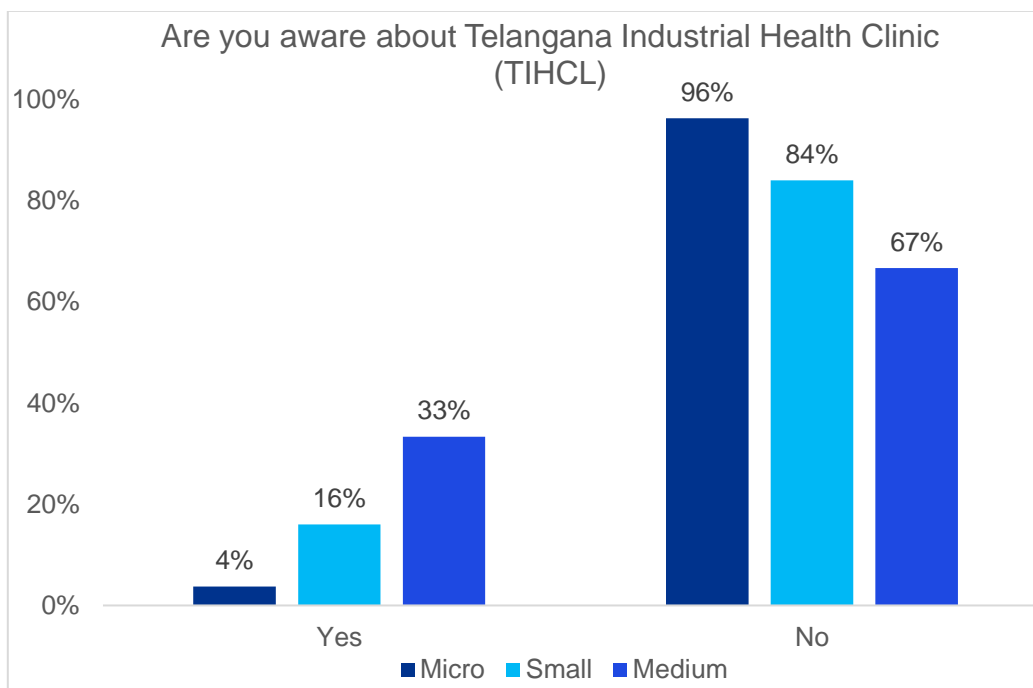


Figure 35 Awareness about TIHCL

82 of MSMEs in general are not aware of the TIHCL. Moreover, the awareness level is inversely proportional to the firm size. Only 4% of micro enterprises, 16% of small enterprises and 33% of medium enterprises are aware of TIHCL. Following are the services availed by the few MSMEs that are aware of TIHCL.

2. Delayed payments

a. Incidence of pending payments

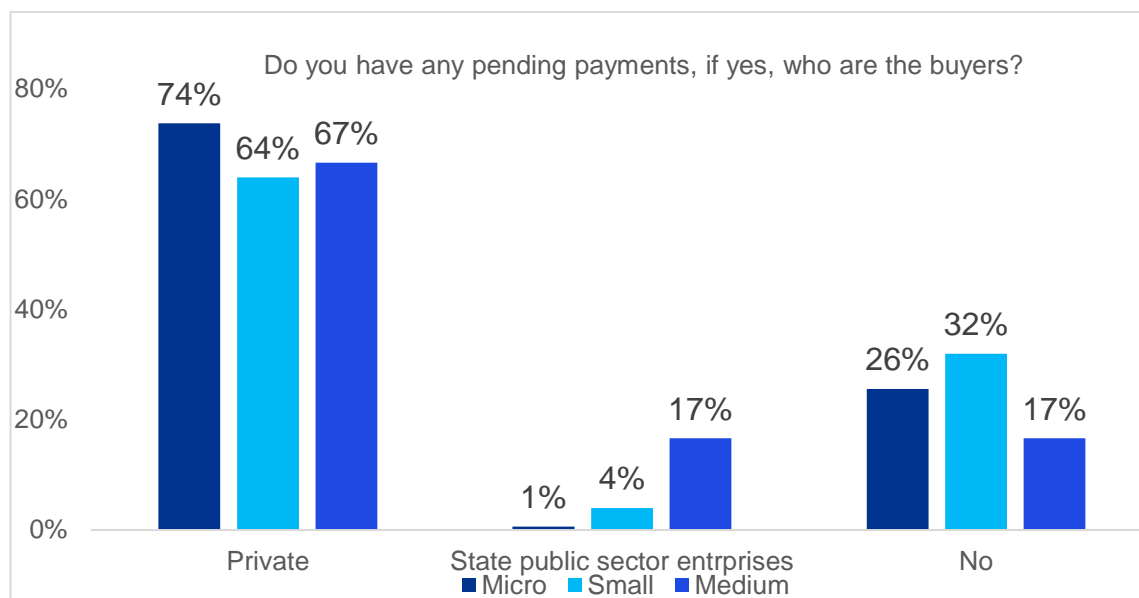


Figure 36 Incidence of Pending payments

Out of the entire sample size, more than 2/3rd MSMEs do have pending payments. Herein, **68% of the overall pending payments are on account of private companies**. 17% of medium enterprises and 4% of small enterprises have payments pending with state PSUs.

b. Challenges faced with regards to delayed payments

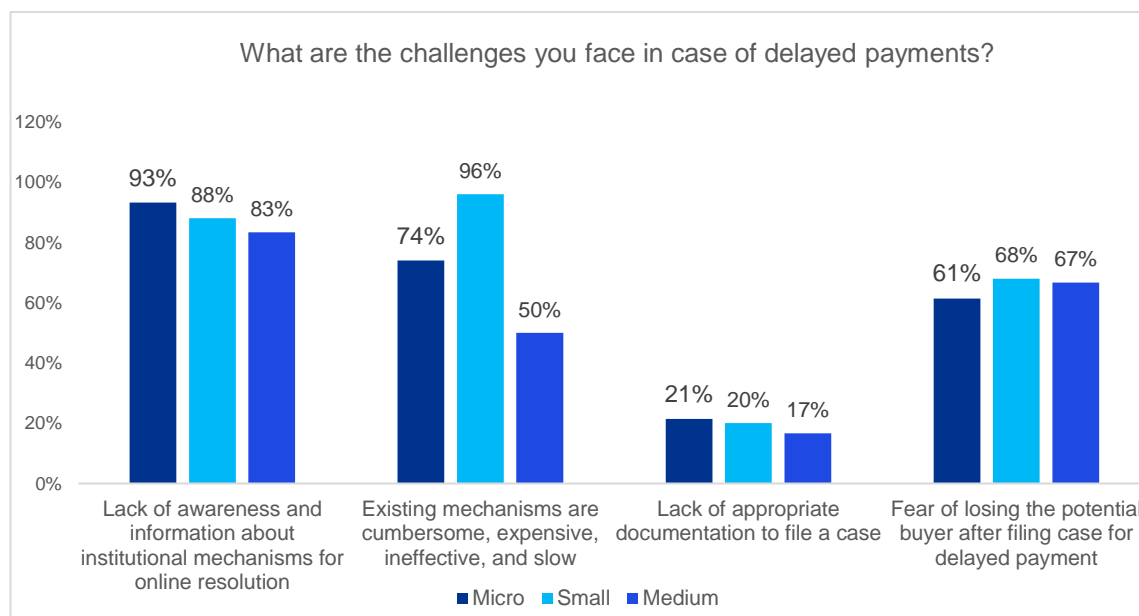


Figure 37 Challenges faced by MSMEs in case of delayed payments

Lack of awareness about the institutional mechanisms for the delayed payments including the online resolution and cumbersome expensive ineffective and slow mechanisms are the top challenges faced by the surveyed MSMEs with regards to delayed payments.

c. Awareness about the Trade Receivables electronic Discounting System (TReDS) platform

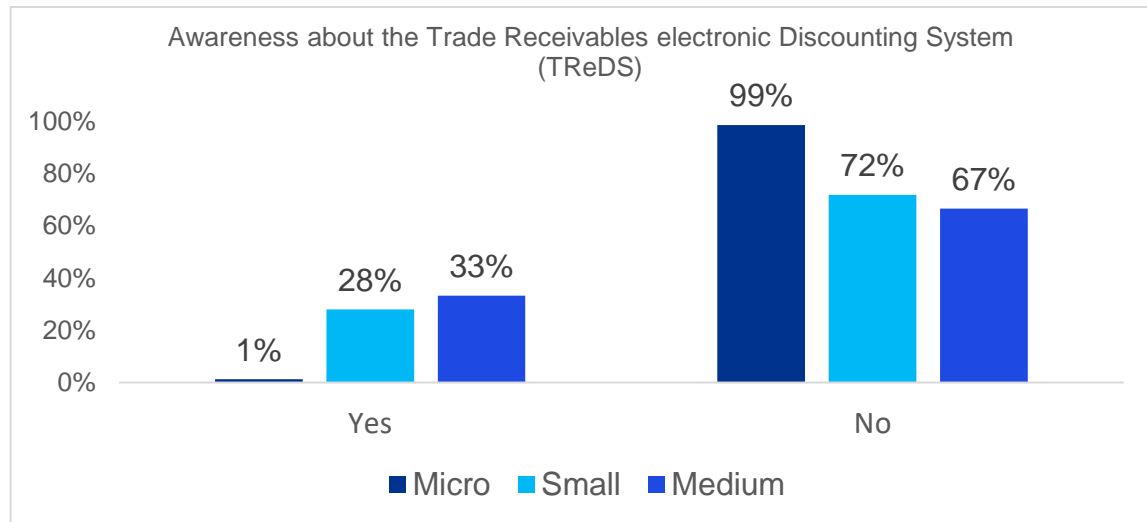


Figure 38 Awareness of TReDS Platform

It is intriguing that although 74% of micro enterprises reported pending payments, **99% of micro enterprises are not aware of the TReDS platform** that was designed to reduce the incidence of delayed payments. Similarly, despite the high incidence of pending payments, 72% of small and 67% of medium enterprises are unaware of the latter.

d. Awareness about Samadhaan Portal

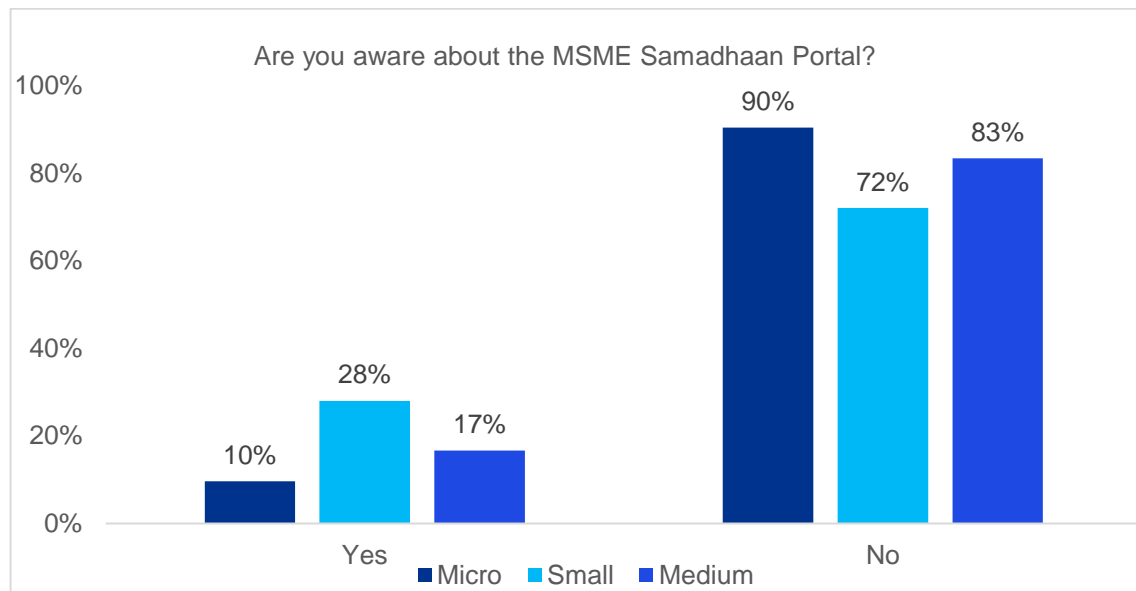


Figure 39 Awareness on the Samadhaan Portal

82% of the total MSMEs are not aware of Samadhaan Portal. The lack of awareness is highest among micro enterprises at 90%.

e. Usage of the Samadhaan Portal

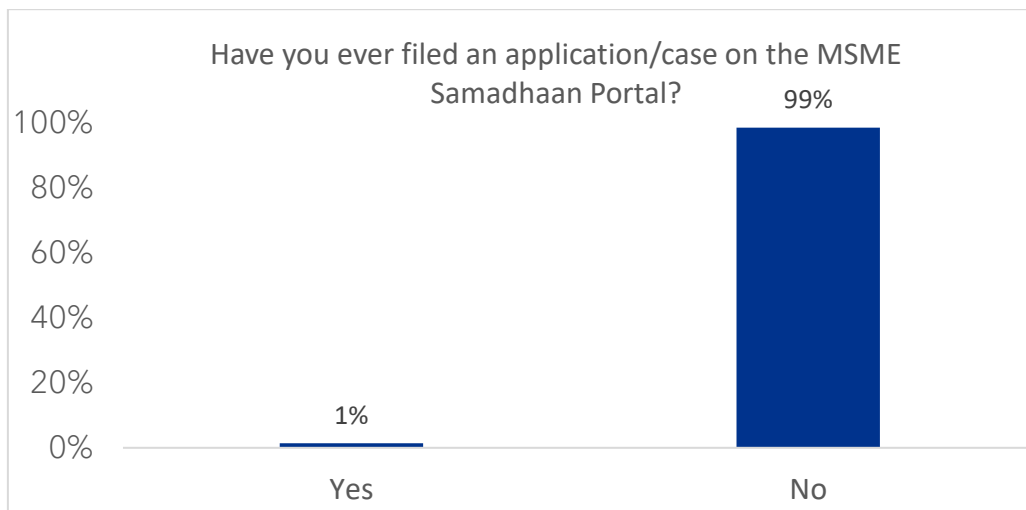


Figure 40 Usage of the Samadhaan Portal

Among the few MSME enterprises that are aware of the Samadhaan portal, only 1% have filed an application to resolve the issue of delayed payments corroborating the fact that MSMEs are unaware of the resolution mechanism set up by the Government for MSMEs.

3. Access to Technology

a. Availing credit/financial assistance under the Credit Linked Capital Subsidy & Technology Upgradation Scheme

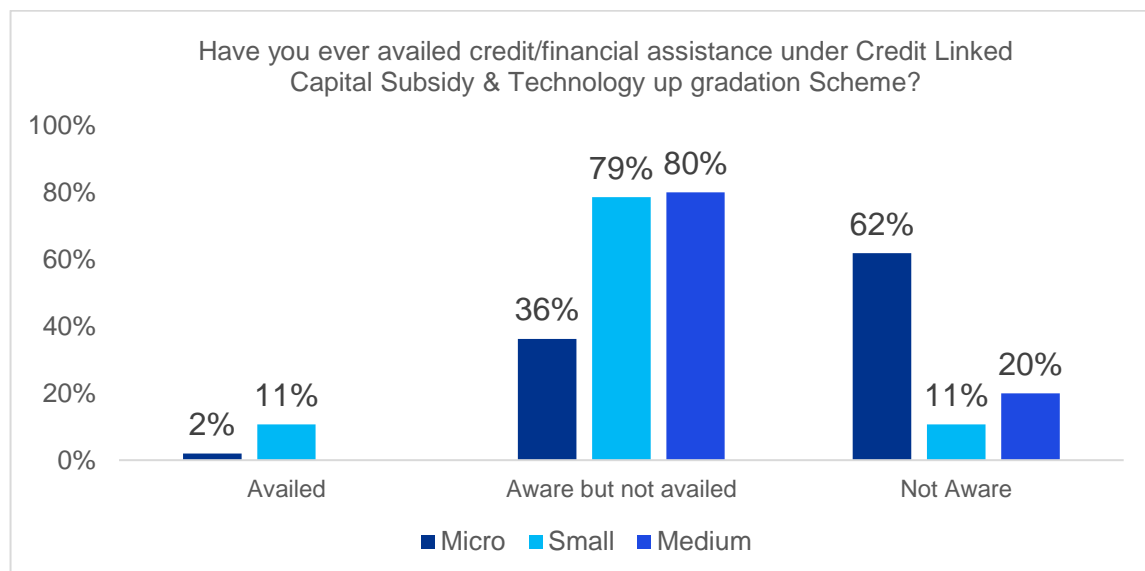


Figure 41 Availing financial assistance under CLCSS Scheme

Of the total MSMEs surveyed, **only 2% micro enterprises and 11% small enterprises have availed credit/financial assistance under the Credit Linked Capital Subsidy & Technology upgradation Scheme**. 62% of micro firms are unaware of the existence of such a scheme. Nevertheless, while the awareness levels of the CLCSS scheme for small and medium firms is relatively high, it does not reflect in the uptake of the schemes.

b. Type of technology in use (for manufacturing units)

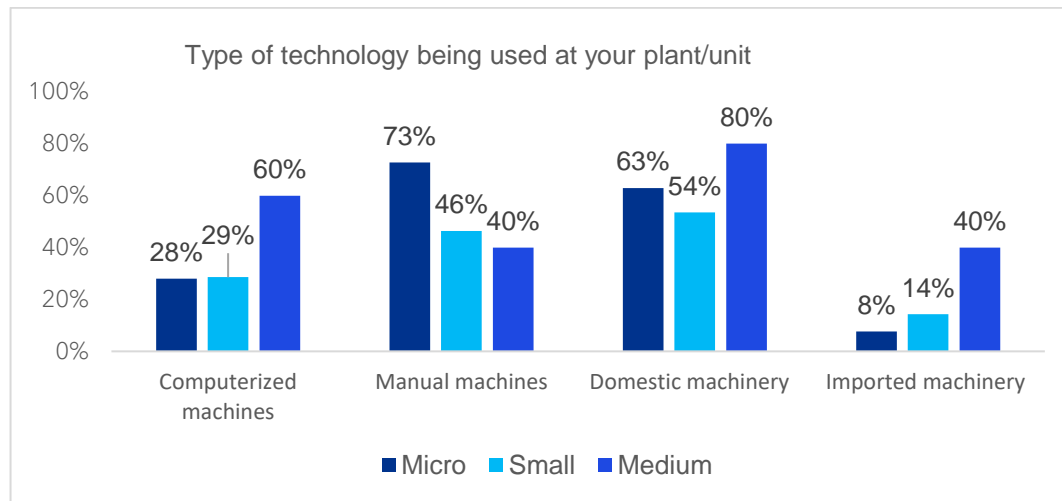


Figure 42 Type of technology in use for manufacturing units

The machinery type employed varies according to the enterprise type. **Micro enterprises predominantly make use of manual machines that are made domestically.** For this enterprise category, the usage of computerized machines and those imported are low. Small enterprises too, use manual machines to a larger extent (46%) in comparison of 29% computerized machines. Here again, the use of imported machinery is limited to 14%. **60% of medium scale enterprises make use of computerized machines while they utilize only 40% of manual machines.** Here again there is a clear preference for domestic machinery over imported.

c. Awareness of Industry 4.0 technologies

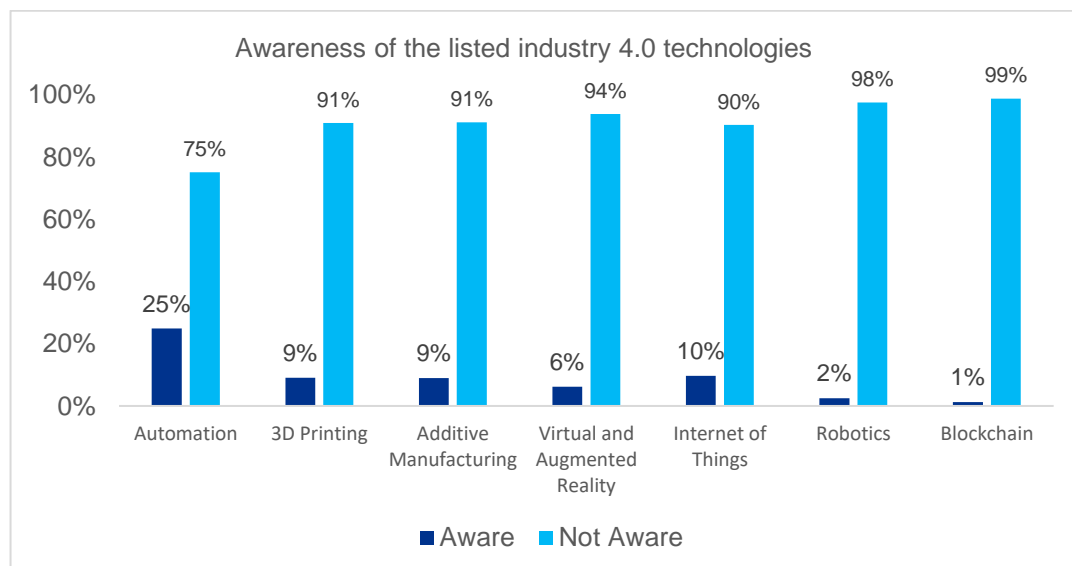


Figure 43 Awareness of Industry 4.0 technologies

The **overall awareness of Industry 4.0 technologies among MSMEs is minimal**, with only 25% being aware of automation and 10% about the Internet of Things (IoT). Robotics and blockchains are the concepts that MSMEs are least aware of.

d. Challenges faced in access to technology

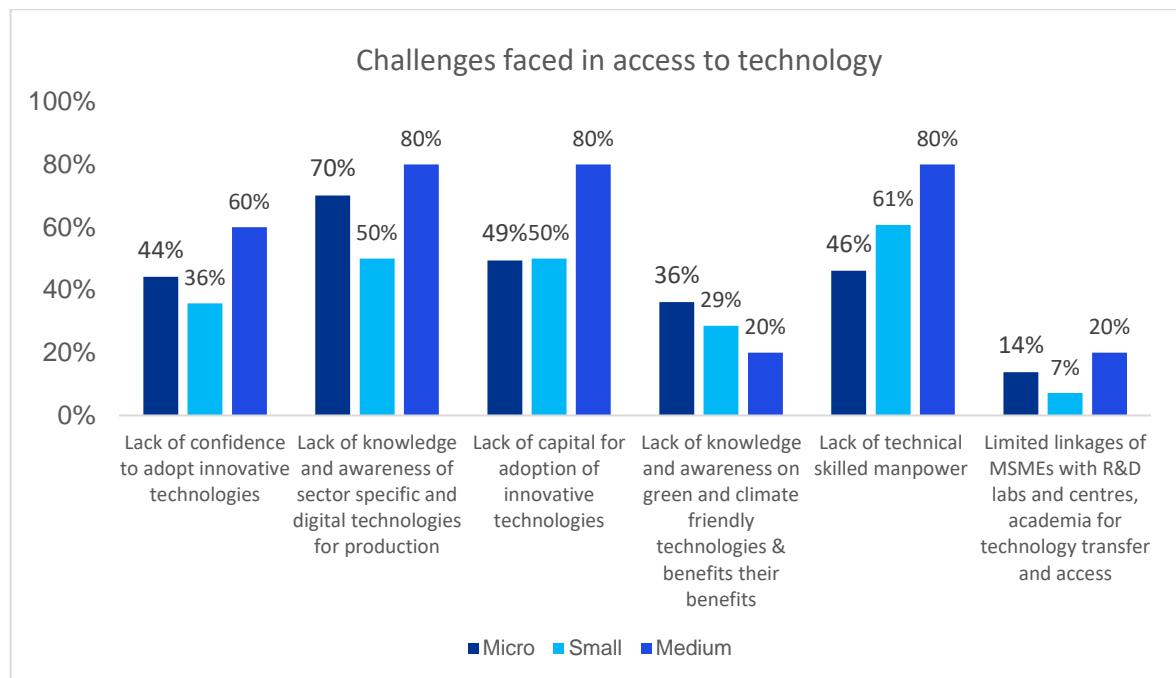


Figure 44 Challenges faced in access to technology

Lack of capital for the adoption of innovative technologies has been recorded as the most predominant challenge for MSMEs across enterprise type along with lack of awareness. Small and medium enterprises have also indicated the lack of technical skilled manpower, poor linkage of MSME's with R&D labs and academia and lack of awareness as top challenges.

4. Access to Markets

a. How do MSMEs access their markets

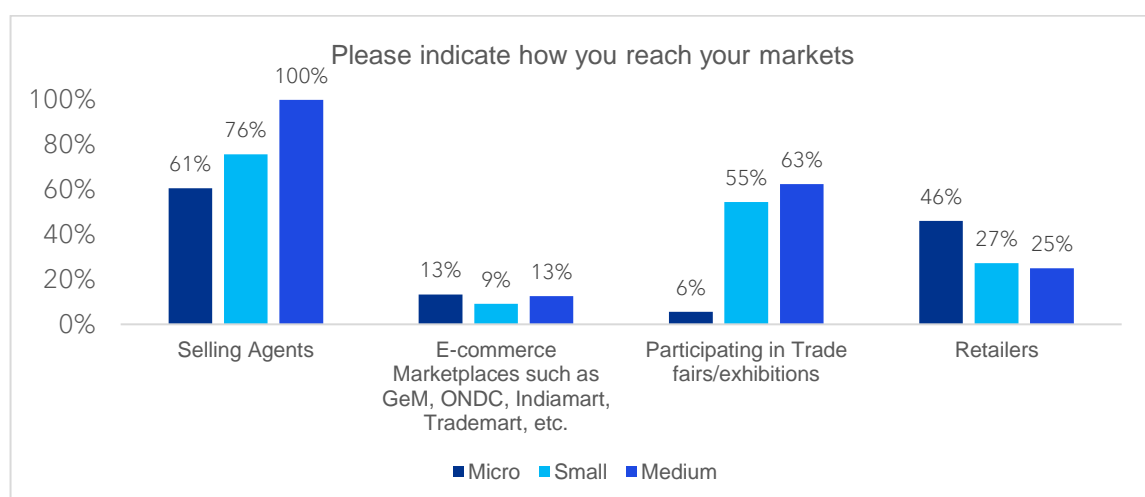


Figure 45 Channel to market access

The channels to market access are varied for micro enterprises and the larger counterparts. While small and medium enterprises seem to depend more on selling agents and trade fairs and exhibitions, micro units seem to additionally resort to retailers.

b. MSMEs Buyer Profile

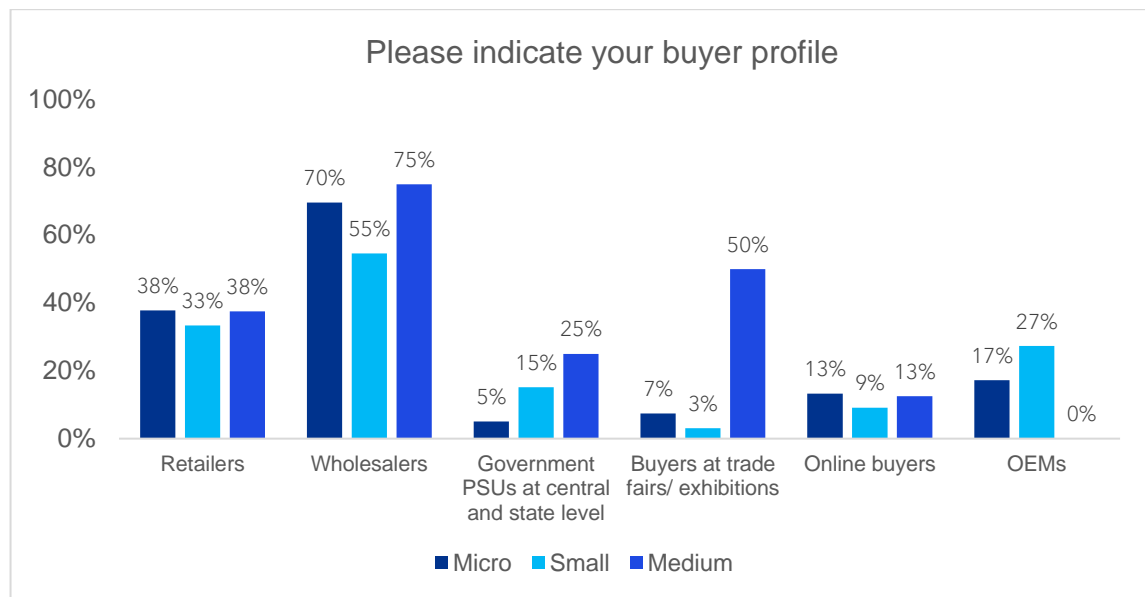


Figure 46 MSMEs major buyers

The major buyers for micro enterprises are wholesalers, retailers as well as OEMs. However, for small and medium enterprises, buyers at trade fairs, government PSUs and wholesalers comprise most buyers.

c. Means of product promotion

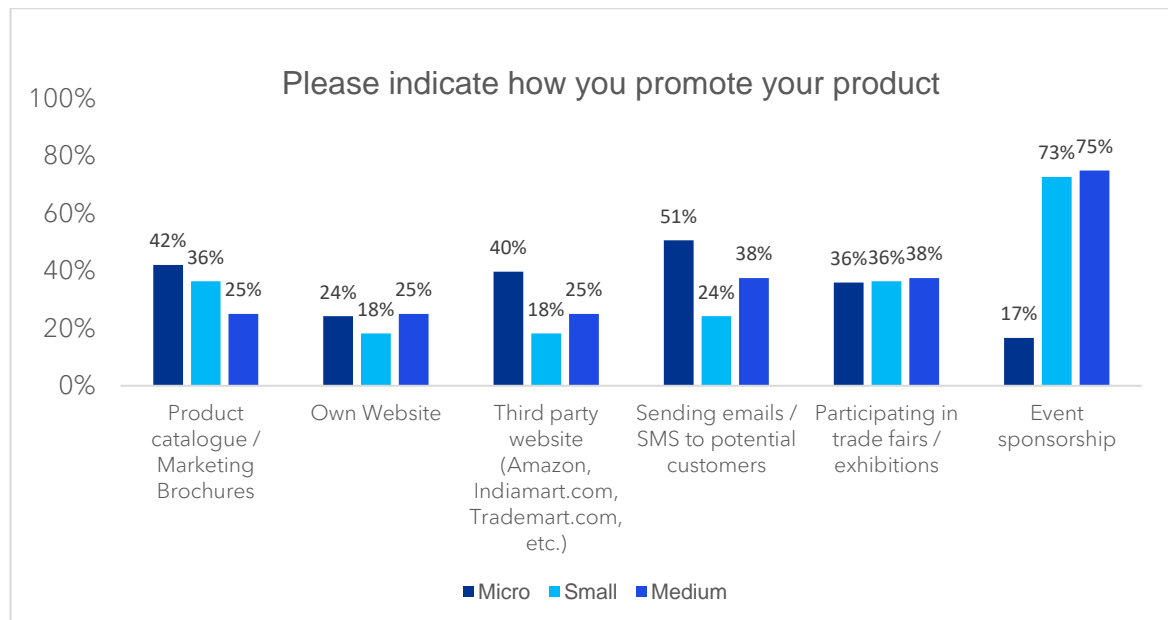


Figure 47 Means of product promotion

All MSMEs reported using multiple channels to promote their products. While medium enterprises made higher use of trade fairs/exhibitions and digital marketing (emails/SMS), micro enterprises employed more of product catalogues/brochures, third party websites and tele marketing. Small enterprises indicated the predominant use of product catalogues/brochures, trade fairs and event sponsorships among others.

d. Presence on e-market places

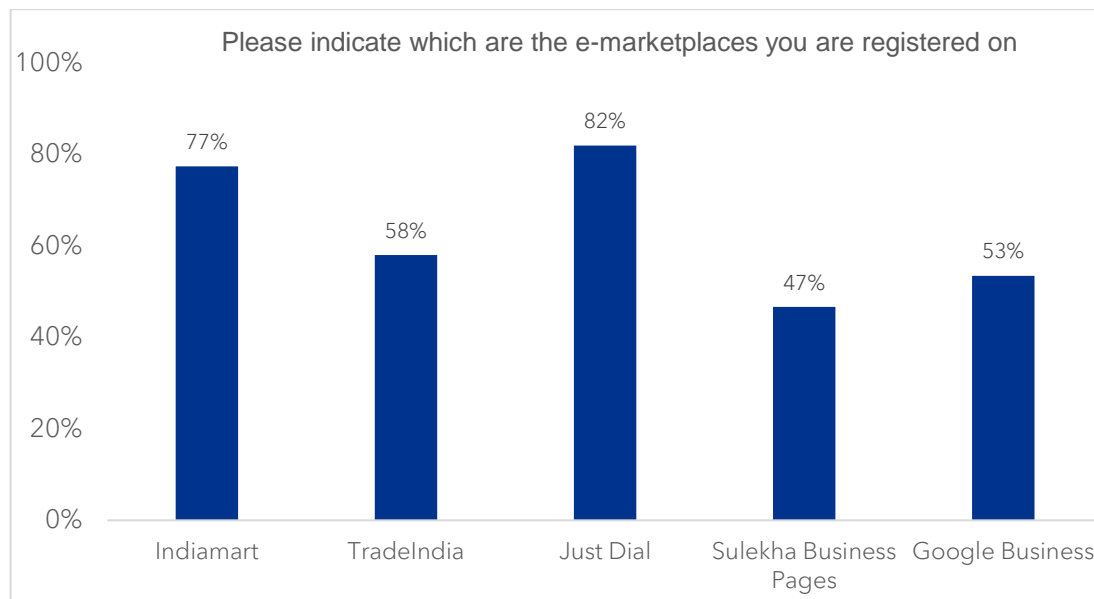


Figure 48 Presence of E-Market places

Just Dial is the most used e-market platform with 82% of MSMEs registered on it. This is followed by India Mart (77%) and Trade India (58%). 47% of MSMEs also have presence on Sulekha business pages and 53% on Google business.

e. Export Engagements

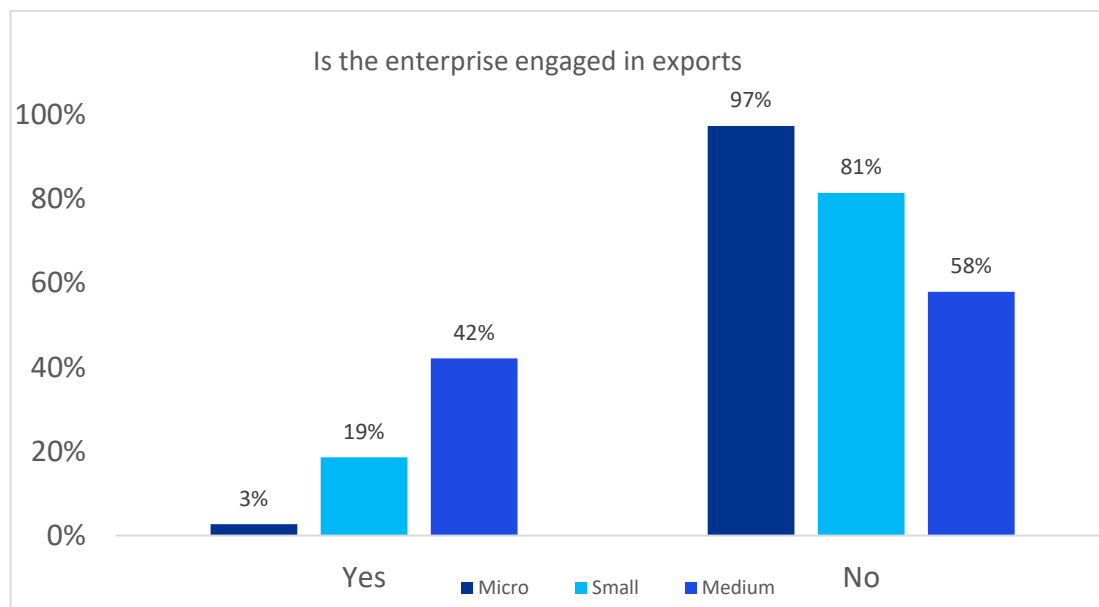


Figure 49 Export engagements

Data indicates that only 3% of micro enterprises, 19% of small enterprises and 42% of medium enterprises are engaged in exports. Herein, we see that larger firms are more engaged in export activities when compared to smaller ones.

f. Means of export

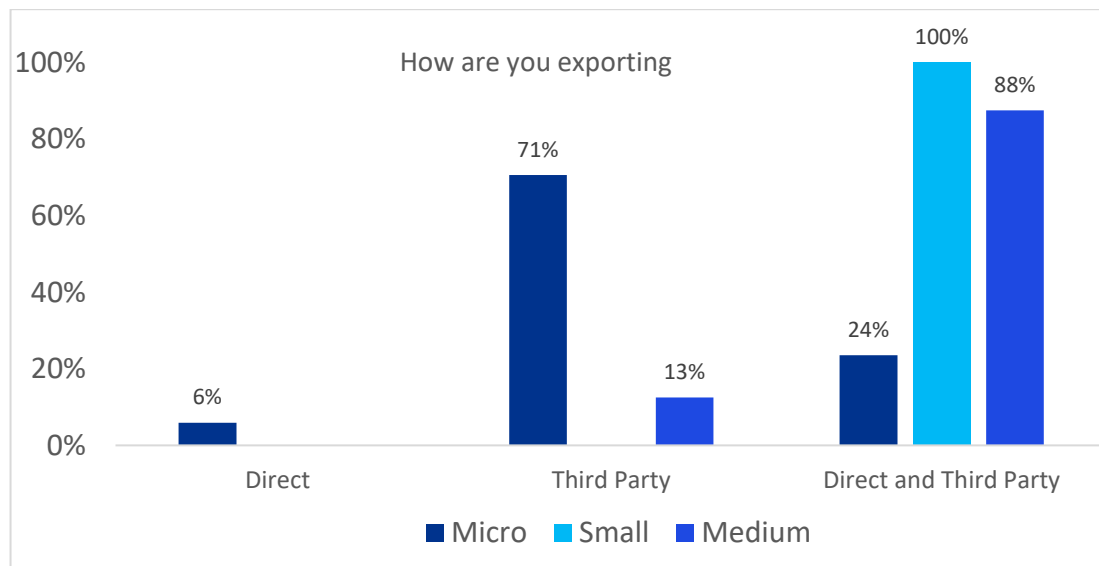


Figure 50 Means of export

While micro firms seem to be exporting majorly through third party vendors, a majority of small and medium are using a combination of both. The following figure indicates the top 10 destination countries to which products are exported from Telangana and their respective contribution thereof. Herein, Bangladesh, UAE, USA and UK are the top destination countries for the export from micro enterprises, larger enterprises are exporting mainly to UK, USA and UAE.

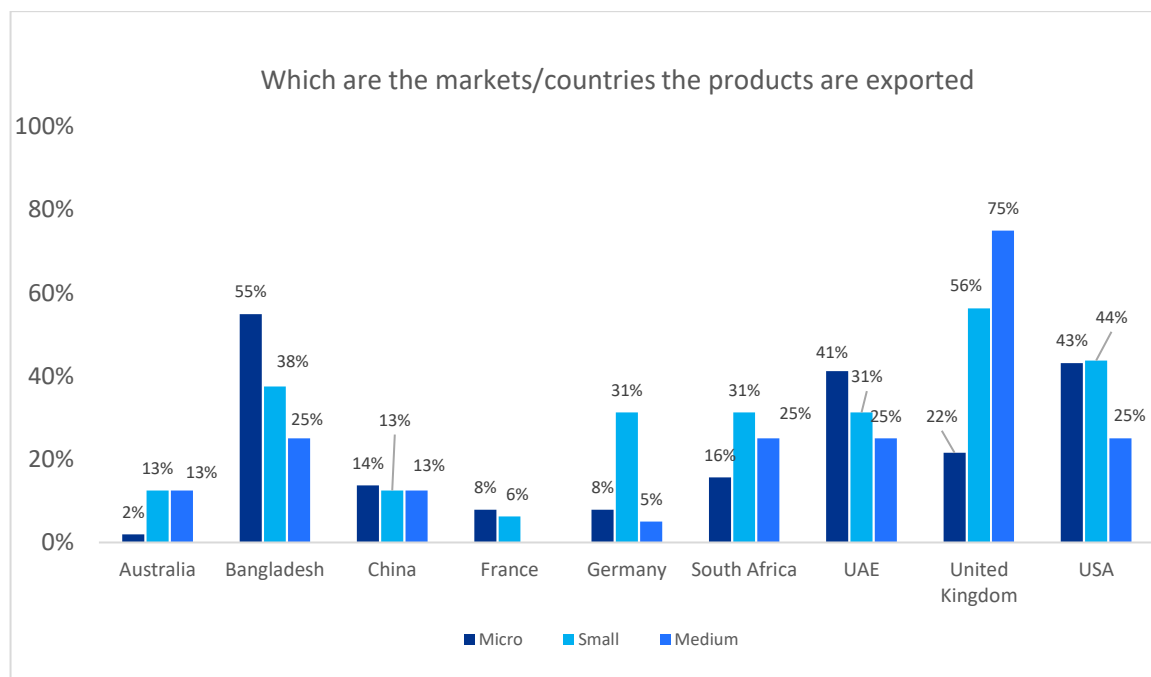


Figure 51 Top countries being exported to

g. Registered on the Government e-Market Place (GeM Portal)

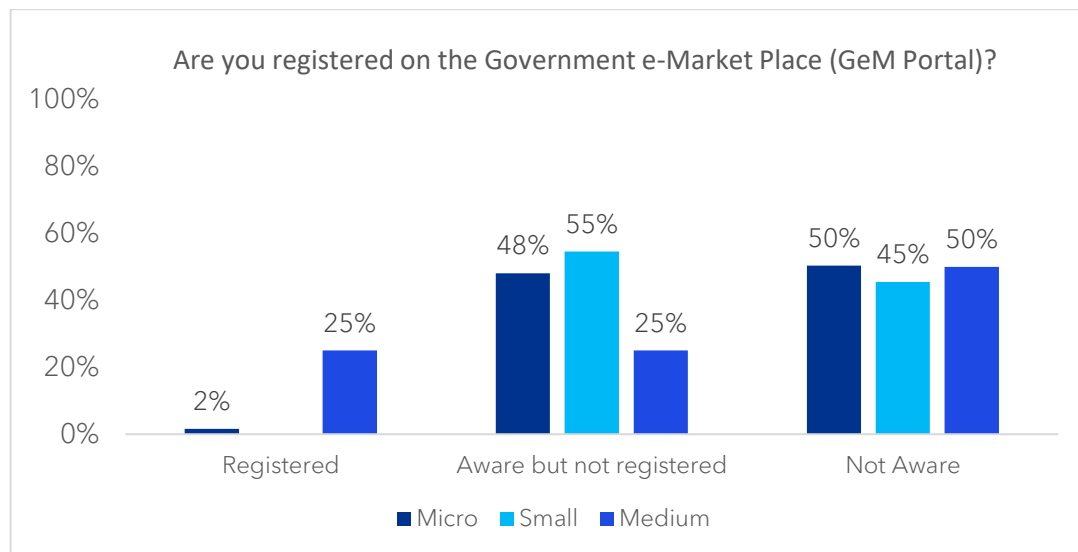


Figure 52 MSMEs registered on GeM Portal

Out of all the MSMEs surveyed, **only 2% micro enterprises and 25% of medium enterprises were registered on the GeM portal.** About half of the total MSMEs were unaware of the GeM portal, and a large portion of those aware aren't registered.

h. Registered on Open Network Digital for Commerce (ONDC)

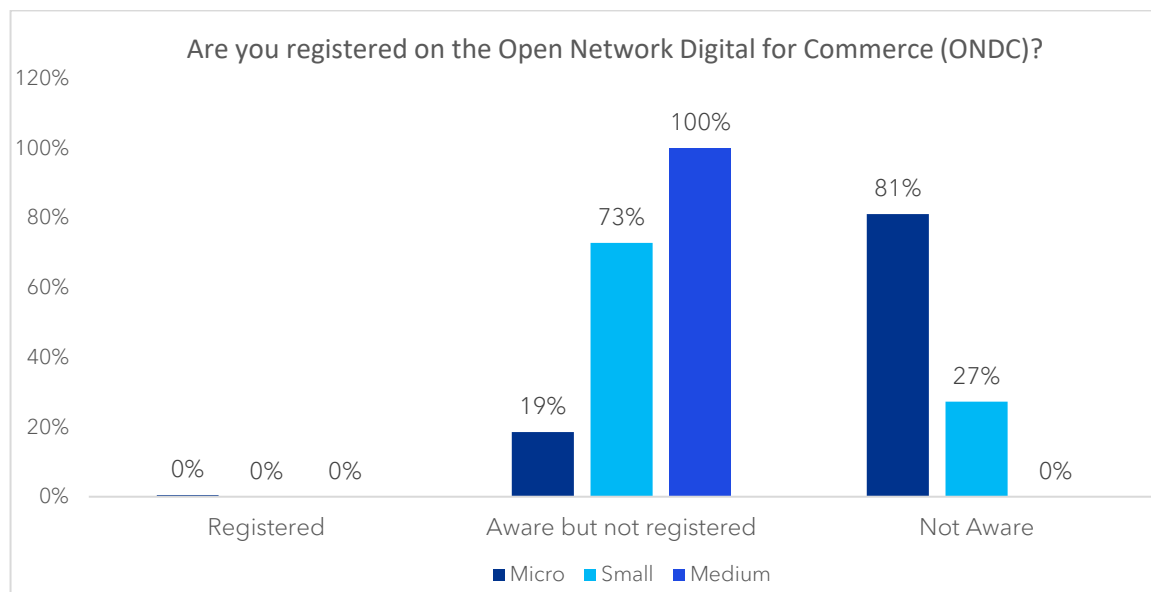


Figure 53 MSMEs registered on ONDC

None of the MSMEs surveyed are registered on the Open Network Digital for Commerce (ONDC). 81% of micro units and 27% of small units were unaware of ONDC. Herein, it is interesting that while 100% of the medium enterprises knew about the platform none have opted to register.

i. Empaneled with Original Equipment Manufacturers (OEMs)

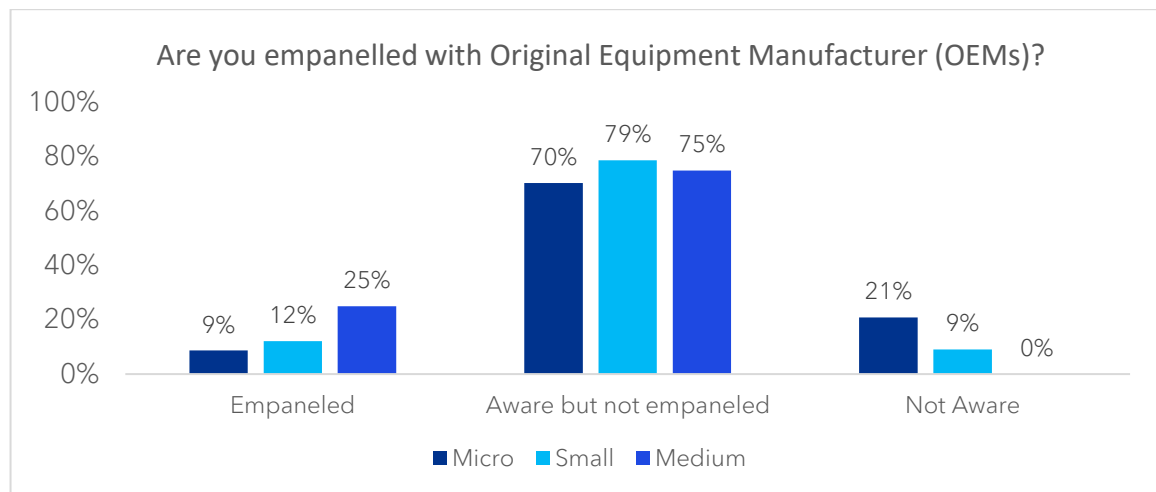


Figure 54 MSMEs empaneled with OEMs

Overall, the % of MSMEs that are empaneled with an Original Equipment Manufacturer, seems to be positively linked to enterprise size. Only 9% of micro enterprises, 12% of small enterprises and 25% of medium enterprises are empaneled with OEMs. More than 3/4th of the total MSMEs are aware about OEMs but are not empaneled.

j. Adoption of quality certifications

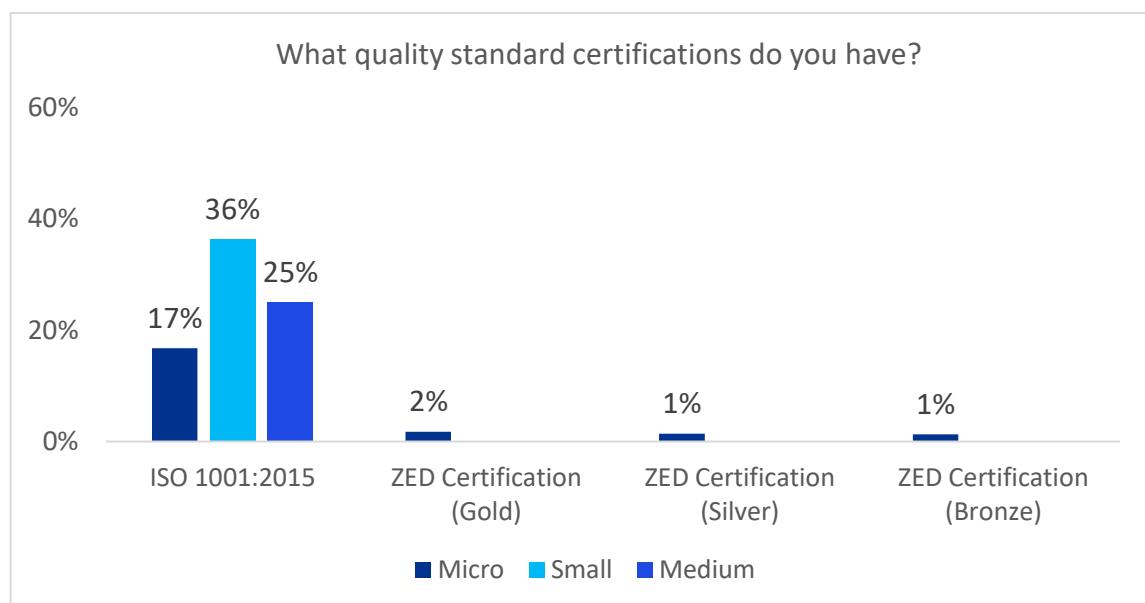


Figure 55 Adoption of quality certifications

17% of micro enterprises, 36% of small enterprises and 25% of medium enterprises are ISO certified. However, the adoption of ZED certification is very minimal across all MSMEs.

k. Usage of Business Development Services/Service Providers

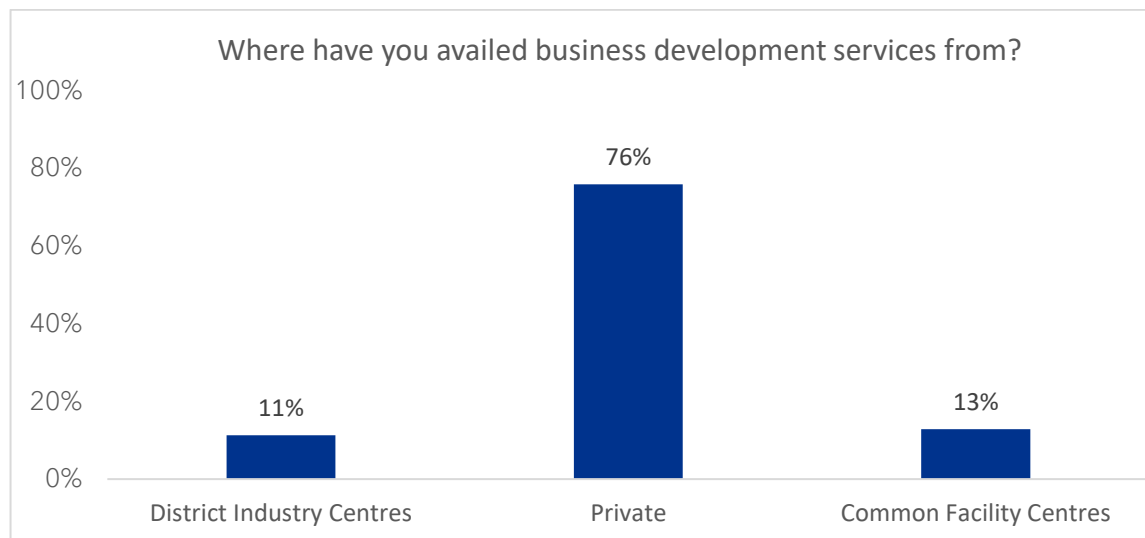


Figure 56 Usage of business development services

76% of MSMEs have availed business development services from the private sector service providers. Only 11% have availed the services provided at District Industry Centers (DICs). Similarly, a mere 13% of enterprises seem to have utilized common facility centers set up under the industrial areas or under the Govt sponsored schemes.

l. Experience of availing Business Development Services

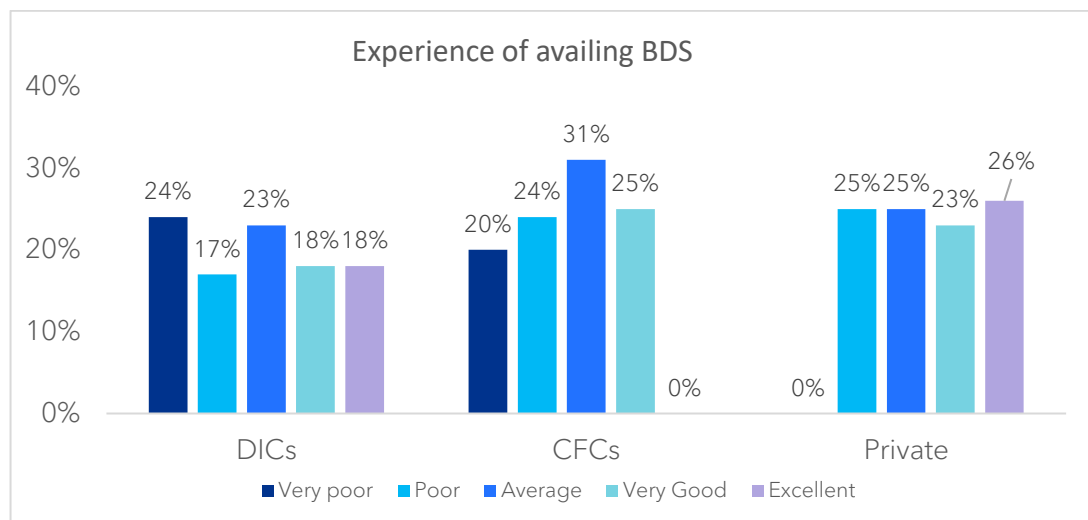


Figure 57 Experience of availing Business Development Services

One quarter of the total MSMEs surveyed have indicated that the experience of availing business development services at DICs was very poor. The sentiments seem similar for **CFCs with 20% of MSMEs expressing very poor experience.** Overall, it can be inferred that MSME's seem to prefer private business development services over state institutions. This is evident from the numbers which indicate that while over 3/4 of the total MSMEs rated the experience of availing

services at DICs and CFCs less than average, **more than half of the MSMEs expressed very good to excellent experience with private service providers.**

m. Marketing support under state govt. scheme/ policy

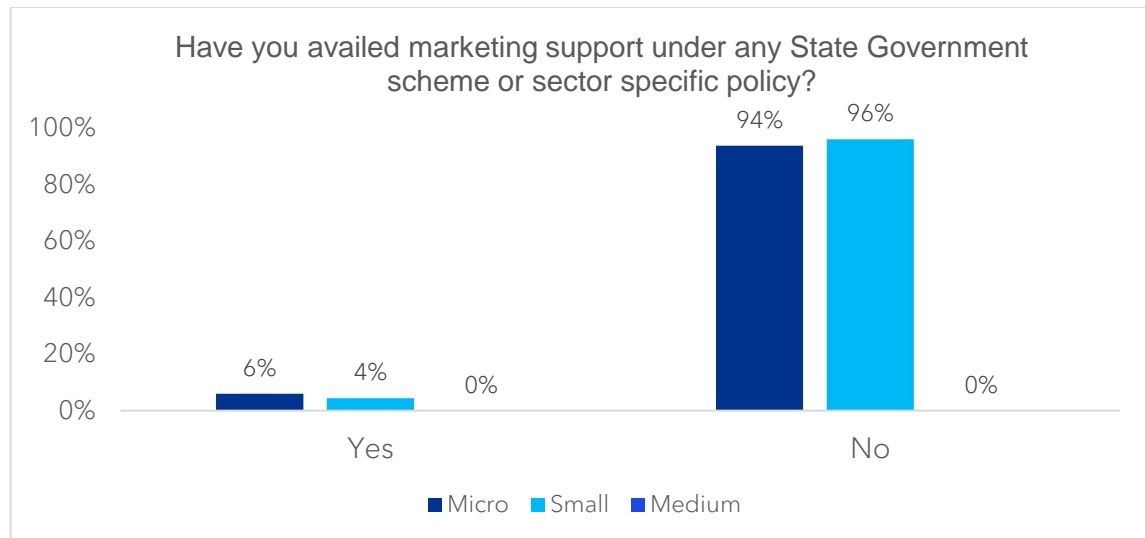


Figure 58 Marketing support under State Government Schemes/Policies

A majority of MSMEs have not availed any marketing support under any state government scheme or policy. Only 6% of micro units and 4% of small units have availed some form of state market assistance.

n. Challenges faced by MSMEs in accessing markets

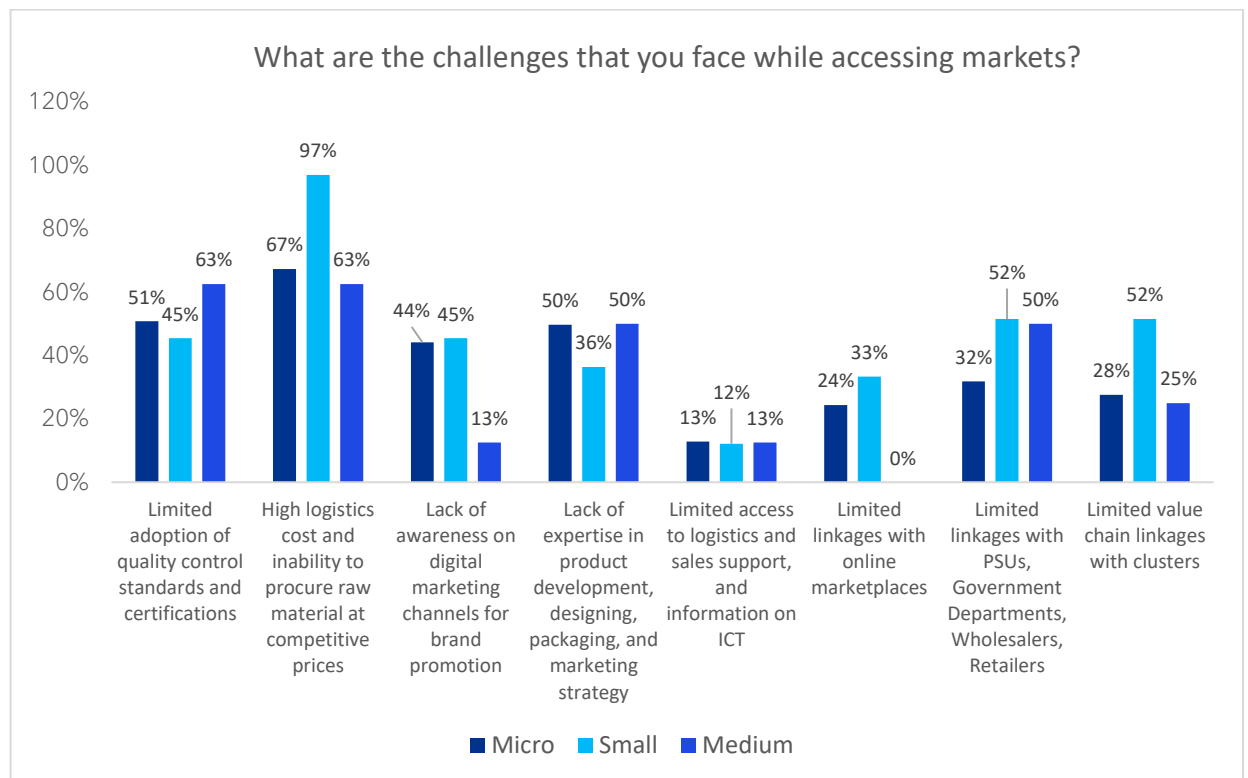


Figure 59 Challenges faced by MSMEs in accessing markets

Micro and small enterprises faced challenges across all categories in accessing markets. 97% of small enterprises that were surveyed reported high logistics costs and inability to procure raw materials at competitive prices. High logistics cost, limited adoption of quality control standards and certifications and lack of expertise in product design, packaging and marketing was the predominant challenge faced by medium enterprises.

5. Access to Infrastructure

a. Land/plot where MSMEs are located

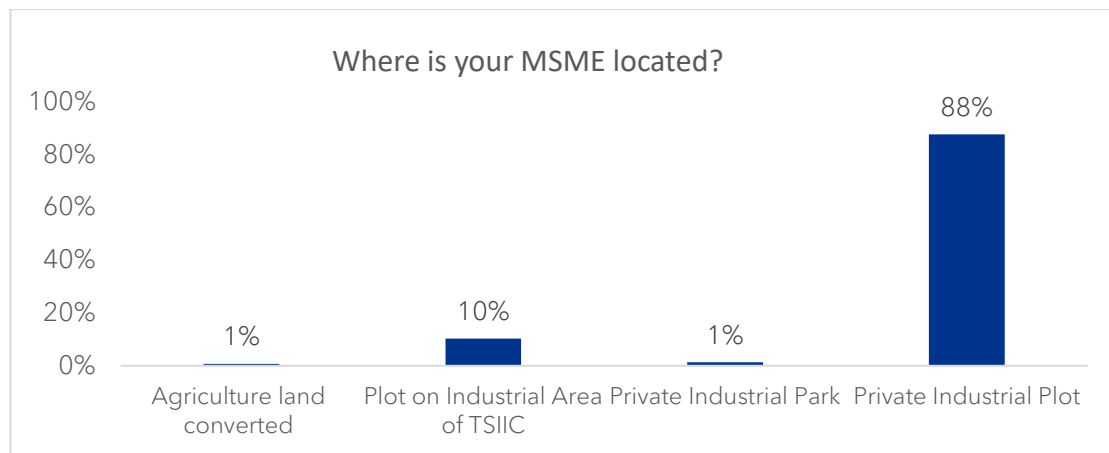


Figure 60 Land location of majorities of MSMEs

A vast majority of MSMEs – 88% are located on private industrial plots while the others are located outside in Government industrial areas. This is also stemming from the fact that majority of the MSMEs are in the micro category and cannot afford government industrial land.

b. Challenges faced by MSME while accessing infrastructure

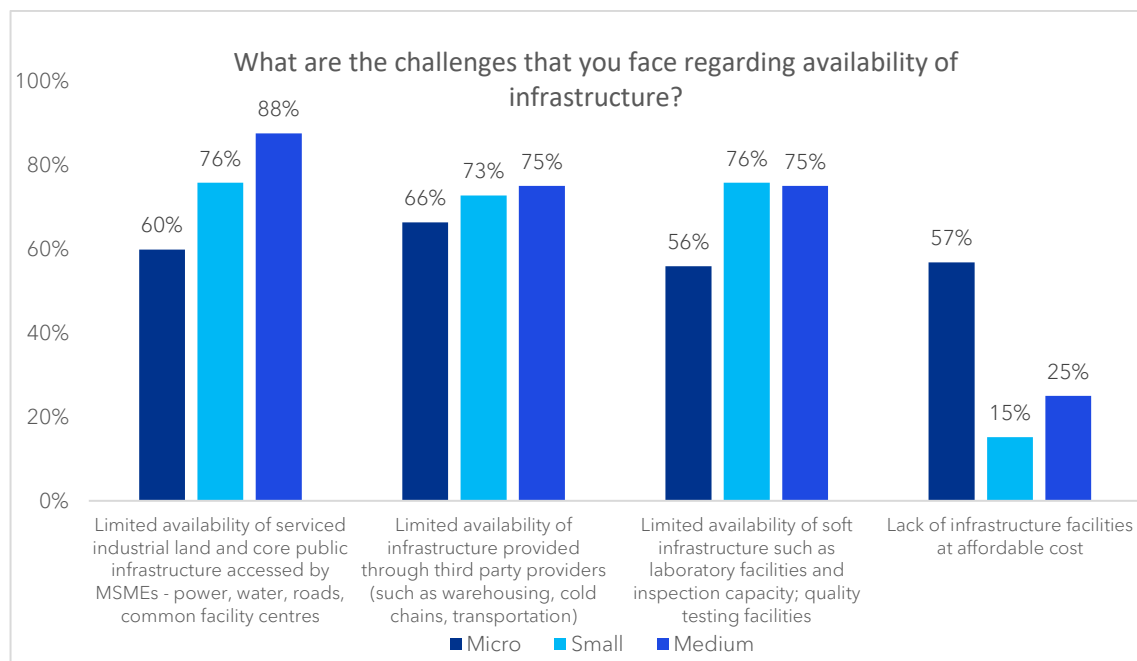


Figure 61 Challenges faced by MSMEs in availability of infrastructure

A majority of overall MSME's reported **the limited availability of infrastructure such as warehousing, cold storage, transportation, etc. as the top challenge** faced while accessing infrastructure. Besides this, the need for public infrastructure facilities such as land, electricity, water, and connectivity; the limited availability of soft infrastructure like testing facilities as well as lack of affordability were also reported by all the MSMEs.

6. Greening of MSMEs

a. Availing credit/ financial assistance under the central scheme/sector specific policies for adopting sustainable practices

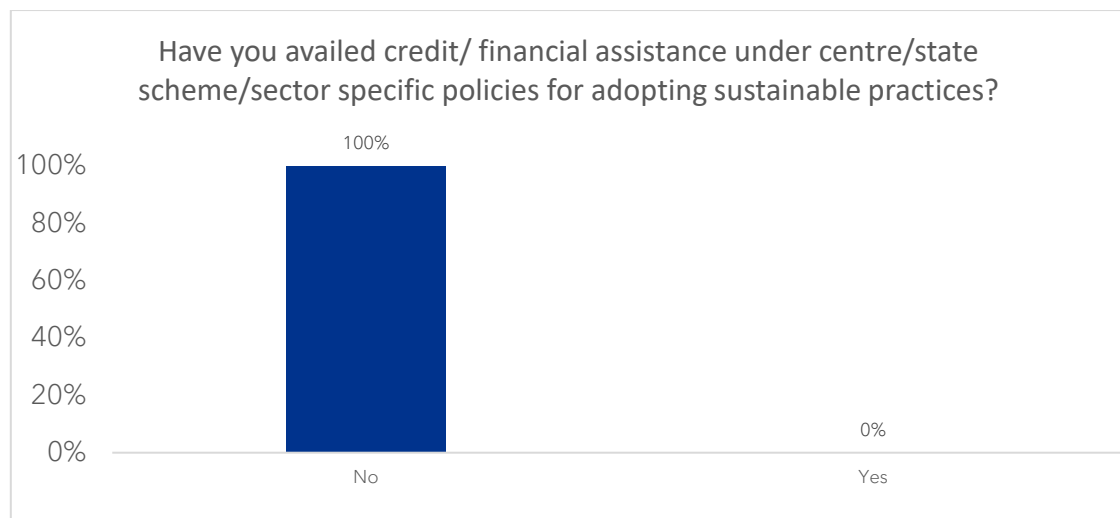


Figure 62 Financial assistance under Central Scheme or sector specific policies for adopting sustainable practices

Of the total MSMEs surveyed, none had availed credit/financial assistance under any central scheme/sector specific policies for adopting sustainable practices.

b. Usage of green energy sources such as solar, wind, etc.

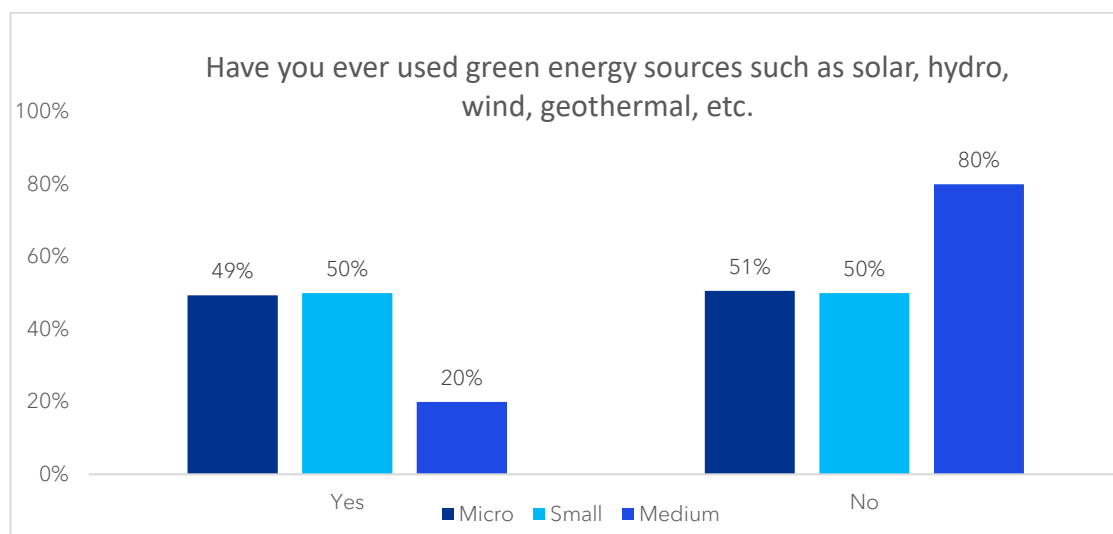


Figure 63 Usage of green energy sources

Overall, **52% of MSMEs** are using some form of green energy source in their enterprises. Their usage is in tandem with their enterprise-size, with medium firms using more green sources and micro the least. Upon further probing, most of the green energy sources are solar based.

c. Resource Consumption

Of the total MSMEs surveyed, **only 14% always measured and 29% often measured the resources** like water, electricity, etc. consumed and emissions and waste expelled. Conversely, 18% MSMEs admitted to rarely and 39% sometime measuring these levels.

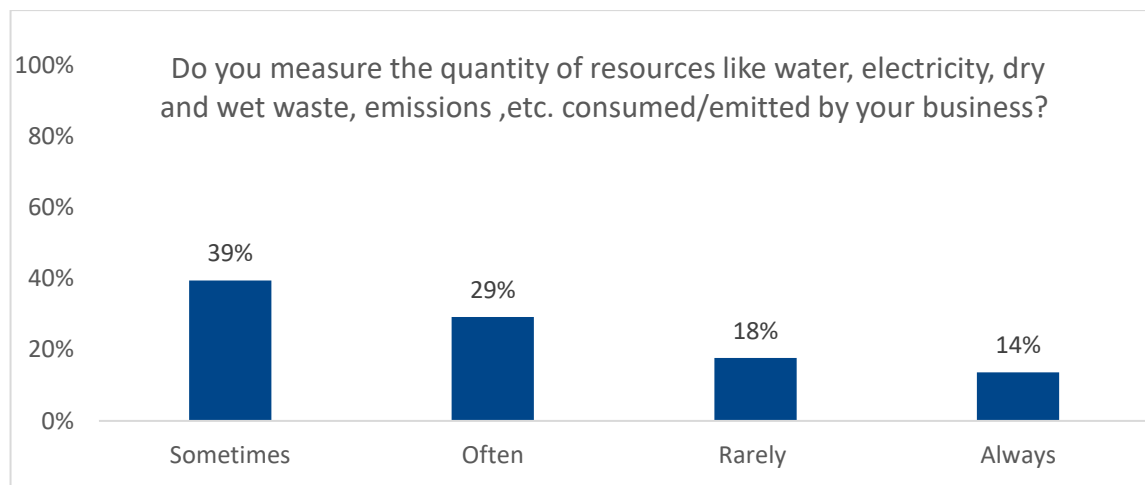


Figure 64 Resource Consumption

d. Awareness about the benefits/opportunities from implementing sustainability measures

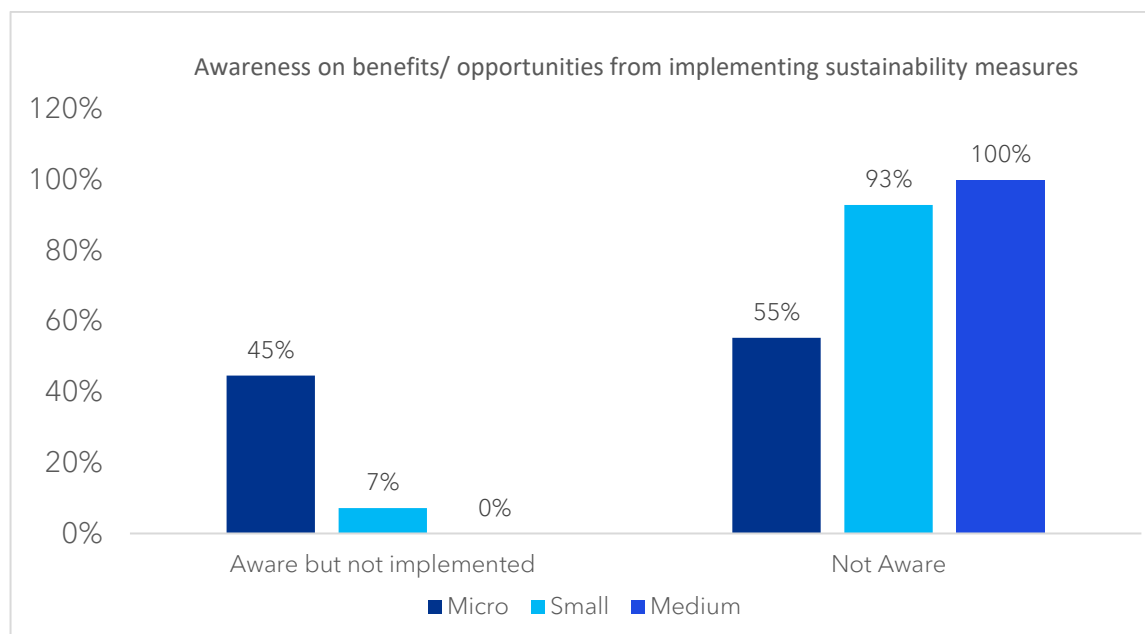


Figure 65 Awareness about the benefits/opportunities from implementing sustainability measures

Overall, an average 83% of MSMEs are unaware of benefits/ opportunities from implementing sustainability measures. Therein, 45% of micro units though aware have not implemented any.

e. Implementation of sustainability measures as part of business strategy

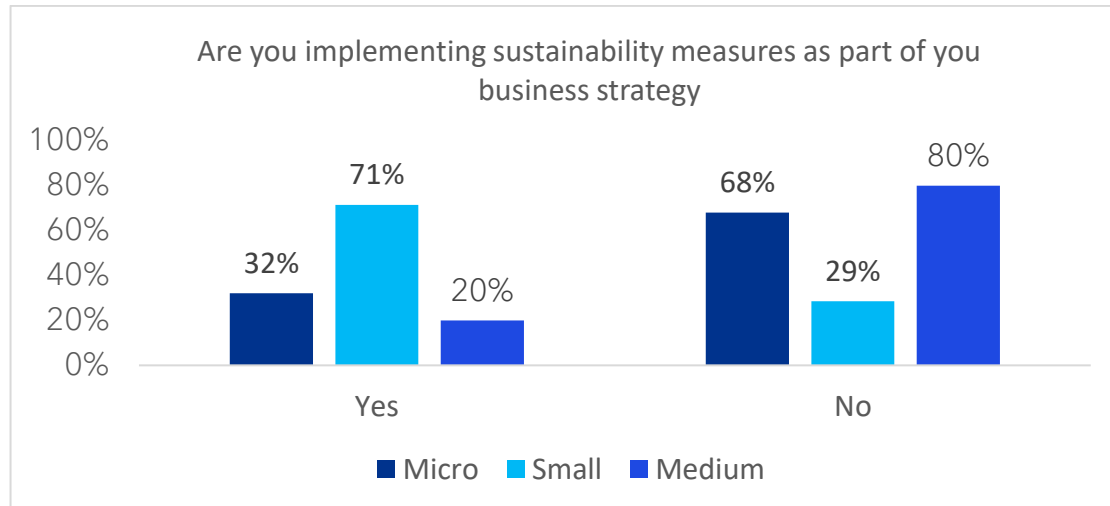


Figure 66 Implementation of sustainability measures as part of business strategy

While 68% of micro units and 80% of medium units are not implementing any sustainability measures as part of their business strategy, this data is converse for small enterprises. Data shows that 71% of small enterprises are implementing measures aimed at sustainability. The top sustainability measures implemented by these MSMEs are the prompt payment of taxes, investments for the future and sustainable growth targets.

Furthermore, enterprises revealed that none of them had the relevant expertise in the implementation of sustainability measures. **82% of the overall MSMEs expressed the need for government support** in this regard.

f. Challenges faced in implementing sustainable practices



Figure 67 Challenges faced in implementing sustainability practice

Lack of awareness & knowledge, availability of technical knowhow, lack of capital & awareness on green financing instruments are all contributing factors that limit the use of sustainable practices, apart from medium enterprises for whom the availability of technical knowhow wasn't a challenge.

7. Access to Skilled Manpower

a. Awareness on the digital job portal MSME SAMPARK

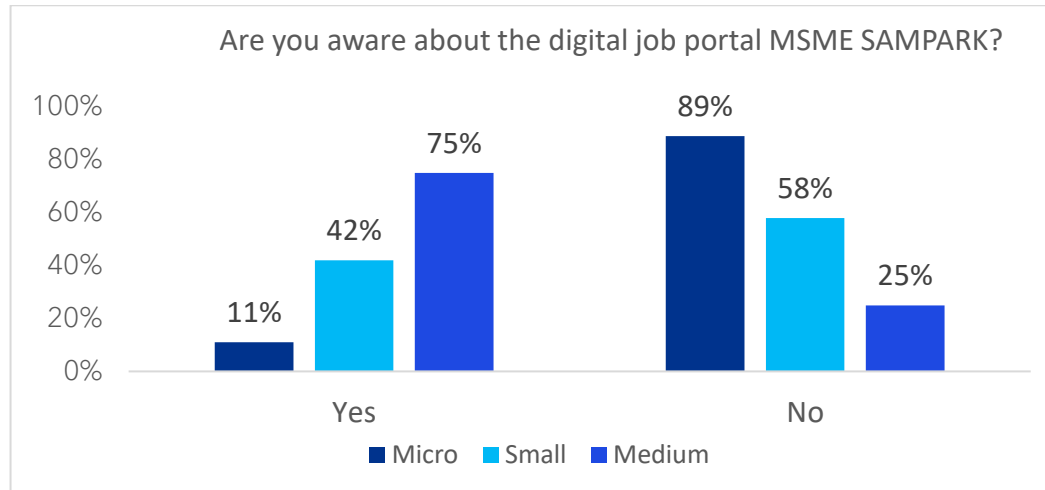


Figure 68 Awareness on MSME SAMPARK

Out of the 5000 MSMEs surveyed, **89% of micro industries are not aware of MSME Sampark**. On the contrary, 75% of medium enterprises and 42% of small enterprises are aware of the portal. This necessitates concentrated efforts to promote awareness among the micro units in the state. There seems to be a negligible difference in awareness levels in terms of the social category of MSME owners. The same holds true for gender. Overall, the awareness on MSME Sampark needs improvement.

b. Skill level of employees – Contractual vs Permanent

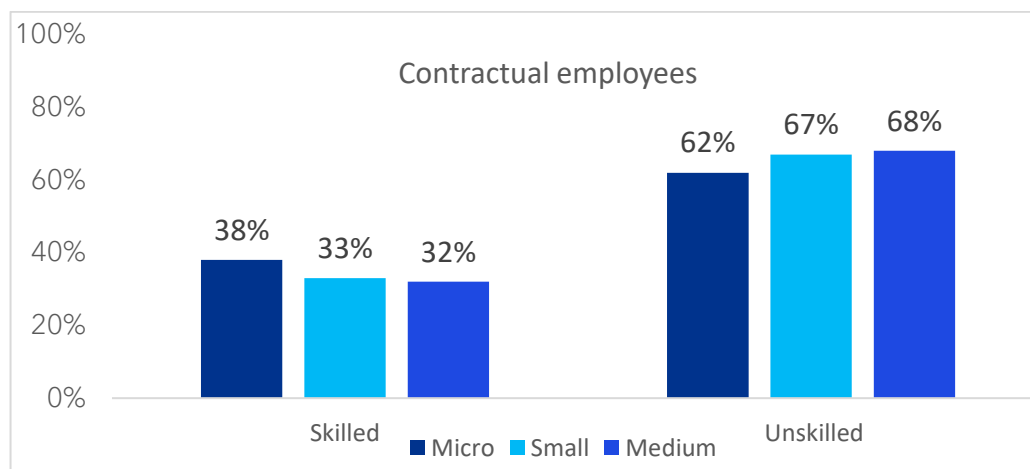


Figure 69 Skill level of employees- Contractual vs Permanent

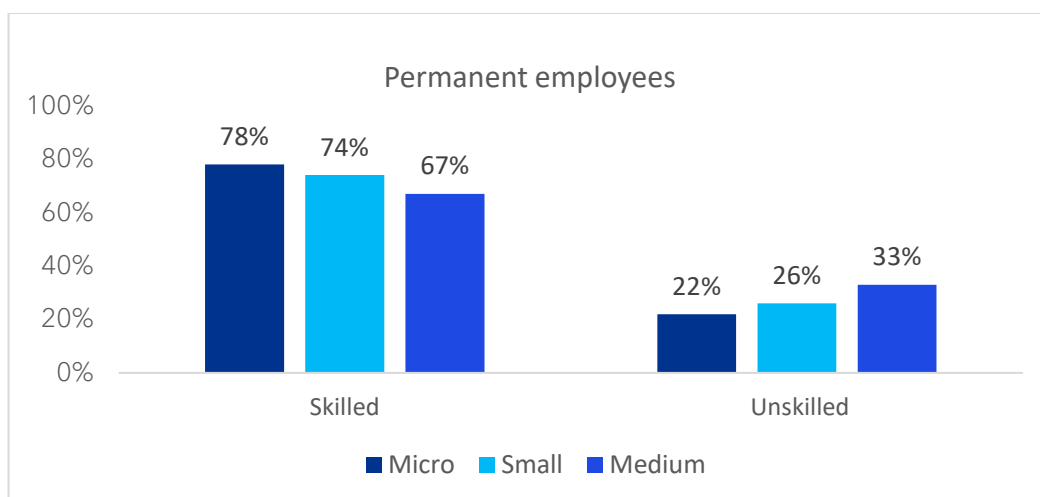


Figure 70 Skill level of full-time employees

An analysis of the data on the skill level of employees indicates that MSMEs across all types, firms have **more of permanent employees that are skilled and a higher level of unskilled employees on contractual basis**. Most firms may not consider skilling of contractual employees since their services are time bound and investment in their skilling or upskilling may not be of use for the enterprise as against the permanent employees.

g. Skill levels of permanent employees

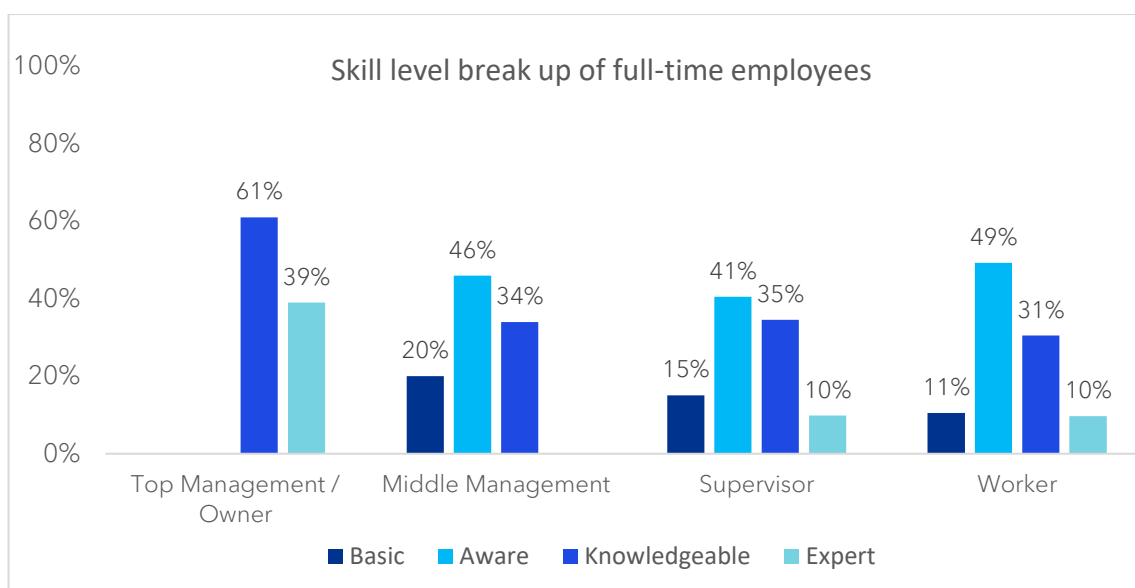


Figure 71 Skill level of permanent employees

Survey data confirms the common assertion that MSMEs in general seem to invest less in upskilling their employees. The above figure **indicates that higher the status in the firm hierarchy, higher the level of skill and vice versa**. Accordingly, most employees that fall under the knowledgeable and expert category are the top management/owners. Likewise, 49% of workers fall under the second quartile 'aware' with only 31% in the knowledgeable category and 10% in the expert category.

h. Level of hard/ technical skills possessed by employees

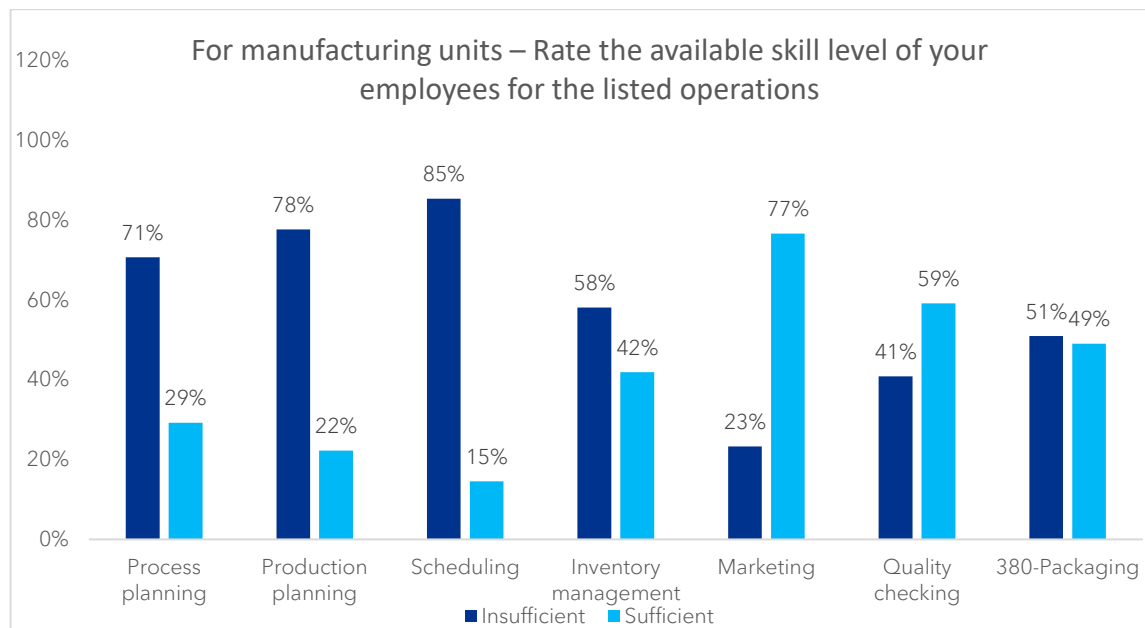


Figure 72 Level of hard skills possessed by employees

With regards to hard/ technical skills for manufacturing enterprises, marketing, quality check and packaging are the most available skill categories. On the contrary, technical and shop floor skills such as scheduling, production planning, process planning, and inventory management are the operations where MSMEs have insufficient level of skills.

i. Level of soft skills possessed by employees

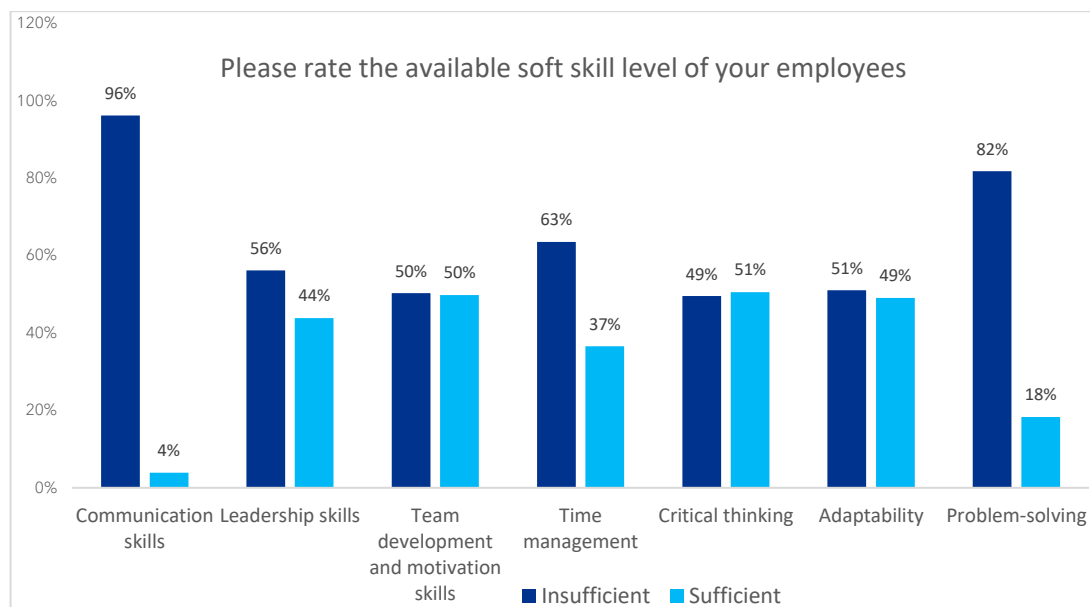


Figure 73 Level of soft skills possessed by employees

Overall, the level of soft skills possessed by employees in MSMEs seem to be quite low, with the worst being communication skills and the ability to solve problems. Similarly, 65%

insufficiency in time management, 60% in leadership skills and more than 50% skill deficiency in other categories were recorded.

j. Key reasons that contribute to the skill lacuna of employees

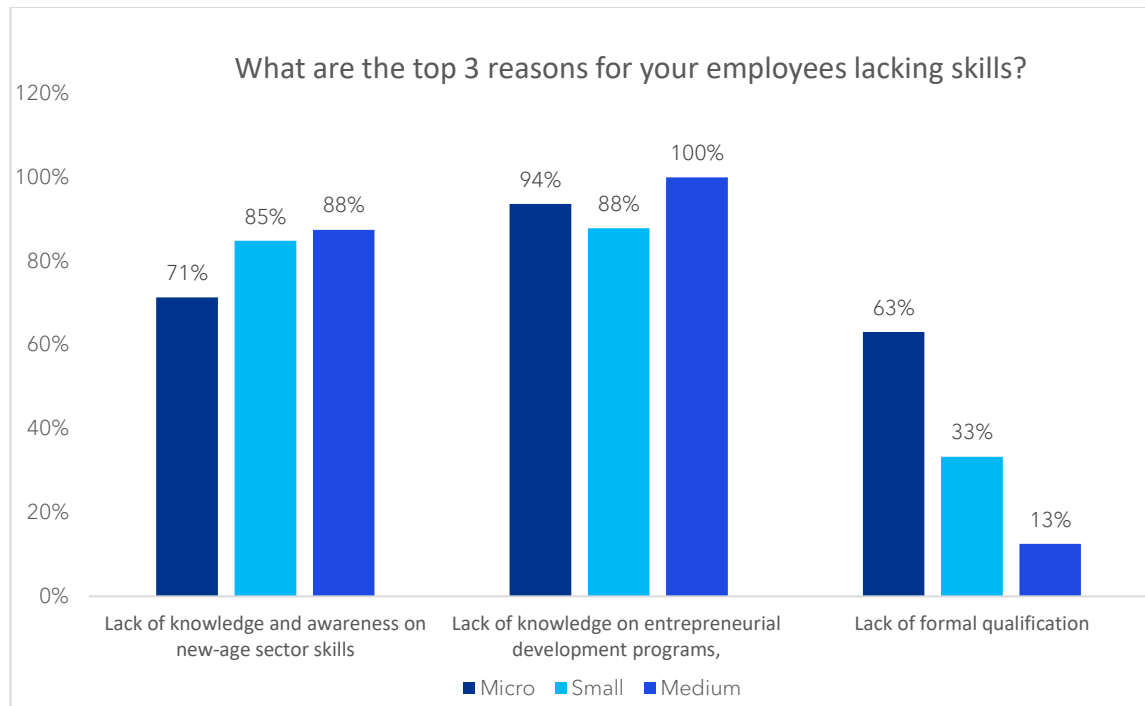


Figure 74 Key reasons that contribute to skill lacuna of employees

The key reason that contributes to the skill lacuna of employees in micro units is **the lack of awareness/knowledge on skilling programs and EDPs**. However, for small and medium enterprises, along with the above reason, the lack of knowledge and awareness on new-age sector skills is the top reason.

2.2 Consultations with Key Stakeholders

The MSME ecosystem in any state is generally extensive and comprises of a myriad of players with complementary roles and often overlapping spheres of activity whose mandate is to support and propel the growth of the sector. To capture their diverse opinions, detailed in-person consultations were carried out with 42 key stakeholders. They included state level departments, district level institutions, financial institutions, trade & industrial associations, cluster level organizations and so on. Figure 10 elucidates the key stakeholder groups identified in Telangana and their respective roles. These consultations comprised of 14 FGDs and 28 structured interviews with open ended questions and discussions that captured both quantitative as well qualitative responses.

Sr No	Stakeholder groups	Key Identified Stakeholders	Role of Stakeholders
1.	Central Government Departments	<ul style="list-style-type: none"> MSME DFO Federation of Indian Export Organization (FIEO) NI-MSME Khadi Village Industries Commission (KVIC) Central Institute for Tool Design-CITD 	The Central and State Department play pivotal role in formulating policies and providing regulatory support to create enabling environment for MSMEs. The various departments are responsible for offering various schemes, incentives, financial assistance, develop infrastructure facilities, revive financially distressed MSMEs, marketing & export promotion, technology support skilling to improve capacity building and provide advisory schemes to help struggling MSMEs overcome their barriers
2.	State Government Departments	<ul style="list-style-type: none"> Commercial Tax Telangana Academy for Skill and Knowledge (TASK) MAUD – Ministry of Urban development National Small Industries Corporation (NSIC) Factories Department Planning Department TSIC Telangana Industrial Health Clinic Ltd T-Hub WE-Hub Directorate of Industries DIC-GM-Ranga Reddy 	
3.	State Sectoral Departments	<ul style="list-style-type: none"> Food Processing Society Automotive Textiles/ Kakatiya Mega Textiles Park (KTMP) Director Logistics 	The State Sectoral Departments promote decent work by addressing economic and social issues, challenges and trade issues for specific sectors.
4.	Financial Institutions	<ul style="list-style-type: none"> Telangana State Financial Corporation SLBC TReDS - RXIL, Invoice Mart, M1xchange SIDBI 	Banks, NBFCs and financial institutions offer loans, credit lines and other financial products tailored to the specific requirements of MSMEs and ease access to credit.
5.	Industry Associations	<ul style="list-style-type: none"> Jeedimetla Industrial Association 	Various industry associations and SPVs play a crucial role in representing the interests of MSMEs,



Sr No	Stakeholder groups	Key Identified Stakeholders	Role of Stakeholders
		<ul style="list-style-type: none"> The Federation of Telangana Chambers of Commerce and Industry (FTCCI) Federation of Indian Chambers of Commerce & Industry CII Association of Lady Entrepreneurs of India (ALEAP) Geethanagar Navajeevan Nagar Micro Industries Association (Engineering Work Cluster) S. S. Mahila Society (Artisan Cluster) Telangana & Andhra Pradesh Composite Manufacturers Association (TAACMA) TIF Integrated Industrial Parks Pvt Ltd Patancheru Industrial Association (PIA) Biscuits, Wafers and Confectionary Manufacturers Association Telangana Cotton Millers & Traders Welfare Association 	advocating their needs, and fostering collaboration among the MSMEs

Table 28 Consultations with various identified Stakeholders

2.3 Key findings from FGDs & Stakeholders Consultations

The findings from the Stakeholder Consultations have been tabulated below, data from many of these have been captured in the different sections of the report:

2.3.1 Meetings with Central Government Departments/ Institutions

Sr No	Date	Department	Point of Contact	Key findings/ takeaways from the meeting
1.	18-07-2023 10-07-2023 12-06-2023	DFO MSME	Shri. D. ChandraSekhar, IEDS, Additional Development Commissioner Mr. Sreedhar, Asst. Director	<ul style="list-style-type: none"> Access to timely credit, adequate credit and working capital to MSMEs need to be addressed. State govt. depts and PSUs have to be onboarded on the TREDs platform to address the issue of delayed payments. Outreach to districts requires closer coordination with DIC offices. Samadhan portal –Capacity building of officers of MSEFCs should be undertaken. Women and SC/ST participation in CGTMSE & CHAMPION schemes is an issue of concern that needs special attention.
2.	19-06-2023	Federation of Indian Export Organization	Mr. Kulkarni, Head, Telangana Chapter	<ul style="list-style-type: none"> Best practices being followed by other states in Export Promotion needs to be studied and replicated as per the state specific needs Key industry players from identified thrust sectors should be met to seek feedback on policy interventions and schemes Identification of industry-specific needs at district level is required to be assessed. FTCCI prepared a report on post COVID-19 challenges faced by exporters
3.	10-07-2023	NI-MSME	Shri. Suryaprakash Gowd, Head National Resource Centre for Clusters	<ul style="list-style-type: none"> Effort needs to be strengthened in enhancing cluster level exports based on sectors and products to explore possibilities of value chains promotions. Need to maintain database of consultants and strengthen outreach efforts to focus on design promotion & packaging support to MSMEs in food processing clusters.
4.	20-07-2023	Khadi Village Industries Commission (KVIC)	Shri. Manoj Lanka, Director	<ul style="list-style-type: none"> Efforts to enhance exports from clusters and explore the possibility of value chain promotion in selected clusters State specific viable self-employment opportunities based on local resources availability should be prepared and made available to DICs and KVICs
5.	12-06-2023	Central Institute for Tool Design- CITD	Shri. Bramheswariah, Principal Director, CITD	<ul style="list-style-type: none"> Currently, establishment of new extension centers for Karimnagar, Warangal and Zaheerabad are under process. Support from the Central Government for the establishment of facilities is available. Land to be provided by State Govt.
6.	13-07-2023	NSIC	Shri. Srinivas, Director NSIC	<ul style="list-style-type: none"> There is a need for an online centralized portal which can cater to all the needs and schemes of NSIC Realization of receivables and that of CTMS/RMA scheme of NSIC. Payments against their supplies / services to the various state government departments are getting delayed.

Table 29 Meetings with Central Government Department



2.3.2 Meetings with State Government Departments

Sr No	Date	Department	Point of Contact	Key findings/ takeaways from the meeting
1.	24-06-2023 & 17-07-2023	Commercial Tax	Ms. Neetu Kumari IAS, Commissioner	<ul style="list-style-type: none"> Department shared MSME information based on turnover Data with respect to sectors, districts, gender, enterprise type, exports volume and products has been shared for FY 2022-23
2.	03-07-2023 & 24-07-2023	Telangana Academy for Skill and Knowledge (TAS K)	Shri. Shrikanth Sinha, CEO, TASK	<ul style="list-style-type: none"> Need for setting up a centralized skill development corporation to aggregate the demand of skill needs from various sectors. Current training is focused on new entrants. There is requirement for reskilling and upskilling of existing workforce. Training on latest technology needs to be incorporated in training courses. Vocational training is currently focused at the school level. 47% trainees are women out of every 100 members trained. Supporting industry and students through apprentice program Affordability of skilled manpower for MSME is a huge challenge. Government should incentivize MSMEs in affording skill labour.
3.	03-07-2023 & 20-07-2023	MAUD – Ministry of Urban development	Shri. Mr. Syeda IAS, Additional Secretary, MAUD, Ms. Padma, Project Director MEPMA	<ul style="list-style-type: none"> MEPMA program extends financial support to SHGs and women entrepreneurs.
4.	06-07-2023	Factories Department	Shri. Rajagopala Rao, Director, Factories Dept	<ul style="list-style-type: none"> Separate Funds for conducting occupational, health and safety awareness programs may be considered. Dedicated venue for conducting trainings and awareness programs may be considered. Delayed dispute resolution in the courts. Separate court for dispute resolution with respect to factories dept may be considered
5.	24-06-2023	Planning Department	Shri. G. Dayanandam, Director, Planning dept	<ul style="list-style-type: none"> Received Annual survey of industries, Economic development report of Telangana, Telangana State Statistical abstract, Telangana Socio-economic report and latest industries audit report 21-22
6.	24-06-2023	TSIIC	Shri. Madhusudan, CEO, Projects Ms. Kavita, DGM, Projects	<ul style="list-style-type: none"> TSIIC taking up cluster development through MSECDP Setting up 5 flatted factory complexes, 2 CFCs TIF Park - support in setting up a meeting with Mr. Gopal Rao As part of exposure visits, IPOs can visit Tamil Nadu to study CFC infrastructure created in industrial parks/ clusters - governance, O&M
7.	20-06-2023	Telangana Industrial Health Clinic Ltd	Shri. Venkateswarlu Sistla , MD & CEO, TIHCL 2. Shri Prasad, COO, TIHCL	<ul style="list-style-type: none"> TIHCL provides direct lending, upscaling & stressed asset financing They undertake financial & non-financial interventions for stressed units TIHCL has conducted a study with the Center for Economic & Social



Sr No	Date	Department	Point of Contact	Key findings/ takeaways from the meeting
				<p>Studies (CESS) in Cherlapally Industrial Cluster to understand post covid challenges faced by MSMEs & provide recommendations. The study will be made available to the team</p> <ul style="list-style-type: none"> Lack of availability of skilled manpower & inability to procure raw material at competitive prices are key challenges faced by MSMEs TIHCL is proposing to setup offices in multiple districts in Telangana to provide their services
8.	20-06-2023	T-Hub	<p>Mr. Srinivas Rao Mahankali, CEO T-Hub,</p> <p>Mr. Saurabh, Govt. Innovation Programs</p>	<p>T-Hub has been working with start ups in deep tech, services and manufacturing areas. T-Hub works very closely with Government and private sector to provide mentorship, financial and linkages support to the start ups.</p> <p>While T-Hubs outreach to MSMEs is limited in the current context, they are keen to work closely with the sector beyond urban areas to address access to and adoption of technology. T-Hub has synergies with the MSME agenda especially in terms of promotion of green technologies, climate change and sustainability. They are also working towards setting up District Innovation centres for greater outreach, especially in Tier II and Tier III cities.</p>
9.	04-07-2023	WE-Hub	<p>Sheik Jahid, Director – Social Impact & Entrepreneurship Program</p> <p>Ms. Uha, Project Manager – Social Impact & Entrepreneurship</p>	<ul style="list-style-type: none"> Discussed single window platform for enabling women entrepreneurship. Mapping women entrepreneurs district wise at DIC level is critical We- Hub is supporting women entrepreneurs through their own established criteria that qualify for We certification, funding support through We Bridge and mentoring support through We Equip. Concept note was shared in this regard
10.	06.06.2023	Directorate of Industries	Mr. Madhukar Babu, Jt Director MSME	<ul style="list-style-type: none"> The Department supported the team's interaction with the GMs to help with MSME outreach Meetings with various Industry Associations should be planned at Hyderabad and various Districts in Telangana. It was Suggested that the team doing survey, to the extent possible, shall meet with MSMEs in person while collecting the data to ensure that all required data is captured. Team informed that multiple modes for data collection are being deployed-online/ offline/ through stakeholder consultations etc to gather firsthand information For the focused group discussions with industry associations, it was suggested to take inputs from a considerable number of the association members (MSMEs), to be able to get a good coverage
11.	20-06-2023	DIC-GM-Ranga Reddy	J. Rajeshwar Reddy	<ul style="list-style-type: none"> DICs in Telangana are classified into 3 categories: <ul style="list-style-type: none"> Category A – headed by JD level officer Category B – headed by DD level officer Category C – headed by AD level officer Allotment of Industrial land through TSIIC – TSIIC can share the details of all Industrial estates in the state



Sr No	Date	Department	Point of Contact	Key findings/ takeaways from the meeting
				<ul style="list-style-type: none"> Industrial Clearances – GM DIC is the convener for TS-iPASS clearances and monitoring at district level GM DIC is the chairman for MSEFCs – Ranga Reddy has 70% disposal rate, 1700 cases disposed since setting up MSEFC Application must be disposed off within 90 days Suggested setting up of Entrepreneur Guidance Cell in the DICs Limited availability of Skilled manpower is a major challenge for MSMEs

Table 30 Meetings with State Government Department

2.3.3 Meetings with State Sectoral Departments

Sr No	Date	Dept	Point of Contact	Key findings/ takeaways from the meeting
1.	13.07. 2023 23.06. 2023	Food Processing Society	Sushma, Director Food Processing Society	<ul style="list-style-type: none"> Compliance burdens for MSMEs is huge with respect to labour laws, environmental regulations. Affordable land cost and ease of application can provide some relief to MSMEs. Lack of awareness about alternative funding sources and various schemes for MSMEs benefit. Huge gaps in skilled workforce to meet MSME demand and limited support from government in skill development activities. Insufficient collaterals or assets to secure loans is one of the major constraints faced by MSMEs for formal lending. Stringent loan application process - complex loan application procedure and delay in process. Most of MSMEs face challenges in maintaining regular bookkeeping and accounts. Inadequate financial management practices can hinder their ability to track costs, make financial projections, and access financing. There is a huge potential to leverage digital tools which currently unutilized due to MSMEs poor knowledge on digital tools, e-commerce platforms, and digital marketing techniques. Inadequate cold storage infrastructure hampers MSMEs efficient storage and transport, especially industries needing temperature-controlled facilities. Limited resources and lack of testing facilities hinders MSMEs' regular quality control checks through laboratory testing. Service providers are usually concentrated in urban areas, therefore outreach to MSMEs located in rural or remote regions needs to be strengthened.



Sr No	Date	Dept	Point of Contact	Key findings/ takeaways from the meeting
2.	12.07.23	Automotive	Gopalakrishnan, Director Automotive	<ul style="list-style-type: none"> Enabling certain programs with institutes of prominence for skilling/ technology programs – BITS Hyderabad, IIIT, NIT Warangal, etc Establishing center of excellence for mobility. Need about 250-300 acres for setting up 2W & 3W park.
3.	30.06.23	Textiles/ Kakatiya Mega Textiles Park (KTMP)	Mihir Parekh, Director - Kakatiya Mega Textiles Park (KTMP)	<ul style="list-style-type: none"> Telangana is the 3rd largest producer of cotton in the country, but majority is exported to other states The state has multiple industrial parks/ clusters and a textile policy The sector is energy intensive, and power cost is one of the challenges faced - Open access for energy is not available in Telangana Proposed to setup Center of Excellence and a Testing Facility in KTMP
4.	28.06. 2023	Director Logistics	Ms. Aparna, Director Logistics	<ul style="list-style-type: none"> Lack of shared Infrastructure/ Common Facilities at clusters – Testing & certification facilities, packaging, irradiation, cold chain facilities at cluster level need to be mapped etc. Essential to setup District Export Hubs to boost and facilitate exports.

Table 31 Meetings with State Sectoral Departments

2.3.4 Meetings with Financial Institutions

Sr No	Date	Dept	Point of Contact	Key findings/ takeaways from the meeting
1.	21.06. 2023	Telangana State Financial Corporation	Mr. Shrinivas- ED Mr. Padmkar Rao- GM K. Sampath Kumar- AGM NVB Bapiraju- AGM	<ul style="list-style-type: none"> The corporation has incurred a loss on account of providing financial assistance through CGTMSE, therefore they are currently not providing loans under this scheme. Delay in disbursement of incentives by the State Government is causing working capital issues for MSMEs Process improvements in MSEFC's can reduce the turnaround time for disposal of applications.
2.	19.07. 2023 30.06. 2023	SLBC	Mr. Debasish Mitra GM, SBI Mr. Bhaskar Subramanyam AGM, SBI	<ul style="list-style-type: none"> No. of MSME units in Telangana are not captured, instead number of accounts by MSMEs under PSL as per RBI mandate and current MSME classification clubs manufacturing and service together. CGTMSE data is captured in the quarterly minutes, but it was recommended to reach out to CGTMSE trust. Overall data on credit flow to women is captured. Segregation based on gender to map credit flow under MSME, or schemes is currently not maintained. Data of PMEGP and outstanding NPAs is clearly captured. Report on rehabilitation of sick units captures unit wise data.



Sr No	Date	Dept	Point of Contact	Key findings/ takeaways from the meeting
3.	13.07. 2023	TReDS - RXIL, Invoice Mart, M1xchange	Ms. Gouri Kulkarni, Business Development Team, Invoice Mart	<ul style="list-style-type: none"> Awareness programs must be conducted for onboarding MSMEs MSMEs are skeptical of onboarding due to disclosure of PAN, GST & other financial information State Govt. Departments and state PSUs must be encouraged to be on TReDS platforms Registrar of Companies given responsibility of onboarding companies on TReDS platform for companies with over 500 Cr., ensuring compliance of this will onboard more OEMs/ buyers
4.	13-07-2023	SIDBI	Mr. Himanshu Asthana General Manager	<ul style="list-style-type: none"> Assistance is being provided to MSMEs for promotion and development Designing schemes and programs in the areas such as Equity support, Interest subvention, resolution on stressed MSMEs and other need-based interventions SIDBI is working with CoWE on MSME ecosystem development

Table 32 Meetings with Financial Institutions

2.3.5 Meetings with Industry Associations

Sr No	Date	Industry association	Point of Contact	Key findings/ takeaways from the meeting
1.	05-07-2023	Jeedimetla Industrial Association	Shri. Praveen Reddy, President, JIA	<ul style="list-style-type: none"> Shortage of skilled and semi-skilled manpower In-adequate infrastructure facilities in the new industrial estates No awareness about TReDS Awareness generation is required for penetration of CHAMPIONS Schemes MSMEs should be supported for buyer seller meets more frequently rather than once in a year which the current schemes allow
2.	17-07-2023	The Federation of Telangana Chambers of Commerce and Industry (FTCCI)	Mrs. Sujita, Dy. CEO	<p>Inputs to improving MSME performance:</p> <ul style="list-style-type: none"> Strengthening the CETPs at Cluster level Encouraging women entrepreneurs and providing necessary technical skills for non-traditional sectors Emphasis on Packaging, grading and logistics support. Exploring value chain promotion at cluster levels Need based surveys and publications for MSMEs for capacity building
3.	17-07-2023	Federation of Indian Chambers of Commerce & Industry	Shri. Rajiv Julakanti, Head, FICCI Telangana State Council	<ul style="list-style-type: none"> The association agreed to support in organizing stakeholder consultations and circulating survey links to their associated members.



Sr No	Date	Industry association	Point of Contact	Key findings/ takeaways from the meeting
4.	24-07-2023	CII	MSME Council members, CII	<ul style="list-style-type: none"> CPSUs have been making payments largely on time, owing to presence on TreDS and Samadhaan A lot of MSMEs are not aware of TreDS platform. MSEFC must provide a resolution within 90 days which gets stretched upto 180 days right now. Access to land and infrastructure at affordable cost is the major problem for MSMEs Regulatory challenges – taking time for building permissions, though TS- IPASS mandates 28 days for approvals, they raise a query, and the process gets delayed Awareness is a must for improving ZED/ LEAN and other certification Skilling - ITIs have to be strengthened in the State, they have outdated equipment CITD/ CIPET provide good training to enable manpower availability
5.	13-06-2023 21-06-2023 19-07-2023	Association of Lady Entrepreneurs of India (ALEAP)	Mrs. Ramadevi- Senior Vice Chairperson Mrs. Durga Bhavani- Vice President Mrs. Pallavi Joshi Tonpe- Joint Secretary	<ul style="list-style-type: none"> The association is proposing to have a platform for supporting rural women entrepreneurs by empowering SHGs with the necessary skills, resource and opportunities Women and SC/ST participation in CGTMSE schemes is an issue of concern that needs special attention Various initiatives are taken by association on greening and they have proposed to set up a green industrial park in the state Discussion on proposed interventions were held and inputs on proposed intervention involving ALEAP were requested They have shared further details on the challenges faced by MSMEs
6.	31-07-2023	Geethanagar Navajeevan Nagar Micro Industries Association (Engineering Work Cluster)	Mr. K. Upender Reddy, President	<ul style="list-style-type: none"> Shortage of skilled manpower and ITI students not able to cater to the needs of industry is a major challenge for MSMEs MSME's need support in branding their products and getting ISO certification Industry (cluster) needs technological upgradation to be a part of supply chain to PSUs like ECIL, DRDL, BDL and Midhani. There is scope for product diversion and requires technical support Cluster is ready to offer the infrastructure in their upcoming industrial estate for setting-up of skill center Delayed payments from buyers effecting their working capital cycle Cumbersome documentation procedures in getting Mudra loans and banks are insisting for collaterals for providing loans.



Sr No	Date	Industry association	Point of Contact	Key findings/ takeaways from the meeting
				<ul style="list-style-type: none"> The burden of Compliance in the GeM portal need to be reduced so that maximum number of MSMEs can participate
7.	01-08-2023	Telangana & Andhra Pradesh Composite Manufacturers Association (TAACMA)	Dr. Narayana Reddy, President	<ul style="list-style-type: none"> The association organizes international trade delegations for technology cooperation and business development According to the association, the access to credit from banks and also lack of support for technology upgradation are a major challenge for MSMEs
8.	03-08-2023	TIF Integrated Industrial Parks Pvt Ltd	Mr. Sudhir Reddy, President Mr. P. Gopal Rao, Director	<ul style="list-style-type: none"> Capacities in Solid waste management and waste recycling for IALA and other existing industrial parks in Telangana needs to be developed. Suggested that there should be an export promotion center / helpdesk. According to the association, the access to credit from banks is a major challenge for MSMEs
9.	05-08-2023	Patancheru Industrial Association (PIA)	Dr. V. Hanumantha Rao, President, PIA Mr. Kala Ramesh, Chairman, PIA	<ul style="list-style-type: none"> PIA is in the opinion that there is lack of awareness on government schemes and disconnect between the industry and central government agencies. Also, there is no proper skill training provided to the ITI students and make them industry ready. Technology upgradation is also a challenge facing by MSMEs Access to credit and lack of skilled manpower in the MSME sector affecting their growth Compliance burden for GeM portal can be minimized
10.	08-08-2023	Biscuits, Wafers and Confectionary Manufacturers Association	Mr. Nitin Sanghi, Secretary	<ul style="list-style-type: none"> No awareness of Govt. Schemes and huge investments in technology upgradation Access to credit and lack of skilled manpower in the MSME sector There is a scope to promote energy efficiency measures but there is a need for government support for the same.
11.	09-08-2023	Telangana Cotton Millers & Traders Welfare Association	President/ Secretary	<ul style="list-style-type: none"> Low level of awareness among cotton growing farmers on handling of cotton produce which leads to contamination of raw cotton. Association is looking for subsidized land from the government to construct CFC with Testing lab and other facilities

Table 33 Meetings with Industry Associations



2.3.6 Meetings with Induced/Sectoral Clusters

Sr No	Date	Cluster/ Industrial Park	Point of Contact	Key findings/ takeaways from the meeting
12.	23-08-2023	Siricilla Textile Park	Mr. Moiz, Development Officer, Siricilla Textile Park Mr. D Anil, Dubbala Vijaya Textiles Mr. K Shivashankar, Laxminarayana Textiles Mr. Sudarshan, Vijayanthi Textiles Mr. Laxmi Narayan, Anil Textiles Mr. Sharath, Sharath Textiles Mr. Vikranth, Vikranth Textiles Mr. Narsingam, Sri Sai Textiles Mr. Nagabhushanam, Himalaya Textiles	<p>The park was set up in the year 2003, with an investment of Rs. 7.73 Cr. It covers an area of 75 Acres comprising of 210 industrial plots. 119 units had commenced production in the initial phase however currently only 60 units are operational.</p> <ul style="list-style-type: none"> Primary reasons for units becoming sick: <ul style="list-style-type: none"> - COVID. - Demonetization. - GST implementation led to increase in costs - as there are a lot of unorganized power looms. - Fall in private orders - Higher costs of raw material - yarn due to logistics costs - yarn sources primarily from Daman, other states include Tamil Nadu, Gujarat & Maharashtra Other Challenges: <ul style="list-style-type: none"> - Units are currently dependent on govt. orders for survival - Batukamma Sarees, Rajiv Vidya Mission, Social Welfare Dept orders. - Wages range from 15,000 to 20,000 but unable to get workmen as work is seasonal and the local youth are preferring organized work environments. - Banks are not willing to give collateral free CGTMSE loans Buyers not listed on TReDS - TESCO payments are delayed by 5-6 months. - Machinery needs upgradation - to become more efficient, but units are unable to afford the same. Revival of the Technology Upgradation fund/ scheme was proposed. - High energy charges of Rs. 8.12 per unit as against lower rates in TN, Gujarat, Maharashtra. - No subsidy available for setting up solar roof tops SIDBI needs to setup more branches to meet local credit demand. - Local ITIs do not have specific courses to meet the skilling requirements. - Incentives from the state govt delayed by 5-6 years affecting working capital requirements Support Required on priority: <ul style="list-style-type: none"> - Require more buyer seller meets to improve business, Trade Fairs. - Reskilling of Manpower is required. - Tech upgradation support needed. - Need to set up common facilities center for Dyeing & sizing
13.	24-08-2023	Silver Filigree Cluster, Karimnagar	Mr. Ashok Arroju, Mr. Ashok Gade,	<p>There are 520 artisans under the cluster. Common facilities center was setup under the SFURTI scheme. The cluster has a common workshop under the association which provides employment, skilling & marketing support. Artisans sell products through the association to ensure fair price which are being sold through through Kalanjali,</p>



Sr No	Date	Cluster/ Industrial Park	Point of Contact	Key findings/ takeaways from the meeting
			Ms. Madhulatha, IPO Industries Dept.	Lepakshi, Golkonda and other artisan work marketing centers Also sells products to government to be given as mementos • Support required: The artisans require more avenues to sell products and marketing support
14.	25.08.2023	Ceramic Cluster, Mancherla	Mr. Prasad Rao, President Stoneware Glazed Pipes Assn. and members from 5 units Mr. Raghu, GM DIC, Industries Dept. Mr. Ashok, IPO, Industries Dept.	Stoneware Glazed (SWG) Pipes is the major product being produced by 36 units in all of Telangana out of which 26 units are there in the cluster. This is the highest concentration of such units in the country. SWG pipes are used for sewage and are ecofriendly and last for over 100 years since they are acid, alkali & rodent proof Availability of raw material and coal are major reasons for the concentration in the cluster. • Challenges: - Falling demand for the product on account of cheaper alternatives such as plastic pipes. - Delay in payments from government to contractors. - Delays in incentive disbursement. - Increase in raw material cost - Coal price increase by 60% in last 18 months - All units are not implementing quality measures, leading to bad reputation for the industry, reducing their business • Support Required: - Government must promote use of SWG pipes in all sectors. - Government can consider use of SWG pipes in all their projects and urban and municipal areas. - Raw material availability needs to be supported
15.	26.08.2023	Furniture/ Carpentry Cluster, Hanamkonda	Mr. Krishnamachary, President Vishwa Bramana Sangam Other Association members and artisans representing over 50 units	Over 2000 carpenters/ artisan workshops are operating in the cluster which manufacture wooden furniture items and products. • Challenges: - Big brands/ furniture outlets selling at cheaper prices leading to fall in business opportunities. - Working with traditional machinery leading to inefficiencies - High cost of borrowing from private lenders as banks are not providing loans because the units are unorganised and ITRs are not available - Lack of availability of carpentry trade in local ITIs. • Support Required: - Setting up of Artisan/ Marketing complex for selling their products - similar to large format retail outlets - Setting up of common facilities center with modern machinery. - Carpentry trade in local ITIs with modern training facilities. - Government should provide preferential buying in all Govt. orders and support in raw material purchase through auction
16.	26.08.2023	Leather Cluster, Warangal	Mr. Basheer, President Leather Tanners	16 tanneries existed providing employment to 5000 employees. Currently only 3 tanneries are operational. This cluster provides the best lamb and goat skins at the most competitive prices in the world.



Sr No	Date	Cluster/ Industrial Park	Point of Contact	Key findings/ takeaways from the meeting
			Association Representatives from 5 tanneries	<ul style="list-style-type: none"> • Challenges: Effluent treatment is the biggest challenge. Pollution regulations have led to closure of most of the tanneries. • Support required: <ul style="list-style-type: none"> - The cluster needs revival with government support - Government to allot alternate land outside the city limits to move the units. - Common facilities center with common effluent treatment plant needs to be set up. - Require marketing support - through trade fairs and through setting up of marketing offices in other countries - Hongkong/ France/ Italy/ Germany
17.	01-08.2023	S. S. Mahila Society (Artisan Cluster)	Mrs. Vijaya Sree Prasad, CEO	<ul style="list-style-type: none"> • There are 6 artisan clusters at various places in the Telangana under this association which are catering to the product range of pottery, Zari Zardosi, Banjara Embroidery, bangles, and Tribal Jewelry. All the 6 artisan clusters are funded under SFURTI outlay of Rs. 9.5 crores). SPVS are formed in all the clusters. • Association suggested to have a common facility center constructed in all the clusters • Product catalogues need to be prepared for all the products • Exploring product diversification in Pottery and Handicrafts • Market tie-up negotiations for Tribal Jewelry products with various stakeholders • Association has two trademarks registered in the name of ZHURI and DHURVI for Handicraft products <p>Tie-up with 'Brand Buzz' for technical support in creation of MIS, website, and other backend support</p>

Table 34 Meetings with Sectoral Clusters



Focus group discussion at DIC Conference



Focus Group Discussion with The Association of Lady Entrepreneurs of India (ALEAP)



Focus Group Discussion with Jeedimetla Industries Association



Focus Group Discussion with Dalit Chamber Commerce and Industry (DICC)



Unit from Leather Tanning Cluster of Enumamula in Warangal



CFC of Silver Filigree Cluster at Karimnagar



Discussions with members of furniture cluster at Hanumakonda



3. Challenges & Recommendations

3. Challenges and stakeholder recommendations

In Telangana, MSMEs have demonstrated impressive resilience by adapting to the evolving global economy and sustaining steady growth. However, they still face persistent challenges that hinder their competitiveness and growth potential. This chapter provides a comprehensive analysis of Telangana's MSMEs, challenges faced and recommendations across nine areas as captured below.

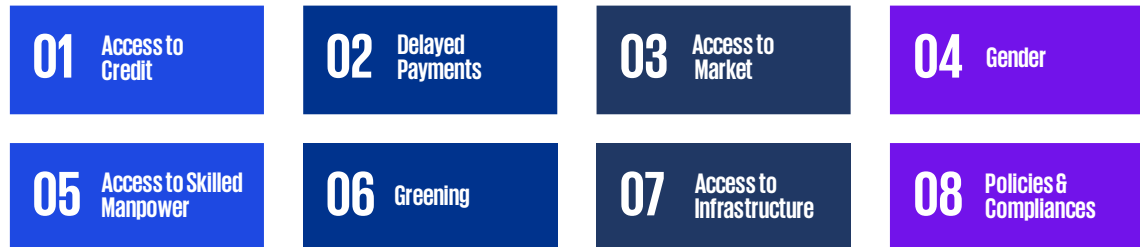


Figure 75 Challenges faced by MSMEs

3.1 Access to Credit

MSMEs constitute 90% of global businesses and cater to the employment needs of about 50% of the global population³⁰, with even higher estimates in the developing world. However, the lack of easy access to term loans and working capital have long deterred their growth and development. The credit demand of the sector is broadly catered by two sources – the formal finance sector and the informal finance sector. Data suggests that about **84% of the financial demands of Indian MSMEs is met by the informal lending with a paltry 16% coming from the formal sector**³¹.

The formal finance sector in India comprises of Scheduled Commercial Banks (SCBs), Non-Banking Finance Companies (NBFCs), other banks like Regional Rural Banks (RRBs) and Urban Cooperative Banks (UCBs) and government institutions like SIDBI, SFCs, etc. Here again, SCBs account for about 81% of the total formal credit supply and the remaining 19% is collectively funded by the remaining entities. There is a huge paucity of data and a lack of visibility into the informal lending sector despite its humongous transaction volume. However, it broadly comprises of non-institutional sources of finance like friends, family and institutional sources like moneylenders and chit fund companies.

³⁰ Trade and Development Report, 2020

³¹ IFC, 2018

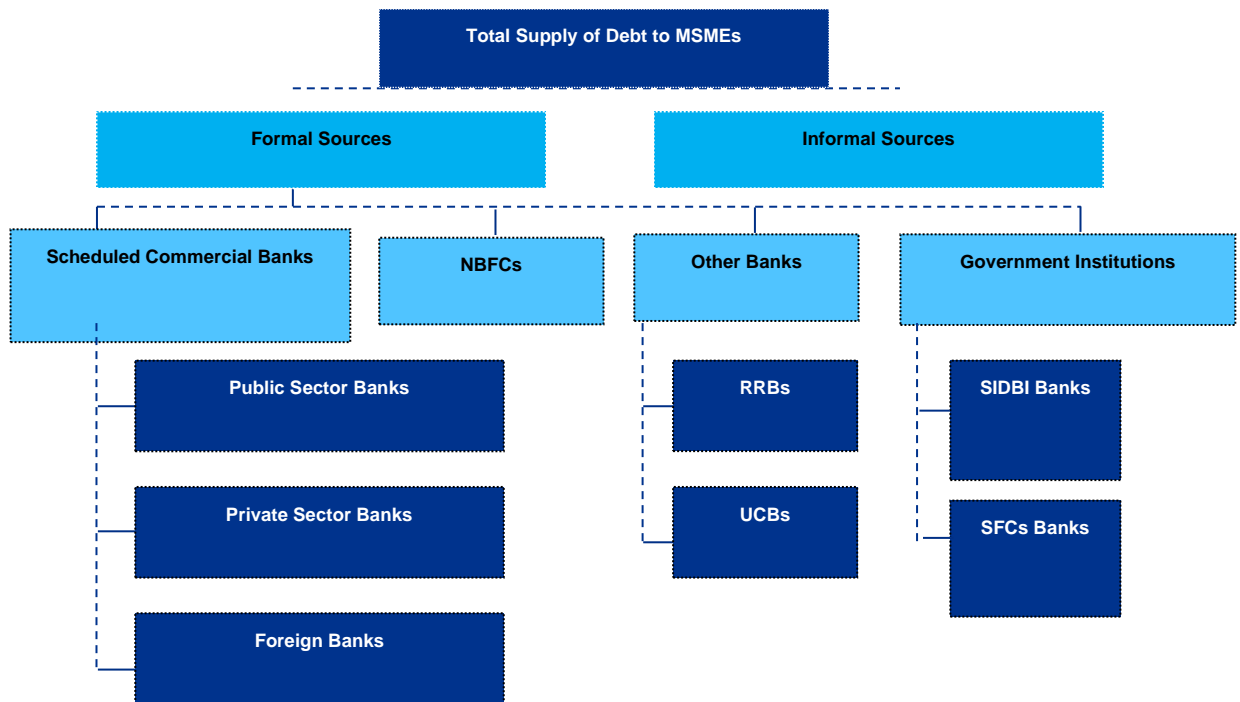


Figure 76 Flow of credit supply to MSMEs in India: ref IFC Report, 2018

According to the World Bank, **40% of MSMEs across 128 nations face credit constraints** with **only 15% of this need being financed through formal lending mechanisms**. However, the issue of credit is dually pronged, with ‘credit availability’ being a precursor to the problem of ‘credit access’. Measured by the concept of the **MSME finance gap**, it refers to the difference between current credit supply to MSMEs and the potential demand³².

The finance gap for formal MSMEs in developing countries is estimated at 41% amounting to 131 million US dollars³³. The marginality of gender worsens the situation with 32% of this gap comprising of women led MSMEs. The situation is dire for informal MSMEs that rely heavily on trade credit and usurious informal lending mechanisms. As per 2018 IFC Report, India’s MSME sector has a credit gap of Rs. 25.8 lakh crores. **This amounts to 19% of the total GDP for formalized MSMEs and 10% for informal enterprises**. According to SIDBI³⁴, while the credit supply in India for 2021 & 2022 increased by 24%, the demand for credit for the same period increased by 70%. Therein, NBFCs saw a 2x increase in credit demand for the same period. Also, research suggests that **“access to credit is inversely proportional to firm size”**³⁵ throughout the developing world. While large firms are often equipped to replace subsidized credit with credit at market rates, it is the small and informal micro enterprises that seem to be the worst affected.

³² MSME Finance Gap, SME Finance Forum

³³ MSME Finance Gap Report, SME Finance Forum

³⁴ MSME Pulse Report 2023

³⁵ (Kuntchev, Ramalho, Rodrigues-Meza, and Yang 2014)

3.1.1 Key Challenges to MSME lending

Both the central and state governments in India have a plethora of schemes and initiatives aimed at addressing the problem of credit access in the sector, however, the heterogeneity of the MSME sector poses a myriad of challenges that remain unaddressed.

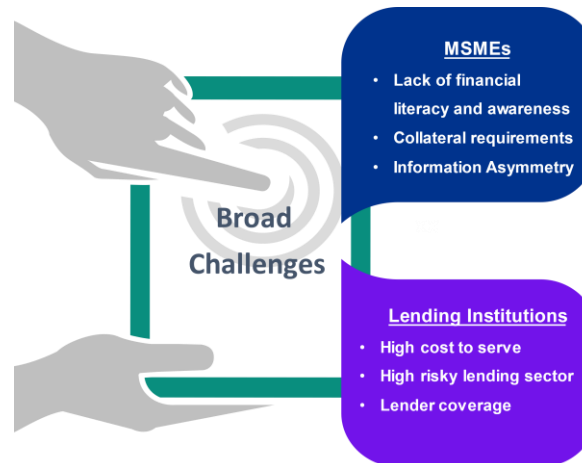


Figure 77 Broad Challenges to MSME Lending

a. Data Paucity and Information Asymmetry

Financial institutions assess the credit worthiness of borrowers based on credit history and previous financial performance. They bank on traditional credit appraisal systems that are hinged on data points like asset base, turnover, revenue trends, etc. to estimate the lending amount as well as the repayment potential/credit risk of the borrower. Unfortunately, most MSMEs lack the streamlined data and accounting records that reflect the financial health of their firms as mandated by lending institutions. Moreover, in the absence of credit history, first time borrowers grapple with proving their creditworthiness despite their ingenuity.

b. Lack of financial literacy

The main reason for this information asymmetry springs from the lack of financial literacy. A majority of MSME owners lack the financial literacy that is required to understand the financial requirements of lending institutions and the possible routes to avail credit. MSMEs often misconstrue this literacy gap as formalized credit mechanisms being too cumbersome and time consuming. This in turn instigates them to turn to informalized means of credit that appear quick, hassle free and relationship based, regardless of high lending rates.

c. High collateral requirements

For lending institutions, collateral based loans prove to be the safest and the most traditional lending mechanism. However, MSMEs often lack assets that can serve as collaterals to avail credit. Furthermore, **the preference for urban collateral assets over rural holdings** serve as additional barriers in accessing credit in rural areas. Overall, this deems MSME lending a highly risky proposition questioning the repayment potential of the borrowers. MSMEs to face inherent business risks such as delayed payments from

buyers, supplying to government entities, payments embedded in long supply chains, etc. that curtail timely repayments.

d. MSMEs, a high-risk & high-cost lending sector

With the lack of bankable data, poor financial literacy, and the absence of collaterals, MSME lending a highly risky venture for finance institutions. Under these circumstances, valuating, underwriting, and managing a customer result in a high-cost-serve.

3.1.2 Institutional arrangement in India

The Reserve Bank of India (RBI) is at the apex of the institutional pyramid for financing MSMEs in India. All the institutions lending to MSMEs come under the purview of the RBI and are regulated by the Securities and Exchange Board of India (SEBI). They include Public Sector Banks, Private Sector Banks, Small Finance Banks, Co-operative Banks, Regional Rural banks and other Non-Banking Finance Corporations (NBFCs). Additionally, sectoral support is provided by institutions such as Small Industries Development Bank of India (SIDBI) and Micro Units Development & Refinance Agency (MUDRA).

3.1.3 Status of MSME Financing in Telangana

In Telangana, the formal finance sector comprises of scheduled commercial banks, NBFCs, regional rural banks and co-operatives banks. According to SLBC Telangana, there are **6145³⁶ banking branches in Telangana as of June 2023**. There is an approximate 3% increase in this figure from the previous year.

Type of Bank	Rural	Semi-Urban	Urban	Total
Indian Public Sector Bank	835.00	728.00	1,558.00	3,121.00
Indian Private Sector Bank	147.00	411.00	1,021.00	1,579.00
Regional Rural Bank	626.00	208.00	86.00	920.00
State Cooperative Bank	218.00	104.00	96.00	418.00
Small Finance Bank	-	2.00	31.00	33.00
Multinational Banking and Financial Services Corporation	6.00	7.00	24.00	37.00
Indian Payment Banks	-	-	25.00	25.00
Andhra Pradesh State Financial Corporation	-	-	12.00	12.00
Total	1,832	1,460	2,853	6,145

Table 35 Geographical distribution of banking branches as of 2023 taken from SLBC Telangana

³⁶ Handbook of Statistics, 2023

In terms of geographic penetration, there are **about 54 banking branches per 1000 sq. kms** in Telangana, which is higher than the **national average of 46 branches**³⁷. An analysis of the geographical dispersion of these branches shows a dominance of both public and private sector banks in the urban areas as opposed to the others.

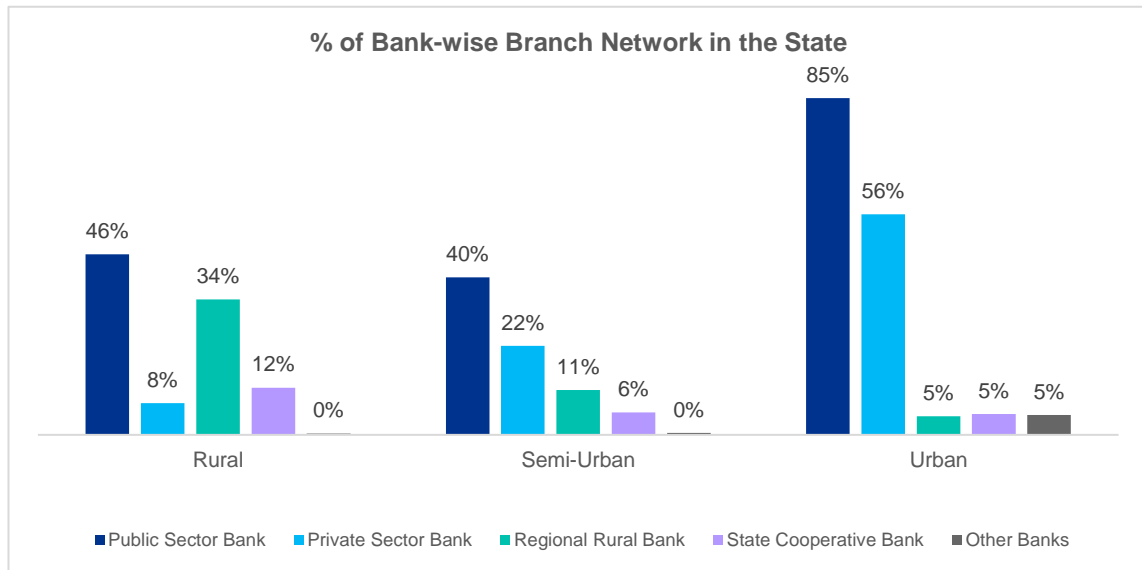


Figure 78 Bank wise geographical distribution of branches taken from SLBC

The Annual Credit Plan (ACP) which serves a roadmap for credit disbursement in a region is a robust indicator of the credit demand. According to the **Annual Credit Plan (ACP) in Telangana for the FY 2022-23, 98,115.84 crores** were allocated to the MSME sector. As depicted in the below figure, there has been a steady increase in the allocation for MSMEs in the ACP for Telangana in the last 3 years. Refer to annexure for a bank-wise breakup of this credit plan across the different size categories of enterprises in Telangana for FY2022-23.

Time period	As of 31.3.2021	As of 31.3.2022	As of 31.3.2023	TOTAL
	Rs. in crores			
Micro Enterprises	35,213	37,149	41,826	114,188
Small Enterprises	31,148	32,018	31,678	94,844
Medium Enterprises	21,193	23,998	24,612	69,803
Total outstanding	87,554	93,165	98,116	278,835

Table 36 Year-wise comparison of Telangana ACP for MSMEs across size categories taken from SLBC, Telangana

³⁷ Bankers Institute of rural development-NABARD

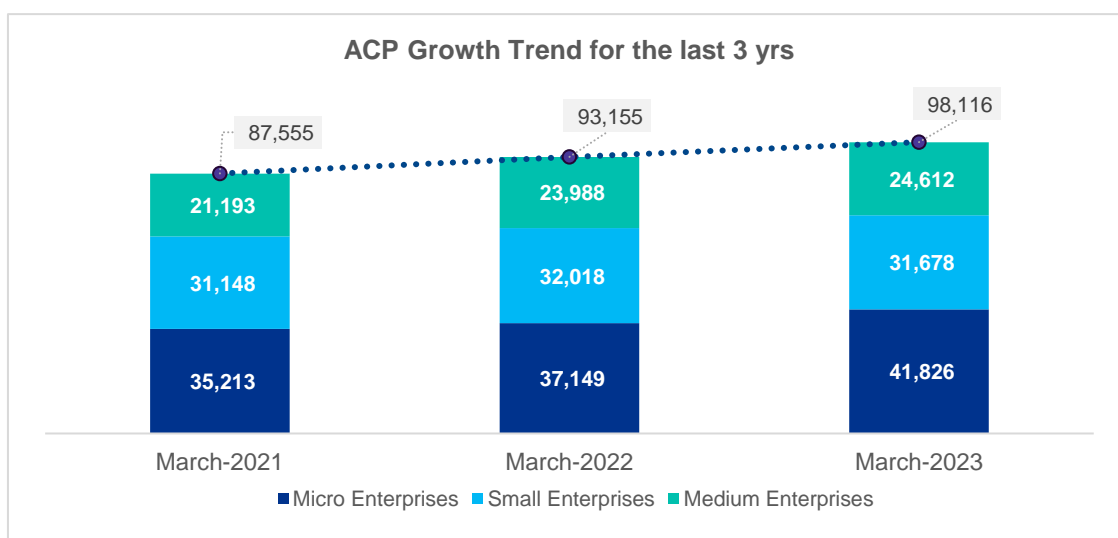


Figure 79 Year-wise comparison of Telangana ACP outlay for MSMEs taken from SLBC, Telangana

The credit disbursement as denoted by the **target achieved under Priority Sector Lending (PSL) as on 31.3.2023 for the state was 86,958.41 crores with an achievement rate of 174.37%**. This is almost twice the target amount from the previous year 31.3.2022. A similar increase can be seen in the achievement rates across all the 3 enterprise categories.

MSME Target & Achievement for PSL (Rs. In crores)						
Particulars	As on 31.03.2022			As on 31.03.2023		
	Target for FY 2021-22	Achievement	%	Target for FY 2022-23	Achievement	%
Micro Enterprises	12038.97	18124.01	150.54%	19156.22	33337.77	174.03%
Small Enterprises	12046.75	15418.12	127.99%	12764.46	29171.82	228.54%
Medium Enterprises	15275.44	11563.2	75.70%	17950.18	24448.82	136.20%
Total MSME advances	39361.16	45105.33	114.59%	49870.56	86958.41	174.37%

Table 37 Year-wise comparison of PSL performance taken from SLBC, Telangana

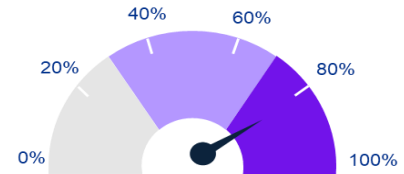
Although their absolute share to the total credit outlay maybe relatively small, maximum disbursement of credit has been achieved by regional rural banks and small finance banks. With an achievement rate of 708.99%, **regional rural banks have outperformed their credit target by 7 times. Similarly, small finance banks disbursed 3.5 times more funds than targeted**, resulting in an achievement rate of 345.37%.

Although the recent performance of lending institutions in the state has been satisfactory (supply side), there are still issues with MSMEs seamlessly accessing credit. One supply side indicator that is relevant to answering this probe is Turnaround time (TAT), i.e., the total time taken by banks for processing a loan from the submission of the loan application to loan disbursement. This gives an accurate indication of how seamless the process of getting an MSME loan is and therefore the willingness of MSMEs to borrow. Another factor maybe the ease of operations, stringent and

complicated loan processes are often shunned by MSMEs as cumbersome and time consuming. Nevertheless, as mentioned earlier, while the performance of lending institutions and their service delivery maybe growing at a steady rate, data suggests that the demand for credit is increasing much faster at an exponential rate.

1. MUDRA

Pradhan Mantri MUDRA Yojana (PMMY) was a scheme launched by the center in the year 2015 to provide credit up to Rs. 10 lakhs to non-corporate, non-farm small/micro enterprises. These loans are termed as MUDRA loans. MUDRA loans comprise of 3 products: namely 'Shishu - Kishore - Tarun' based on the stage of development that the approaching MSME/entrepreneur is at, and the size of the credit required thereof. Given the relatively small credit size and high credit disbursement rate, it is tenable that the PMMY scheme is truly a last mile credit facility catering to the credit needs of micro entrepreneurs in the country.



MUDRA

loan is the credit assistance scheme that was most availed according to baseline survey

	FY 2020-21			FY 2021-22			FY 2022-23		
	No. of loans sanctioned	Amount	% Disbursed	No. of loans sanctioned	Amount	% Disbursed	No. of loans sanctioned	Amount	% Disbursed
India	50735046	321759.25	96.89%	53795526	339110.4	97.72%	6,23,10,598	4,56,537.98	98.66%
Telangana	636219	6947.89	97.36%	533545	6168.85	97.40%	6,39,323	8134.81	98.28%
% Of Total	1.25%			1%			1.02%		

Table 38 No. of loans sanctioned and disbursed under MUDRA for last 3 Financial Years for India and Telangana

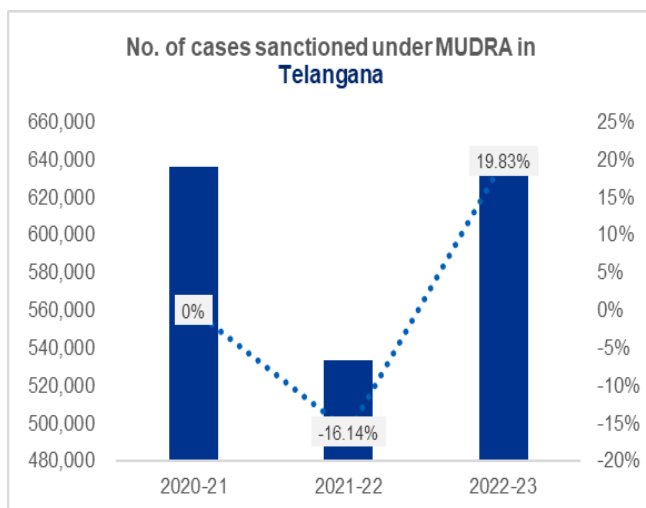


Figure 81 No. Cases sanctioned under MUDRA scheme in the State

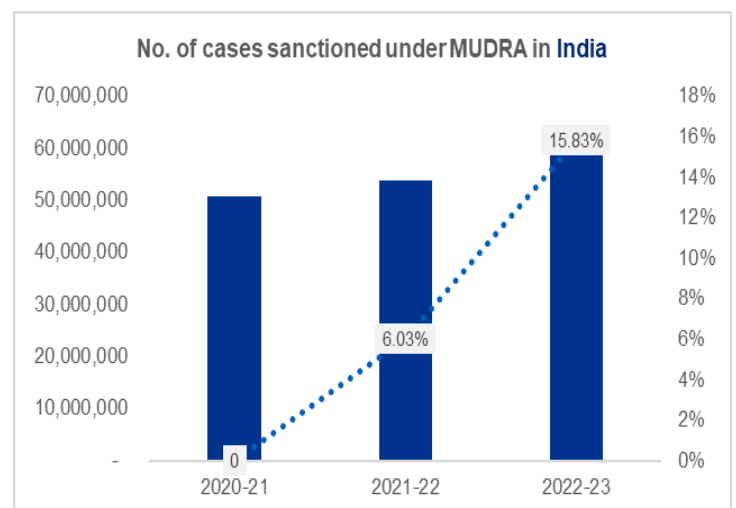


Figure 80 No. Cases sanctioned under MUDRA scheme in the India

For the year 2022-23, the **6,39,323 loans amounting to 8134.81 crores** were sanctioned in Telangana under the PMMY scheme. This amounts to 1.03% of the total amount sanctioned in the nation. This is **drastically lower than the national average of 7.48%**. A comparison of Telangana's performance viz a viz the top performing states provides deeper insights. Both in terms of the number of loans sanctioned as well as the amounts disbursed, **Bihar and Uttar Pradesh are the top performers** in the country. What is more, Bihar constituting 4.1% of India's MSMEs, has sanctioned 13.62% of the total MUDRA loans. Similarly, Uttar Pradesh housing 9.3% of India's MSMEs has sanctioned 11% of the total loans. Telangana with **3.2% of India's MSMEs has achieved a paltry sanctioned rate of 1/3rd of this figure.**

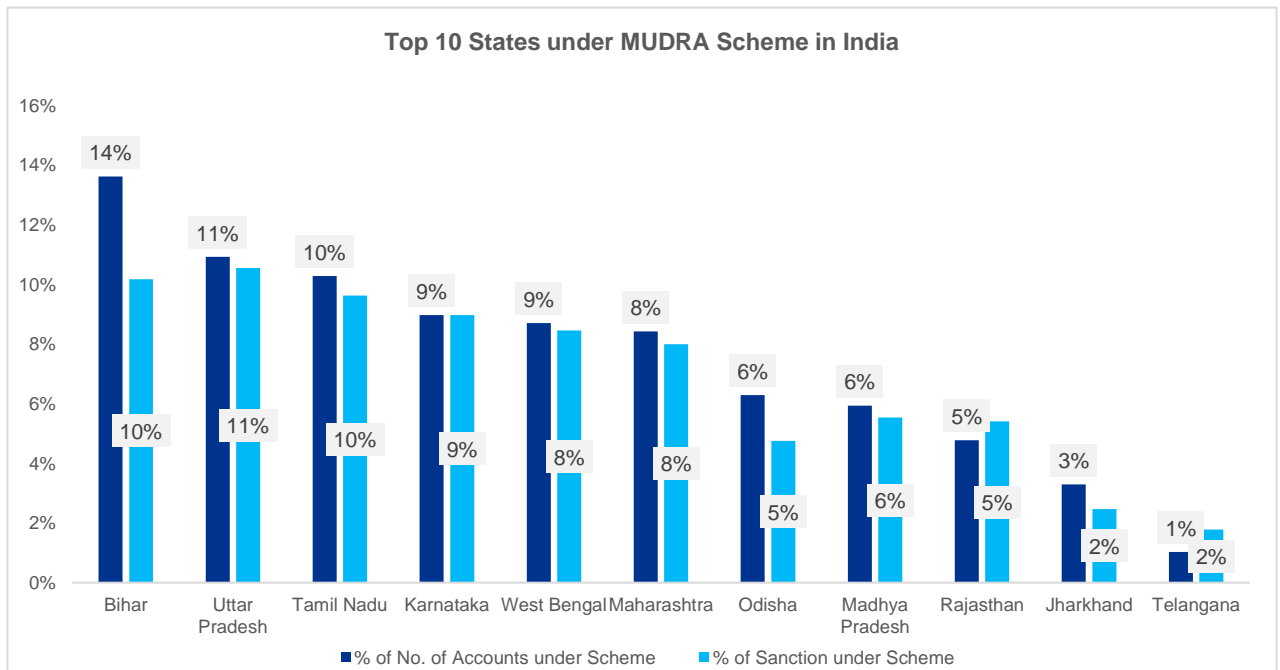


Figure 82 Top 10 States under MUDRA Scheme in India

In terms of service delivery too, MSMEs expressed discontent with the MUDRA loan-processing during stake holder consultations. They complained of **cumbersome documentation processes**³⁸ at the bank's side.

³⁸ GEETHANAGAR NAVAJEEVAN NAGAR MICRO INDUSTRIES ASSOCIATION

2. PMEGP

The Prime Minister's Employment Generation Programme (PMEGP) is a credit-linked subsidy scheme that was launched in 2008 with the objective to generate sustainable employment opportunities to the unemployed section of the society. PMEGP was formed by merging the two schemes namely Prime Minister's Rojgar Yojana (PMRY) and Rural Employment Generation Programme (REGP). The implementing body for this scheme is the Khadi and Village Industries Commission (KVIC).

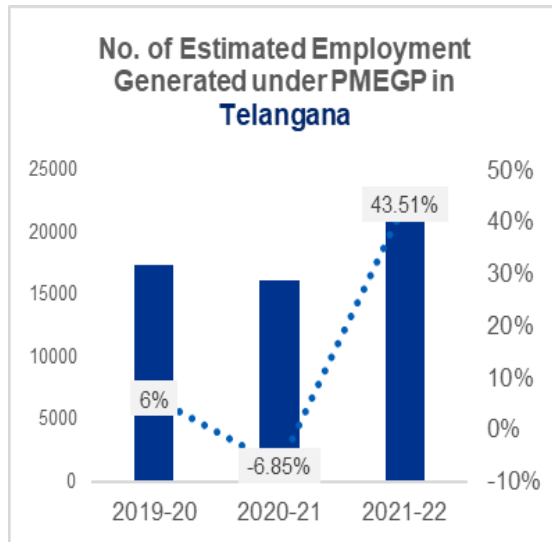
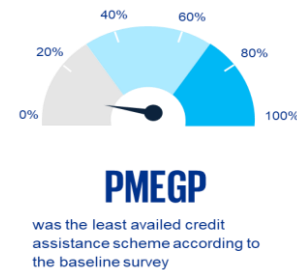


Figure 83 Employment generated under PMEGP scheme in State

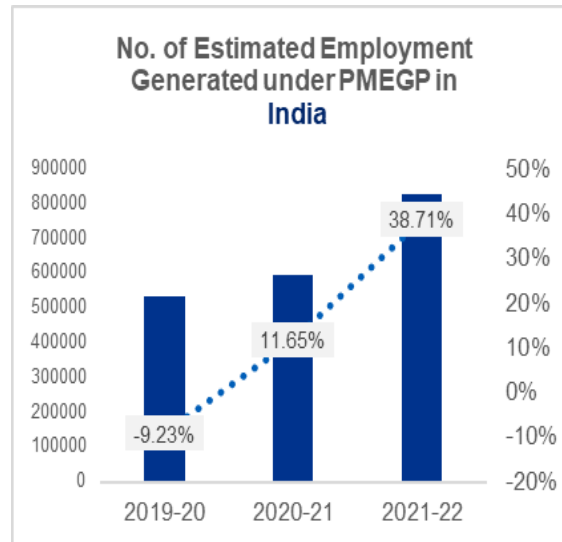


Figure 84 Employment generated under PMEGP scheme in India

3. CGTMSE

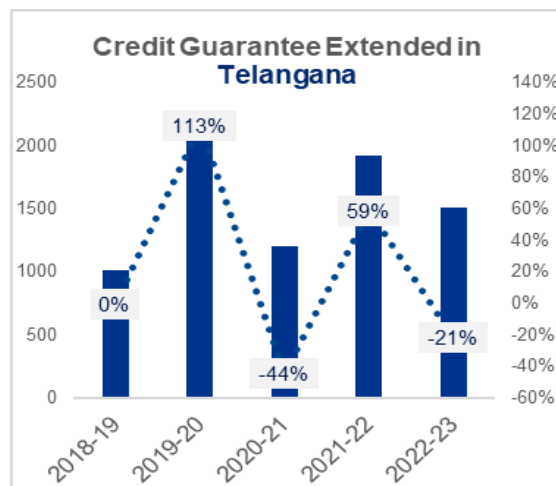


Figure 86 Credit Guarantee extended in State

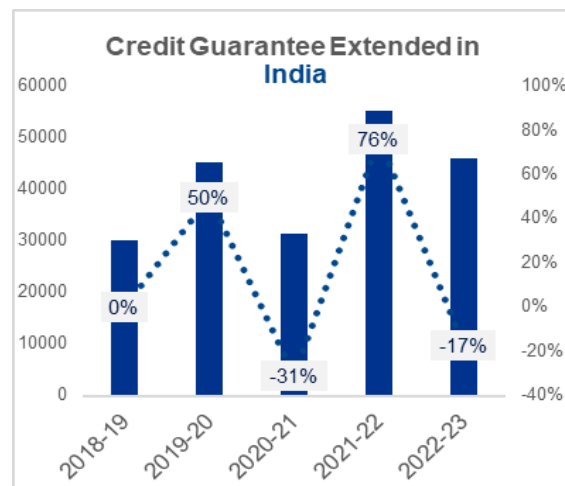


Figure 85 Credit Guarantee extended in India



The Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) was launched in the year 2000 to provide collateral free bank loans to MSMEs. **For the FY 2022-23, the credit guarantee extended in Telangana was 1511.73 crores to 13381 cases.** Although this is above the national average of 1275.6 crores for the year, it **reflects 21% reduction from the amount of 1921.47 crores disbursed in the FY 2021-22.** However, national estimates too depict a negative trend of a similar quantum.

An interstate comparison shows that **Telangana ranks 15th in the list of number of cases covered and 13th in the total amount of credit guarantee** extended. While Uttar Pradesh tops the list with a maximum of 56512 cases, Maharashtra has extended the highest guarantee amount of 4662.14 crores. When interpreting these estimates against the total number of MSMEs in the state, we see that Telangana comprising of about 3.2% of India's MSMEs, has extended just about an equal proportion of credit guarantee 3.3% of total. Nevertheless, this indicates a huge scope for improvement.

- A. With regards to special categories like **women** owned enterprises, for the **FY 2022-23, 7760 guarantees amounting to 657 crores** were provided to women. This **constitutes 26%** of the total credit guarantees extended in Telangana. This figure has **increased 4.5 times** since FY 2021-22 from 142 crores.

Guarantees approved under CGTMSE (Amt. in Crores)										
Financial Years	FY 2018-19		FY 2019-20		FY 2020-21		FY 2021-22		FY 2022-23	
	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.
Women	2820	149.61	5585	293.69	3718	231.79	4500	287.72	7760	656.55
Total	17037	1021.41	39162	2212.72	22021	1407.78	24009	1958.98	29792	3502.89
% Of Total	17%	15%	14%	13%	17%	16%	19%	15%	26%	19%

Table 39 CGTMSE Scheme sanctioned for Women owned enterprises vs other approved for last 5 years in the State

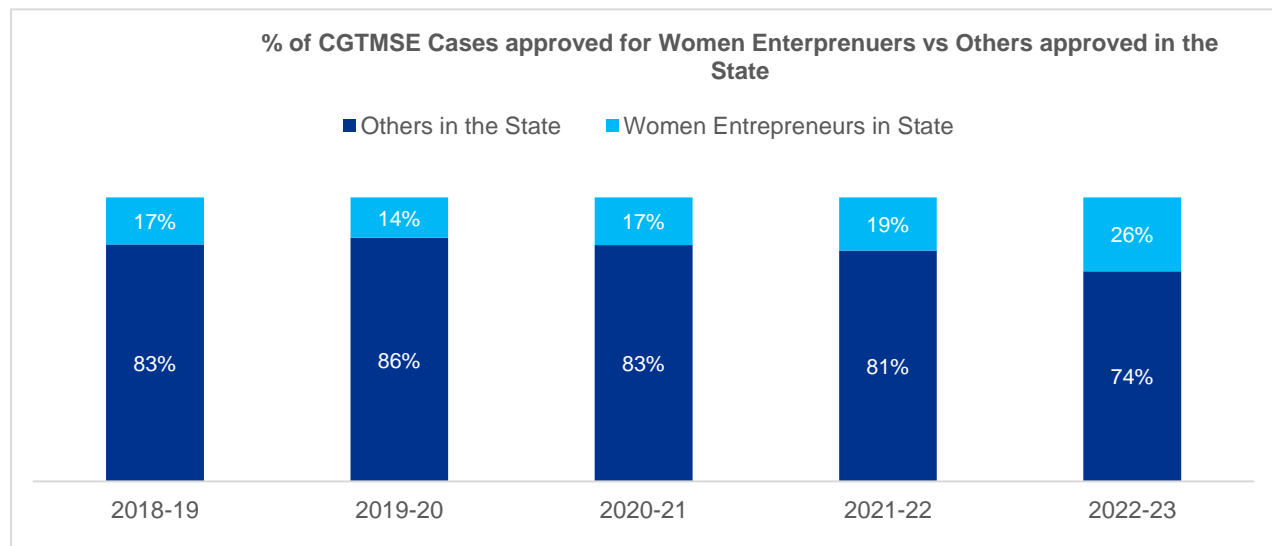


Figure 87 % of CGTMSE cases approved for Women Entrepreneurs vs other approved for last 5 years in the State

- B. Similarly, 3074 guarantees amounting to 190.81 crores were approved for SC/ST owned units, accounting for 10% of the total guarantees for the FY 2022-23



	Guarantees approved under CGTMSE (Amt in Crores)									
	FY 2018-19		FY 2019-20		FY 2020-21		FY 2021-22		FY 2022-23	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
SC	488	23.59	655	29.23	756	26.89	917	40.68	1940	108.46
ST	202	10.60	385	24.45	410	19.97	418	25.32	1134	82.35
Total	17037	1021.41	39162	2212.72	22021	1407.78	24009	1958.98	29792	3502.89
% Of Total	4%	3%	3%	2%	5%	3%	6%	3%	10%	5%

Table 40 CGTMSE Scheme sanctioned for SC ST owned enterprises vs other approved for last 5 years in the State

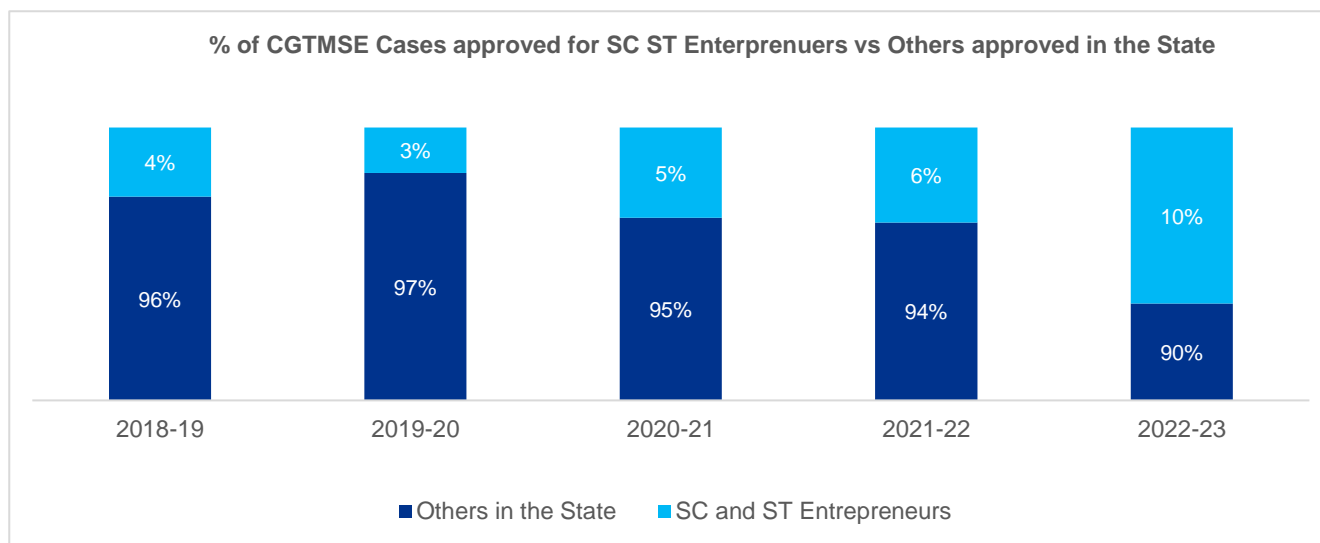


Figure 88: % of CGTMSE cases approved for SC ST Entrepreneurs vs other approved for last 5 years in the State

C. Provision of credit for **green financing** is an important step in envisioning a greener MSME landscape. The current CGTSME scheme in Telangana, as is around the nation, lacks a special provision for green guarantees.

Another important aspect to check the robustness of the CGTSME scheme performance is the number of claims settled per annum/ the case settlement rate. For the year **2022-23, 770 claims to the value of 21.26 crores** were settled in Telangana. This is above the national average of **767 claims and 15.17 crores**. Here again, Uttar Pradesh stands a top performer having settled 4727 claims valuing 76.07 crores.

State/UT Name	No. of Cases	No. of Claims Settled	Claims Settled Amount (Crores)
Uttar Pradesh	56512	4727	76.07
Madhya Pradesh	25442	2955	36.29
Kerala	11328	2782	37.45
Karnataka	22964	2480	53.81
Tamil Nadu	25912	2175	35.48
Maharashtra	28103	1985	53.31

State/UT Name	No. of Cases	No. of Claims Settled	Claims Settled Amount (Crores)
West Bengal	22682	1009	30.04
Jharkhand	9818	944	21.34
Bihar	16446	939	15.72
Odisha	14718	914	16.79
Telangana	13381	770	21.26

Herein, Telangana has attained a **case conversion rate of 5.75% for the year 2022-23** while the top performing state **Kerala holds a 24.56% conversion rate**. Telangana performance against the top 10 states is as below.

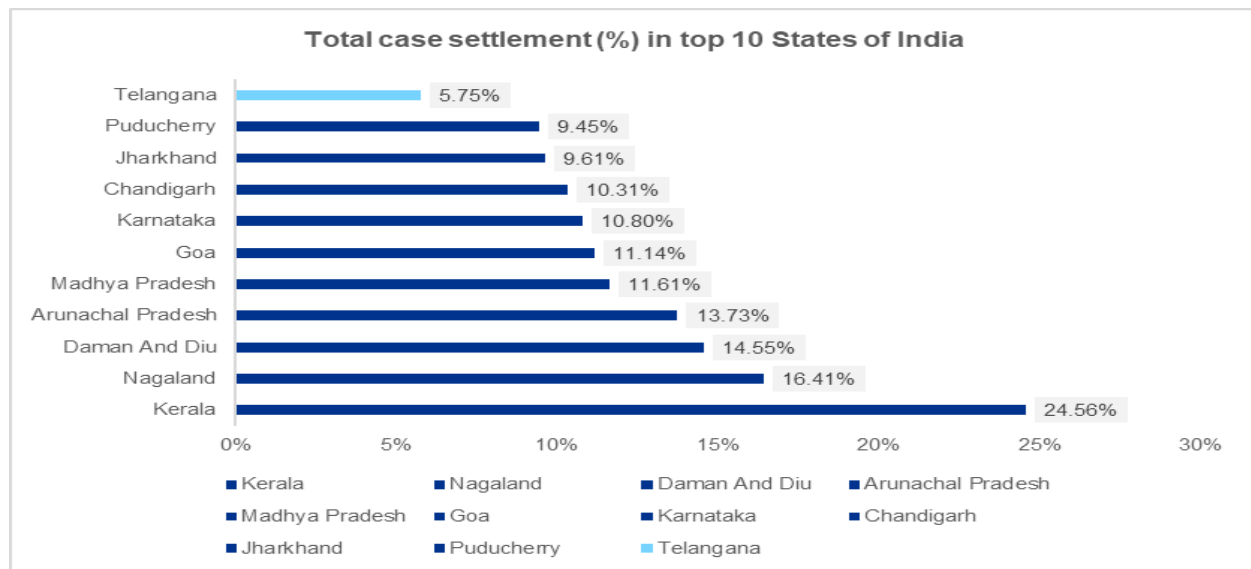


Figure 89 Total case settlement (%) in top 10 States of India

However, an analysis of the growth trends of these rates for Telangana in the last 5 years shows that since the year 2021, the case conversion rates in Telangana has been growing at a rate faster than the national rate.

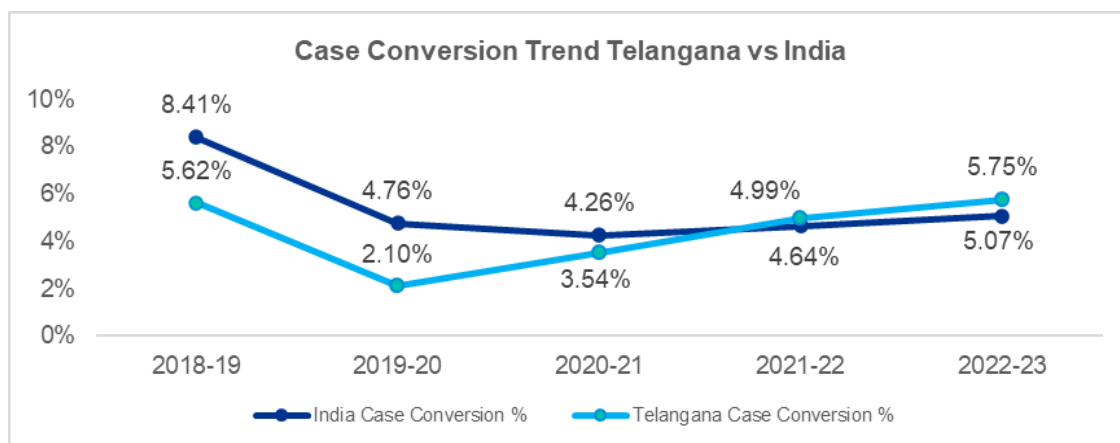


Figure 90 Cases Conversion trend for the State vs India

4. NPAs

A key factor that determines the flow of credit into any sector is the risk appetite of lenders which in turn is driven by the performance of the outstanding credit instruments. Research suggests that since 2020, MSME borrowers have been showing improved delinquency rates across all borrower segments³⁹. The same holds true across lender categories too. This data stands validated by the **14% drop in banks' gross NPAs in MSMEs for FY 2023. GNPA's in MSME loans for Scheduled Commercial Banks (SCB)** from 1.54 lakh crores in FY 2022 to 1.31 lakh crores for FY 2023 thereby marking a 5 year low. All in all, this indicates a positive trend in the MSME credit performance for India as a whole⁴⁰.

	Delinquency Rates			
	2020	2021	2022	2023
Micro	3.7%	4%	3.9%	3.1%
Small	3.1%	3.1%	2.4%	2%
Medium	4.1%	3.5%	2.3%	1.9%

Table 41 Delinquency rate trends across MSME categories taken from the MSME Pulse Report, August 2023

However, data on credit supply renders this assertion uncertain. Most SCBs seem to have taken a conservative approach and have exhibited low risk appetite for MSME lending. This can be seen in the reduction of the average loan sizes across segments for commercial banks. **Loan ticket size at public sector banks and private banks have reduced by 21% and 7%, respectively.** NBFCs on the other hand show a 9% increase in their loan size⁴¹.

According to SIDBI, as of Sept 2022, that analyzed the delinquency rates vs outstanding balances of the top 10 states that constituted 70% of the total MSME credit outstanding, Telangana recorded a delinquency rate of about 3.2% against the national high of 3.5%. Moreover, Telangana is one of three states that have high growth of credit balances alongside high delinquency rates. Such risky features are sure to dampen the lending preferences of banks in the state. Above all it throws in sharp relief the pertinent need for special attention in strengthening their credit performance of the Telangana MSME sector.

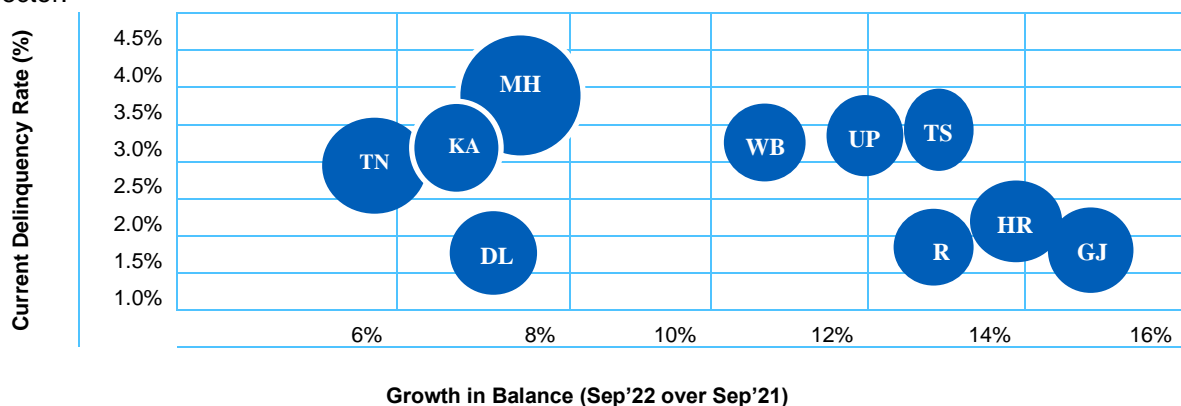


Figure 91 Delinquency rate trends across MSME categories taken from the MSME Pulse Report, August 2023

³⁹ MSME Pulse Report, Aug 2023

⁴⁰ Public Information Bureau, July 2023

⁴¹ MSME Pulse Report, Aug 2023



TELANGANA INDUSTRIAL HEALTH CLINIC LTD

Telangana Industrial Health Clinic Ltd.

The Telangana Industrial Health Clinic Ltd. (TIHCL) is a one-of-a-kind initiative in the country designed specifically to support MSMEs that are slipping into distress. It is a preventive and curative initiative with the aim to revive and rehabilitate sick and incipient MSME units in the state, by carrying out a diagnostic study and presenting the entrepreneur with a customized revival and rehabilitation package for recovery. Furthermore, TIHCL provides handholding support to the units until it grows out of distress. TIHCL was initiated in the 2018 as a NBFC by the State Government of Telangana and supported by the Telangana Industrial Development Corporation (TSIDC).

TIHCL offers the following services:

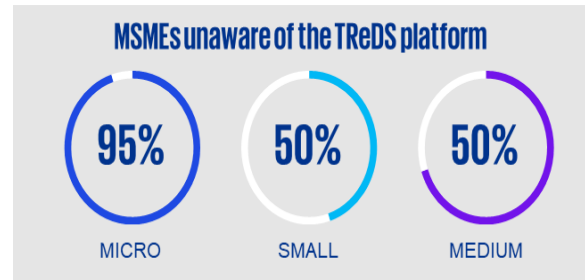
1. **Revival, Rehabilitation and Margin Loan Facilitation** – In the process of reviving a sick unit, TIHCL also provided soft loans to entrepreneurs who are unable to fund the additional margin money required for revival.
2. **Credit Facilitation** – Provision of part-equity finance or supplementary finance to new enterprises at cluster levels to prevent enterprises from falling into the informal lending trap early on.
3. **Overdue Bill Purchase** – Providing 75% of overdue bills of stressed entrepreneur to prevent the enterprise from turning into NPA.
4. **Critical Amount Funding (CFA)** – Funding of the 'critical amount' to stressed enterprises, i.e, the overdue amount that is required to prevent the account from slipping into an NPA in the books of primary lenders.
5. **Stressed Asset Financing (SAF)** – Takeover, revive, rehabilitate and handhold enterprises that are found to be potentially viable as per a diagnostic/TEV study after paying of dues to the primary lender.
6. **NARI** - Revive and rehabilitate sick and incipient sick MSMEs of women entrepreneurs at concessional charges.
7. **SWASHAKTI** – Provision of financial assistance to existing manufacturing enterprises managed and owned by women entrepreneurs in the state.
8. **WE** - Provision of financial assistance to new manufacturing enterprises to be started by women entrepreneurs in the state.
9. **Bridge Finance** - Provision of short-term finance to stressed manufacturing MSMSEs in the state against investment subsidies pending for release.
10. **Priority Sanction** - TIHCL studies and recommends early release of sanctioned investment subsidy (T-Idea).

TIHCL Progress	No. of accounts
Total Application Received	275
Resolved (Financial & No. Financial)	87
In process	10
Units found to be unviable for revival	20
Units found to be Willful Defaulters	12
Non-Potential	146
Total Value of fundings (Rs. In Lakhs)	341.43



5. TReDS

To address the issue of delayed payments faced by MSMEs and consequentially the shortage of working capital, the RBI in 2014, started an electronic platform for facilitating the financing / discounting of trade receivables of MSMEs called Trade Receivables Discounting System (TReDS). This platform consists of three parties, namely sellers or the MSMEs; buyers who include corporates, government departments, Public Sector Undertakings (PSUs) or any other buying entity; financiers – Banks and NBFCs recognized by the RBI. As of 31.3.2023, Telangana had 19309 sellers, 1306 buyers and 56 registered financiers onboarded onto the TReDs platform.



The estimate for the current year indicates a 44% increase in sellers, 28% increase in buyers and a 24% increase in the financiers from the previous year. The total number of FUs financed in Telangana as of 31.3.2023 amounted to 19689 to the tune of 4,466 crores which again was an 80% increase from the previous year. This again comprises of about 8% of the total FU financed in India for the period. This share has remained constant for the last years.

Telangana State						
Year	No. of MSME sellers registered	No. of buyers (corporates/other buyers including Govt. Depts./PSUs) registered	No. of financiers registered			No. Factoring Units (FUs) financed
			Banks	NBFC Factors and other FIs	Total	
2022-23	1,554	114	4	-	4	24,023
2021-22	1,075	78	4	-	4	11,876
2020-21	781	60	4	-	4	6,799
2019-20	301	64	4	-	4	2,746
2018-19	140	46	3	-	3	1,960
Total	3,851	362	19	-	19	47,404

Table 42 No. of MSME registered on TReDS and FU Financed in last 5 years in the State

India						
Year	No. of MSME sellers registered	No. of buyers (corporates/other buyers including Govt. Depts./PSUs) registered	No. of financiers registered			No. Factoring Units (FUs) financed
			Banks	NBFC Factors and other FIs	Total	
2022-23	30,835	1,970	67	11	78	548,397
2021-22	20,922	1,286	53	5	58	207,977
2020-21	17,285	1,139	52	2	54	159,381
2019-20	7,370	1,307	46	2	48	92,537
2018-19	3,369	511	43	2	45	49,334
Total	79,781	6,213	261	22	283	1,057,626

Table 43: No. of MSME registered on TReDS and FU Financed in last 5 years in the India

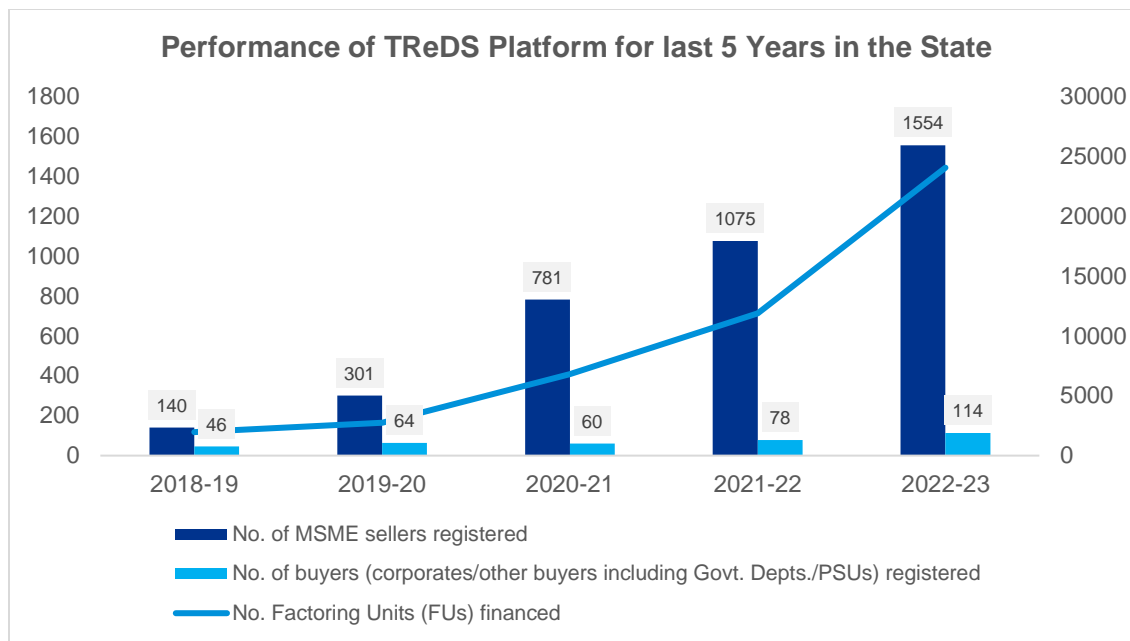


Figure 92 Performance of TReDS Platform for last 5 years in the State

3.1.4 Issues in Availing Government Credit

Most MSMEs in Telangana find themselves confined to the micro and small category, with only handful successfully advancing to the medium category. This indicates the need to enhance the MSME ecosystem to make it more business friendly and resilient. Following are the most salient issues gathered from our interactions with MSMEs in the state.

a. Lack of awareness on credit facilities

Survey studies clearly elucidate that overall, MSMEs seem to have very less awareness on the different credit schemes/incentives offered by the government. Similar is the case with alternative financial sources available in the market to fund their business needs⁴². Interactions with government departments revealed that it is only a certain group of MSMEs in any state that are proactive and repeatedly utilize the schemes offered. The obstacle lies in widening this beneficiary base to reach MSMEs that fall beyond the ambit of formalized operations. This lack of awareness is often coupled with an absence of trust on the government institutions. A majority of the MSMEs are skeptical about whether the lofty promises of the government will materialize into their daily reality.

92%

MSMEs have not availed assistance from any central government scheme

78%

of micro units need credit for working capital needs

96%

Of MSMEs are not aware of TIHCL

⁴² Stakeholder consultations with TSFPS



b. Insufficient credit availability

- Micro enterprises face **severe challenges in financing working capital needs**. In fact, studies show that about 70% of the overall finance demand in the MSME sector in India is for working capital⁴³. Unlike capital expenditure, working capital needs of small businesses are often erratic and need based, and fail to fit the financing template of traditional lending mechanisms. Moreover, they often comprise of activities like retail trade, repairs and maintenance workshops, restaurants, etc. and have relatively small-scaled operations with makeshift infrastructure. Fixed assets if any, are generally tied to term loans for capital expenditure. As a result, they often lack the immovable collateral mandated by banks for availing loans. In our primary interactions, many small and micro entrepreneurs⁴⁴ stressed on **the need for collateral free, need based working capital loans** with a faster turnaround time.
- Many state-level industry associations pointed out **the need to further strengthen the CGTMSE scheme performance** in the state. This corroborates our secondary data analysis which showed that the no. of credit guarantees extended in Telangana for the FY 2022-23 is abysmally low. They pointed out that **the complexity in the eligibility screening, coupled with other stringent compliances** relating to credit ratings and overdraft facility requirements **rendered the scheme less attractive** to the general masses. On the other hand, the revision in the ceiling limit of the CGTMSE criteria from 2 crores to 5 crores, was much welcomed in view of the rising inflation and project/business associated costs.

c. High borrowing costs

Many industry associations expressed that the current **interest rates charged by banks are too high** and hindering the financial viability and pricing models of MSMEs. An association of small industries in Telangana further requested a separate interest slab for micro and small industries at a 2% concessional rate. For the manufacturing sector, **a borrowing cost not higher than 6%** was requested in the form of a subvention⁴⁵.

d. Delay in scheme disbursal

One of the most highlighted issues while interacting with MSMEs were the **pending disbursals on schemes and incentives**. Over 15,000 MSMEs across Telangana are said to be awaiting subsidies amounting to Rs. 3300 crores for over 6 years in the state⁴⁶. Cluster level interactions with MSMEs confirmed that these subsidies include **SGST refunds, refunds on capex subsidies, power subsidies, 'pavala vaddi'**, etc. Similar was the case with **the T-IDEA scheme**, where MSMEs are still awaiting disbursements from the State Government. Such delays demotivate beneficiaries and add to the woes of the already distressed sector.

e. Stringent collateral demand

The **collateral requirements** imposed by banks, NBFCs and government lending bodies further complicate the financial landscape of MSMEs. In certain cases, financial institutions are said to mandate collaterals that could even reach up to 200% of the loan value for MSMEs.⁴⁷ Secondly, the issue of **delayed payment from PSUs and government departments stands exacerbated post the pandemic**. Many MSMEs complained of having to wait for more than 90 days (about 3

⁴³ Financing India's MSMEs - Estimation of Debt Requirement of MSMEs in India, IFC, 2018

⁴⁴ FETSI

⁴⁵ FETSI

⁴⁶ The New Indian Express, 9th Aug 2023

⁴⁷ Recommendations to support Government of Telangana in the revival of the MSME ecosystem, April 2021, p.4



months) to receive payments, making it difficult to meet bank standards for NPA accounting⁴⁸. This tarnishes the credibility of MSMEs when approaching lending institutions for loans. Similarly, first-hand accounts of MSMEs recorded in the 46th report of the Standing Committee on finance states that the 'collateral free' clause CGTMSE is hardly seamless in practice as it seems in theory. Many private banks are reluctant to lend under the CGTMSE scheme. Also, there is no uniformity or transparency between banks about the risk premium fee charged on CGTMSE loans.

f. Credit Rating

During the process of extending loans to MSMEs, lending institutions assess the credit risk of the borrower using a credit appraisal system. Currently, it is assessed based on traditional credit appraisal systems like Score Card Models for small loans and detailed Credit Risk Assessment (CRA) Models for larger loans. These models are found to result in high Turnaround Time (TAT)⁴⁹. Moreover, the parameters of credit rating of external organizations like CIBIL have several variants that are often inconsistent with the requirements of MSMEs. The fundamental flaw here, is that credit rating models currently in use are agnostic of the differences between MSMEs and larger enterprises. In other words, the rules devised for large corporates are indiscriminately being applied to MSMEs too.

3.1.5 Recommendations

a. Strengthen the collateral free lending mechanism - CGTMSE

A unanimous plea across stakeholders in the MSME ecosystem to increase the scheme coverage under CGTMSE from 2 crores to 5 crores, has already been addressed. However, the mechanism of claim settlements between banks and the Credit Guarantee Fund Trust must be made more harmonious and effective. This will aid in increasing the confidence of banks to increase their collateral free lending ultimately contributing to better scheme coverage.

b. Shift from a turnover based working capital financing to cash-flow based financing for timely working capital loans

Developing a uniformed and simplified process of assessing and processing loans with learnings from alternate sources of financing like supply chain financing is required to decrease turnaround time. This can be done by moving from the projected turnover based working capital financing as prescribed by the Nayak Committee that is in practice, to a cash flow based/ supply chain-based model. This can be done by devising a mechanism to capture data on the cash flows of MSMEs on a regular basis as elaborated below.

c. Promote cash flow-based lending by collaborating with Account Aggregators and FinTech companies

Yet another solution to increase credit supply in the state as well as tackle the working capital crunch is to promote cash flow-based lending. With the increase in the usage of digital transactions like UPI payments, data on the cash flows of businesses serve as a great database of the borrower's financial activities. Banks must be enabled with the mechanism to capture details on the cash flows of MSMEs on a regular basis. The state can collaborate with Account Aggregators (AA) and fintech companies for this purpose⁵⁰.

⁴⁸ Stakeholder consultations with industry association

⁴⁹ Report of the Expert Committee on Micro, Small and Medium Enterprises, 2019

⁵⁰ Recommendations to support Government of Telangana in the revival of the MSME ecosystem



d. Develop a digital platform to gather credit information and develop credit ratings exclusively for MSMEs

A digital platform consisting of a new credit rating system for MSMEs to include parameters such as GST compliance, direct tax compliance, PF and ESI compliance, export compliance, promoter net worth etc. must be developed for banks to assess overall credit worthiness of the MSMEs. Moreover, credit rating agencies must be motivated to employ diverse sector specific data sources like purchase history, personal credit history of the entrepreneur or even online sales and payments activities for assessing MSMEs. For increased transparency, MSMEs can also be given access to check their credit scores on the digital platform. This will ensure a levelled playing field for MSMEs in the process of credit appraisal.

e. Increase effectiveness of TReDS by addressing procedural constraints

(i) While the Government promotes TReDS (Trade Receivables Discounting System) as a solution to delayed payments, the platform faces limitations due to lack of participation of large corporates and PSUs. The government must act by urging NBFCs and prominent enterprises to register on the platform. Likewise, onboarding the TReDS platform must be made mandatory for all SPSUs.

(ii) Action based rewards must be employed to improve traction onto the platform. For instance, timely payments maybe incentivized. Secondly, TReDS must be encouraged as an alternate source of bridge finance. The option of reverse factoring should also be built in.

(iii) Currently there are three separate licensed exchanges on the TReDS platform namely RXIL, InvoiceMart and M1Xchange. A single sign option can be enabled to mitigate the time and cost deployed in having to register on each of them.

f. Strengthening District Industrial Centers DICs as focal points of business facilitation and information dissemination

District Industrial Centers must be strengthened as business facilitation units and information dissemination points to further the startup ecosystem. Secondary data suggests that currently DICs in the state focus more on administrative tasks like processing and monitoring rather than facilitating industrial development and business facilitation⁵¹. More focus should be laid on redressing the current gaps like shortage of staff, weak liaising mechanism with banks for identification of sick units, insufficient funds for awareness and training initiatives, overlapping task jurisdictions and so on. Further, the role of DICs must be expanded to truly be the first contact point for all MSME requirements.

3.2 Delayed Payments

Delayed payments to MSMEs in India amount to a staggering INR 10.7 lakh crore, with a substantial 80 percent of this sum attributable to micro and small enterprises. This amount accounts for about 5.9% of the GVA in the Indian economy that is locked up in delayed payments from buyers to MSME suppliers⁵².

⁵¹ DICs Diagnostic Overview, CEGIS

⁵² Unlocking the full potential of India's MSMEs through prompt payments, 2022



Delayed payments can be broadly categorized into two main areas: firstly, the expansion of the working capital gap, and secondly, the existence of institutional barriers when it comes to raising disputes through the MSME SAMADHAAN Portal. Smaller the size of the supplier, higher the incidence of delayed payments. A study on the delayed payments scenario, revealed that the main problem here is the power asymmetry between buyers and MSME suppliers. Small MSME suppliers seem to be resorting to acquiescence and flexibility in receiving payments as an attempt to retain large vendor orders. They seem to appease such inconveniences by normalizing them as inherent to the 'game of conducting businesses'.

The Micro and sSmall Enterprise Facilitation Council (MSEFC) within the State serves as an intermediary for resolving disputes related to payments involving MSME units. Data from the state MSEFC, indicates that the number of applications filed in relation to the total number of MSMEs within the state remains notably low. To illustrate, during the fiscal year 2020-21, despite the presence of 5.25 lakh MSME units registered on Udyam, only 4087 MSMEs initiated applications for delayed payments through the MSEFCs. Interestingly, Telangana is one of the few states with multiple MSEFC councils in the state. There are 7 regional MSEFC councils⁵³ namely in Hyderabad, Rangareddy, Medchal, Karimnagar, Warangal Urban, Sangareddy and Yadadri Bhuvanigiri.

MSEFC Performance for last 5 years in the State				
Period	No. of cases registered	Value of cases registered (In crores)	No. of cases disposed	No. of Applications converted into cases by MSEFC
2017-18*	261	151.72	62	54
2018-19	303	73.99	84	33
2019-20	520	443.91	164	41
2020-21	989	404.73	218	153
2021-22	857	300.34	94	198
2022-23	760	199.43	34	238
2023-24**	513	68.64	0	37
Total	4203	1642.76	656	754

Table 44 No. of cases registered, disposed, and converted into cases by MSEFC

As of the most recent data, out of **total 656 cases worth 482.76 crores disposed by MSEFC in the state, only 221.95 crores have been settled (46% settlement rate)**⁵⁴. While this settlement rate is more or less similar to that of states like Maharashtra and Tamil Nadu, the increased presence of MSEFC councils in Telangana in comparison with other states should lead to better settlement scores.

⁵³ Delayed Payment Monitoring System (msme.gov.in)

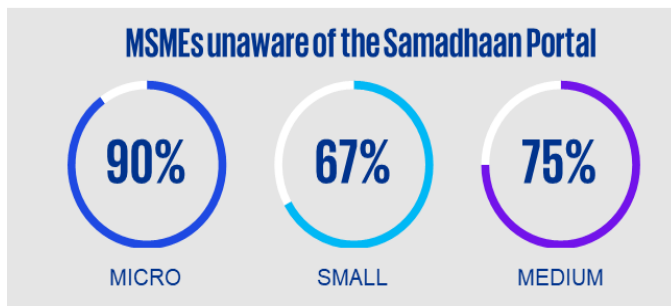
*- From Oct' 2017

** - Till 10th of Sept' 2023

⁵⁴ MSME Samadhaan Portal

3.2.1 Challenges

- As with other schemes, the most widespread challenge is the lack of awareness and information about the Government mechanisms for filing cases in instances of delayed or non-payment, such as the MSME SAMADHAAN portal.
- Secondary data points out that buyers tend to delay payments with MSMEs to delay the settlement of cash, by deliberately raising objections on the bills submitted. Redressal mechanisms like legislative measures mandating payments within fixed number of days and charging penalty interest for delays as well as electronic bill discounting system like TReDS have only solved the solution partially⁵⁵. Many MSMEs are still reluctant in filing complaints/cases for the fear of losing future orders from buyers.
- Lengthy turnaround times for resolving cases filed through the MSME SAMADHAAN portal and MSEFC highly discourages MSMEs from utilizing this service.
- Unclear, and cumbersome documentation processes as well the high costs associated with pursuing resolution through such institutional channels have also contributed to the underutilization of MSEFCs.
- An additional systemic impediment is the inconsistency in scheduling MSEFC sessions throughout the year, many a times due to the unavailability of the council heads and members.



3.2.2 Recommendations

- To improve the capacity of Telangana's MSEFCs and enhance their ability to facilitate prompt dispute resolution, comprehensive training programs may be conducted by the state. These programs can be conducted in District Industries Centres and with the guidance of an experienced external agency specialising in legal and regulatory matters to empower department officials at regional level.
- The government can strengthen the 7 MSEFCs in the state by improving their digital infrastructure and hiring trained staff, to enhance dispute resolution services. This includes obtaining financial resources, well trained personnel, equipped officers and necessary technology for ODR integration. A legal consultancy may be engaged to assist MSEFCs in documentation and legal guidance for case registration and faster dispute resolution through SAMADHAAN portal.
- Awareness drives and campaigns that recognize and incentivize large buyers in the nation that commit to prompt payments to MSMEs, maybe organized. This will motivate and contribute to fostering a culture of commitment in the business ecosystem.
- Increased attention around delayed payments may be garnered by incorporating it as a substantial indicator in various performance frameworks like EoDB 2.0 This will help the problem attract due importance at the national level and draw the much-needed focus on brainstorming, developing, and implementing solutions.

⁵⁵ Expert Committee Report of RBI



- e. To complement the role of MSEFC councils and ease their workload, the government can promote the entry of Online Dispute Resolution (ODR) service providers to ensure faster and effective resolution of payment related disputes.
- f. The state government can explore including the clearance of MSME dues as part of the compliance requirements on the audit reports of large businesses, MNCs and PSUs⁵⁶.
- g. The scope of the facilitation council can be expanded to include redressal of the cases of medium enterprises as well.

3.3 Access to Markets

The COVID-19 pandemic had a profound and far-reaching impact on the barrier to market access for MSMEs all over the world. As the pandemic unfolded, it brought about a series of unprecedented challenges, disrupting both domestic and international markets and creating a complex set of hurdles for the survival of MSMEs. By and large, markets are often fragmented and dynamic in nature making it difficult for MSMEs to connect with each other and effectively meet supply and demand. However, the most pressing consequences of the pandemic was the disruption of local demand. Lockdowns, social distancing measures and economic uncertainty led to a shift in market dynamics and reduced consumer spending. Furthermore, the pandemic-induced hiatus eclipsed the international trade arena and disrupted global supply chains. This had varying effects across different sectors. While there was unprecedented and unmet demand for pharmaceuticals, food and consumables, etc. other need-based sectors like textile and apparel, electronics, automobiles, etc. underwent a stand still. This unforeseen disruption left MSMEs struggling to adapt to the new normal. Exports restrictions, logistical disruptions and reduced international market access added an additional layer of complexity to the existing barriers of market access for these enterprises

Nevertheless, while the pandemic undoubtedly exacerbated the situation, it is important to note that the problem of market access was not a pandemic-induced/ recent phenomena. The state has developed various innovative solutions to help MSMEs with both forward and backward linkages. Against this context, MSMEs currently face a dual challenge, on one hand to procure quality raw material and on the other hand, market their finished products through proper distribution channels in targeted markets. The market assistance scheme by the National Small industries Corporation assists MSMEs to discover market for their raw material, while interventions like GeM and ONDC are targeted at creating better forward linkages. Alongside central initiatives, individual states too have rolled out various interventions to strengthen MSMEs' access to the markets.

⁵⁶ Recommendations to support Government of Telangana in the revival of the MSME ecosystem, 2021



A. Government e-Marketplace (GeM)

GeM is an e-commerce platform initiative by the Government of India, to streamline and simplify public procurement processes. The primary purpose of this portal is to connect MSMEs with buyers from large private players, Central Public Sector Undertakings (C-PSUs) and Government Departments. Currently, nearly all central departments are mandated by the Indian government, to utilize the GeM portal for their procurement needs. GeM provides various procurement methods, including direct purchases, L1 bidding and reverse auctions processes conducted electronically and without the needs for cash transactions. As of February 2023, a total of 13,18,192 sellers that offer their products to various government departments were found on the GeM portal.

Buyers	Sellers
<ul style="list-style-type: none">Central Government DepartmentsCentral Public Sector Undertakings (C-PSUs)State Government DepartmentsState Public Sector UndertakingsAutonomous BodiesLarge Private Players	<ul style="list-style-type: none">OEMsMSMEsStartupsAuthorized resellersService providers

A year-on-year analysis of the total numbers of buyers and sellers on the GeM portal shows an approximate 10x increase in the estimates since 2021.

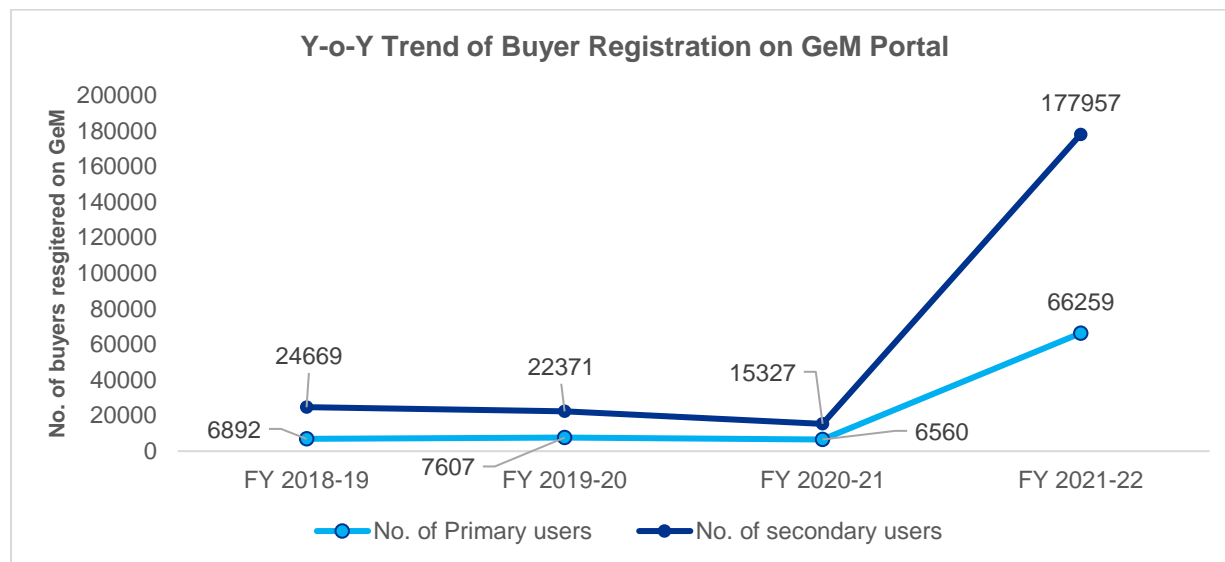


Figure 93 Year wise trend of buyer registration on GeM Portal taken from the Press Information Bureau, 2023

However, Telangana holds the 21st and 20th positions respectively for the number of buyers (primary and secondary) in the country. The top performing states under both categories have approximately 10 times more buyers in comparison to Telangana, highlighting the need for improvement.

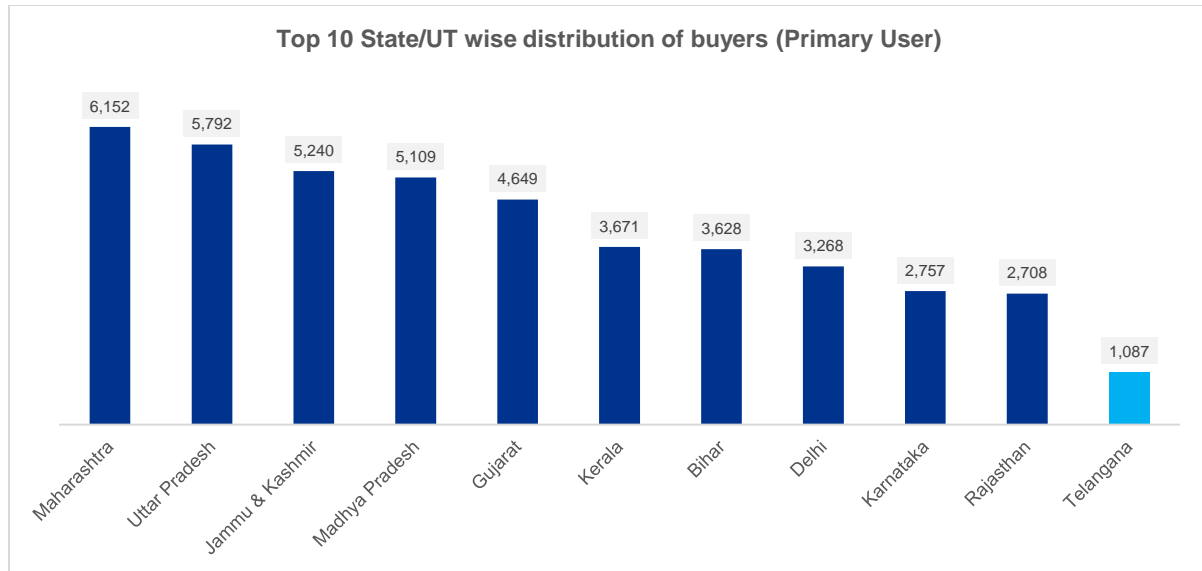


Figure 94 Top 10 States/UTs wise distribution of buyers (Primary User) on GeM

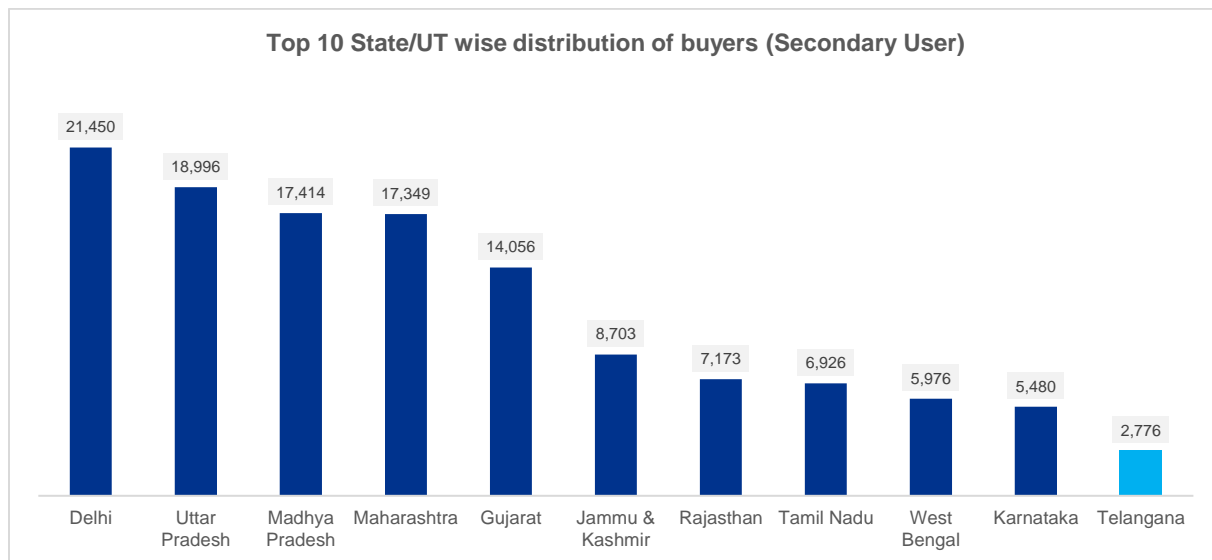


Figure 95 Top 10 States/UTs wise distribution of buyers (Secondary User) on GeM

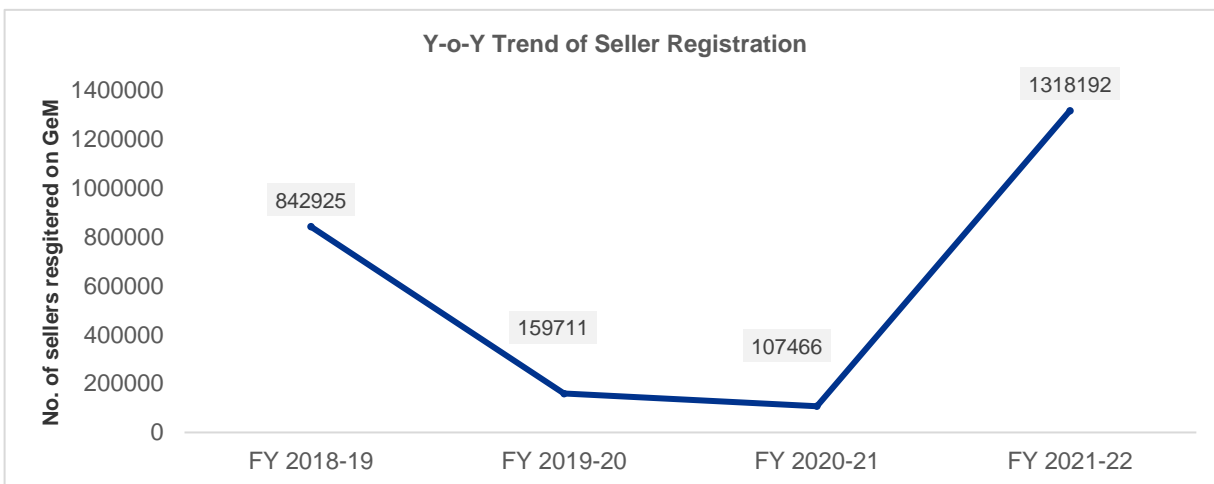


Figure 96 No. of Sellers registered on GeM

Telangana's performance is slightly better in terms of the sellers registered on the GeM portal. With 53,025 sellers on GeM, Telangana holds the 10th rank in the nation. Once again in comparison with the top performers like Maharashtra and Uttar Pradesh that have about 5 times more sellers on the portal, Telangana has huge scope for improvement.

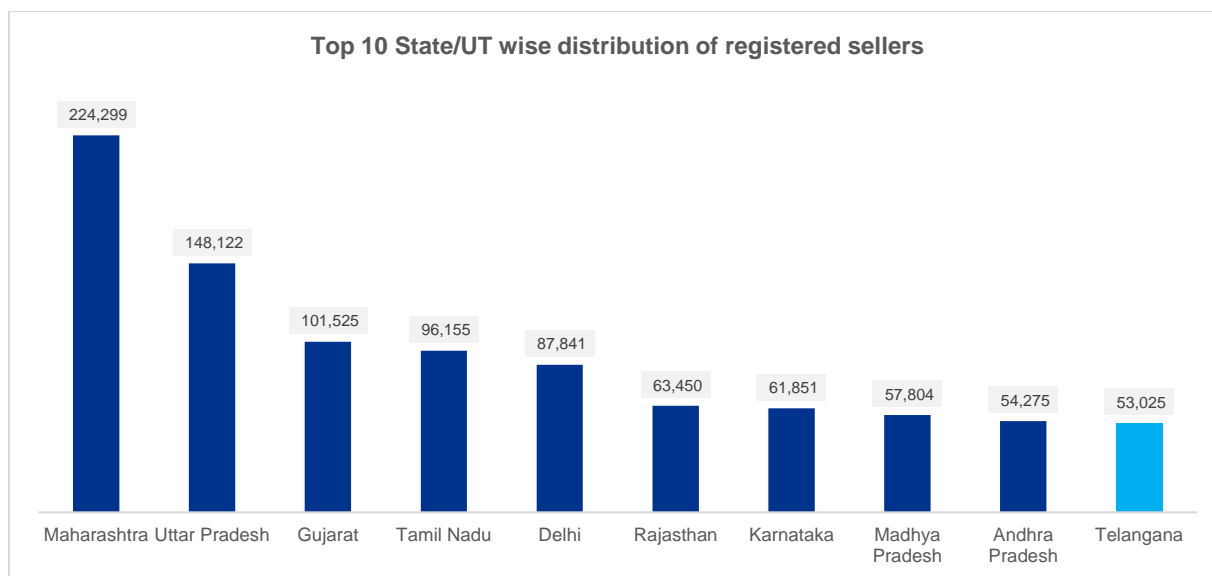


Figure 97 Year wise trend of seller registration on GeM Portal taken from the Press Information Bureau, 2023

B. MSME Champion Scheme

The MSME Champion scheme was initiated by the MoMSME in 2022 with the primary objective to improve the overall competitiveness and sustainability of MSMEs in India. Through various sub interventions the Government aims to modernize manufacturing processes, reduce wastages, encourage innovativeness, sharpen business competitiveness, and facilitate widespread reach of MSMEs in our country. There are three components to this overarching scheme namely, Sustainable ZED certification scheme, LEAN manufacturing Competitiveness scheme and MSME Innovative (IPR, Incubation and Design)

1. MSME-Sustainable (ZED) Certification Scheme

The ZED Certification is to promote the culture of Zero Defect Zero Effect (ZED) practices among MSMEs. It is designed as an assessment model which includes various parameters that encourage MSMEs to improve their processes and systems to enhance quality and enhance sustainability. These parameters are related to areas such as Energy Management, Environment Management, Natural Resource Management, Corporate Social Responsibility etc. MSMEs are then graded and accorded bronze, silver, and gold certifications based on their performance on the various parameters respective to each category.



Telangana's performance on the ZED certifications has been **abysmally low in comparison to the national estimate and other top performing states**. As of 2023, a total of 38,447 MSMEs have been accorded the ZED registration out of which Telangana has only 64 firms and **stands 24th in the entire country** against the top performing state of Andhra Pradesh that has 8868 registrations.

		Certifications		
Region	Total No. ZED registration	Bronze	Silver	Gold
Telangana	64	8	0	1
India	38447	38447	80	94

Table 45 No. of ZED Certificate registration for the Telangana and India

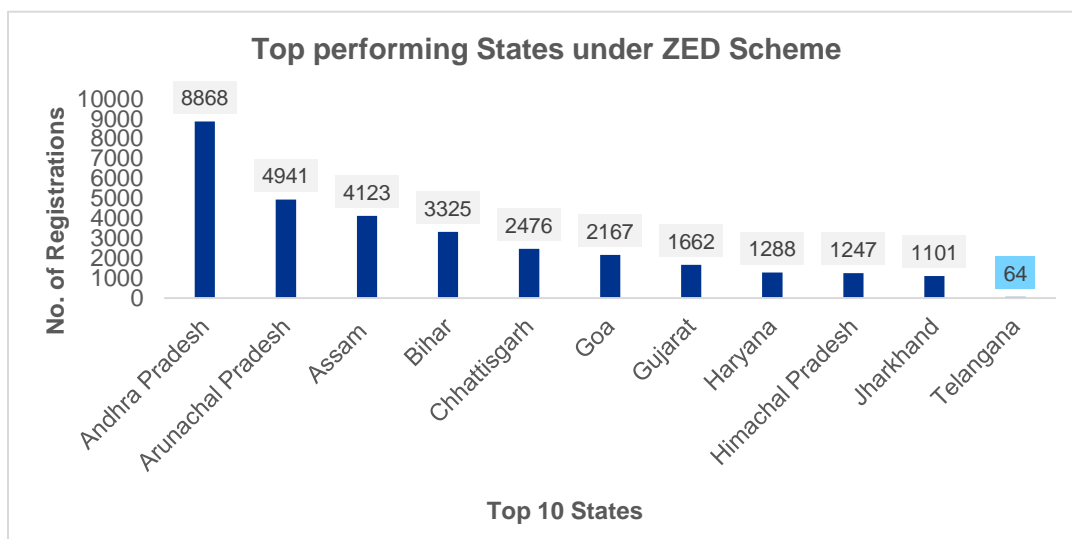


Figure 98 Top 10 Performing States under ZED Scheme

2. MSME- LEAN Manufacturing Competitiveness Scheme

This scheme is aimed at helping MSMEs in improving their operational efficiency. Based on the principles of lean manufacturing, firms can reduce wasteful expenditure by focusing on different aspects of production like rationing inventory management, shortened engineering time, better people management, etc. Its significance lies in altering the perspectives of MSMEs by bolstering quality, productivity, and performance. Under this scheme, MSMEs will be enabled to implement LEAN manufacturing tools like 5S, Kaizen, KANBAN, Visual workplace, Poka Yoka etc. under the guidance of trained and competent LEAN consultants. Through this process MSMEs will gradually progress across the LEAN levels- basic, intermediate, and advanced.



The government contributes 90% of the costs incurred in implementation, handholding, and the consultancy fees. An additional 5% contribution is earmarked for MSMEs which are a part of SFURTI clusters, owned by Women/SC/ST and located in NER. Furthermore, there will be an additional contribution of 5% for MSMEs which are registered through Industry Associations/ Overall Equipment Manufacturing (OEM) organizations after completing all levels⁵⁷.

Region	Total No. of registration	LEAN Levels Achieved		
		Basic	Intermediate	Advanced
Telangana	0	0	0	0
India	475	8	0	0

Table 46 No. of LEAN registrations in the State vs India

As of March 2023, Telangana stood in the last quartile along with respect to offtake under LEAN with other states like Tripura, Uttarakhand, West Bengal, Andaman and Nicobar Islands, Delhi, Ladakh, Lakshadweep, Daman & Diu, Puducherry, and Chandigarh that had nil uptake of the scheme.

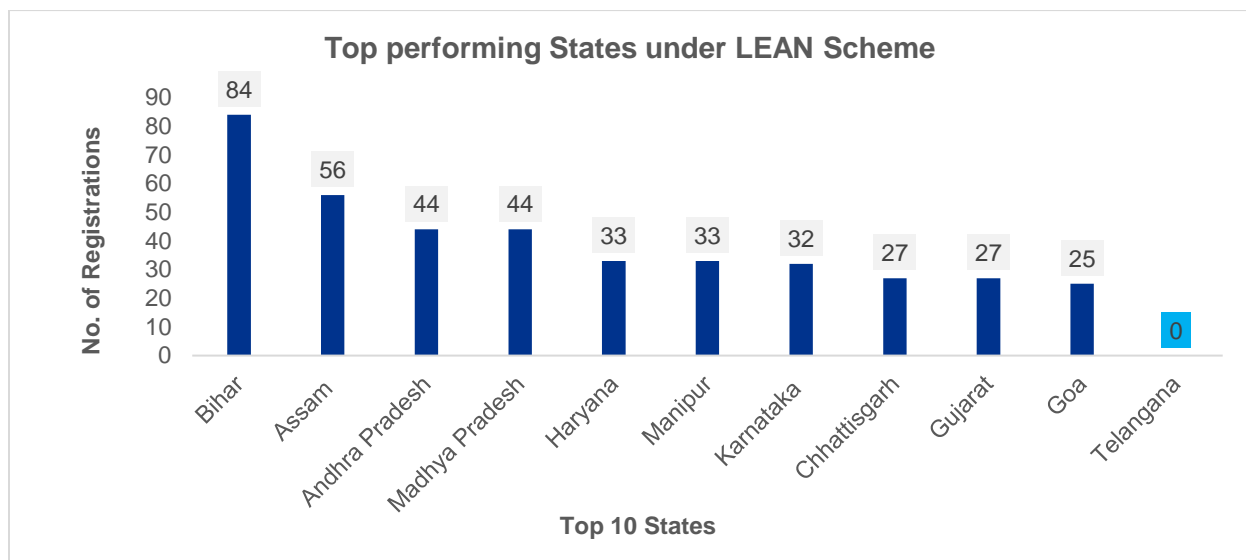
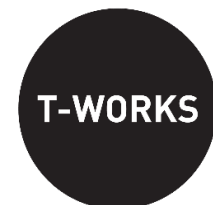


Figure 99 Top 10 Performing States under LEAN Scheme

⁵⁷ Press Information Bureau of India, March 2023

3.3.1 Initiatives of the Telangana Government to improve market access for MSMEs

- a. This collaboration will give an opportunity to local MSMEs to sell to Meesho's 11 crore customer base across India with zero commission. In the first week of Feb 2023, the first phase of the project was rolled out, by ALEAP industrial park to create awareness and onboarding sessions with various MSME members.
- b. Justdial – In March 2022, the Government of Telangana partnered with Justdial to improve the visibility of MSMEs and make available their details on the Just Dial platform. Over 17,600 MSMEs across Telangana have been registered onto the platform since. The state plans to further expand the reach with the support of district officials.
- c. Telangana State Global Linker is a digital networking platform that was launched by the government of Telangana in partnership with **GlobalLinker** an exclusive MSME enabling ecosystem. The aim is to digitize and connect about 22.3 million MSMEs in the state to the business platforms of a global community. The platform allows MSMEs to create a digital presence for their business and an e biz card. Through this they connect with other global MSMEs, enable them to find buyers and suppliers, gain visibility, and receive up-to-date industry trends and news. Members also enjoy exclusive offers on travel, legal services, and loans, offered by corporates and co-MSMEs.
- d. T-Hub is an innovation intermediary and business incubator which was setup in the year 20 based on a tripartite partnership between the Government of Telangana, three academic institutes (International Institute of Information Technology, Indian School of Business and the National Academy of Legal Studies and Research) and the private sector. T Hub provided startups with the right technology, mentorship and talent and access to corporates and investors. Since its inception in 2015, T Hub has designed and delivered more than 100 innovation programs and impacted over 2000 startups.
- e. T-Works is a 78,000 sq ft advanced, state-of-the-art prototyping facility equipped with industry-grade tools such as 3D printers, CNC machines, laser cutters, a PCB fabrication center, and much more. It is India's upcoming largest prototyping center in Hyderabad, with a vision to create and celebrate the culture of hobbyists, makers, and innovators in India, to enable them to explore and experiment without the fear of failure. T- Hub offers Prototyping services, Component sourcing services, Product design services, and IPR facilitation services to startups, makers and innovators.





- f. The Research and Innovation Circle of Hyderabad (RICH) is an initiative conceived to pragmatically utilize the cutting-edge R&D efforts of the top scientific research institutions in Telangana State. This entails bringing together new ideas, innovations, technologies, advisors, mentors, funding, and support services and using them to address the gaps in innovation entrepreneurship and investment ecosystem in the state. Top domains of work – Aerospace and Defense, Food and Agriculture, Life Sciences and Pharma















Activities of RICH				
For Industry				
				
Technology scouting	Events	Networking Platform		
For Startups/ Entrepreneurs				
				
Prototype & Incubation	Equipment Support	Funding & investment	Testing & Validation	
For Research/ Academic Institutes				
				
IP & Legal Services	Market access & advisory	Government Grants	Technology Commercialization	Networking Platform



Figure 100 Telangana State Trade Promotion Corporation Ltd

Despite these noteworthy initiatives, MSMEs continue to face challenges in the context of market access. Detailed interactions with MSMEs revealed the various size related issues faced by micro and small enterprises in the export markets. For instance, it was understood that ICT adoption is more prevalent in medium sized enterprises, which have a higher level of maturity compared to small enterprises mainly to use IT for back-end office operations, communication, or promotion purposes. Medium sized enterprises are also progressively incorporating automation into their business operations to enhance efficiency and effectiveness. Micro and small firms on the other hand couldn't handle the associated costs. The following section elucidates other issues related to market access.

3.3.2 Challenges

a. Lack of steady supply of raw materials at competitive rates

In Telangana, MSMEs as facilitated by the National Small Industries Corporation (NSIC), encounter a series of formidable challenges concerning raw material procurement. According to data sourced from Telangana State Industrial policy for 2020-2025, **a significant issue is the lack of consistent and affordable access to raw materials affecting 35% of state's MSMEs**. These enterprises often struggle to secure raw materials at competitive prices. Additionally, as per the Annual report of Department of Industries and Commerce, Government of Telangana (2021), around 25% of MSMEs in the state face delays in raw material deliveries, resulting in production disruptions and increased operational costs.



b. Poor cluster level linkages

Cluster level linkages could open immense possibilities for growth of MSMEs by helping tackle the issues of scale. The shifting landscape underscores the importance of nurturing cluster-level linkages which is at present missing not only for exports but to also serve the domestic markets. Although one can witness many successful clusters across the state, there is still **the need to streamline the operations of those fragmented MSMEs** that are operating in isolation.

c. Issues faced on the GeM portal

While GeM has brought significant transparency and efficiency to government procurement in India, there are notable challenges for both buyers and sellers, especially in the MSME sector. Addressing these challenges requires a collaborative effort from government agencies, industry associations, and MSMEs themselves to ensure a more inclusive and accessible platform that fosters growth and economic development.

i. Buyer Challenges:

Buyers, especially in the MSME sector, **often encounter overwhelming competition from large and established sellers**. MSMEs may find it difficult to stand out and secure government contracts in the face of this stiff competition. Additionally, **the stringent eligibility criteria and documentation requirements can be burdensome for smaller enterprises**, potentially limiting their participation in government procurement. These barriers can hinder MSMEs' access to a crucial source of business and growth.

ii. Seller Challenges:

For MSMEs looking to sell their products and services on GeM, face the need for substantial working capital. To meet the demands of government contracts, MSMEs often require significant financial resources, which can strain their cash flow. Furthermore, **the timely payment of dues can be a persistent challenge, causing financial stress for these smaller businesses**.

iii. Procurement process complexity:

Complex and ever-changing procurement policies and regulations also pose difficulties for both buyers and sellers, as MSMEs may struggle to stay compliant and adapt to these evolving requirements. Buyers may encounter difficulties in accurately specifying their requirements, leading to procurement inefficiencies. On the seller's side, navigating the various stages of bidding, evaluation, and contract execution can be time-consuming and resource intensive. The lack of standardized processes can exacerbate these challenges, making it harder for MSMEs to participate effectively.

iv. Navigating GeM digital platform:

Access to GeM's digital platform can be challenging for MSMEs, particularly in remote or underserved areas. **Limited access to reliable internet connectivity and the necessary technical infrastructure** can hinder their ability to use the platform effectively. This digital divide can put MSMEs at a disadvantage, as they may struggle to keep up with competitors who have better access to online resources and services.



d. Challenges faced in the adoption of ICT

- i. Significant upfront costs pose a major hurdle for MSMEs in adopting IT solutions
- ii. The trade-off between cost of setting up a comprehensive IT application and employing skilled workforce is a dual challenge MSMEs often face to streamline business processes, which is a major deterrent.
- iii. Balancing budget allocation or financing options for ICT investment and other operational improvements require a lot of support for MSMEs. Therefore, common facility centers at cluster level are important to exploit the potential of investing in technology centers with tie-ups to improve these facilities to meet the industry 4.0 needs.

e. Need for strengthening district level export mechanism

As part of the ODOP and Districts as Export Hubs initiative, that is aimed to foster balanced regional development across all districts in the nation, State Export Promotion Committees (SEPCs) and District Export Promotion Committees (DEPCs) have been constituted in about 36 States/UTs to provide support for export promotion and address the bottlenecks for export growth in the districts. Herein, data suggests that out of the 218 District Export Plans (DEPs) that were adopted across the country, we see no plans for the state of Telangana⁵⁸ as of June 2022. In the last year, 2 DEPs have been adopted for the districts of Ranga Reddy and Hyderabad. There is scope to further expand the outreach of this initiative to various parts of the state.

f. Need for better awareness generation on the MSME Champion Schemes

The current performance of Telangana with regards to the uptake of MSME Champion Scheme demands higher focus to improve awareness and increase scheme uptake. Stakeholder consultations revealed that marginalized communities such as SC/ST and women face additional challenges in availing the scheme.

g. Challenges in accessing Business Development Services (BDS)

The availability of BDS at affordable rates has always been a hindrance for MSMEs, especially micro units. The baseline survey revealed that over 75% MSMEs expressed the lack of awareness on the availability of technical and business service providers. They also highlighted the absence of a state level one stop solution that provides B2B and B2G platforms for all the BDS needs of the state's MSMEs.

3.3.3 Recommendations

- a. **Capacity Building and Support for GeM:** The current performance of Telangana on the GeM portal viz a viz other states shows the need for comprehensive capacity-building initiatives and support mechanisms for MSMEs. Government agencies and industry associations can play a pivotal role in providing training, guidance, and financial assistance to help MSMEs overcome hurdles related to competition, eligibility criteria, and compliance with procurement policies. These initiatives can empower MSMEs to leverage GeM as a platform for growth and access to government contracts, thereby contributing to the economic development of the sector and the nation. Similarly, the government must further strengthen the procurement mechanism amongst

⁵⁸ Press Information Bureau of India, June 2022



the PSUs / Government Departments to ensure that the mandated procurement of 25% can be achieved by them.

- b. **Promotion of MSME export performance:** State institutions need to be strengthened with data regarding the supply chain of MSME players across sectors that have capacity to export and partake in value chains. Next, a select group of highly innovative enterprises should be supported with a concrete roadmap to integrate in global markets. Additionally, those MSMEs operating as suppliers to exporters within the GVC network need to be identified. These MSMEs usually face challenges with short-lived export relationships, with newly minted exporters often discontinuing exports after one of two years. Insights from long term exporters can help the former in comprehending the strategies to product diversification and target markets.
- c. **Digital technology can be one of strongest enabler for MSMEs** in accessing market in reducing turnaround time to keep up with the needs of their target market. MSMEs have access to a diverse range of affordable options such as Software as a service (SaaS), Infrastructure as a Service (IaaS) and Platform as a service (PaaS). However, government needs to focus on improving the digital literacy of entrepreneurs and on the basic physical and digital infrastructure especially in remote locations of the state. MSMEs wanting to onboard e-market places can benefit from state assistance in the areas such as search engine optimization.
- d. **Product certifications for MSMEs:** Telangana houses various indigenous and unique products in the sectors of textiles, jewelry, toys, etc. It also has 16 products that have received the coveted Geographical Indicator tags. The government should coordinate the functioning of the various agencies like Khadi and Village Industries Commission, Telangana Handicrafts Development Corporation that work for the promotion of such sectors. The state can also explore setting up an agency for certifying indigenous products and increasing their visibility in the global markets.
- e. **Centralized innovation studios like T HUB maybe localized** by setting up District Innovations Centers in all DICs across the state. During interactions T HUB recommended setting up of a venture studio model for climate and sustainability in the state.

3.4 Gender

Within the MSME ecosystem, the expanse of challenges faced by women led MSMEs is much more extensive than discussed thus far. The socio-economic inhibitions that are inherent in any society, compound the existing challenges, making it much for difficult for women entrepreneurs to operate. It is well known that women fare starkly lower than men in various socio-economic factors like literacy levels, health, mobility, access to resources, asset ownership etc. Additionally, gender biased roles such as childbearing and care taking, leave women 'time poor' thereby dampening their opportunities in economically resourceful activities. The states known to have egalitarian societies with matrilineal traditions in India, have higher composition of women owned MSMEs, which corroborate the gendered marginalities in the MSME space. Likewise, every social construct and the associated rules that govern the society seem to influence the way women led MSMEs function. For instance, an analysis of the social category of women entrepreneurs revealed that there are higher numbers of MSMEs owned and managed by SC/ST women in comparison to other categories. This reflects the historic taboos of upper caste women partaking in public arenas of economic production⁵⁹ that are generally absent for women at the lower rungs of the social ladder.

⁵⁹ Gender Issues in the MSME Sector in India, ICRW, 2014

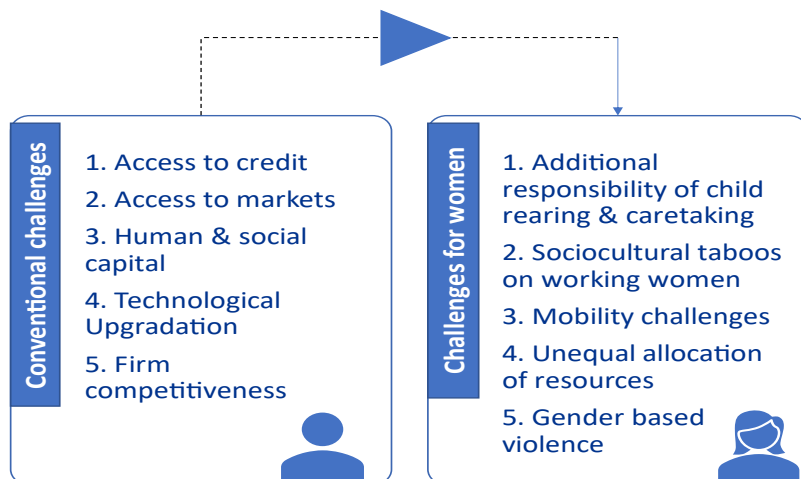


Figure 101 Created using data from Multi-Country Study on Women-Led MSMEs, 2023

In India, close to 1/5th of the total MSMEs is owned by women⁶⁰. Data shows that while most male owned enterprises are distributed in urban India, women led MSMEs tend to be concentrated in rural areas. Similarly, men tend to own more small and medium sized enterprises in contrary to women whose ownership consists majorly of micro enterprises. In terms of ownership and management too, women owned enterprises are known to be significantly smaller than male owned enterprises. This is because many female owned enterprises are home based and run by oneself (with or without the unpaid help of family members⁶¹). While exclusive data on the social status of women entrepreneurs for individual states is lacking, anecdotal evidence suggests that the disparities seen at the national level is identical to that of the component states.

A state wise comparative analysis of the composition of women owned MSMEs using cumulative data for the last 3 years revealed that Telangana has had a total of 110377 women led units. This renders Telangana in the 8th position in the country for total no. of women owned MSMEs in the state, with Maharashtra and Tamil Nadu at the top. However, when analyzed as a percentage of the total MSMEs in the state, the trends are very different. Telangana has 23.2% women composition as against the highest state Mizoram 49.3%, falling in the second quartile.

⁶⁰ MSME Annual Report 2022-23

⁶¹ Gender Issues in the MSME Sector in India, ICRW, 2014

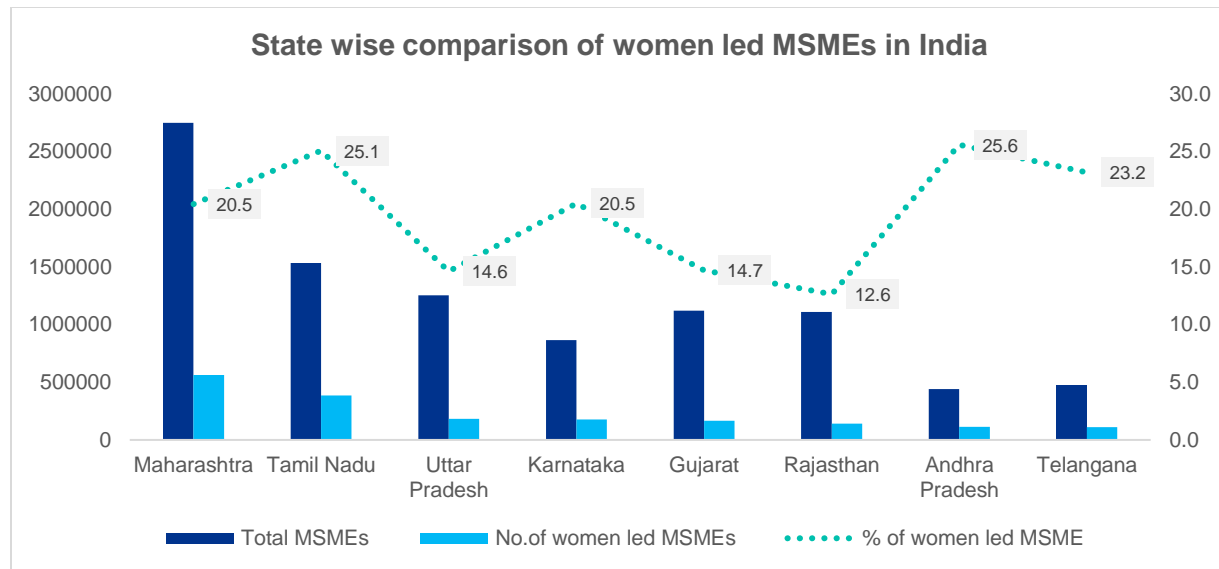


Figure 102 State wise comparison of Women led MSMEs in India

Next, the gendered variations in the uptake of prominent credit schemes in the country is a plausible measure of the degree of gender inequality in a region.

- As already mentioned, (in Section 3.1.3), a total of 7760 credit guarantees amounting 657 crores were extended to women owned enterprises in Telangana for the FY 2022-23. It accounts for one quarter of the total credit guarantees extended for the state. This figure increased by 4.5 times since FY 2021-22 showing a positive trend.
- Under the PMEGP scheme, a total of **749 projects were sanctioned for women led MSMEs in Telangana for the FY2022-23⁶²**. This accounts for about 30% of the total projects approved in Telangana for the period. It is **much lower than the top performing states** like Jammu & Kashmir, Tamil Nadu, and Maharashtra. Andhra Pradesh which has a similar MSME gender composition like Telangana has approved 1463 projects – twice of Telangana's coverage.

3.4.1 Challenges

- A fundamental challenge that underpins the way women entrepreneurs are perceived is **the bias that women are subjacent to men** both in terms of capabilities and efforts. This bias often obscures their credibility, deterring their access to various assistances.
- Due to various factors like management pattern, firm size, poor financial literacy, and lack of social support, there is **a higher level of invisibility of women led MSMEs** as to their male counterparts. However, the challenges they face in the process of formalization too is multilayered. On one hand, social stigma and competing priorities inhibits them from venturing into formalized sectors of production. For instance, women MSMEs in the textile sector preferred home based boutiques to setting up a unit in manufacturing clusters. Furthermore, even those that attempted formalization found the **registration process complicated and demanding documentation that most women could not provide**.

⁶² Press Information Bureau of India, March 2023

- c. **The need for timely credit** was quoted as one of the biggest problems faced by women. Many **women lacked financial awareness about the various credit opportunities available**, the pros and cons of borrowing, requirements of lending institutions, lack of ownership of assets by women etc resulting in a lack of confidence and reluctance to partake in the formal financing sector. Correspondingly, this also results in an overall reluctance on the part of lenders who deem women a high-risk lending category for the same reasons. Secondly, the cost of financing credits for women is estimated to be 2.4 times higher than that for men⁶³. This is due to the absence of documentation, small loan size, complex credit assessment, etc.
- d. Over and above the need for better access to matter opportunities faced by MSME, **women entrepreneurs found digital onboarding and export procedures cumbersome**. Higher cost of advertising, lack of knowledge about e-commerce and online platforms were some of the challenges discussed. Similarly, women MSMEs predominantly operating in food processing, handicrafts and other nuanced sectors face challenges related to standardisation and regulatory requirements.
- e. The **off take of Enterprise Development Programs (EDP) targeting women MSMEs are limited**. Secondary literature states that most women entrepreneurs had a strong belief that it was prior professional/ business experience and not training that was essential to run a successful enterprise. Therefore, while the current EDPs were sought by women who had no prior work experience or business exposure, the former category did not find the need for it⁶⁴.

3.4.2 Recommendations

Addressing gender-based challenges will require concerted efforts to promote gender equality, providing women entrepreneurs with equal access to resource opportunities, mentoring opportunities and access to finance to foster inclusive and diverse growth within the MSME landscape. This requires designing dually pronged solutions that are inclusive of both business-related factors as well as the social norms hindering the growth of women.

Organizations like WE-Hub and Association of Lady Entrepreneurs of India (ALEAP) play a prominent role in narrowing the gender gaps. They offer platforms for networking, mentorship and capacity building specifically designed to empower women in MSMEs. While WE-Hub offers tailored incubation, funding and training programs

equipping women led MSMEs with the resources they need to thrive, ALEAP, a prominent women entrepreneurs association, serves platform for networking and capacity building to outreach informal SHG groups to become formal micro enterprises. By leveraging collective efforts, MSME landscape can become more inclusive and supportive of women entrepreneurs.



WE Hub is the first-of-its-kind and the only state-run platform for Women Entrepreneurs initiated by the Government of Telangana. The primary goal is to ensure that any woman entrepreneur in Telangana and across India gets all the moral, financial, governmental and policy support needed to start up and scale up. WE HUB supports women entrepreneurship through

1. **Increased access to government support**
2. **Creation of a supportive ecosystem**
3. **Incubation - Create a network of VCs, investors, corporates, mentors, etc.**

Since its inception in 2018, WE Hub Hyderabad has become the best practice model for many State Govts in the Country (148 Startups incubated, 300+ jobs created, 3400+ entrepreneurs engaged)

⁶³ Improving Access to Finance for Women-owned Businesses in India, 2014

⁶⁴ Gender Issues in the MSME Sector in India, ICRW, 2014



- a. The first step towards strengthening women led MSMEs is their formalization. However, the **process of formalization should be simplified and responsive of the gendered constraints** explained above.
- b. The government must work with financial institutions **towards building financial products that suit the needs of women-led microenterprises**. There will also be a need for **reworking the lending process** - processes for approval, documentation, and delivery of loans to women entrepreneurs to respond to cultural factors, that hinder women from accessing finance⁶⁵.
- c. Bundled offerings are a great opportunity. Data shows that bundling access to finance, loans, or cash grants with business-focused training led to higher participation and retention rates of women entrepreneurs and increased business growth in contrast to stand alone interventions⁶⁶.
- d. Women associations in the state suggested promoting **collaborative efforts between state level women entities such as WE-Hub and SLBC**, to improve access to credit funding for women led enterprises.
- e. The **financial literacy needs of women entrepreneurs must be addressed**. With more and more interventions being digitalised, another complimentary need is to focus on the **digital upskilling**. Herein, the training modules must be highly contextualised to suit individual business needs and competence levels of the female owners.

3.5 Access to Skilled Workforce

The need for skilled manpower is another problem that most MSME's have been grappling with around the world. With the advent of new age digital technologies and advancements, it has become important to cater to the skilling needs of human capital at every level. It is well known that smaller MSME's have higher skill deficiencies in comparison to their larger counterparts. They also invest lesser on the training needs due to the dearth of funds. The COVID pandemic has thrown into sharp relief another structural issue with respect to the availability of local skilled workforce in Telangana. With the exodus of migrant workers during the lockdown, many labor-intensive sectors are still facing shortage of manpower. This has increased the overall labor cost.

The overall issue can be compartmentalized into the following sub sections.

1. Shortage of skills- both managerial and technical
2. Inadequate training and capacity building for upskilling
3. Poor internal management practices
4. Poor access to quality digital infrastructure

⁶⁵ Financial inclusion for MSMEs and women's economic empowerment, 2020

⁶⁶ Multi-Country Study on Women-Led MSMEs, 2023



3.5.1 Challenges

- a. ITIs in the state are unable to meet the demand for the manpower requirements of MSMEs in terms of both quality and quantity. This requires that MSMEs incur additional costs on training the manpower passing out of ITIs.
- b. There seems to be an incongruence between the industry-led demand for skilled workforce and the curriculum imparted at ITIs and skill development institutes.
- c. The links between the MSME industry and educational institutions on capacity building need further strengthening in the state. Especially, micro, and small firms are found to be reluctant in prioritizing and developing collaborations with training centers.
- d. Similarly, industrial associations also pointed out that migrant laborers are having to travel to their hometowns/place of residence to avail government assistance. Schemes like 'one nation one ration card' that unifies the distribution of state assistance across the nation can help mitigate this issue.

3.5.2 Recommendations

- a. The creation of effective training curriculum requires **a better understanding of the skill requirements of MSMEs in each sector/district**. This will help ensure that the courses offered in every ITI may be suitable designed to meet the skill requirements in the corresponding region. Active participation of the industry representatives in curriculum design is required.
- b. Unpredictable absence of migrant laborers can be tackled by **developing residential townships/hostels** in and around major industrial parks for labour. This will not only reduce the overall cost of access to skilled manpower, but it will also ensure a better quality of life for the laborer.
- c. **Creation of a labor market database:** Key to redressing the manpower needs of the MSME sector is better visibility into the existing supply of labor. The state can develop a comprehensive database of skilled workforce in the state by mapping individuals according to their skill, availability, and location at the district level/cluster level.
- d. **Transformation of ITIs as technology centers:** ITI centers must be technically upgraded to suit the changing relevance of the industry. Herein, states like Tamil Nadu and Karnataka lend a model built on public private partnership with active participation of the private sector for success⁶⁷. This can include Industrial Robotics and Digital Manufacturing, Mechanic Electric vehicles, Basics Design and Virtual Verification, and Manufacturing Process Control and Automation and Advanced Manufacturing. Similarly, short terms courses like as Electric Vehicle Maintenance, Robotics, Automation, CAD/CAM, CNC Machining, Advance Plumbing and Additive Manufacturing may be incorporated into the existing curriculum.
- e. **Strengthening partnerships between the industry and the research fraternity:** As mentioned earlier, the Research and Innovation Circle of Hyderabad (RICH) is a one-of-a-kind initiative of the government of Telangana to pragmatize the R&D efforts of the research/academic fraternity. However, attention must be paid to ensure that such efforts are accessible to the last-mile MSME and sufficient awareness it created in this regard. This may be achieved by regularly engaging industry and trade associations to provide the requiring handholding and support to their MSMEs.

⁶⁷ ITIs across State to transform into tech centers (dtnext.in)

- f. **Reinforce the uptake of skilling programs for women entrepreneurs:** With women's participation in the MSME sector concentrated towards low skilled and informal sectors, the central government continues to earmark special funds and design schemes specifically targeting the development of women entrepreneurs. Various initiatives like Trade Related Entrepreneurship Assistance and Development (TREADs), National Institute for Entrepreneurship and Small Business Development (NIESBUD's) Entrepreneurship Development Program for rural entrepreneurs and many more capacity building initiatives for SHGs have been developed in the past decade. However, their uptake seems to be far from satisfactory warranting further efforts. Next, courses for women are often accused of being limited in number in the National Skill Training Institutes for women – only 21 against 153 course offerings available for men⁶⁸. Here again, the government must promote the enrolment of women in ITIs and help them expand their skills beyond the stereotypical fashion design, tailoring and beauty courses often resorted to.



Recognizing the scarcity for skilled manpower and the need for reskilling the existing workforce to keep up with changing needs of the manufacturing and service sectors in the state, the Federation of Telangana Chambers of Commerce and Industry (FTCCI) is set to open a first of its kind- FTCCI Porkana Skill Centre. Spread across 2000 sq ft, it is proposed to have 2 classrooms with a capacity of 40 persons in each. The center aims to provide skills training to about 20,000 people per annum at an affordable fee and offer course customized to resonate with the current industrial demand.

The reiterative list of the programs proposed to be offered include

- Export/Import Management
- Global Logistics & Supply Chain Management
- Cargo Operations
- Energy Management
- HR Management
- Financial Management, Finance for non-Finance Managers
- Digital Marketing, Industry 4.0
- IT – Cyber Security, Data Analytics, Cloud Computing, Artificial Intelligence
- Laws – Business Laws, Cyber Laws, Intellectual Property
- Wealth Management – Stock Markets & Mutual Funds
- Business Skills, Communication Skills, Sales & Marketing
- Hospitality & Service Management, Hotel & Tourism
- Retail Management
- Efficient HVAC Systems, Mobile Repairing
- Fire and Safety Management
- Construction Skill Development
- Organic Farming
- Taxation – GST, Direct Tax
- Entrepreneurship Development Program
- Certificate Program in Foreign Languages

⁶⁸ The critical role of skilling women entrepreneurs | The Financial Express

3.6 Greening of MSMEs

During the COP26 meet in Glasgow in 2021, the Indian Prime Minister introduced the five-point agenda or the 'five nectar elements, Panchamrit' to combat climate change. These elements include zero emissions targets, promoting the use of renewable energy, increasing non-fossil energy capacity, reducing carbon footprints, etc. Amongst others, this has underscored the significance of encouraging and vigorously promoting the adoption of environment friendly business practices. Despite being crucial drivers of economic growth, contributing to grassroots innovation, reinforcing value chains, and generating significant employment opportunities, the MSME sector contributes differently to the three indices of sustainable development -economic, social, and environmental. Research from a study of 50 developing nations, suggests that while informal enterprises (read here as MSMEs) contribute positively to economic freedom and growth, they have a rather detrimental effect on the environment.

The sheer numbers of MSMEs in the India economy presents a strong case for the need adopt proactive measures aimed at mitigating untoward environmental effects. Besides the intrinsic value in running clean businesses, greening measures has immense benefits for the performance of MSMEs. For instance, green technologies help in drastically reducing the productions costs through efficient resource utilization. However, the present status of MSMEs (as discerned from our baseline survey) throw into sharp relief, the poor level of awareness on the agenda.

1. Overall, **99% of MSMEs in Telangana are unaware of benefits/ opportunities** from implementing sustainability measures in their day-to-day business activities.
2. Over **75% rarely/never measure their resource consumption/emission** (water, electricity, waste emissions, etc.)
3. **78% MSMEs are not aware of energy audits** and the 22% that are aware, do not conduct them.
4. **92% MSMEs are unaware of green financing instruments** with financial institutions, NBFCs, fintech companies, etc.

Following are some of the best practices/methodologies available to MSMEs for adopting green practices.

The Four Key Elements of Green Business⁶⁹

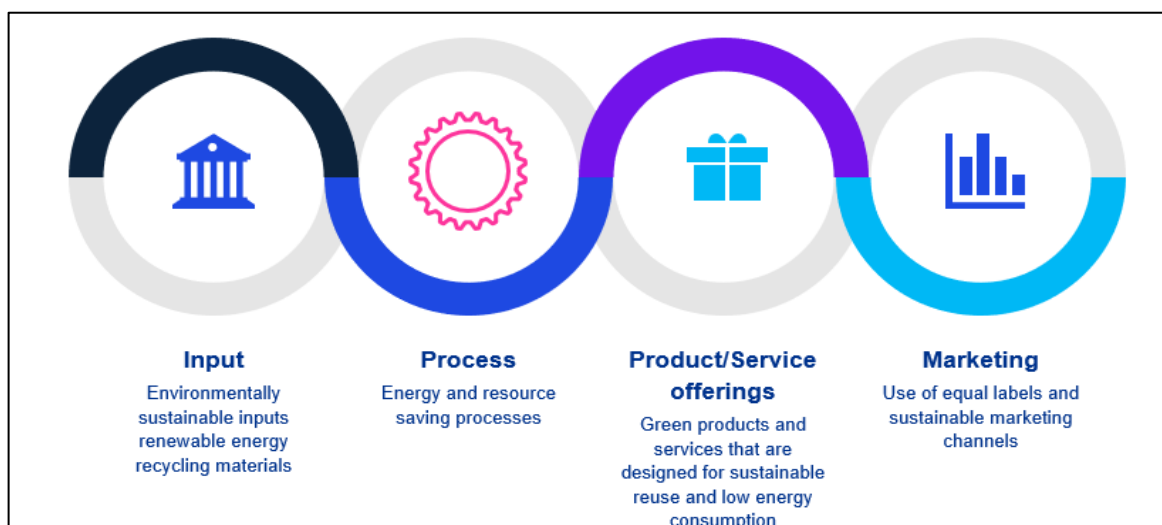
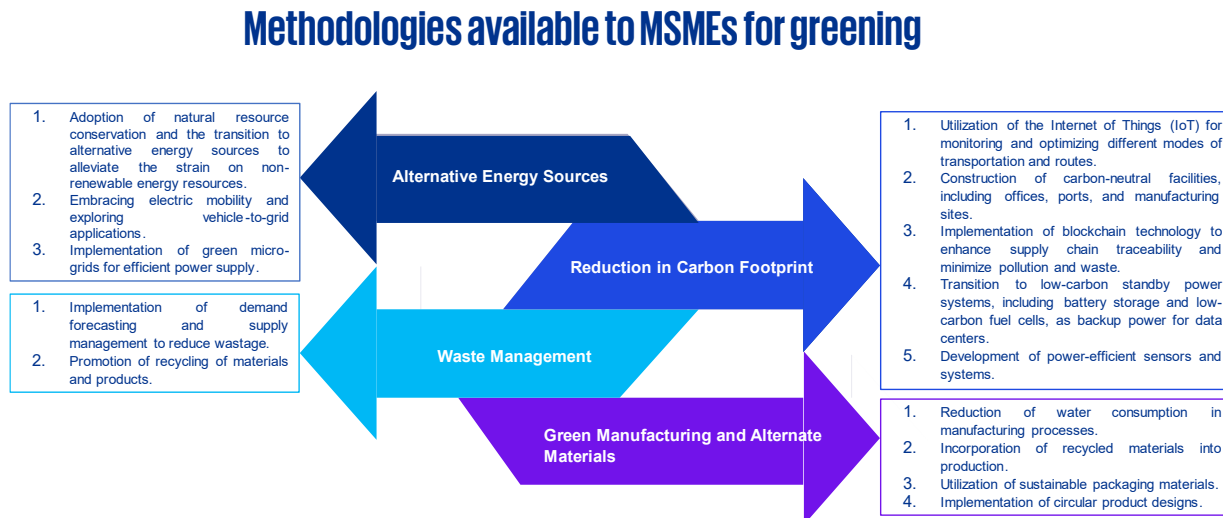


Figure 103 Common practices adopted by green businesses adapted from the Green Business Guide, ILO

⁶⁹ Green Business Guide

3.6.1 Methodologies available to MSMEs for Greening

Figure 104 Methodologies available to MSMEs for greening adapted from the Green Business Guide, ILO



Advanced data analytics, robotics, mixed reality technologies, and digital twins will enhance traceability and facilitate the development of circular and green supply chains. The importance of reusable or green energy sources is growing as businesses strive to meet carbon reduction goals. Technology becomes an enabler for businesses in advancing sustainability, allowing businesses to reduce their impact on the environment. These technologies will continue to evolve in the next decade, contributing to a better world for future generations.

The Indian government is actively encouraging MSMEs to adopt renewable energy practices across all sectors. To raise awareness among MSME entrepreneurs in India, numerous schemes and programs have been introduced. Here are some actionable methods for implementation:

a. Solar Rooftops

- Leveraging solar energy enables MSMEs to enhance their ZED (Zero Defect, Zero Effect) score by reducing carbon emissions, making them eligible for government grants and subsidies.
- Installation of solar rooftops leads to reduced electricity bills and overall cost savings.
- Solar energy provides a continuous and reliable power source, unlike traditional coal-generated power.
- Demonstrating a commitment to a green environment can attract investors and customers, enhancing the company's brand image.

b. Green Technology

- The Indian government has initiated various schemes and policies to encourage MSMEs to adopt innovative and eco-friendly technologies.
- Schemes like Technology Upgradation and Quality Certification, ZED Certification, ASPIRE (A Scheme for Promoting Innovation, Rural Industries, and Entrepreneurship), CLCSS (Credit Linked Capital Subsidy for Technology Upgradation), and Design Clinic for Design Expertise are available.

- iii. These schemes promote the adoption of new technology, upgrading manufacturing processes to achieve improved efficiency, product quality, reduced rejection rates, shortened production cycle times, and the utilization of green energy.

c. Renewable Energy through Battery Storage:

- i. These systems enable the storage of renewable energy for future use, providing convenient access to energy as needed.
- ii. They contribute to self-sufficiency, reducing dependence on external sources for electricity.
- iii. Such systems also aid in reducing greenhouse emissions and minimizing pollution.

Bureau of Energy Efficiency (BEE)

BEE under the Ministry of Power, Govt focuses on developing programs that promote energy conservation and efficiency. Government schemes like BEE-SME (Part of national programs on energy efficiency and technology upgradation for SMEs) and GEF-UNIDO BEE aim to promote energy efficiency and renewable energy adoption in selected MSME clusters across India. These schemes primarily create awareness and incentivize MSMEs to transition toward sustainable development through green energy practices.

Indian Renewable Energy Development Agency (IREDA)

IREDA addresses climate change effects and pollution reduction by funding and supporting renewable energy projects. They have recently announced increased funding for MSMEs to encourage their active participation in the green energy sector. With targets like achieving a 50% share of energy from renewable sources and establishing 500 GW of renewable energy capacity by 2030, MSMEs play a crucial role in contributing to these goals. SIDBI is the nodal agency in financing key greening initiatives.

Centre of Excellence (CoE) in E-Waste Management

Centre of Excellence (CoE) in E-Waste Management has been established to create a self-sustaining ecosystem capable of processing India's e-waste. It is a joint initiative by Ministry of Electronics and Information Technology (MeitY), Govt of India in partnership with Government of Telangana (GoT) and the industry.

Objectives

- Facilitate partnership with the industry, startups, academia, and government to translate ideas into products and build affordable technologies.
- Conduct training/workshops to educate and train human resources already engaged or seeking employment in the areas of recycling, refurbishing, dismantling, etc.
- Establish necessary infrastructure to enable R&D, Innovation, Product Development, and Testing for researchers, entrepreneurs, early start-ups, and SMEs.
- Drive e-waste recycling and refurbishing to support "Swachh Bharat Mission" and "Make in India"

3.6.2 Green Business Approaches

To develop environmentally friendly products and services and to incorporate sustainability into MSMEs operations, the key approaches include:

01. Eco Innovation

- Innovation encompasses introducing novelty into business, whether it involves new products, marketing strategies, processes, or simply a different way of conducting operations.
- Eco-innovation constitutes any innovation aimed at reducing the environmental impact of products or services. It primarily involves the efficient and responsible utilization of natural resources, such as energy and water.
- Eco-innovation can open doors to new or expanding markets, enhance productivity, competitiveness, and profitability, and keep businesses compliant with environmental regulations and standards.

02. Lifecycle Management

- Life cycle management revolves around managing the environmental impacts associated with the entire life cycle of a product or service.
- This life cycle encompasses everything from acquiring raw materials, manufacturing, packaging, transportation, and distribution to consumer use and final disposal.
- Often referred to as the "cradle to grave" approach, it scrutinizes the environmental effects of products from their inception (the origin of raw materials) to their ultimate disposal.

03. Resource Efficiency and Cleaner Production

- Green enterprises embrace resource efficiency and cleaner production strategies to reduce resource consumption during production processes.
- These approaches aim to decrease environmental pollution while also cutting operational costs.
- By implementing preventive environmental practices on an ongoing basis, enterprises enhance productivity.

04. Circularity

- Circularity focuses on methods for reintegrating products, components, and materials into use, thus preventing them from becoming waste or ending up in landfills.
- Green methods for a circular economy typically align with circular economy principles, including the elimination of waste and pollution, the prolongation of product and material utilization, and the regeneration of natural systems.
- Small businesses can apply circularity principles internally by designing products that require fewer resource inputs or are more easily repairable.
- They can also collaborate with other entities, ensuring that one company's waste serves as

3.6.3 Challenges

The demand for environmentally friendly financing within India's MSME sector is relatively small and is exacerbated by a significant lack of awareness regarding existing financial mechanisms. This lack of awareness leads to hesitation among stakeholders when considering the shift towards sustainable practices. Key challenges and concerns include:

- a. **Limited Technical Guidance:** There is a shortage of active technical support to assist MSMEs in adopting new technologies.
- b. **Inadequate Funding for Research and Development:** The existing financial provisions do not sufficiently support research and development, demonstration projects, and the establishment of industry standard.

- c. **Absence of Environmental Pollution Data:** There is a noticeable absence of data on emissions, and there are no mandates or restrictions in place for controlling emissions from MSMEs. This absence makes it challenging to implement regulatory frameworks and reporting standards due to the disorganized nature of these businesses, skepticism regarding sustainable alternatives, and a lack of awareness and capability.
- d. **Challenges in the Capital Market:** The evolving capital market and high initial capital costs for sustainable products discourage the integration of RECP practices within the supply chain. This results in a lack of private investment at the MSME level.
- e. **Mismatched Institutional Finance:** The institutional finance ecosystem does not align adequately with the needs of MSMEs. Definitions of financial allocations, leverage amounts, and co-financing modalities require better clarity.
- f. **Impact of Post-COVID-19:** The financial strain caused by the COVID-19 pandemic has led to reduced demand for innovation financing, a lack of incentives for early adopters of greening measures, and resource limitations within financial institutions.
- g. **Complexities in the supply chain:** Provisions to enhance energy efficiency and promote renewable energy within MSMEs do not account for the complexities of being part of a larger supply chain.

3.6.4 Recommendations

To address these challenges and promote financing for the Low Carbon Transition, the following recommendations are provided based on existing literature and stakeholder consultations:

- a. **Expansion of Incentive-Based Models:** Increase the scale of existing incentive-based financing mechanisms to meet the specific needs of the MSME sector. Complement this funding through additional international sources of climate finance.
- b. **Support from Larger Corporations:** Encourage larger companies, particularly in 'challenging-to-improve' sectors like manufacturing to financially incentivize MSMEs to adopt eco-friendly practices in their supply chains. This can be accomplished by mandating that large companies report on sourcing materials and include Scope III emissions in their disclosures.
- c. **Innovative Financing Approaches:** Develop innovative financing models, including community-based financing systems and blended finance tools, to overcome obstacles in accessing climate finance.
- d. **R&D and Pilot Initiatives:** Increase the number of research and development projects, demonstrations, and pilot programs for new technologies within specific sub-sectors. Establish a dedicated fund to support R&D and pilot initiatives to promote LCT adoption and create a centralized database for incentive structures.
- e. **Capacity Building and Awareness:** Intensify capacity building and awareness initiatives at both central and state levels to address the lack of knowledge regarding technological solutions, industry standards, best practices, and opportunities for commercial finance.
- f. **Introduction of a Revolving Finance Mechanism:** Deploy a revolving finance mechanism to reach more MSMEs by mitigating technological and financial risks faced by the sector.
- g. **Creation of a Digital Ecosystem:** Develop a digital ecosystem and reliable database to facilitate monitoring and reporting frameworks. Encourage MSMEs to report their LCT efforts using existing sustainability reporting tools.

3.7 Access to Infrastructure

The infrastructural needs of MSMEs are highly variant depending on the scale and nature of operations. It not only refers to the conventional factors of production like land and geographical connectivity (roadways, railways, airways), power, water, and proper methods of telecommunication, it also includes the presence of support facilities like warehouses, testing centers, design labs and other shared facilities as well as business facilitation centers. The growth of an enterprise from micro to small and medium depends greatly on the extent of the availability of an affordable place of business,

uninterrupted and low cost of electricity and water connections and so on. Numerous studies have concluded on the positive relationship between adequate infrastructure and the economic development of developing nations like India⁷⁰ (Timilsina et al, 2023).

3.7.1 Infrastructure

Infrastructure is vital to economic development of a nation as it facilitates an increase in productivity, attracts business activity, lowers transports and production costs, and improves markets access. Consequently, creation and maintenance of infrastructure is considered crucial to sustain economic growth. Infrastructure can be broadly divided into two categories. A) Hard infrastructure like land, water, power, transportation systems, communication networks, warehouses, industrial parks, etc. B) Soft infrastructure like R&D facilities, innovation labs, testing centers, common facility centers, etc. that indirectly affect manufacturing processes or service delivery.

1. Energy

For the year 2022-23, the total contracted capacity of electricity in the state was 17,667 MW. This figure increased by 4.94% from the previous year at a rate higher than the national growth rate of 4.54%. A comparison of the per capita availability of power between India and Telangana shows that since 2014, power availability in Telangana is nearly 1.8x India's estimate. It is the 5th highest per capita availability of power in the country⁷¹.

There are 1.74 crore electricity connections in the state, of which 72.14% are domestic connections, 15.49% are agricultural connections and 12.35% are industrial connections and others⁷². The no. of industrial connections in the top 12 districts containing over 70% of the state's MSMEs is presented below.

S No	Top Districts	No. of Industrial Connections (& Others)
	Total	21,50,999
	% Contribution	54%
1	Hyderabad	4,16,534
2	Ranga Reddi	36,302
3	Medchal Malkajgiri	1,96,002
4	Nalgonda	52,999
5	Nizamabad	96,137
6	Karimnagar	65,256
7	Warangal Urban	73,737
8	Khammam	71,283
9	Sangareddy	21,269
10	Mahabubnagar	64,748
11	Suryapet	24,237
12	Siddipet	45,906

Table 47 Power connections in top 12 districts of the State

⁷⁰ doi.org/10.1080/00036846.2023.2184461

⁷¹ Telangana Socioeconomic Outlook, 2023, p. 106

⁷² Telangana State Statistical Abstract 2022, pg. 43

2. Transportation

i. Roadways

The total length of the Telangana roadways which includes National Highways (NH), Roads & Buildings (R&B). Panchayat Raj (PR) and GMC departments is 1,09,260 km. 30 National Highways (NH) with a cumulative length of 4,983 km run through the state. Six districts in the state namely Khammam (377.11 km), Nalgonda (273.04 km), Mahabubabad (275.3 km), Nagarkurnool (252.83 km), Suryapet (252.28 km) and Sangareddy (232.3 km) account for about 33% of this total length. 5 of them fall under the top 12 districts with the greatest number of MSMEs in the state.

ii. Ports

The four ports in Andhra Pradesh namely the Visakhapatnam port, Kakinada port, Gangavaram port and Krishnapatnam port the closest to Telangana in terms of geographical proximity. The government had confirmed the development of a 1400-acre Dry Port Facility in Nalgonda district, with multi modal connectivity to the closest airports of Andhra Pradesh and Chennai⁷³. Furthermore, the Department of Revenue, Ministry of finance confirmed 2 units of Dry port/Inland Container Depot with an operational capacity of 124825 (in TEU handled) as of April, 2022⁷⁴.

iii. Airport

The Rajiv Gandhi International Airport (RGIA) situated in Hyderabad is the main airport in Telangana. It is the 6th largest airport in the country. It is connected to 65 domestic destinations and 17 international destinations as of Oct 2022. Furthermore, it has a dedicated pharma zone and a state-of-the-art integrated freight facility with an annual handling capacity of 1,50,000 MT. The Hyderabad Airport Cargo Terminal has been certified with the World Health Organization's Good Storage and Distribution Practices (WHO-GSDP)⁷⁵.

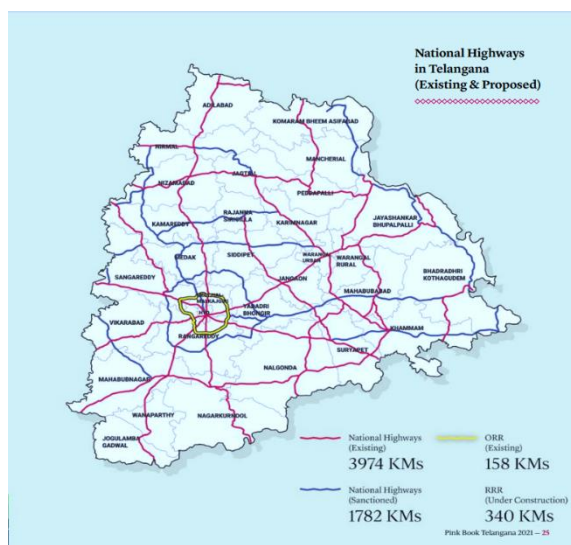


Figure 105 National Highways in the State

3.7.2 Industrial/ sectoral Parks

Telangana State Industrial Infrastructure Corporation (TSIIC) was established in 2014 with the exclusive mandate of identification and development of fully equipped potential industrial growth centers fully equipped with developed plots, roadways, water and power connections, sewage, and effluent treatments plants, as well as providing the required social infrastructure by coordinating with the concerned departments. As of 2021, TSIIC has developed 153 industrial parks⁷⁶.

S No	Name of District	Industrial area/ park name	Sector
1	Ranga Reddy	AN Hyderabad	Automobiles and allied
2	RangaReddy	IP Nadargul	Aerospace
3	RangaReddy	Ibrahimpattam	Fibre Glass
4	MedchalMalkajgiri	IP Ravalkole	General Engineering
6	Khammam	IP Buggapadu	Food Processing
7	Sangareddy	FICCI-FLO	Women Cluster
8	YadadriBhuvanagiri	IP Dandumalkapur-TIF	General Park
9	YadadriBhuvanagiri	IP Bhongiri	General Park

⁷³ Invest Telangana

⁷⁴ Annexure A; Press Information Bureau of India; April, 2022

⁷⁵ Pink Book Telangana, 2021

⁷⁶ Pink Book Telangana, 2021

S No	Name of District	Industrial area/ park name	Sector
10	Peddapalli	AN Kundanpally	Automobiles and allied
11	Medak	Aleap	Women Cluster
12	Warangal	Textile Park Madikonda Phase -1	Textiles
13	Warangal	Textile Park	Textiles
14	Warangal	MSME Textile Park	Textiles
15	Patancheru	AN Inole	Automobiles and allied
16	Yadadri Bhuvanagiri	Auto Nagar,Miryalguda	Automobiles and allied
17	Patancheru	Auto Nagar,Zaheerabad	Automobiles and allied
18	Medchal Siddipet	Auto Nagar,Siddipet	Automobiles and allied
19	Yadadri Bhuvanagiri	Auto Nagar,Nereducherla	Automobiles and allied
20	Yadadri Bhuvanagiri	Auto Nagar,Bhongiri	Automobiles and allied
21	Karimnagar	Auto Nagar, Huzurabad	Automobiles and allied
22	Khammam	Auto Nagar,Kothagudam	Automobiles and allied
23	Karimnagar	Auto Nagar,Karimnagar	Automobiles and allied
24	Shamshabad	MSME,Ibrahimpattam	General
25	Yadadri Bhuvanagiri	MSME IP Rairaoapet	Fabrication
26	Yadadri Bhuvanagiri	MSME Dandumalkapur	Multipurpose
27	Patancheru	MSME,Chintal	Fabrication
28	Medchal Siddipet	Bandamylaram	Seed Processing
29	Yadadri Bhuvanagiri	Dandumalkapur	Agro (Rice Mill)
30	Medchal Siddipet	FPP Bandathimmapur	Food processing
31	Medchal Siddipet	MSME,Tunikibollaram	General
32	Medchal Siddipet	MSME,Siddipet	General
33	Patancheru	LED Park Shivanagar	LED
34	Karimnagar	TSFPZ Bellampalli	Food Processing
35	Nizamabad	TSFPZ Kamareddy	Food Processing
36	Cyberabad	TSFPZ Arakatala	Food Processing
37	Shamshabad	TSFPZ Sarvareddy palli	Food Processing
38	Khammam	TSFPZ Buggapadu	Food Processing
39	Karimnagar	TSFPZ Narmala	Food Processing
40	Karimnagar	TSFPZ Jagityala	Food Processing
41	Warangal	TSFPZ Vangara	Food Processing
42	Warangal	Autonagar Janagon	Automobiles and allied
43	Yadadri Bhuvanagiri	TSFPZ Veliminedu	Food Processing
44	Medchal Siddipet	TSPFZ Wargal	Food Processing
45	Medchal Siddipet	TSFPZ Mulugu	Food Processing

Table 48 List of Industrial Parks in Telangana

TIF - Green Industrial Park



The Telangana Industrial Federation Micro Small and Medium Enterprises (TIF-MSME) Green Industrial Park is being jointly developed by TIF and Telangana State Industrial Infrastructure Corporation (TSIIC) under the vision of boosting industrial growth in the state. Located in Dandumalkapur of Yadadri-Bhuvanagiri district, the estate currently spans across 450 acres with plans of expanding into a 2000 acres facility. This park will constitute one of the largest MSMEs facilities in the country with state-of-the-art infrastructure – wide roads, uninterrupted power supply, drainage, etc. It will also accommodate a skill development and common facility center of 2.5 lakh sq.ft. Other facilities will include banks, fire station, shops for industrial supplies, consumables, tools and spare parts, an auditorium, conference hall, food courts and restaurants. To encourage “walking to work,” a 194-acre integrated township with schools, marketplaces, recreational areas, and other social infrastructure is being built.

The TIF Park is expected to attract investments of 2000 crores and provide direct employment to 20,000 and indirect employment to another 15,000 people. It will house 450 MSME units of which 200 units will be micro and the remaining 250 small and medium enterprises. As of 2021 the government had already procured 1250 acres and dedicated 450 acres exclusively for MSMEs

3.7.3 Challenges

i. Land

- a. Entrepreneurs and industry associations complained that the lack of affordable land for setting up new units and expansion of operations has been a major constraint in the growth of the MSME sector in the recent days. They felt the **land rates within TSIIIC industrial estates to be highly uncompetitive** warranting the need for subsidized land prices to support MSMEs.^{77,78} (As of 31.3.2023 land rates in TSIIIC estates varied between Rs. 1,20,000 sq/m in Cyberabad to Rs. 148 sq/m in Karimnagar⁷⁹)
- b. Data suggests that even within currently operational industrial parks, space deficits for expansion are compelling entrepreneurs to shift their operations to privately owned plots. Such a trend can highly be defeating of the entire vision of cluster development.
- c. The process of TSIIIC land allotment bears witness to ambiguities. The criteria employed to evaluate the economic viability of projects during this allocation process remains uncertain. In a recent PwC study, respondents cited concerns over the slow pace of securing TSIIIC land sales deeds. The delay in transactions restricts their capacity to leverage land as collateral for pertinent loans.
- d. Government authorities on the other hand, highlighted the **deficit in land supply in industrial districts** surrounding the capital, suggesting the need to expand industrial development to peri/semi urban areas^{80,81}.
- e. There is also a need to focus on **developing the social infrastructure** like housing, health, and educational facilities around major industrial hubs. This will ensure quality living for industrial workers and promote holistic economic development of the region.
- f. MSMEs highlighted a significant **increase in utility costs and property taxes** with the Gram Panchayats, making running of enterprise units expensive for MSMEs.

ii. Power

- a. Issuance of No Objection Certificates (NOCs) to new units since 2015 has affected the new MSMEs. Additionally, **imposition of additional surcharges on power procurement** via open access (Rs 1.38 per unit) further burdens MSMEs. Conversations with industry associations reveal that the proposed additional surcharges for FY 2022-23 is Rs 4.06 per kWh, significantly surpassing the approved Rs 1.15 per kWh. Moreover, **collection of wheeling charges upfront amplifies the operational costs** for Commercial and industrial MSME consumers relying on open access.
- b. Telangana State Food Processing Society (TSFPS) brought to notice **the lack of sufficient three phase power supply** for operating heavy machineries, reinstating the need for uninterrupted and cost-effective power supply to the sector. Parallely, industrial associations stressed for the need for rebates on power consumption charges for the MSME sector.

iii. Common Infrastructure

The overall prevalence of **CFCs and Common Testing Facilities in industrial parks in Telangana seems to be very low**. Data from the Central Ministry on MSE-CDP shows an abysmally low rate of CFCs (sanctioned and completed) for Telangana. Out of a total of 212 sanctioned and 92 completed CFCs in the country, only 1 facility⁸² features in Telangana.

⁷⁷ Stakeholder consultations with industry association - FTCCI

⁷⁸ Recommendations to support Government of Telangana in the revival of the 6 MSME ecosystem

⁷⁹ From TSIIIC

⁸⁰ Suggested by PMU, SIDBI

⁸¹ TSFPS

⁸² Press Information Bureau of India, March 2023



S. No	STATE/UT	Common Facility Centers (CFCs)			Infrastructure Development (ID) Projects			Grand Total (CFC+ID)
		Approved CFCs	In Progress	Completed	Approved ID Centers	In Progress	Completed	
1	Tamil Nadu	46	20	26	51	16	35	97
2	Maharashtra	38	24	14	5	0	5	43
3	Haryana	10	7	3	28	0	28	38
4	Rajasthan	2	1	1	36	6	30	38
5	Uttar Pradesh	11	7	4	21	13	8	32
6	Karnataka	24	12	12	5	1	4	29
7	Kerala	16	4	12	12	4	8	28
8	Madhya Pradesh	3	3	0	25	11	14	28
9	Punjab	6	4	2	20	17	3	26
10	Andhra Pradesh	8	6	2	17	9	8	25
11	Telangana	1	1	0	23	20	3	24
12	Other States	56	40	16	92	38	54	148
	Total	222	130	92	335	135	200	557

Table 49: Details for Top 10 States with sanctioned and approved CFCs and ID Projects under MSECDP

- Food processing units expressed the lack of cold storage facilities for sectors that require temperature-controlled storage and transportation⁸³.
- MSMEs are also facing difficulties in conducting regular quality control checks and laboratory testing due to limited resources or lack of access to testing facilities at the cluster level.
- The Industrial Park Rating System IPRS 2.0** of the Department of Promotion of Industry and Internal Trade (DPIIT), is a robust framework for assessing the industrial infrastructure in any state. Hinged on the 4 thematic pillars: 1. Internal infrastructure 2. External infrastructure 3. Business Development Services 4. Environment and Safety, the IPRS 2.0 was a diagnostic study that helped identify the best practices in industrial infrastructure around the nation and the gaps that need strengthening. Herein, **out of the 16 IP/SEZs that were nominated from Telangana, only 3 parks featured in the list of top performers in the south region**, with none under the business development services pillar⁸⁴.
- This data clearly resonates with field level accounts of MSMEs in Telangana requesting for common infrastructure like viz. Prototyping/ Design/ Manufacturing/ Testing/ Certification Services in Industrial Estates, which is otherwise expensive for entrepreneurs to avail individually⁸⁵.

⁸³ TFSTS⁸⁴ IPRS 2.0, 2021⁸⁵ Stakeholder consultations



3.7.4 Recommendations

- a. Industrial estates in the state must be setup keeping in mind the size features of MSMEs. **Smaller plot sizes/ flatted factories within industrial estates** can be made available by TSIIIC. Similarly, land spaces at affordable prices must be earmarked for MSMEs in every district to promote village level entrepreneurship.
- b. Micro units in the state can benefit from **smaller multiproduct industrial parks with shared facilities** for storage, packaging, warehousing, etc. Such IPs can be developed with comprehensive facilities such as conference rooms, training facilities, telecommunications, etc. as well as effluent treatment plants, rainwater harvesting techniques, renewable energy sources, etc.
- c. Shared facilities can also include **access to existing private incubator/accelerators for MSMEs at subsidized rates**.
- d. Research organizations, universities, centers of excellence, industry associations, chambers of commerce, incubators, accelerators, and regional development agencies may be invited to setup **Digital Innovation Hubs (DIH) through PPP models**.
- e. High power rates can be offset by **incentivizing renewable energy sources** like roof top solar panels. This will not only make MSMEs self-reliant, but it will also further the state's greening agenda.

3.8 Policies, procedures, and compliances constraints

Industrial policies and frameworks steer the direction of socio-economic growth of a nation. A good policy discourse is one where there are complementarities between design of strategies and the choice of policy instruments. Inconsistencies can lead to hampered growth and self-defeating outcomes. There is no clearcut definition on what constitutes an industrial framework although best practices have emerged with time; this both indicates and necessitates the need to design a framework that is tailor made to fit the requirements of every region lest nations attempt to templatize economic development. Nevertheless, many developing nations have demonstrated successful policy interventions (targeted towards MSMEs) that lend themselves for perusal.

3.8.1 Mapping of Global best practices for MSMEs

A mapping of some of the noteworthy global practices in terms of policies extended to the MSME sectors has been undertaken and ten such policy initiatives have been highlighted below covering facilitatory support for access to credit, market, clearances etc.

ARGENTINA <p>The government provides funding opportunities for business professionals and technicians allowing them to cover the expenses associated with overseas technical visits and training programs.</p> <p>The government provides funding opportunities for business professionals and technicians allowing them to cover the expenses associated with overseas technical visits and training programs.</p>	BRAZIL <p>The government introduced 2 programs - Simples Nacional and the Micro Entrepreneur Individual to offer specialized taxation systems tailored to the needs of small businesses, aiming to streamline the tax process and reduce administrative burdens.</p> <p>The government introduced 2 programs - Simples Nacional and the Micro Entrepreneur Individual to offer specialized taxation systems tailored to the needs of small businesses, aiming to streamline the tax process and reduce administrative burdens.</p>	CANADA <p>The Canadian government supports small firms through the Can Export program, which provides funding of up to CAD 50,000 (equivalent to Rs. 300 lakhs or INR 30,000,000) to assist with international market development activities.</p> <p>The Canadian government supports small firms through the Can Export program, which provides funding of up to CAD 50,000 (equivalent to Rs. 300 lakhs or INR 30,000,000) to assist with international market development activities.</p>	INDONESIA <p>The "Online Single Submission" program of the government provides a simplified online licensing system that adopts a risk-based approach to reduce paperwork burdens for small businesses.</p>
IRELAND <p>The Irish government has developed a user-friendly and searchable online toolkit called 'Supporting SMEs' that brings together a comprehensive array of government support programs tailored for smaller firms.</p> <p>The Irish government has developed a user-friendly and searchable online toolkit called 'Supporting SMEs' that brings together a comprehensive array of government support programs tailored for smaller firms.</p>	MEXICO <p>The Ministry of Economy provides low-interest three-year loans, with a maximum amount of up to MXN 25,000 (approximately INR 103,000) to MSMEs that maintain their current employment levels.</p>	NIGERIA <p>The Nigerian government in partnership with the World Bank has established the "Development Bank of Nigeria." That is dedicated to supporting MSMEs by providing them with long-term financing options and partial credit guarantees.</p> <p>The Nigerian government in partnership with the World Bank has established the "Development Bank of Nigeria." That is dedicated to supporting MSMEs by providing them with long-term financing options and partial credit guarantees.</p>	UNITED KINGDOM <p>The UK government offers a centralized platform of all the financial support programs available to small firms from the government into a single, user-friendly, and searchable database</p>
UNITED STATES <p>The U.S. Small Business Administration (SBA) has established the "Small Business Digital Alliance," which serves as a collaborative platform between the SBA and large technology firms, through which these technology companies provide free counseling services and free access to various tools aimed at assisting MSMEs in expanding their ecommerce presence.</p> <p>The U.S. Small Business Administration (SBA) has established the "Small Business Digital Alliance," which serves as a collaborative platform between the SBA and large technology firms, through which these technology companies provide free counseling services and free access to various tools aimed at assisting MSMEs in expanding their ecommerce presence.</p>	SINGAPORE <p>Market Readiness Assistance grants that cover up to 70% of the costs incurred by SMEs while entering a new market.</p> <p>Enterprise Development Grant program offers financial aid to SMEs seeking to build essential core capabilities for business growth, in areas such as business strategy development, financial management</p> <p>Productivity Solutions Grant provide SMEs up to 70% funding to adopt pre-vetted technology solutions that enhance their productivity and operational efficiency.</p>		

Figure 107 Global examples of existing policy interventions



Some of the key schemes at the Centre level to support MSMEs are as below:			
	S.No.	Name	Description
Ministry of MSMEs	1.	Prime Minister's Employment Generation Program (PMEGP)	Facilitates self-employment and entrepreneurship in MSMEs by offering financial assistance in the form of subsidies and loans to individuals, SHGs, institutions for setting up of micro-enterprises.
	2.	Credit Linked Capital Subsidy for Technology Upgradation Schemes (CLCSS)	Provides capital subsidy for technology upgradation and modernization of MSMEs in specific and approved 51 sub-sector/ products.
	3.	Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE)	Offers collateral free credit guarantee to facilitate easier access to loans for MSMEs
	4.	Creation and Harmonious Application of Modern Processes for Increasing the Output and National Strength (Champion Schemes)	This Scheme provides support and guidance to MSMEs in addressing their challenges and foster competitiveness through a dedicated portal. Integration with various portals such as MSME Samadhaan, Udyam Registration etc. to ease out burden of MSMEs. The aim of this initiative is to enhance competitiveness, productivity, and innovation capabilities of MSMEs to thrive in the global market
	5.	2% Interest Subvention Scheme	Promote productivity in manufacturing and services, incentivize MSMEs to onboard on GST platform for formalization and cost-effective credit.
	6.	Rs 20,000 Crore Subordinate Debt for stressed MSMEs	It is a debt scheme announced under Atmanirbhar Bharat announcement in May-June 2020. It offers financial assistance to stressed MSMEs in the form of loans. It aims to help businesses overcome financial difficulties and revitalize their operations.
	7.	Rs 50,000 Crore Equity infusion for MSMEs through Fund of Funds	Rs 10,000 Crore Fund of Funds (FoF) will provide equity funding for viable and growing MSMEs, leveraging Rs 50,000 Crore. It aims to expand their size, capacity and encourage listing on stock exchange.
	8.	Entrepreneurship and Skill Development Program (ESDP)	The program aims to motivate individuals from diverse backgrounds, including SC/ST/Women, physically disabled, ex-servicemen, and those below poverty line to explore self-employment opportunities. Focuses on promoting new enterprises, enhancing existing capacities of MSMEs, and fostering entrepreneurial culture in the country through training, support and incubation initiatives.
	9.	Technology Centers (Tool Rooms & Technology Development Centers)	Provide MSMEs access to technology centers (tooling facilities) to enhance process and product development in relevant sectors by providing industry ready manpower, consultancy in tooling & dies facilities.
	10.	Micro and Small Enterprises Cluster Development program (MSE-CDP)	It's a scheme that focuses on promoting the development of clusters in the micro and small enterprise sector to enhance competitiveness and sustainability of the clusters by providing support for infrastructure development, capacity building,



Some of the key schemes at the Centre level to support MSMEs are as below:			
S.No.	Name	Description	
		technology upgradation, market linkages and other cluster specific interventions. The program encourages collaboration and networking among enterprises within clusters.	
11.	A Scheme for Promotion of Innovation, Rural Industry and Entrepreneurship (ASPIRE)	Establish a network of Livelihood Business Incubators and Technology Business Incubators to promote entrepreneurship and innovation in the agro-rural sector, creating jobs and reducing unemployment to promote sustainable livelihood. Grant assistance for cost of plant and machinery other than land and infrastructure, whichever is less.	
12.	Scheme of Fund for Regeneration of Traditional Industries (SFURTI)	The Scheme promotes cluster-based development of traditional industries by supporting infrastructure, skill development of artisans, capacity development and market promotion. It empowers artisans, enhances competitiveness, preserves traditional skills, and contributes economic growth.	
13.	Procurement and Marketing Support (PMS) Scheme	Enhance MSME's awareness and education on marketing topics, promote new market access initiatives and increase awareness about trade fairs, digital advertisements, GST, GeM portal and public procurement policies.	
14.	Public Procurement Policy (PPP) for MSMEs Order, 2012	The policy mandates 25% annual procurement from MSEs by Central Ministries/Dept/ CPSEs including 4% from MSEs owned by SC/ST and 3% MSEs owned by Women enterprises.	
15.	Government e-Marketplace	GeM policy in India promotes transparent and efficient government procurement through an online platform. It simplifies processes, encourages MSME participation and ensures accountability in public procurement.	

3.8.2 Telangana's Industrial Policy Framework

Telangana's industrial policy is meticulously designed to foster a business-friendly climate; propelling industrial growth through incentives, infrastructure development and streamlined business procedures. The overarching vision of "Innovate, Incubate, Incorporate Telangana" underlines the state's commitment to "Minimum Governance, Maximum Facilities" in industrial administration, thereby fostering a dynamic environment. Telangana's Industrial Policy is robust with certain core values: (1) Growth oriented (2) Progressive and business friendly (3) Generating employment (4) Social inclusive (5) Environment conscious. Although the state doesn't have a separate industrial framework for MSMEs, the New Telangana State Industrial Policy lays emphasis on the importance of contribution of MSMEs to the industrial economy and the state. The following sections capture the support schemes available at the state level and comparison of Telangana policies with some of the other prominent states.

3.8.3 Special Focus on SMEs/Micro Enterprises

The MSMEs are expected to play a significant role in of Telangana, both in terms of value addition and in terms of creating employment opportunities. The new Telangana State Industrial Policy has considered special provision for the SME and Micro sectors in the critical areas as listed below:

1	Adequate number of smaller plots in Industrial parks for SMEs: developed sheds for Micro-units	
2	Special fund for addressing Incipient Sickness, IP Registrations Assistances & Anti-Pirating Assistance	
3	Special fund for Technology Transfer and modernization to MSME sector	
4	Reimbursement of land conversion charges for units in own land, subject to an upper limit	
5	Marketing assistance to participate in national and international trade shows and buyer-seller meets	
6	Consultant panel to respond to MSME entrepreneur needs	
7	Separate State Level Bankers Committee (SLBC) for industries, particularly SMEs	

Figure 108: Special provisions under Telangana state industrial policy



State Schemes mapped to MSMEs			
State Government schemes	S.No.	Name	Description
	1.	Infrastructure and Industrial Investment Policy	Encourages industrial development and investment in the State
	2.	Telangana State Industrial Project Approval and Self Certification Systems (TS-IPASS)	Streamlines the online approval system process for setting up industries, including MSMEs, ensuring ease of doing business.
	3.	One District, One Product (ODOP)	Focuses on promoting and enhancing the traditional industries of each district
	4.	MSME Revival and Rehabilitation Scheme	Helps with the revival and rehabilitation of sick MSME units.
	5.	Telangana State Export Promotion Policy	Facilitates and supports MSMEs in expanding their export activities through various incentives and support measures
	6.	Telangana State Innovation Policy	Promotes innovation and encourages growth of innovative startups and MSMEs.
	7.	T-IDEA (Telangana State Industrial Development and Entrepreneur Advancement) Incentive Scheme 2014	The T-IDEA incentive scheme provides various fiscal benefits and incentives to encourage establishment of new industrial enterprises in Telangana. It offers reimbursements for stamp duty, land costs, power cost reimbursements, investment subsidies, VAT/GST along with interest subsidies, skill upgradation support and infrastructure assistance. The scheme aims to promote inclusive development, competitiveness, export promotion, cleaner technology and revitalize MSMEs.
	8.	T-PRIDE Schemes	T-PRIDE (Telangana State Program for Rapid Incubation of Dalit entrepreneurs) focuses on promoting entrepreneurship among the tribal community in Telangana. This initiative offers targeted support and resources to SC/ST entrepreneurs, including MSMEs. By aiding and guidance, T-PRIDE helps MSMEs owned by SC/ST entrepreneurs to overcome barrier and realize their business potential.
	9.	Financial Assistance schemes by TSIDC	Telangana State Industrial Development Corporation (TSIDC) offers financial assistance schemes specifically designed for MSMEs. These schemes provide capital subsidies, interest subsidies, and supports technology upgradation to promote MSME growth.

Table 50 Central and State level schemes to support MSMEs

3.8.4 Noteworthy initiatives in Telangana

• TS-iPASS

TS-iPASS - “Telangana State Industrial Project Approval and Self-Certification System (TS-iPASS) Act, 2014” is a one-of-a-kind digital platform that was created to enable ease of doing business in Telangana. It is a single window mechanism that was created for the quick processing of applications and approvals that are required to establish and commence a business in Telangana. Through this portal, clearances are given to potential entrepreneurs through self-certification.

The platform is characterized by the following features:



Figure 110 TS-iPASS platform features

Snippet of MSMEs on TS-iPASS

Overall, TS-iPASS, provides the much-needed transparency, visibility, and accountability that entrepreneurs require to track their applications on a real time basis.

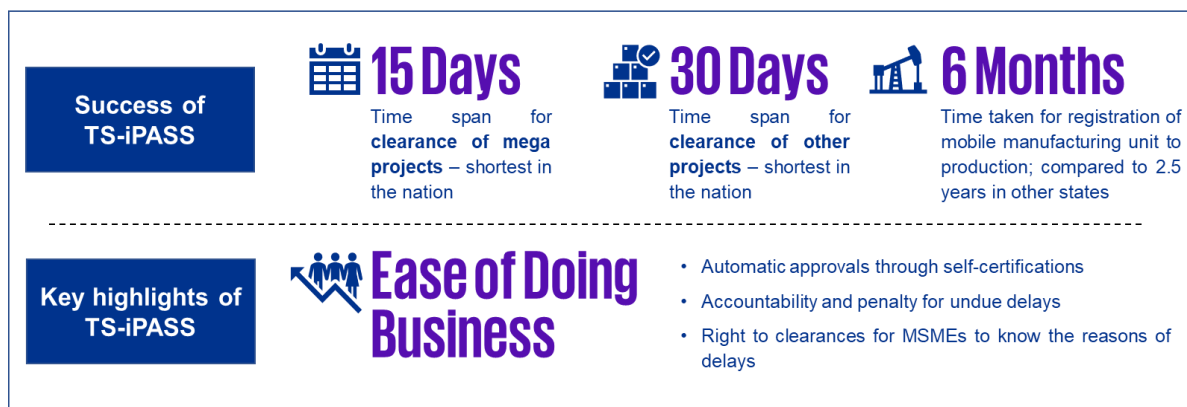
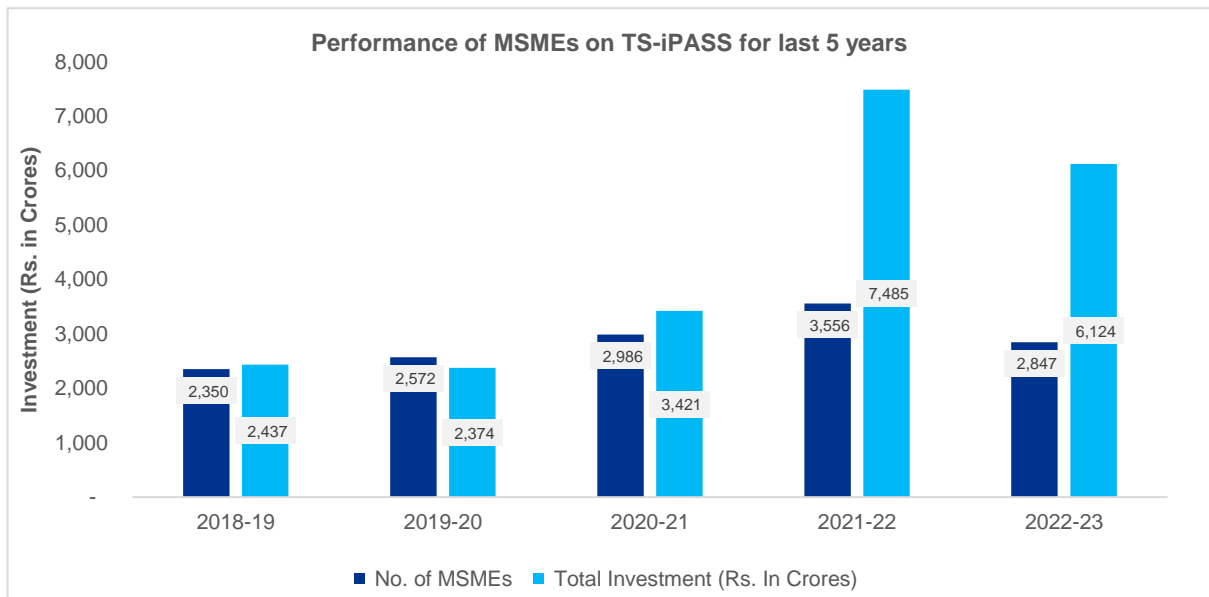


Figure 111 Snippet of MSMEs on TS-iPASS

Year		Micro		Small			Medium		
	No. of Industries	Total Investment (Rs. In Crores)	Employment Generation	No. of Industries	Total Investment (Rs. In Crores)	Employment Generation	No. of Industries	Total Investment (Rs. In Crores)	Employment Generation
2018-19	1,465	332	16,693	845	1,774	20,340	40	331	2,711
2019-20	1,703	337	18,302	828	1,604	21,070	41	432	3,185
2020-21	2,372	709	21,250	566	1,640	16,340	48	1,073	6,454
2021-22	2,910	1,319	29,785	509	2,398	19,186	137	3,769	21,984
2022-23	2,270	1,341	25,699	473	2,212	15,067	104	2,571	12,046
Total	10,720	4,038	111,729	3,221	9,628	92,003	370	8,175	46,380

Table 52 Performance of MSME on TS-iPASS for last 5 years



T-IDEA

Under the State's New Industrial Framework Policy, the Telangana State Industrial Development and Entrepreneur Advancement (T-IDEA) in 2014, is an initiative setup to incentivize entrepreneurship in the state. The key incentives for MSMEs under this scheme are as follows⁸⁶.

A	Infrastructure
	<ul style="list-style-type: none"> 100% reimbursement of Stamp duty and transfer duty paid by the industry on purchase of land meant for industrial use. 100% reimbursement of Stamp duty for Lease of Land/Shed/ Buildings as well as mortgages and hypothecations. 25% rebate in land cost limited to Rs.10.00 Lakhs in Industrial Estates/ Industrial Parks. 25% Land conversion charges for industrial use limited to Rs.10.0 lakhs. Reservation of 30-40% of the land for MSMEs in the upcoming industrial estates developed by Telangana Industrial Infrastructure Corporation (TSIIC). Fixed power cost reimbursement @ Rs. 1.00 per unit for 5 years from the date of commencement of commercial production. 15% investment subsidy on fixed capital investment subject to a maximum of Rs.20.00 lakhs.
B	Capital
	<ul style="list-style-type: none"> Interest subsidy under Pavala Vaddi Scheme on the term loan taken on the fixed capital investment by New Micro and Small Enterprises more than 3% per annum subject to a maximum reimbursement of 9% per annum for a period of 5 years from the date of commencement of commercial production.
	<ul style="list-style-type: none"> Seed capital assistance to First Generation Entrepreneurs to set-up Micro Enterprises @10% of the Machinery cost, which will be deducted from the eligible investment subsidy.
	<ul style="list-style-type: none"> Reimbursement of 100% net VAT/CST or State Goods and Services Tax (SGST) for a period of 5 years from the date of commencement of commercial production for micro and small enterprises.
	<ul style="list-style-type: none"> Reimbursement of 75% net VAT/CST or State Goods and Services Tax (SGST) for a period of 7 years from the date of commencement of commercial production for Medium Scale Enterprises or up to realization of 100% fixed capital investment, whichever is earlier.
C	Capacity Building
	<ul style="list-style-type: none"> 50% Reimbursement of cost involved in skill upgradation and training the local manpower limited to Rs.2000 per person. 50% subsidy on the expenses incurred for quality certification/ patent registration limited to Rs. 2.00 Lakhs. (For both new and existing units)
D	Greening
	<ul style="list-style-type: none"> 25% subsidy on specific cleaner production measures limited to Rs.5.00 Lakhs.
E	Additional support for marginalized sections
	<ul style="list-style-type: none"> Women owned enterprises - Additional 10% investment subsidy on fixed capital investment subject to a maximum of Rs. 10.00 lakhs to MSE's.
	<ul style="list-style-type: none"> Telangana Industrial Infrastructure Corporation (TSIIC) shall allocate 10% of number of plots to Women Entrepreneurs in the new Industrial Estates.
	<ul style="list-style-type: none"> TSIIC shall allocate 15.44% of number of plots to Scheduled Caste Entrepreneurs and 9.34% of number of plots to Scheduled Tribe Entrepreneurs in new Industrial Estate and preferential allotment to SC/ST entrepreneurs in Existing Industrial Estates

Table 51 Incentives to MSMEs under T-IDEA

⁸⁶ From the Industries Dept



• **T-PRIDE**

Another targeted intervention under the State's New Industrial Framework Policy, is T-PRIDE—Telangana State Program for Rapid Incubation of Dalit Entrepreneurs—**Incentives for Scheduled Caste / Scheduled Tribe entrepreneurs**. This was initiated to provide the necessary nudge to the marginalized sections of the society. The key incentives for businesses owned by Dalit entrepreneurs in the state are as follows⁸⁷.

A	Infrastructure
	<ul style="list-style-type: none"> 100% reimbursement of Stamp duty and transfer duty paid by the industry on purchase of land meant for industrial use. 100% reimbursement of Stamp duty for Lease of Land/Shed/ Buildings and also mortgages and hypothecations. 33 1/3% rebate in land cost limited to Rs.10.00 Lakhs in Industrial Estates / Industrial Parks, if not availed rebate from TSIIIC 25% Land conversion charges for the industrial use limited to Rs.10.0 lakhs. Fixed power cost reimbursement @ Rs. 1.50 per unit for a period of 5 years from the date of commencement of commercial production. 35% investment subsidy on fixed capital Investment for Micro and Small Enterprises set up by SC and ST Entrepreneurs, with a maximum limit per unit as Rs. 75.00 Lakhs. Additional 5% investment subsidy for units set up in Scheduled Areas by ST entrepreneurs with a maximum limit per unit as Rs.75.00 Lakhs Infrastructure like roads, power and water will be provided at doorstep of the industry for standalone units by contributing 50% of the cost of infrastructure from IIDF with a ceiling of Rs.1.00 Crore, subject to conditions.
B	Capital
	<ul style="list-style-type: none"> Seed capital assistance to First Generation Entrepreneurs to set-up Micro Enterprises @ 20% of the Machinery cost, which will be deducted from the eligible investment subsidy.
	<ul style="list-style-type: none"> Reimbursement of 100% net VAT/CST or State Goods and Services Tax (SGST) for a period of 5 years from the date of commencement of commercial production to Small and Micro Enterprises.
	<ul style="list-style-type: none"> Reimbursement of 75% net VAT/CST or State Goods and Services Tax (SGST) for a period of 7 years from the date of commencement of commercial production to Medium Enterprises or up to realization of 100% fixed capital investment, whichever is earlier.
	<ul style="list-style-type: none"> Reimbursement of 50% VAT/CST or State Goods and Services Tax (SGST) for a period of 5 years from the date of commencement of commercial production to Large Enterprises or up to realization of 100% fixed capital investment, whichever is earlier.
	<ul style="list-style-type: none"> Interest subsidy under Pavala Vaddi Scheme on the term loan taken on the fixed capital investment by Micro and Small Enterprises more than 3% per annum subject to a maximum reimbursement of 9% per annum for a period of 5 years from the date of commencement of commercial production.
C	Capacity Building
	<ul style="list-style-type: none"> 50% Reimbursement of cost involved in skill upgradation and training the local manpower limited to Rs.2000 per person.
	<ul style="list-style-type: none"> 100% subsidy on the expenses incurred for quality certification/ patent registration limited to Rs. 3.00 Lakhs for Micro and Small Enterprises.
D	Greening
	<ul style="list-style-type: none"> 25% subsidy on specific cleaner production measures limited to Rs.5.00 Lakhs.

Table 52 Incentives for Scheduled Caste / Scheduled Tribe entrepreneurs under T-PRIDE

⁸⁷ From the Industries Dept

3.8.5 Comparative Analysis of Telangana's Industrial Policy vs Prominent States

States have tailored their industrial policies to their unique strengths and priorities. These policies diverge in terms of sectoral incentives, focus areas and regulatory framework. A comprehensive comparison of the policies that govern MSMEs in Telangana vs six other prominent Indian states namely Maharashtra, Tamil Nadu, Uttar Pradesh, Gujarat, Rajasthan, and Karnataka has been undertaken and has revealed several areas with scope for improvement are summarized below. Details are provided as **Annexure**.

S.No.	Parameters	Telangana	Best practice
1.	Aspirational districts	No specific incentives for the aspirational districts in the state	Maharashtra is the only state offering 100% fixed capital investments for 10 years
2.	Incentives of Fixed Capital Investments	Limited seed capital assistance – 10% of machinery cost	-Tamil Nadu's seed capital assistance of Rs. 25 lakhs. -Gujarat has a seed capital assistance of Rs 25 lakhs with an additional Rs 10 lakhs for projects of high social impact
3.	Incentives on skill upgradation and training	Limited incentives to skill upgradation and training – Rs 2000 per person	-Uttar Pradesh: Cost of qualification and mandatory professional training of an employee- 25% -75% to a max Rs. 50,000 -Gujarat: Soft skills assistance for startups reimbursable up to Rs. 1 lakh
4.	Incentives for state's thrust sectors	No mention of special initiatives for thrust sectors in the state	Rajasthan, Gujarat, Tamil Nadu, Maharashtra: have special incentives to promote the identified thrust sectors
5.	Incentives for listing and raising funds on stock exchange	No financial assistance for listing	States like Rajasthan, Gujarat, Uttar Pradesh, Tamil Nadu, and Maharashtra provide 20% incentives for listing and raising funds on stock exchange
6.	Special recognition for young entrepreneurs	No special incentive recognizing young entrepreneurs	Gujarat: 1% additional Interest subsidy to entrepreneurs below the age of 35 years on the date of sanction of loan.
7.	Assistance for Market development	No explicit market development assistance under T-IDEA	Most other states have elaborate support for market access, exhibitions, mandi fee exemptions, procurement preferences, etc.
8.	Greening agenda	Policy simply states 25% subsidies on 'cleaner production measures' without elaborating on the specific parameters	All other states have targeted subsidies/incentives under the categories of energy efficiency, water recycling, energy audits, waste recycling, quality certifications, CETP, green rating and more.
9.	Financial assistance in credit rating	No financial assistance for credit rating	Maharashtra: 75% reimbursements on the costs incurred on credit rating.
10.	Subsidies on payroll and EPF	No such initiatives	Rajasthan, Uttar Pradesh, Tamil Nadu: Subsidies on payroll and EPF reimbursements

3.8.6 Challenges

Besides the gaps in the policy framework viz a viz other states, stakeholder consultations and secondary research indicated a few other challenges that MSMEs in Telangana are grappling with which warrant a relook at the policy:

- Telangana **lacks a dedicated and comprehensive MSME policy framework** that holistically addresses the needs of MSMEs in a unified and streamlined manner. MSMEs are still viewed as a subset of the overall industrial ecosystem of a region. While this may be true in terms of functionality, the severity of challenges greatly differs and redressal measures necessitated thereof, require very different delivery channels. Currently, one **witnesses an array of initiatives and schemes that are highly fragmented across departments and piecemeal in nature**. It is important to standardize this process and map the vital policy constituents of a competitive and sustainable model policy.
- Operationally, the most prevailing issue that arises from surveys and stakeholder consultations is **the limited awareness among MSMEs regarding the initiatives and schemes** offered by the Central and State Government. The entrepreneurial spirit runs deep, but without adequate knowledge of available support, opportunities remain elusive.
- The absence of a dedicated MSME policy compounds challenges, hindering early-stage funding and setting up procurement targets. Amid this, compliances cast a shadow over MSMEs, paradoxically incentivising registration on government platforms. This **compliance burden** encompasses a staggering 1500 regulations across seven departments, leading to a web of complexity that seem to encircle rather than empower.⁸⁸ Also refer table 3.
- Among these challenges, trade license fee collection underwent a transformation due to COVID-19 delays. Previously, the highest trade license fee was Rs 7000. From 2020, trade license fee was based on area (per sq. ft). Currently, industrial establishment, based on unit size ranging from Rs 4 to Rs 7 per square foot including sheds and administrative blocks. Meanwhile, arbitrary charges of Rs 3 to Rs 5 per sq. ft based on the road width⁸⁹ question fairness and transparency.
- This complexity extends to **compliances with foreign and domestic market regulations**, demanding significant time and resources. Navigating these intricacies detracts from core entrepreneurial endeavors, underscoring the need for a streamlined landscape.
- There is a need to develop more schemes and incentives on digital inclusion, to encourage the onboarding of MSMEs onto E-commerce platforms⁹⁰.

3.8.7 Recommendations

The Government's drive to refine policies and streamline procedures fuels hope that these obstacles can become steppingstones towards a thriving and accessible entrepreneurial terrain.

- a. While the efficacy of data-driven policy making stands undoubted, approximately 1.9 Cr MSME units are registered on UDYAM out of the 6 crore units in our country. Therefore, while it is tenable to consider the registered units as indicative of the entire MSMEs of the

⁸⁹ Stakeholder consultations with industry association - FTCCI

⁹⁰ Stakeholder consultations SIDBI



country, one cannot rule out the pertinent need to validate the representativeness of the data before making critical policy decisions. A dual approach may be adopted to address the data paucity. A **state-wide MSME census must be conducted on an urgent basis⁹¹. This must be accompanied by fervent awareness drives to increase MSME registration on UDYAM.**

- b. This data collection exercise can be accompanied by the **creation of a comprehensive and reliable database of MSMEs**. Various data points such as GST, PAN, registration data, voters' data, aadhaar, Udyam, TS-ipass etc. that are already available with different government departments may be utilized and triangulated for this purpose.
- c. The state can **disseminate awareness about schemes and initiatives in the native language-** Telugu for better comprehensibility and reach. The same can be followed for information dissemination on application procedures, government notifications and more.
- d. The **degree of accountability, transparency and adeptness** adopted in TS-iPASS must be extended to the delivery of other schemes in the state as well.
- e. There must be a clear distinction in policies for the manufacturing and services sectors.
- f. **MSMEs require an efficient and nimble insolvency system⁹², to facilitate smooth exit** of failing enterprises from their present businesses. Currently, the law discounts the unique attributes of an MSME (even micro units) and treats them at par with corporate entities. Having a clear insolvency regime will not help MSMEs effectively reallocate their productive assets in the event of an insolvency, it will also boost the confidence of lending agencies regarding the recovery of defaulted loans.

⁹¹ Stakeholder consultations with FTCCI

⁹² UK Sinha Committee Report, 2019



4. Interventions



4. Proposed Interventions for State under the SIP

With over 2.6 million MSME units and over ₹31K crores of total MSME investments, Telangana is positioned as a top achiever in DPIIT's BRAP 2020. This ascertains the policy level commitments for businesses including the MSMEs in the state. The Industrial Policy Framework aims at making existing industries more competitive, and attracting global investments, making **"Made in Telangana - Made in India"** a brand with high global recognition.

With insights from multiple MSME stakeholder, a comprehensive suite of interventions have been designed vis-a-vis institutional strengthening, market access, firm capabilities, and access to finance for the augmentation of the performance of MSME sector which conform to the state's vision of **'Research to Innovation; Innovation to Industry; Industry to Prosperity'**. The SIP also revalidates the State's pro-entrepreneurship approach emphasizing the spirit of **innovate, incubate, incorporate**.

Vision behind the proposed interventions under the Strategic Investment Plan is to **'accelerate the growth of MSMEs to transform 'Made in Telangana' into a competitive, inclusive and preferred global brand'**.

The proposed interventions are based on the following tenets:

- Leveraging the **network of strong business support institutions** that have been set up in the state and strengthening their capacities to serve the MSME sector.
- Strong focus on **formalizing the existing MSMEs** especially the micro enterprises in order to achieve scale and increase their outreach and access.
- Enhancing **inclusion and diversity** is the underlying objective in all the proposed interventions besides specific initiatives to address disparities.
- Fostering **public-private partnerships and encouraging participation of private sector** to ensure sustainability of interventions and utilizing the managerial efficiencies.
- Using **technology and ESG for sustainable growth** as part of the forward-looking agenda for transitioning of MSMEs to the next level
- **Aligning the initiatives with the national priorities** such as the 'Atmanirbhar Bharat', Make in India, Digital India etc by leveraging the manufacturing base of the State
- **Convergence** between the priorities of different stakeholders to achieve the maximum potential which the sector can achieve.



The proposed interventions align with the overall RAMP objectives and the specific DLIs under the program as depicted below:

KRA 2: Support to market access, firm capabilities, and access to finance				
DLI 3: Enhancing effectiveness of MSME CHAMPIONS Scheme (ZED, LEAN, IPR, Design, Digital and Incubation)	DLI 4: Strengthening Receivable Financing Market for MSMEs	DLI 5: Enhancing Effectiveness of CGTMSE and 'Greening and Gender' delivery.	DLI 6: Reducing the incidence of delayed payments.	Critical projects to develop competitiveness of MSMEs.
Project 1: Consolidated MSME Database - Real-time MSME database to facilitate inter-department coordination (across all 4 DLIs)				
Project 2: Enterprise Development Centers - Strengthening DICs to support MSMEs in physical & virtual mode with special assistance to women entrepreneurs (across all 4 DLIs).				
Project 3: Center of Design Excellence – Design, Brand promotion, Incubation & IPR – Enhancing firm capabilities through Design, propelling indigenous brands with IPR, trademark filing and fostering entrepreneurship by incubation.	Project 5: Reviving distressed MSMEs – Leveraging Digital transformation and extending outreach.	Project 3: Center of Excellence – Design, Brand promotion, Incubation & IPR – Enhancing firm capabilities through Design, propelling indigenous brands with IPR, trademark filing and fostering entrepreneurship by incubation.	Project 12: Strengthening MSEFCs capacities to reduce delayed payments	Project 4: Import Substitution - Leveraging industrial growth momentum of Telangana and capacitating its existing manufacturing base to expand MSME manufacturing through targeted import substitution
Project 4: Import Substitution – Leveraging industrial growth momentum of Telangana and capacitating its existing manufacturing base to expand MSME manufacturing through targeted import substitution		Project 5: Reviving distressed MSMEs – Leveraging Digital transformation and extending outreach.		Project 5: Reviving distressed MSMEs – Leveraging Digital transformation and expanding outreach
Project 8: SHGs/startups to SMEs - Building capacities of women SHGs and start ups to transition into MSEs		Project 6a: Mapping of Energy intensive MSMEs to make them energy efficient – Mapping energy-efficient industries and green financing		Project 6b: Greening of MSMEs focusing on circular economy& mobilizing green finance
Project 10: Women's acceleration programme – Assisting budding women entrepreneurs in their scale up journey		Project 6b: Greening of MSMEs focusing on circular economy& mobilizing green finance.		Project 7: Digital Sahkaari- a program envisaging digital empowerment of MSMEs across all the districts & sectors and end to end handholding to reap the benefits of e-commerce.
		Project 10: Women's acceleration programme – Assisting budding women entrepreneurs in their scale up journey.		Project 9: Addressing MSME skill gaps – Transforming 10 ITIs and vocational training centres as Technology hubs to meet skill training demand of MSMEs
		Project 8: SHGs/startups to SMEs - Building capacities of women SHGs to transition into MSEs		Project 11: Identification & Development of MSME Export Champions
		Project 14: CGTMSE additional coverage to increase formal credit to MSMEs especially women/SC/ST in underserved districts		Project 13: Sectoral benchmarking study on technology gaps

Project 1: Consolidated MSME Database

a. DLI Mapping

- DLI 3: Enhancing effectiveness of MSME CHAMPIONS Scheme (ZED, LEAN, IPR, Design, Digital and Incubation)
- DLI 4: Strengthening Receivable Financing Market for MSMEs
- DLI 5: Enhancing Effectiveness of CGTMSE and 'Greening and Gender' delivery.
- DLI 6: Reducing the incidence of delayed payments.
- Critical projects to develop competitiveness of MSMEs.

b. Problem Statement

The existing Industries Department currently deals with multiple sources related to MSME information. This data is dispersed across various digital databases owned by different government departments resulting in an inadequate representation of the complete MSME landscape. This causes a significant administrative burden when accessing validated data of formal MSMEs and their performance parameters in the State from a single verified source. This lack of data coherence hinders collaboration between Government departments and undermines the formulation of impactful policies and programs tailored to address the diverse requirements of MSMEs.

c. Intervention Proposed

A real-time MSME consolidated database to facilitate informed policy making (across all 4 DLIs)

d. Objectives

- Data Integration:** Integrate diverse data sources from government departments into a comprehensive platform providing a unified view of formal MSMEs taking Udyam as the reference point. This will help to increase the outreach of registration on the Udyam Portal.
- Streamlined information sharing:** Facilitate seamless exchange of relevant MSME data among government departments. This will eliminate data silos and reduce redundant administrative efforts.
- Increase Outreach:** Expand the reach of the consolidated MSME database to monitor MSME programs and schemes outreach and offtake across sectors and districts.
- Improve Traceability and reduce data duplication:** Implement a "once only" principle to reduce duplication, improve data accuracy and share information efficiently between different departments.
- Data validation and flagging:** Critical data fields will serve as visual cues to generate system prompts for departments to resolve data validation discrepancies.
- Informed Decision making:** Provide decision makers with timely and comprehensive insights in the form of visual dashboard and automation of downloadable reports. This empowers officials to make well-informed and evidence-based decisions for effective policy formulation.

e. Best Practices

1. Singapore (BizFile+)⁹³

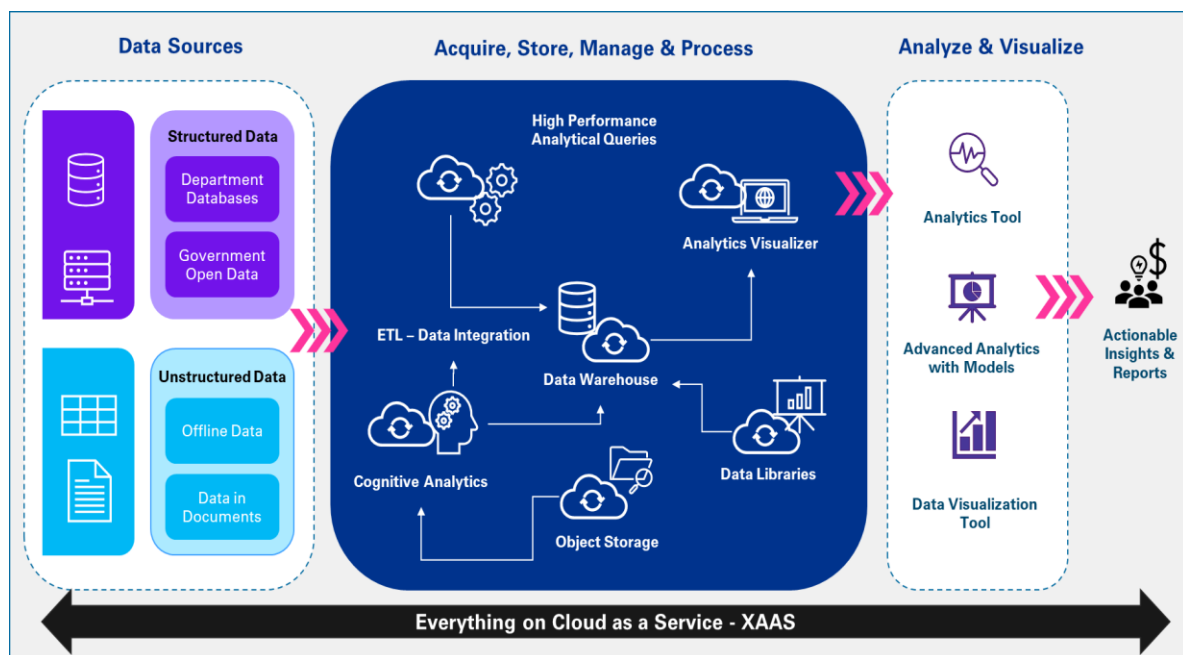
- The Accounting and Corporate Regulatory Authority and Inland Revenue Authority, collaborate to provide a centralized online platform (BizFile+) for SME registration, compliance filling and data sharing.
- Integration of data from various agencies enables pre-filled forms, reducing administrative burden and improving data accuracy.

⁹³ [ACRA's Open Data Initiative](#)

- iii. Real time data sharing enhanced collaboration, transparency, and efficiency in government support for MSMEs. Some of the data elements are basic entity information, address, account details, no. of charges, enterprise classification, paid-up capital, name of audit firm and former names of entity.

2. South Korea

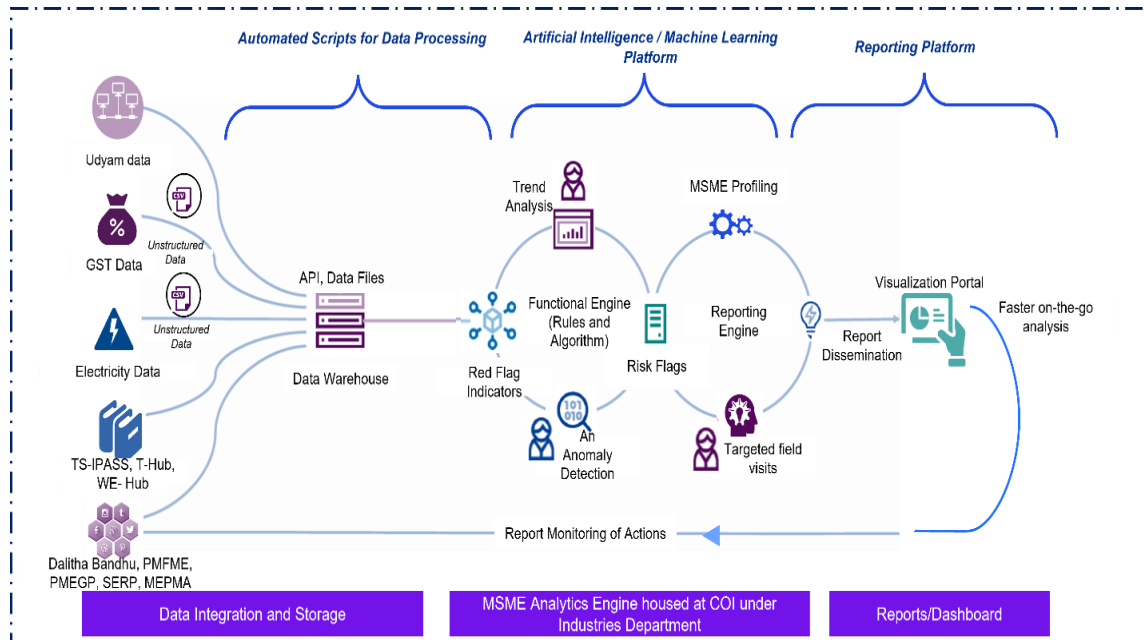
- i. The Small and Medium Business Administration (SMBA) operates the Small and Medium Business Information System (SMIS) that consolidates SME-related data including business registrations, financial information, and support programs⁹⁴.
- ii. SMIS provide a single access point for government players to access comprehensive SME data for policy planning, support program management and evaluation.
- iii. Data integration and standardised data formats improve coordination among different government department for effective service delivery for SMEs.



3. Approach & methodology

The consolidated database platform will be managed by the Commissionerate of Industries (CoI), Industries Department. On a monthly basis, the COI collects GST, Electricity and Udyam Data as depicted in the figure below. Two levels of data verification checks are performed: one through telephone conducted by an outbound call centre and the second through on-site visits by DIC officers. From all the data verified to detect data anomaly, duplication as red flags, the data related to disconnections and under connections data is shared with Telangana Industrial Health Clinic (TIHCL) for case resolution.

⁹⁴ (OECD 2021), [Enhancing SMEs' Resilience through Digitalisation: The Case of Korea \(oecd-ilibrary.org\)](https://oecd-ilibrary.org/publications/enhancing-smes-resilience-through-digitalisation-the-case-of-korea), page 26



To achieve comprehensive data convergence, data from all sources will be integrated onto a common platform including TS-IPASS, We-HUB, Dalitha Bandhu, PMFME, PMEGP, SERP and MEPMA portal. The implementation of AI and ML platforms will significantly reduce the turnaround time for handling substantial large volumes of real-time data, facilitation faster data verification and minimising human errors.

Data Sources:

- Data is expected from both structured and unstructured sources from different State departments in Telangana to be mapped with Udyam data of MSMEs.
- Data analysts will be assigned to each department who will conduct data profiling.
- A Data Catalogue and Central Data Repository will be created and shared with the Technical Team.
- The method of data exchange (such as API, Dump, Excel etc.) will be documented by the respective department's data analyst.

1 Acquire, Store, manage & Process.

- All the data streams from the departments will be brought to the landing database inside platform using data pipelines.
- ETL will run to de-duplicate, cleanse and improve data quality using dictionary and cognitive services along with blob storage wherever applicable.
- Sanitized data will be fed to the warehouse for analytical visualizer to have self-generated data insights.

2 Analyse and Visualize

- Final datasets will be used to generate actionable insights and reports along with generic MIS and dashboards using visualization tools.
- Advanced analytics will be used to do time series forecasting of the key indicators for arriving on sectoral & district projections, this will keep on tuning the model depending on department needs every year.

3 Capacity Building and Support

- Conduct training programs and workshops to familiarize Government department officials with the consolidated database system and its functionalities.



- Provide technical support and develop SOPs to address troubleshoot issues, ensure smooth adoption and utilisation of system.
- Promote knowledge sharing and maximise benefit of consolidate database through feedback.

4 Selection of a Technology Development Company:

The Col, Industries Department will engage the services of technology development company for this project through an open and transparent bidding process. The technology firm's responsibility will encompass developing the platform architecture, designing the interface with different department through live data feed in, creating data structure content to provide visual analytics, data collation, conducting rigorous testing of platform features and functionalities and launching it. Additionally, there will be an annual maintenance contract with the platform developer, starting from second year and extending until the conclusion of the fourth year of project under RAMP.

Timeframe																	
S No	Activities	Year 1				Year 2				Year 3				Year 4			
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1	Project Initiation and Planning																
2	Requirement Gathering and Analysis																
3	Software Design & Development																
3.1	Database Design and Development																
3.2	Frontend Development																
3.3	Data Integration and migration																
3.4	Testing and Quality Assurance																
4	Infrastructure setup																
4.1	Develop the backend infrastructure and database architecture.																
4.2	Implement data security and privacy measures.																
4.3	Testing and Quality Assurance																
4.4	Deployment and Launch																
4.5	User training and documentation																
4.6	Monitoring and maintenance																
5	Training and Capacity building																
6	Stakeholder engagement & outreach																

4. Budget

Budget Items	Project cost in (INR crore)				
	Year 1	Year 2	Year 3	Year 4	Total
Project team (3 team members @ 2.9 lakh per month) ⁹⁵	0.348	0.35	0.35	0.37	1.40
Technology Platform ⁹⁶	0.45	0.45	0.45	0.45	1.8
Training and Capacity building of Government officials ⁹⁷	0.01	0.01	0.01	0.01	0.04
Call Centre ⁹⁸	0.30	0.30	0.30	0.30	1.2
Cost of census study	1.00				1.00
Total budget outlay	5.44				
States' contribution	1.00				
Gap funding by RAMP	4.44				

5. Expected Impact

The real-time database is centered on aligning traditionally isolated government databases to create a unified database of formal MSMEs in the State. The transition from status quo to collaborative engagement is foreseen to generate the below impact:

- A streamlined system in place to synchronize multiple MSME databases.
- Better inter-departmental collaboration with respect to MSME policy decision making.
- A visual dashboard of MSME information with real time analysis report across districts, enterprise type, sector wise etc.
- Targeted initiatives to raise awareness on Udyam registration and formalization of MSMEs.
- Targeted initiatives to support incipient MSMEs through seamless information sharing to TIHCL

6. Sustainability

Ensuring long-term sustainability of consolidated database portal is of paramount importance. To achieve this, a dedicated team of existing DIC officers and professionals with a dedicated call centre will handle ongoing data verification, updates, and system maintenance to maintain data accuracy and relevance. Regular trainings and capacity building programs of district officials to keep them well-equipped with the latest data management practices have been planned. Continuous monitoring and feedback mechanisms will be put in place to identify and rectify any data inconsistencies or errors promptly. Periodic audits and performance evaluation shall be conducted to gauge portal's effectiveness and make necessary enhancement to reduce repetitive and redundant task through manual process. It is expected that the portal will be stable and in a fairly auto pilot mode by the end of four years. State Industries Department shall be responsible to maintain the database and the portal with support from nodal officers from the participating Departments.

⁹⁵ Project Team structure: 1 Senior Program Manager with experience in Data Structure and AI/ML technology) & 2 Data scientists who will work closely with 6 Departments for data collation, data sanitization and data processing. Program Manager - INR 1.5 lakh per month; 2 Data Scientists – INR 1.4 lakh per month; 8% increase per year)

⁹⁶ Based on quotations received for developing and managing State consolidated database to be integrated with Udyam database with TS-ipass (State's single window platform), Commercial taxes department, registrar of companies with Ministry of corporate affairs

⁹⁷ The cost for one day capacity building program of Government officials from State Departments will be INR 1 lakh per year.

⁹⁸ Call centre of 8 people at INR 25,000 per month i.e., INR 30 lakh per year

Project 2: Setting up of Enterprise Development Centre at DICs

a. DLI Mapping

- DLI 3: Enhancing effectiveness of MSME CHAMPIONS Scheme (ZED, LEAN, IPR, Design, Digital and Incubation)
- DLI 4: Strengthening Receivable Financing Market for MSMEs
- DLI 5: Enhancing Effectiveness of CGTMSE and 'Greening and Gender' delivery.
- DLI 6: Reducing the incidence of delayed payments.
- Critical projects to develop competitiveness of MSMEs.

b. Problem Statement

The District Industry centers (DICs) play a crucial role in implementing Centre and State schemes, providing licenses, permissions, promote inclusion and rural industrialization at the district level, and nurture entrepreneurs to support their ventures. The capacity of the DICs to serve diverse and end to end needs of the MSMEs is limited and there is a need to strengthen this capacity to support the MSMEs during their entire life cycle.

c. Intervention Proposed

Strengthening DICs by setting up Enterprise Development Centers (EDCs) at District level to strengthen institutional delivery of services for MSME competitiveness. The EDCs will be set up in physical & virtual mode with special assistance for women entrepreneurs (across all 4 DLIs)

d. Objectives

The objective of the EDCs will be to provide a comprehensive set of services to MSMEs. The EDCs will also aim to become self-sustainable in the long run. The following set of services shall be offered to MSMEs:

- Comprehensive Support Services:** Develop and offer a range of support services tailored to the needs of local MSMEs. Market research, feasibility studies, business planning, market entry into domestic and export markets and financial assistance to facilitate growth and expansion.
- Entrepreneurship trainings:** Provide guidance, mentoring and linkages to Subject Matter experts and relevant institutions for entrepreneurship development trainings to suit the needs of aspiring and existing entrepreneurs.
- Networking and collaborations:** Facilitate collaborations and partnerships with industry associations, academic and specialised institutions.
- Market linkages:** Facilitate access to markets, both domestic and international, for MSMEs by collating and consolidating opportunities and dissemination amongst MSMEs, facilitating buyer seller meets, connecting with PSUs for MSMEs to become their vendors, virtual pavilion access, onboarding support for e-commerce platforms, connects with OEMs etc
- Access to finance:** Assist MSMEs in accessing information about Govt schemes and connecting them with financial institutions and investors. Creation of SoPs and FAQs in local language.
- Compliance and Regulatory support:** Help MSMEs navigate regulatory requirements and ensure adherence to legal framework.
- Value chain mapping:** Assisting enterprises to find their supply chain partners through MSME database, connects with industry associations etc.
- First port of call:** EDCs will become the first point of contact for different institutions intending to work/ expand in the sector and providing specialized services such as TIHCL, T Hub, TreDS platforms, ONDC etc. EDCs will conduct awareness/ outreach programmes.

e. Approach

The Enterprise Development Centers (EDCs) will be based on a hub and spoke model with 6 physical hubs and virtually connected spokes (4-5 DICs each). The hubs will be based both in backward and progressive regions to ensure geographical inclusion. The physical EDCs will strengthen DICs capacity through virtual EDC. This virtual EDC will provide suite of services to support entrepreneurs and enterprises catering to their needs from market research, business planning, list of BDS providers, connects with subject matter experts, repositories of Government schemes, assistance on certifications and regulatory assistance. **Udyog Sahayak- an MSME helpline** will be integrated with the EDCs to give easy access, guidance, and information to MSMEs looking for any assistance.

List of Hubs	Category of DIC	No. of Spokes connected to Hubs	List of Spokes
Hyderabad	B	4	Rangareddy, Yadadri Bhuvanagiri, Medchal Malkajgiri, Sangareddy
Mahabubnagar	A	5	Vikarabad, Narayanpet, Wanaparthy, Jogulamba Gadwal, Nagarkurnool
Nizamabad	A	5	Kamareddy, Medak, Nirmal, Rajanna Sircilla, Siddipet
Khammam	A	4	Bhadradi Kothagudem, Mahabubabad, Suryapet, Nalgonda
Warangal Urban	B	5	Hanuakonda, Karimnagar, Jangoan, Mulugu, Jayashankar Bhupapally
Jagtial	C	4	Adilabad, Kumarambheem Asifabad, Mancheri, Peddapalli

Phase I: Planning and Assessment

a. District mapping for EDC implementation: To effectively achieve RAMP program objectives, a detailed district analysis based on following key indicators will be undertaken:

- MSME Presence – Scale, clusters, and sector distribution
- Focus sectors – Presence and contribution to total sector output.
- Scheme penetration – Analyzing the level of awareness and utilization of existing schemes.
- MSME potential – Export preparedness, engagement with stakeholders, ecosystem players, existing infrastructure, and business environment.

b. Demand driven service portfolio: Based on the evaluation of EDC location, a tailored range of services will be curated, resulting in a demand-responsive service portfolios for individual EDCs, focusing on enterprises and clusters. These services will cover the entire lifecycle of MSMEs.

Phase II: Design and operations

EDCs and Virtual EDCs integrated with women focused WE-Hub's single window platform, will form a network to address challenges which are hampering MSME competitiveness. Core design principles encompass transparent governance, KPI based monitoring, outcome driven targets, incentivized development, self-sustainability, physical and virtual integration and customer engagement.

Operational framework:

1. Physical EDC

A. Hub Development:

- Have a dedicated resource with experience and understanding of the MSME sector.
- Create tailored knowledge content, SOPs and marketing collaterals.
- Implement IT-enabled processes for streamlined MSME assistance.
- Every hub to be connected to 5-6 spokes.

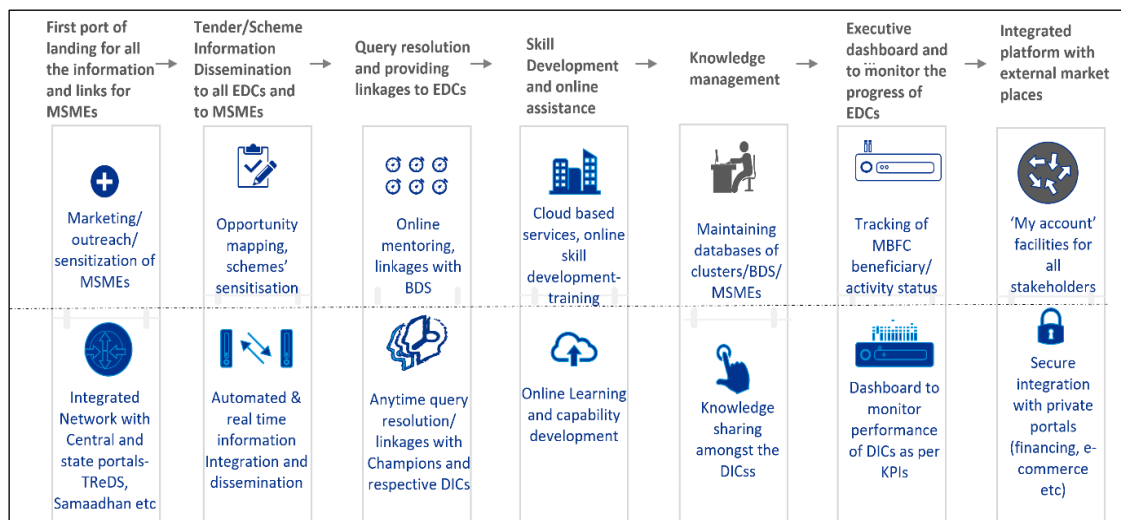
B. Spoke Activation:

- Every spoke will be staffed with 1 dedicated resource with support from the central hub.
- Capacities of regional DIC team members will be built to act as facilitators to the EDCs through workshops on processes, knowledge content and best practices.
- Proactively reach out and assist MSMEs in addressing the issues they are facing.
- Gather concerns from the field, take support of the virtual EDC or report to hub for specific solutions.

2. Virtual EDC: Digital Architecture development:

- Parallel development of hub and spokes over first 12 months.
- Develop a virtual EDC portal.
- Build capacity for hub-spoke operations on the portal.
- Integration with unified MSME database with a separate online certification process by We-Hub for women entrepreneurs to support their needs.

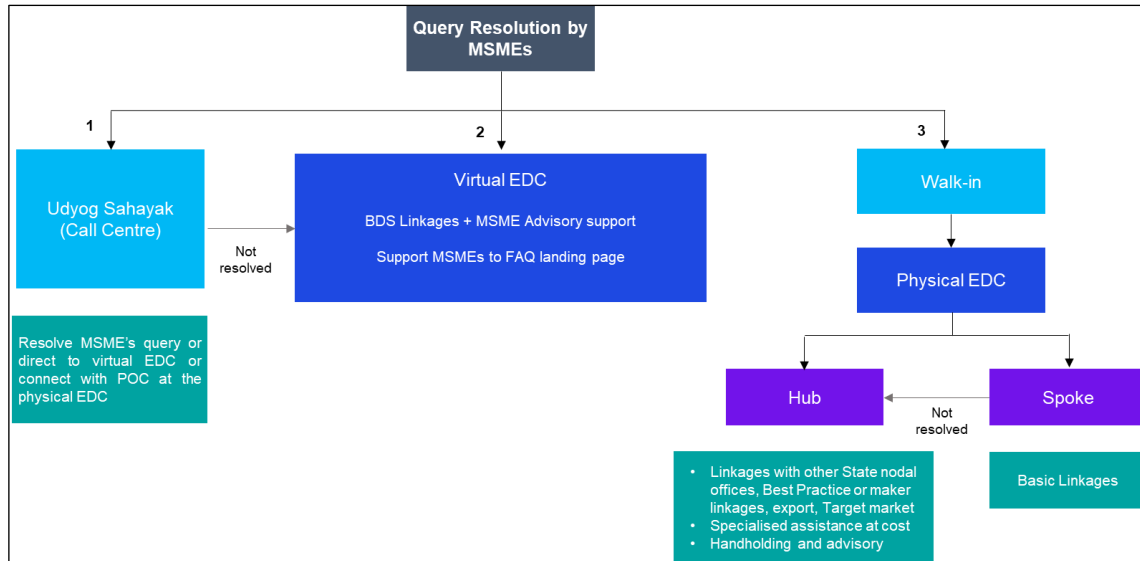
The services offered through virtual EDCs are captured in the figure below.



3. Udyog Sahayak (a Call Centre) setup:

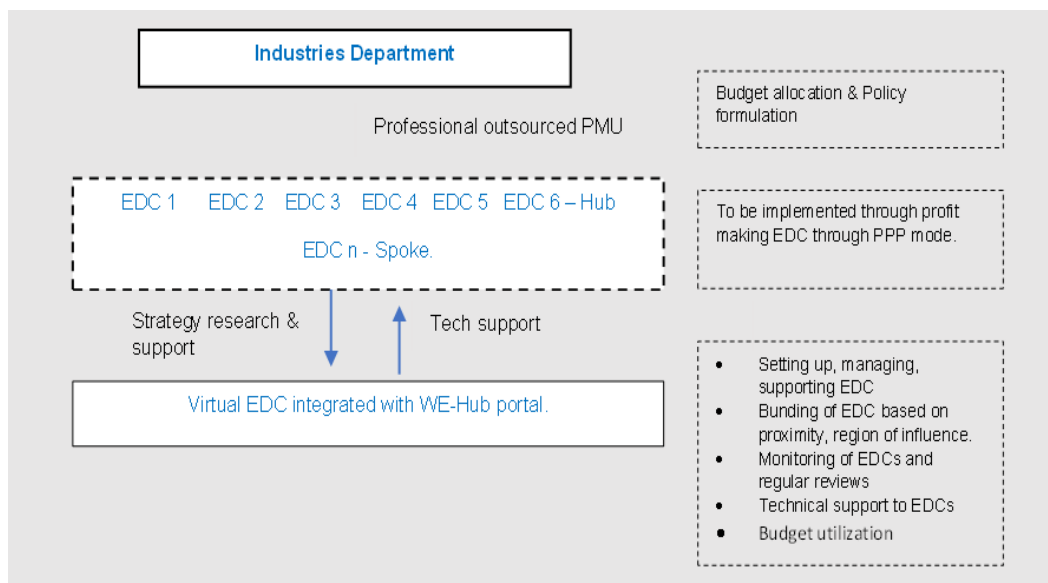
- A call center will be setup to provide swift and efficient assistance to resolve queries for MSMEs striving to grow.
- The call center will have a team of 2 skilled professionals to provide seamless support and guidance to MSMEs.
- Udyog Sahayak will be a helpline available to the MSMEs to guide them through the virtual EDC or to guide them to the nearest spoke/ hub for personalized assistance.

Query resolution visual representation:



4. Private sector participation to ensure sustainability:

The endeavor will be to have private sector participation in the operations and management of the EDCs. A suitable public-private partnership arrangement will be worked out after incubating the EDCs for 3 years from the set up.



f. Implementing agency

The Commissionerate of Industries under the aegis of the Industries Department will be the implementing agency for the intervention. The department will take services of a professional firm (PMU) to provide end to end design, setup and management of the EDCs which are expected to be transitioned into PPP mode by the end of four years. **The PMU will be responsible for the following services.**

- Create a Strategy for integrating DICs with Enterprise Development Centers, roles & responsibilities to be communicated to DICs.
- Creating standard eligibility criteria to empanel BDS providers for ready reckoning by the MSMEs. The empanelment of the BDS providers will be through a state-wide enrolment process and the applications will be scrutinised before creating the final repository.



- Providing support to Department in hiring and training of people for setting up of physical Enterprise development center at DIC to activate hubs and spokes.
- Finalizing the criteria for hiring technology development firm.
- Create guidelines for digital architecture of virtual EDC and integration with State portals (Udyam, TS-iPASS, We-HUB, Dalitha Bandhu, PMFME, PMEGP, SERP and MEPMA)
- Strategies for offering services to MSMEs.
- BDSP Service evaluation framework.
- Project progress and M&E framework as per RAMP guidelines
- Call center setup, grievance redressal mechanism for services portal.
- Capacity building of DIC nodal officers.
- Convergence plan to streamline and harmonize the activities of various schemes on a half-yearly/ yearly basis across all DICs and industrial estates for offtake of schemes.

Agency/ Month	MSME DFO	NSIC	DEET	SIDBI	KVIC	FPS	NSE	One day workshop
Month 1	Udyam Registrati on Drive – all districts	Vendor Developm ent Program – 5 programs	Job fair – 3 programs	Udyam Assist drive – all districts				2 program
Month 2	Managem ent developm ent program - 5 programs	National SC and ST Hub/ Schemes of NSIC – all districts	Job fair – 3 programs					
Month 3	Vendor developm ent program – 5 programs	Vendor Developm ent Program – 5 programs	Job fair -3 programs				3 programs	2 program
Month 4	Udyam registratio n drive – all districts	National SC and ST Hub/ Schemes of NSIC – all districts				PMFME Awarenes s program – all districts		
Month 5	Managem ent Developm ent program						3 programs	2 program
Month 6	Entrepren eurship developm ent program – all districts			Udyam Assist drive – all districts	PMEGP awarenes s program – all districts			

An indicative snapshot of a calendar of awareness activities



Target of Schemes annually								
District wise targets of schemes annually	KVIC - PMEGP		MSME DFO ZED Certification			MSME- DFO Lean clusters	MSME – DFP Design projects	MSME- DFO Bar coding
	<u>Project</u>	MM	Bronze	Silver	Gold			
Total	1167	3792	6600	1650	660	15	15	330
Target	MSME DFO							SIDBI- Aspire LBI
	Reimbursement of patents	Trademarks	GI	Project profiles	MSME- DFO District Industrial potential survey report			
All districts	100	100	4	100	33		10	

- Twice in a year, sector specific vendor development workshops or virtual events shall be hosted in collaboration with Industry & Cluster Associations and BDS providers to meet the evolving demands of MSMEs.
- Conducting ZED and LEAN trainings

Particulars	No. of workshops				
	Y1	Y2	Y3	Y4	Total
No. of dedicated ZED workshops	2	4	8	10	24
No. of dedicated LEAN workshops	1	2	4	4	11
Total workshops	3	6	12	14	35

• **Capacity building/ awareness programs for MSMEs**

The comprehensive capacity-building efforts will encompass conducting tailored training sessions for industry association and MSMEs.

One day Workshops		Total no. of workshops per year	Total cost per annum in INR Crore	Total cost for 4 years in INR Crore
Awareness on improving access to credit	Exposure to TReDS, SME Exchange, CGTMSE, Samadhaan, alternate financing mechanisms (digital lending)	15	0.80	3.2
Strengthening MSMEs capacity to access newer markets/ channels	Public procurement, PSU connect, GeM onboarding, certifications/ compliances- ZED/ LEAN, e-commerce platforms	15	0.80	3.2
Total		30	1.6	6.4



Timeframe																
Sr No.	Activities	Year (Quarter)														
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1	Hub activation at 6 DICs															
2	Spoke activation at 17 DICs															
3	Operationalization of Spoke															
4	Onboarding of technology firm and setting up of Virtual EDC															
5	Integration of Virtual EDC with other portals															
6	Campaign for vendor mobilization															
7	MSME awareness activities															
8	BDSP empanelment															
9	Capacity building															

g. Budget

Budget Items	Project cost in (INR crore)				
	Year 1	Year 2	Year 3	Year 4	Total
Project team (3-member team @ 6 lakh per month) ⁹⁹	0.72	0.79	0.87	0.96	3.34
Physical EDC - Manpower cost at 6 Hubs (1 people at each Category A DICs) and 27 spoke (1 person each DICs) ¹⁰⁰	3.17	3.48	3.83	4.22	14.70
Cost of Space and upgradation of DIC premises ¹⁰¹	1.97	1.97	0.54	0.54	5.02
Hiring a technology firm to develop and test digital Virtual EDC platform ¹⁰²	1.32	1.02	0.2	0.3	2.84
MSME online training sessions on thematic areas ¹⁰³	4	4.1	4.2	4.3	16.6
BDS mobilization drive and empanelment ¹⁰⁴	1	1.3	1.7	2.2	6.19

⁹⁹ Project Team structure: 1 Program Manager & 2 Consultants who will work closely with State Industries Department. Program Manager - INR 2.5 lakh per month; 2 Consultants – INR 1.75 lakh each per month; 10% increase per year)

¹⁰⁰ Hubs will have 1 person each with capacities – Enterprise expert with knowledge on Government schemes and regulatory compliances, Banking & financial expertise, Market research. The team at hubs will onboard BDS providers to serve the needs of MSMEs based on demand received through call center or queries at physical center; 1 person at each spoke will be creating knowledge repository of Government schemes and simplifying guidelines.

Cost of manpower at hub and spoke - INR 9.6 lakh x 1 person is INR 9.6 lakh per month with escalation at 10% each year.

¹⁰¹ This budget head will be funded as part of State's contribution.

¹⁰² Based on market quotations received on developing EDC's website to strengthen DIC. Hiring of technology firm will be through market discovery.

¹⁰³ Creating online training collateral, training videos, SME connects, live webinars on thematic areas such as export preparedness, market study, product standards, technology upgradation in sector etc.

¹⁰⁴ Vendor connect program meet on GeM, TReDs etc with District Industries Centers, Industry associations, cluster associations. 4 regional vendor meets will be conducted per year at INR 25 lakh. Over 4 years, total of 16 vendor meets will be conducted.

Budget Items	Project cost in (INR crore)				
	Year 1	Year 2	Year 3	Year 4	Total
Central data repository cost and knowledge creation	1.5	1.5	1.5	1.5	6
MSME awareness and outreach (branding and PR) ¹⁰⁵	1.5	1.6	1.7	1.9	6.8
ZED & LEAN training and certifications	0.06	0.13	0.26	0.29	0.74
Capacity building for DICs and industry association members through one-day workshop on access to market and access to credit ¹⁰⁶	1.6	2.08	2.5	3	9.17
Capacity building and handholding for various government schemes at DIC/cluster level ¹⁰⁷	2.35	2.35	2.35	2.35	9.4
Call center cost – Udyog Sahayak ¹⁰⁸	0.096	0.096	0.096	0.096	0.38
Sub Total	19.29	20.42	19.75	21.66	81.18
Total budget outlay	86.2				
States' contribution	5.02				
Gap funding by RAMP	81.18				

h. Expected Impact

The intervention will address the most critical and compelling need of the MSMEs emanating from information asymmetry and lack of awareness about the policy and support ecosystem available across Government and private sector. The intervention will strengthen the capacity of the DICs and in turn the state to cater to the specific needs of the MSMEs in the state and over a time evolve into one stop shop for all the business needs of the MSMEs. The quantitative impact is outlined below:

Details	Year 1	Year 2	Year 3	Year 4	Total
No. of MSMEs taking business services of EDCs	5000	5500	6000	6500	23000
No. of Training programs	50	70	90	110	320
Strategic partnerships between EDCs and specialised institutions etc.	4	8	10	12	34

i. Sustainability

To ensure the sustainability of EDCs in supporting the DICs for MSMEs, private sector to be involved in the administration and functioning of EDCs starting from the fourth year. A viable public-private partnership model will be established after nurturing the EDC in the initial period of 3-4 years. Services offered by the EDCs to MSMEs will be made available at a nominal, cost-recovery rate initially which will be revised to market rates gradually.

Advertisement costs (include newspaper advertisements, directory purchase, mailing to associations etc)– INR 20 lakh per year.

¹⁰⁵ Cost estimates - Awareness on improving access to credit – exposure to TReDS, SME Exchange, CGTMSE, Samadhaan, alternate financing mechanisms (digital lending) awareness campaigns and workshop on GeM, TReDS, ODR, BDS providers & Government schemes – INR 20 lakh in a year)

Advertisement cost about RAMP, TReDS, Government schemes to run 4 times in a year– 80 lakhs (Newspapers ads in regional papers, social media campaign every week, video collaterals, purchase of directory, direct mailings to industry associations and electronic media ad every quarter to create databases).

¹⁰⁶ Cost estimate per year is INR 20 lakh that includes trainer manual preparation, translations and trainer fees.

¹⁰⁷ Cost of MSME scheme outreach, capacity building, travel and handholding support at one Industrial estates per month is INR 265. For 74 industrial estates, INR 265 x 74 Industrial estates x 12 months = INR 2.35 Crore.

¹⁰⁸ 2 people at INR 80,000 per month i.e., 9.6 lakh per year



Project 3: Center of Design Excellence (CoDE) – Design, Brand promotion, Incubation & IPR

a. DLI Mapping

- DLI 3: Enhancing effectiveness of MSME CHAMPIONS Scheme (IPR, Design, Digital and Incubation)
- DLI 5: Enhancing Effectiveness of CGTMSE and 'Greening and Gender' delivery.

b. Problem Statement

The Government of Telangana recognizes the increasing importance of incorporating design solutions to increase firm's competitiveness and export readiness. Moreover, there is currently no formal platform for MSMEs and startups to partner with institutions to innovate their products or avail design services. The proposed Center of Design Excellence is one such initiative that aims to bridge the gap between design experts and industry needs. The vision of the State department of industries is to foster an environment that promotes an ecosystem of industry and academia collaboration for growth of innovative products in Telangana.

c. Intervention Proposed

Enhancing firm capabilities through design, propelling indigenous brands with IPR, trademark filing and fostering entrepreneurship through incubation.

d. Objectives

The Centre of Design Excellence (CoDE) will empower small businesses to elevate products through design and technology thereby making them more sustainable. The center shall offer tailored workshops, consultations, networking support along with promotion of design related R&D activities.

- i. Design Excellence: Provide design consultation, workshops, and prototyping facilities for superior product development.
- ii. Promote collaboration and networking among MSMEs, designers and experts for innovative, inclusive solutions and research.
- iii. Tech integration: Assist MSMEs in adopting cutting-edge technologies to enhance their products and processes.
- iv. Plug existing skill gaps and nurture design talent to improve individual and organisations capabilities.
- v. Boost export potential by elevating design quality, attract investments and position Indian designs globally.
- vi. Enhancing Made in Telangana brand for branding and promotion of products.

S No	Schemes/ Programs	Level	Support opportunities
1	Atal Innovation Mission (AIM)	Central – Program level	Atal incubation Centers (AICs), Atal Tinkering labs for innovation & entrepreneurship
2	National Initiative for Design Innovation (NIDI)	Central – Project level	Funding and collaboration for design education, research and innovation.
3	Make in India	Central – Program level	Funding and support in promoting design innovation and branding Indian designs
4	Champion Schemes under MoMSMEs	Central – scheme level	Funding under CHAMPIONS and CGTMSE,
5	Startup India	Central program	Support to design related startups – funding, incubation support, tax exemptions and mentorship
6	R&D Grants – DST, MeitY and other research funding bodies	Based on grants	Funding and support for design related R&D and design innovation
7	Design Clinic Scheme of MoMSME	Central – Project level	Provide design expertise to improve product designs
8	Technology Business Incubators (TBI)	Central – program level	Collaboration with MeitY or DST for infrastructure, mentorship and financial support for startups
9	Cluster development Programs	Central – Program level	Design expertise to industry clusters for skill enhancement, productivity enhancement etc

e. Approach & methodology

The Center of Design Excellence will leverage the expertise of the faculties of the Design Department of IIT Hyderabad and existing State-of-art research labs to scale the design services to meet the requirements of MSMEs and startups in Telangana. The Centre will focus on following key areas across three major functional areas:

- New Product Innovations
- Sustainable Infrastructure and Smart cities
- Emerging Technologies (UI/UX, VR, AR, MR, AI, etc.)
- Graphics, Branding and strategy.
- Heritage, crafts, and culture
- Film & Animation

Design Ecosystem



1 Design Education and Skill Development:

The design education and skill development are organized in 3 broad categories viz. Teaching, Research and Development and Rewards and recognitions. The detailed activities which can be taken up in the next three years are shown in the below figure.



2 Research and Development

The CoDE would set-up exchange programs with academic institutes and design studios for collaborative research on Design themes that can be with / without corporate sponsorship. The CoDE, though it's Design Labs and technical expertise will help guide such research initiatives, and in defining its practical application in industry. The CoDE will strive to create specific research projects for students through the Design Library – which will be setup as part of the CoDE, for example, provision of guidance, grants and facilities for creation of regional design vocabularies.

Design research is also a new and emerging area. The CoDE will also act like a common platform for all the design institutes, organizations, studios, and industries to collaborate and share the new knowledge to enhance the designs. The Centre will organize conferences, workshops, hackathons, etc. to facilitate the knowledge sharing and mutual interactions.

3 Design Innovation services for Startups /Incubation and Mentorship support

Design Innovation services shall focus on support for Design Entrepreneurship, IP Rights, and Incubation. It will provide support and mentorship to the MSMEs, SHGs, and other budding entrepreneurs related to design and design services. The Incubation Centre shall provide a supportive environment for entrepreneurial ideas to either become self-sustainable or attractive enough for private sector investment.

The unit will provide comprehensive advice and support on all Design related Intellectual Property matters including patent search, drafting, filing and prosecution, and help link entrepreneurs with patent attorneys and registered patent agents.

4 Design Consulting

The design consulting services that can be offered are classified as:

4.1 Design Solutions

Generating strategic value frameworks for businesses via smart designs, marketing plans and prototyping for cutting-edge design-expressions. Some of the potential service lines that can be offered will include User behavior Insights & analytics, Brand architecture, Visual Brand Languages, etc.

4.2 **Design Branding and Strategy**

Brand Consulting involves translating mere product labels into brand identities that reflect a business' values and philosophy, thus helping in brand building by enhancing its visualization, recall, and user experience. It leads to creation of brand assets by sharpening brand stories and sustained media coverage. The services that can be offered for brand consulting include:

- Brand engagement
- Packaging and Adaptation
- Differentiated Advertising (New media)
- Experiences & environments
- Access to PR agents

4.3 **Design Sustainability**

Business sustainability is dependent on its ability to innovate and manage its implications. Hence CoDE can help clients in contextualizing the meaning of design for their business. This can help them realize hidden business opportunities, unexplored technologies, and little understood customer needs. The primary focus here is to sustain the business activities through design innovations.

5 **Design Promotion through events**

The CoDE will organize different types of Design Events which bring together design experts, client industry, academic institutions and media including:

- Design Seminars/ Conferences: Lecture sessions, presentations and speaker talks on thematic design concepts, bringing together stakeholders at national/ international level.
- Design Workshops: Trying to find solutions and impart hand-on-training for trending design problems through brainstorming, group think and collaborative exercises.
- Design Expos: Prototype demonstration on a pre-defined design concept that is relevant for contemporary industry needs, for local artists, MSMEs, academic institutes and/or design companies.

6 **Craft/ Culture**

The CoDE will support various arts and crafts clusters in Telangana.

- Hyderabad is well-known for its range of crafts like **Banjara Embroidery, Bidri, Leather items, Pearls, Lacquer studded bangles and jewelry, Hand Embroidery and Glass Blowing crafts.**
- **Wood carvings:** Nirmal furniture and Nizamabad panels are the finest examples of creative wooden works in the state.
- **Paintings:** Cherial Scroll Paintings, Nirmal Paintings and Batik Paintings constitute some of the best painting traditions in the state.
- **Metal Crafts:** Includes Bidri, Brass Art ware, Pembarthi Brassware, Dokra Castings, Silver Filigree, and artefacts made of Silver and Oxidized Metal.
- **Fabrics:** Many regions of Telangana produce quality handlooms including Narayanpet handlooms, Siddipet Handlooms, Gadwal, Pochampally handlooms and cotton durries
- **Toys and Jewelry** made from pearls and lacquer in Nirmal.

The support provided for arts and crafts for MSME clusters and artisans would include:

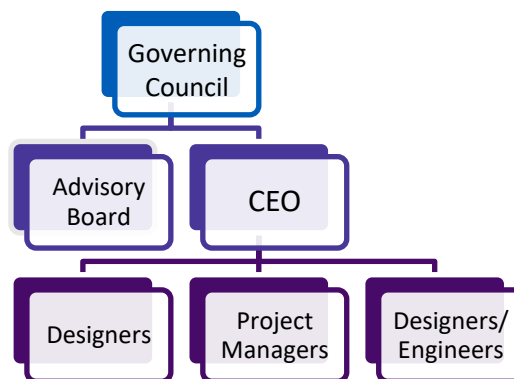
- Skills Workshops and events
- Exhibition organization and hosting support

- Access to Design Labs for product prototyping
- Entrepreneurship support

f. Implementing agency

The Indian Institute of Hyderabad will be the implementing agency for the intervention securing support from the industries department for infrastructure development. IIT, Hyderabad is one of the top 10 educational institutions of India founded in 2008. The Design Department was established in 2014 as an integral part of this institution. The department serves approximately 300 students across various programs under B.Des, M. Des, PhD and certificate programs. Currently the department has a dedicated team of faculty members from diverse disciplines of fine arts, films & animation, Graphics, Textiles, industrial design among others. Furthermore, the department hosts the Design Innovation Center, a Ministry of Education initiative aimed at nurturing a robust design innovation ecosystem. It is also equipped with State-of-the-art research laboratories and cutting-edge design studios to facilitate its activities.

The Centre of Design Excellence will be led by the following team.



Sr No.	Role	No. of People	Functions
1	CEO	1	Administers day-to-day operations and implements Center of Design's vision. The CEO will oversee core activities led by 2 Directors and 6 Managers supporting various functions
2	Project Manager	2	Technical experts overseeing core activities of the Center of Design - Project Manager for Education and Project Manager for consulting
3	Designer/Engineers	4	Design promotion & Events – Build and manage Strategic partnerships with institutions and promote events. Strategy & Operations – Manage administration and process improvements. Designer for incubation – Manage and scale up incubation programs. Rest will provide support functions accounts & finance, HR and IT.



Timeframe																
Sr No	Activities	Year (Quarter)														
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1	Onboarding of Staff															
2	Design consultancy services															
3	Incubation services															
4	Design Education/ R&D services															
5	Design promotion through events															
6	Awareness campaign Champion schemes															
7	Training workshops															

g. Budget

The state's contribution will be towards infrastructure cost, developing the space for workshops and events. RAMP will support engagement and collaboration projects with design experts through events and programs for design and innovative projects. In its initial years, IIT Hyderabad will provide access to its facilities and labs until the State Government assists in the development of its own infrastructure. OPEX cost for conducting workshops, events and R&D will be covered through RAMP.

Activity	Project cost in (INR crore)				
	Year 1	Year 2	Year 3	Year 4	Total Budget
IT infrastructure setup	0.5				0.5
Event organizations	0.94	1.00	1.00	1.00	3.94
Staff ¹⁰⁹	0.66	0.73	0.8	0.8	2.99
Consumables	0.03	0.03	0.03	0.03	0.12
Travel and transport	0.06	0.06	0.06	0.06	0.24

¹⁰⁹ Cost estimate of Staff for one month is CEO – INR 1.5 Lakh, Project Managers – INR 1 lakh and Designers – INR 50,000

The total cost of Staff is INR 3 lakh per month.

Activity	Project cost in (INR crore)				
	Year 1	Year 2	Year 3	Year 4	Total Budget
Cost of Space with IIT Hyderabad ¹¹⁰	12	8			20.00
Overheads @10%	0.13	0.08	0.089	0.09	0.389
Total budget outlay	28.18				
States' contribution	20				
Gap funding by RAMP	8.18				

h. Expected Impact

- **Design Education and Skill Development:** Two short-term courses (1-2 week) on design related topics for MSMEs and other design industries. 6 skill development workshops over a year with a cohort of 15 MSME members. Topics for short term courses / workshops would include 3D Printing, Wood working and Furniture Design, Ceramic Design, Group Dynamism and Leadership, Animation, Graphic Design, Publication design, Photography, Design Creativity and Product Innovation, Design Management and IPR
- **Design Consultancy:** Consultancy services to at least 5 industries / MSMEs / startups to scale up their activities, build products / develop branding strategies. At least two streams out of Graphic Design, Product Design, Film, and animation, and UI/UX will be developed with respective infrastructure.
- **Startup / Incubation:** At least 4 start-ups incubated with minimal support for developmental activities. Two training sessions for the startups in the respective streams
- **Events:** At least two design events (1 major and 1 minor) with some promotional activities for the center.
- **Craft Documentation:** At least two craft rejuvenation workshops through design intervention exercises. It will also facilitate design intervention in the traditional craft techniques to repurpose for the broader market requirements.

i. Quantitative Impact

Details	Year 1	Year 2	Year 3	Year 4	Total
No. of MSMEs benefitting	70	100	150	200	520
No. of partnerships	2	3	3	3	11
No. of workshops	4	6	10	10	30
No. of startups benefitting	4	4	4	4	16

j. Sustainability

The table below shows the annual cost of all the events hosted by IIT Hyderabad. The expected revenue from various activities ensures the sustainability of the interventions and the centre. The same revenue assumptions will be made applicable to the proposed centre of excellence.

¹¹⁰ This head will be funded from State's contribution.



Cost			Total annual cost in INR in crore			
Events	Frequency of event in one year	Cost to organise one event in INR Crore	Year 1	Year 2	Year 3	Year 4
Industry consultancy activities/mentorship	4	0.1	0.4	0.4	0.4	0.4
Startup/ incubation	2	0.12	0.24	0.24	0.24	0.24
Craft workshop	2	0.05	0.1	0.1	0.1	0.1
Design dissemination	2	0.1	0.2	0.2	0.2	0.2
Total cost			0.94	0.94	0.94	0.94

Revenue/ Income	Total revenue in INR in crore			
Events	Year 1	Year 2	Year 3	Year 4
Industry consultancy activities/mentorship	0.1	0.15	0.15	0.15
Skill Development workshops (1-2 week)	0.75	0.75	0.75	0.75
Training and Certification (3 to 6 months)	0.3	0.3	0.3	0.3
Co-working spaces			0.05	0.05
Revenue from Prototyping / facility charges	0.05	0.05	0.05	0.05
Design dissemination (Conference / exhibitions)	0.005	0.005	0.005	0.005
Total revenue	1.259	1.309	1.309	1.309
Revenue - Cost	0.265	0.315	0.369	0.369

Project 4: Import Substitution

a. DLI Mapping

Critical projects to develop competitiveness of MSMEs.

b. Problem Statement

While Industrial growth in the state of Telangana has been impressive, it still lags in its share of manufacturing in industrial GVA from competing industrialized states. The state's industrial sector grew at an average annual rate of 9.5% in the last 5 years than the national average of 7.5%¹¹¹. However, share of state's manufacturing in industrial GVA has been 36.5% vis-à-vis of 42% in Tamil Nadu, 40.2% in Maharashtra and 38.7% in Gujarat¹¹². Keeping in view that manufacturing has considerably higher employment multiplier than industry as a whole¹¹³ and the extant need of the state to boost employment for skilled labor force, a way needs to be found to leverage industrial growth to push manufacturing growth.

c. Intervention Proposed

Leveraging industrial growth momentum of Telangana and capacitating its existing manufacturing base to expand MSME manufacturing through targeted import substitution.

d. Objectives

- Identify 20 products across 4-5 sectors which having potential for expansion in Telangana by analysing production data, and imports at the product level.
- Create a roadmap for import substitution catering to existing domestic demand being met by imports.
- Building capacities of 100 MSMEs in clusters to start manufacturing the identified products.
- To study the nature of the NIC 4-digit industries based on their end use. The industries have been divided into primary, intermediate, consumer durables/non-durables, capital and infrastructure/construction goods sectors. The information on the use-based classification has been adopted from the Index of Industrial Production (IIP) Manual with base 2011-12¹¹⁴ that provides the used-based nature of industries at NIC 5-digit level.

e. Approach & methodology

This study was conducted in a phased wise manner. The first three phases were taken up during the SIP preparation. The baseline study was conducted in the following manner.

• Data Sources:

The study employed a comparative analysis for industry and trade data at NIC 4-digit level. Using the concordance of NIC 4-digit with HS 6-digit level products, the matching trade data enabled comparisons and impact analyses for the import dependence. Comparable trade data would be constructed using the HS-NIC concordance from Kumar and Dhar (2023). For HS 6-digit trade data, figures from DGCIS Export Import database have been sourced. While industry level output

¹¹¹ Telangana State Industrial Infrastructure Corporation (TSIIC)

¹¹² Economic Survey of India 2022-23, Statistical Appendix, Table 1.23: State-wise Gross Value Added (GVA) by Economic Activity at Current Prices (2011-12 to 2022-23)

¹¹³ The Employment Multiplier of Manufacturing in India by Anup Sinha and R. Ramachandran (2018): This study found that the employment multiplier of manufacturing in India is 2.3, while the employment multiplier of industry as a whole is 1.8.

¹¹⁴ The new IIP series based on 2011-12 base compiled data at NIC 3-digit level. Weights have been provided at NIC 5-digit level and the corresponding used-based classification has also been provided. Using the list of 407 items included in the IIP, the study identified the broad use-based classification for NIC 4-digit level.

and input has been taken from the Annual Survey of Industries pertaining to the organized manufacturing sector¹¹⁵.

- **Methodology**

We have followed a two-pronged approach to identify sectors at NIC 4 -digit level to be considered for localization:

- a. Import penetration ratio of Indian Imports:** In order to measure the extent of dependence of India on imports, a comparison with domestic production of the industry, under which the tariff lines fall, has been made. The ratio of industry level imports of India to total domestic demand (output + imports – exports), called the import penetration ratio has been calculated. Higher ratio implies that India imports more than she produces domestically. Those sectors where this ratio is higher than 0.5 or 50 per cent have been chosen, which implies that imports of the sector account for half of domestic demand in the particular sector.
- b. Import surge:** There are no straight-forward reasons for the import surge which uniformly pertain to all sectors across time. It is important to clarify that higher imports are different from import surge. Economies that are industrializing would reveal trends of higher imports however, when such rise in imports lead to an injury to the domestic industries in the form of loss of employment, reduced local production etc., there is a need to identify such injuries and take corrective actions.

Although there is no established methodology to identify import surge, we followed the methodology given in Kumar (2023) where import surge has been identified in the following ways:

- We consider a period of five years to compare the rise in import values for all industries at NIC 4-digit level. The trigger point for import surge would be a doubling, or more than doubling of imports with a persistent rise thereafter.
- Among the industries so identified, those with high imports-to-domestic production ratios have been identified that are highly import oriented in the recent years. A high import-output ratio is considered to be higher than 0.5 implying that imports are more than half of domestic production supply in that particular sector.

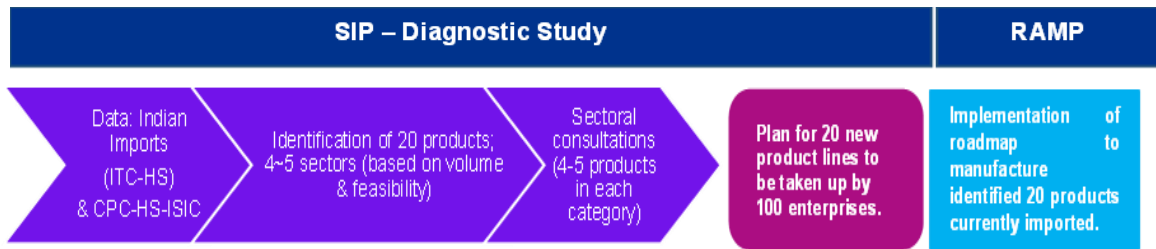
Exceptions: There were sectors where import penetration was high, with insignificant levels of imports, which have been excluded.

- Total product categories (subsectors) identified are 22 at NIC 4-digit from which 20 to be finalized for interventions.

100 enterprises within 20 clusters will be identified. A roadmap for these enterprises will be made to adopt new locally produced alternatives for currently imported products with existing demand. The impact of the study after adding around 20 import-substitute items, will impact conserving the forex. Recommendations from the study will be incorporated as a part of the RAMP program.

Implementing agency: The Telangana State Trade Promotion Corporation Ltd (TSTPC) will engage the services of a professional organisation to implement this project through RFP process. All the 5 sectors will have a roadmap designed by a team of experts across different facets.

¹¹⁵ To study the nature of the NIC 4-digit industries based on their end use, we have also divided the industries into primary, intermediate, consumer durables/non-durables, capital and infrastructure/construction goods sectors. The information on the use-based classification has been adopted from the Index of Industrial Production (IIP) Manual with base 2011-12115 that provides the used-based nature of industries at NIC 5-digit level.



Identification of Sectors

- Total sub sectors identified through this methodology were 22 at NIC 4-digit level.
- Further, these 22 sub sectors were mapped to the 13 thrust sectors identified for Telangana state based on their share in total number of manufacturing MSMEs in the state. Out of the 22, 13 sub-sectors were identified falling under 5 thrust sectors of Telangana, namely, electronics and IT Hardware, Engineering and capital goods, FMCG and domestic appliances, health and life sciences, and plastic and polymers.
- Within the 13 sub sectors falling under the thrust sectors, we consider 2 HS 6-digit products each to be considered for localization under MSMEs in the below table.

HS 6-digit Products Identified to be Localized for the State of Telangana

Thrust Sectors	Sub sectors	Subsector Description	HS 2012 6-digit	Top Imported Products under each Sector
Electronics & IT Hardware	2610	Manufacture of electronic components and boards	854140	Photosensitive semiconductor divisional photovoltaic cells and LEDs
			851762	Machines for the reception, conversion and transmission or regeneration of voice, images or other data, including switching and routing apparatus
	2620	Manufacture of computers and peripheral equipment	847130	Portable automatic data processing machines, weighing not more than 10 kg. Consisting of at least a central processing unit, a keyboard, and a display
			847150	Digital processing units excluding of sub headings 847141 and 847149, whether/not containing one/two types of units, like storage/input/output units.
	2640	Manufacture of consumer electronics	852580	Television cameras, digital cameras and video camera recorders
			851829	Loudspeakers, whether or not mounted in their enclosures
	2651	Manufacture of measuring, testing, navigating and control equipment	903180	Other instruments, appliances and machines
			903289	Other automatic regulating or controlling instruments and apparatus



Thrust Sectors	Sub sectors	Subsector Description	HS 2012 6-digit	Top Imported Products under each Sector
Engineering and Capital Goods	2420	Manufacture of basic precious and other non-ferrous metals	710812	Other unwrought forms: gold
			710692	Semi manufactured silver
	2593	Manufacture of cutlery, hand tools and general hardware	848071	Injection or compression type moulds for rubber or plastic
			820900	Plates, sticks, tips and the like for tools, unmounted, of cermets
	2813	Manufacture of other pumps, compressors, taps and valves	848180	Other Appliances: Taps, cocks, Industrial valves
			841480	Other Pumps, Gas Compressors Of a kind used in air-conditioning equipment; Free-piston generators for gas turbine; Turbo charger
	2817	Manufacture of office machinery and equipment (except computers and peripheral equipment)	844399	Feeders, sorters and other parts of copying machines
			844332	Printers capable of connecting to an Automatic Data Processing Machine or To a Network
	2822	Manufacture of metal-forming machinery and machine tools	845710	Machining centers
			846490	Other Machine-Tools of Hdg 8464: Grinding or polishing machines
	2826	Manufacture of machinery for textile, apparel and leather production	844630	Weaving machines for weaving fabrics of a width>30 cm, shuttles type
			845229	Other sewing machines
FMCG and Domestic appliances	3240	Manufacture of games and toys	950300	Tricycles, scooters, pedal cars and similar wheeled toys; dolls carriages; dolls; other toys; reduced size
			950490	Other articles for casino game, parlor game etc.
Health & Life Sciences	3250	Manufacture of medical and dental instruments and supplies	901920	Apparatus for Ozone therapy, oxygen therapy, aerosol therapy, artificial respiration, or other therapeutic respiration
			901890	Other instruments and appliances: for measuring blood pressure, stethoscope etc.
Plastic and Polymers	2011	Manufacture of basic chemicals	280920	Phosphoric acid and polyphosphoric acids
			284390	Other compounds; amalgams



f. Timeline

Timeframe																	
Sr No	Activities	Year (Quarter)															
		Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12	Q13	Q14	Q15	Q16
1	Project Launching/FGD/ Product selection																
2	Production Planning &Development of Prototypes																
3	Test Marketing of prototypes, costing, supply chain study																
4	Feasibility Study report & financial closure																
5	Mobilization for commercial production																
6	Commercial Production & Supply Chain establishment																
7	Lobbying for non-tariff barriers for even playing field																
8	Project Evaluation, Dissemination of learnings, closure																

g. Budget

I. Allocation for Experts / Facilitators				Project cost in (INR crore)			
S. No	Position	No	Need	Months	Rate (Rs.)/ M/M	Cost	Remarks
1	Technical Expert	5	Services of Technical Experts are needed by Enterprises to assimilate new manufacturing technologies, standardisation of production processes, training of staff etc.	24	0.04	4.8	1 Expert in each sector will be deployed for 24 months @Rs. 4,00,000 p.m.
2	International Expert	5	Experts having global exposures help in sourcing state of the art technologies and also most economic plant and machinery. They also bring in knowledge about global value chains.	5	0.1	2.5	1 Expert in each sector will be deployed for 5 months @Rs. 10,00,000 p.m.



3	Consultant on Quality	5	Quality is the most important aspect of acceptability of a product in the marketplace. Besides setting up of a quality system in the Enterprise the quality expert will also frame the requirements of a quality control order which will guard against import of sub-standard products.	24	0.04	4.8	1 Expert in each sector will be deployed for 24 months @Rs. 4,00,000 p.m.
4	Consultant on Marketing	3	Handholding of an enterprise is essential to position new products in the marketplace, particularly to compete against imported items. The consultant will also help in segmentation of the market and competitive pricing.	35	0.05	5.25	3 Experts will be deployed for 35 months each to cover all enterprises @Rs. 5,00,000 p.m.
5	Logistics Expert	3	Logistics is an important cost and efficiency component in the marketing. Services of an expert in supply chain management is crucial for competitiveness and cost management more so when imported components are essential for production.	35	0.06	6.3	3 Experts will be deployed for 35 months each to cover all enterprises @Rs. 6,00,000 p.m.
6	Financial Consultant	5	Services of a financial expert or Chartered Accountant, in common terms, is required from the conception of any project; to study project viability, sourcing of funds, linkage with Banks and schemes of the Government.	24	0.03	3.6	1 Expert in each sector will be deployed for 24 months @Rs. 3,00,000 p.m.
7	Legal and Lobbying Expert	2	The legal expert will facilitate conformity to legal environment of the state and centre. She will also have the important task of lobbying for favourable legal environment for	6	0.06	0.72	2 Experts will be deployed for 6 months each to cover all enterprises @Rs. 6,00,000 p.m.

			the indigenous product.				
8	Environment and Sustainability Consultant	3	Today almost any product manufacturing has environmental implications and Enterprises need to take appropriate measures to minimise environmental footprints and carbon footprints. The Expert will facilitate on these issues.	24	0.05	3.6	3 Experts will be deployed for 24 months each to cover all enterprises @Rs. 5,00,000 p.m.
9	Intervention Manager	1	The Manager will be responsible for achieving project milestones / deliverables for 20 product lines in 200 enterprises	48	0.01	0.48	One Intervention Manager for 48 months @ Rs. 1,00,000 p.m.
10	Sectoral Coordinators	5	The coordinators will be located in Clusters / sectoral associations to facilitate implementation of the intervention and provide feedback to the Manager.	48	0.005	1.2	5 Sectoral Coordinators for 48 months @ Rs. 50,000 per Coordinator p.m.
II. Capacity Building, Travel & contingencies							
1	Travel- Intervention Manager		Lumpsum			0.048	
2	Travel- Coordinators		Lumpsum			0.12	
3	Capacity Building, Mobilization		Knowledge sharing meetings, Focused Group Discussions will be organised in Cluster /Sectoral level with support from industry associations			0.2	For whole project duration of 48 months
4	Contingency Fund					1.72	at 5% of the project cost
	Total Budget					35.34	

h. Expected Impact

Year 1	Year 2	Year 3	Year 4
<ul style="list-style-type: none"> 20 product groups for import substitution identified 100 MSMEs for import substitution development selected 	<ul style="list-style-type: none"> Prototypes of 10 import substitution product groups developed Commercial production of 5 prototype product groups started in 25 MSMEs 	<ul style="list-style-type: none"> Prototypes of 10 import substitution product groups developed. Commercial production of 10 prototype product groups started in 50 MSMEs 	<ul style="list-style-type: none"> Commercial production of 5 product groups started in 25 MSMEs Exposure visits to product group related international Fairs of 50 MSMEs.



Year 1	Year 2	Year 3	Year 4
<ul style="list-style-type: none">• Prototype of 5 import substitution product group developed.• Marketing plan for 10 import substitution product groups prepared	<ul style="list-style-type: none">• Identification of factors towards providing 'even playing field' with imported products• Environmental impact assessment of 10 developed product groups completed	<ul style="list-style-type: none">• Marketing plan for 10 import substitution product groups developed.• Environmental impact assessment of 10 product groups completed.	<ul style="list-style-type: none">• Compulsory product standards for 5 product groups introduced.• End of project report of PMU prepared.



Project 5: Reviving distressed MSMEs

a. DLI Mapping

DLI 4: Strengthening Receivable Financing Market for MSMEs

DLI 5: Enhancing Effectiveness of CGTMSE and 'Greening and Gender' delivery.

b. Problem Statement

The Telangana Industrial Health Clinic (TIHCL) has been instrumental in providing support to sick and stressed micro and small industries in the State through financial and non-financial assistance. TIHCL, especially in the post pandemic scenario has not been able to cater to the rising number of MSMEs which need financial and business support to prevent being NPA owing to its limited capacity, both in terms of outreach and State coverage.

c. Intervention Proposed

Implement a digital transformation strategy and expand outreach for TIHCL to support distressed industries. Utilize the digital application along with physical initiatives to reach out to more enterprises, offer targeted support for survival and growth of enterprises.

d. Objectives

- To scale up the unique and successful model of TIHCL, created by the Telangana Government to support revival of distressed MSMEs
- To enhance accessibility of TIHCL's financial services by a larger number of distressed MSEs.
- To strengthen capacities of MSMEs through awareness, skill development and knowledge sharing
- To facilitate more partnerships with financial institutions to cater to MSMEs.

e. Approach & methodology

The proposed intervention seeks to enhance TIHCL's capacity, effectiveness, impact and reach to support and revive the distressed and sick units through following strategies:

a) Digital transformation:

- Customised software application: to provide efficient online assistance tailored to TIHCL's unique requirements.
- User-friendly platform: A user-friendly platform for stressed enterprises to access support promptly and easily navigate through the application process in regional language.
- Seamless workflow: Incorporate a seamless step-by-step workflow within the application, guiding users through providing necessary information and documentation for support requests.
- Data Management System: Implement a comprehensive data management system to securely store and manage all information associated with each application.

b) Expanded Outreach:

- Establish satellite centers in alignment with DICs/EDCs to provide localized support and services.
- Collaborate with **channel partners**- local industry associations, IALAs to extend outreach and leverage their network. Channel partners will conduct outreach programs with the existing and prospective MSME entrepreneurs within their area of operations.
- Offer virtual consultations, webinars and expert sessions for personalized guidance and assistance.

c) Internal capacity strengthening of TIHCL:



- Domain-specific training: Conduct training session on financial management, industry-specific knowledge relevant to distressed industries and knowledge sharing workshops to facilitate cross-functional learning for the staff of TIHCL.
- Change management training: Help staff adapt new roles and responsibilities during digital transformation and outreach expansion.
- Monitoring and Evaluation training: Train in data collection, monitoring and evaluation techniques for accurate impact assessment
- Technical training: Training on workflow management, troubleshooting, equipping staff with data analysis, online and virtual collaboration for digital outreach and assistance.

c) Corpus enhancement at TIHCL:

- TIHCL supports the distressed MSME through facilitation of linkages with financial institutions and also through direct financial support to them by way of grants, equity financing and debt financing. Various innovative financing mechanisms have been successfully tried by TIHCL such as stress asset financing, bridge financing, critical amount financing, margin loans for rehabilitation, special assistance products for women entrepreneurs etc. TIHCL has worked with close to 500 MSMes providing them consultancy and advisory services thereby providing resolution to their problems. TIHCL has provided Diagnostic study reports for over 300 units helping with priority release of incentives etc.

This will be scaled up through an enhanced corpus to help MSMEs.

f. Implementing agency

TIHCL will be the implementing agency for the intervention. It is a NBFC, primarily established to revive and rehabilitate distressed micro and small manufacturing units. Its core approach involves utilising co-financing as a central model for intervention, this entails collaborating with the struggling units to provide financial support and expertise, aiming to revitalise their operations and enhance their overall scale & outreach. By leveraging co-financing as leading strategy, TIHCL aims to foster the revival and growth of the MSMEs.

Sr No.	Activities	Year (Quarter)													
		Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12	Q13	Q14
Expansion of physical Outreach															
1	Need assessment and identify key MSME clusters for setting up satellite centers aligned to EDCs														
2	Establish satellite centers and mobile outreach teams in selected EDCs.														
3	Collaborate with industry associations														



Sr No.	Activities	Year (Quarter)													
		Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12	Q13	Q14
	to amplify outreach efforts														
Digital platform															
4	Develop digital platform														
5	Virtual consultations, webinars and expert sessions for immediate support to MSMEs														
6	Customized training programs and skill enhancement workshops for internal staff														

g. Budget

The approach involves partnering with channel or associate partners (either industry associations or individual consultants) to increase presence in districts, with compensation based on individual cases and a monthly minimum fee.

• Cost of Channel / Associate partners

The Channel partners or associate partners will make use of existing infrastructure at 13 DICs. These channel partners will locate MSME units in need of funding for setting up or improving their operations. Additionally, these channel partners will be responsible for visiting industrial area within their operational area and identifying distressed units that needs various forms of assistance, including financial and non-financial support.

List of activities by Channel partners

- Conduct outreach programs with DICs and local Industrial Associations.
- Arrange workshops with SME experts, for specific groups of industries for their specific skill development, marketing, digitalization, and overall improvement in the efficiency of functioning.
- Assist new entrepreneurs in getting their project reports, viability study reports to make the proposals in presentable form to bankers.
- Guide new entrepreneurs in approaching Banks/Fis/TIHCL for procurement of credit facilities.
- Assist new entrepreneurs in getting SME registration on various platforms like TS-IPASS, UDYAM portal etc.
- Assist MSMEs on onboarding various digital marketing platforms like ONDC, GEM etc.
- Assist MSMEs in onboarding to various TreDS platforms,
- Conduct regular surveys in Industrial Areas to elicit information on different issues / difficulties faced by the MSME units and taking them to the forums concerned for redressal of their issues.

- Conduct door-to-door interactions with SME units to find out any incipient stress is observed in the unit, and if so, referring the matter to TIHCL for working out necessary remedial measures in consultation with the units and their bankers.
- Assist the unorganized units to formalize, so that they can derive benefits of various schemes designed for MSME Sector.
- Facilitate MSME units in procurement of raw materials at the right time and right place, by coordinating with NSIC.

S No	Number of Districts	Number of Resources	Total cost per annum in INR Crore	Total cost for 4 years in INR crore
1	13	39	1.4 ¹¹⁶	5.61

• Outreach Programs:

The major objectives / goals in conducting these outreach programs related to access to credit to improve understanding / awareness about MSME sector, promoting engagement with the various stakeholders, inspire them by contributing to their common good and strengthening MSME entrepreneurs through addressing their sectoral needs.

S No	Number of Districts	Number of programs each year	Total cost per annum in INR Crore	Total cost for 4 years in INR Crore
1	13	6	0.39	1.56

• Trainings and Workshops:

Sector specific training programs will be conducted for the MSME entrepreneurs, to enable them to improve their operational / functional efficiency, in their line of activity. This training will cover, apart from others, different areas of MSME's operations, viz., managing financial efficiency, adoption of proper technology, upgradation of technology, marketing, digitalization of their operations, human resource planning etc. In addition, training of onboarding MSMEs on TReDs platform on (Invoicemart, RXIL and M1xchange) will be conducted across 13 districts.

S No	Number of Districts	Number of Workshops per year per district	Total cost per annum in INR Crore	Total cost for 4 years in INR crore
1	13	2	0.162	0.65

• Technology upgradation to streamline workflow.

TIHCL provides financial and non-financial support exclusively to stressed / new/ existing micro and small Manufacturing units in Telangana. Presently their operations are mainly manual and concentrated in and around Hyderabad only, due to combination of various factors. A robust online software application will enable promoters of stressed SMEs to approach TIHCL online for any solution, either financial or nonfinancial, ensuring an immediate response with a real-time workflow from application acceptance to handholding.

S No	Details	Cost per annum in INR Cr	Cost for 4 years in INR Cr
1	Software	0.3	0.53
2	Digital infrastructure	0.11	
3	Networking	0.04	
4	Maintenance costs	0.084	

¹¹⁶ Cost of one Channel partner/ associate is @ INR 30,000 x 3 people per district x 12 months x 13 districts – INR 140 lakh

Establishment of Help Desk at Hyderabad office:

A dedicated staff will be appointed at the helpdesk to cater any queries of MSMEs reaching out for support.

S No	Number of people	Total costs per annum	Total cost for 4 years in INR Crore
1	2	0.096	0.38

• Corpus fund

The corpus fund will be used to meet genuine requirements of the entrepreneurs in MSMEs sector, including the following:

- **Grant:** In case of Revival / Rehabilitation of stressed / sick units where the promoters are neither able to mobilise the same out of their own sources nor raise additional debt, to support servicing / repayment of the same, duly ensuring financial viability. In such cases, it is proposed to extend Grant to MSMEs.
- **Equity:** In the process of upscaling of small and micro units, they cannot be completely dependent on the debt, as they have to service the interest / instalment obligations of the debt out of the surplus cash flows generated. As majority of the micro and small units are operating with thin margins they may not be able to meet the debt obligations with the limited surplus cash flows. Hence, other options available to mobilize funds to upscale the unit are:
 - Approach equity market to raise equity capital - To raise equity through equity market, the units need to initially meet promotional / operational expenditure, which may be around Rs.40 lakh to Rs.60 Lakh. With the available limited resources, they may not be able to meet the same on their own. In such cases, TIHCL will provide the same to them in return of equity for TIHCL.
 - To scout for PE investment from the investment companies: Some of the entrepreneurs, may not be in a position to access equity market, due to various reasons, and in those cases, they have to depend on PE firms to raise required funds, by way of equity. However, PE firms, may not come forward to invest in small and micro enterprises due to the volatility in their activities and low expectations on fair return on capital. In those cases, TIHCL will contribute to their corpus by way of equity.
- **Debt Financing:** In case of stressed / sick MSME Units, particularly on classification of the account as "NPA", the primary lenders may not come forward to consider sanction of additional finance to meet their requirements, considering the vulnerable financial positions of such units. However, they may be having potential to revive and contribute to the economy and generate / protect employment. In all such cases, TIHCL considers sanctioning of fresh limits to meet their additional financial requirements under revival / rehabilitation packages.

S No	Disbursement component	Period Covered INR Crore			
		Year 1	Year 2	Year 3	Year 4
1	Equity	5.00	5.00	6.00	2.00
2	Grant	20.00	20.00	15.00	8.00
3	Debt	5.00	5.00	4.00	5.00
	Total Disbursement	30.00	30.00	25.00	15.00



Budget Summary:

Activity	Project cost in (INR crore)				
	Year 1	Year 2	Year 3	Year 4	Total Budget
Channel Partners	1.40	1.40	1.40	1.40	5.61
Outreach programs	0.39	0.39	0.39	0.39	1.56
Sectoral & financial – 6 Subject Matter experts ¹¹⁷	0.58	0.58	0.58	0.58	2.34
Training and Workshops	0.16	0.16	0.16	0.16	0.65
Technology upgradation	0.47	0.21	0.21	0.21	0.53
IT professionals (3 team member @ 1.3 lakh/month) ¹¹⁸	0.156	0.156	0.156	0.156	0.62
Setting up of Helpdesk	0.096	0.096	0.096	0.096	0.38
TIHCL Staff cost (2-member team @ 1.15 lakh per month) ¹¹⁹	0.138	0.138	0.138	0.138	0.55
Corpus fund	30	30	25	15	100
Contingency fund	1.22				
Total budget outlay	113.46				
States' contribution	10				
Gap funding by RAMP	103.46				

h. Expected Impact

Details	Year 1	Year 2	Year 3	Year 4
No. of MSMEs outreached through physical mode	1500	2000	2500	3500
No. of sick MSMEs supported	750	1000	1250	1750
No. of training programs	15	26	26	26
No. of MSMEs onboarded on TreDs platform	100	150	200	250

i. Sustainability

Channel partners associated with TIHCL will be strategically positioned within IALAs. These channel partners will either be from industry association or IALAs selected by TIHCL. They will be an integral part of support team, extending coverage to all 133 Industrial estates as a last mile access to MSMEs at cluster level. Ensuring sustainability of TIHCL's efforts to revive incipient units is contingent on various critical factors. These include the effective execution of financial restructuring and management improvement plans, efficient utilization of funds and a steady recovery of these units towards profitability. The growth and health of these revived units will play a pivotal role in upholding the longevity of TIHCL's initiatives. It is envisaged that TIHCL will become self-sufficient by the end of 4 yrs as MSMEs would be willing to pay fee for their services owing to their presence and effectiveness of services.

¹¹⁷ Cost estimate of 6 SME to provide advisory services, trainers for virtual & physical trainings etc.

¹¹⁸ Cost estimate - IT Team lead - INR 70,000 per month and 2 IT professionals - INR 60,000 per month

¹¹⁹ Cost estimate - Vice President - INR 9 lakh per year and executive INR 4.8 lakh per year

Project 6a: Mapping of Energy intensive MSME clusters to make them energy efficient

a. DLI Mapping

DLI 5: Enhancing Effectiveness of CGTMSE and 'Greening and Gender' delivery.

b. Problem Statement

MSMEs lack awareness and understanding of their energy usage patterns leading to inefficient practices and higher operational costs. The energy consumption and intensity play a significant role in determining operational costs and environmental impact for manufacturing enterprises. Lack of comprehensive data and analysis on energy intensity in industries hinder effective policy formulation for energy efficiency and conservation.

c. Intervention Proposed

Conducting Energy Intensity Mapping of MSMEs and exploring green financing initiatives as incentives for adoption of green technology.

d. Objectives

Develop an energy intensity spatial mapping for MSMEs that provide a comprehensive assessment of their energy consumption patterns, identify and map energy-saving opportunities, and facilitate sectoral/ cluster specific interventions for improved energy efficiency.

e. Best Practices

Germany

- The German Energy Agency (dena) has implemented the "dena Energy Efficiency Check" for SMEs which includes energy intensity mapping¹²⁰.
- The check involves on-site energy audits, data collection and analysis to determine energy consumption pattern, identify potential energy saving measures and provide customized recommendation to SMEs.
- The program offers financial incentives and support for implementing energy efficient technologies and practices.

Canada

- The Canadian Industry Program for Energy Conservation (CIPEC) provides resources and tools for energy intensity mapping to SMEs¹²¹.
- The program offers voluntary agreements to participating industries, including SMEs, to monitor and report their energy consumption and intensity, set energy reduction targets, and share best practices.
- CIPEC provides technical support, training and recognition to SMEs that demonstrate significant energy efficiency technologies.

f. Approach

Phase I: Energy intensive industries visual dashboard

1. Baseline Data Collection for Energy consumption and production to derive energy intensity of main product manufactured in that geography:

- Collaborate with industry associations, government departments, and DISCOMS to gather baseline data on energy consumption and production to derive energy intensity – kWh/T of main product produced by MSMEs.

¹²⁰ [Energy services as enablers of the energy transition – Energy Efficiency Award](#)

¹²¹ [Green Industrial Facilities and Manufacturing Program \(canada.ca\)](#)

- Standard data collection methods and formats will be rolled out to provide consistency and comparability across industries.
- Encourage voluntary participation of MSMEs in sharing their energy data while ensuring confidentiality.

Output:

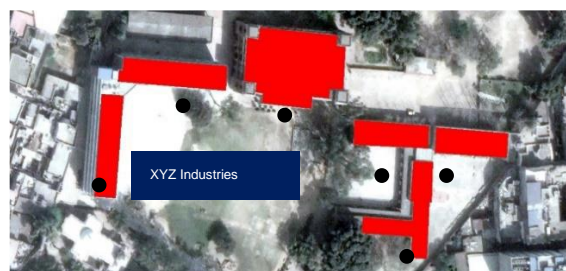
- The cluster-wise, representative Energy intensity (EI) will be calculated as a weighted average of the samples in that sector. This EI will be the representative figure for region and cluster only.
- Month-wise analysis of electricity consumption (to be received from DISCOM) of cluster data to understand the consumption pattern of the cluster.

2. Energy Intensity mapping:

- Digitising the MSME's cluster on Google maps. Based on sample areas of MSMEs, Geo-tagging of individual clusters will be done by visiting the site physically. The output of Geo-tagged data will be Lat/Long of the clusters on Google map.
- Establish a robust methodology to calculate energy indicators (e.g. energy consumption per unit of production of major product)
- Consolidate data for generating spatial energy intensity mapping of MSME clusters.
- Use the calculated energy intensity values to rank MSMEs within their respective sector and identify energy-intensive units for targeted interventions.

Identification of Cluster/Industry on Google map as per Geo-tagged Lat/Long

Digitization of Industry on Google map in vector format



Output: The developed EI map of selected MSMEs will be Geo-tagged and will represent the cluster Energy Intensity of that sector.

3. Stakeholder consultation to develop recommendations and implementation strategies for energy-efficient adoptions which are generic and sector-specific interventions:

Range of perspectives on the limitations and challenges of adopting Energy efficiency technologies, views will be captured from members of industrial associations; experts from institutions, agencies providing technical assistance to the MSME sector, government departments and agencies, and MSME representatives during consultation workshops. It is envisaged that two stakeholder consultations would be carried out with industry associations. It is envisaged that 50-60 persons would participate in these workshops.

Output: Based on the secondary research and inputs received during consultation meetings from various stakeholders, the recommendations will be developed in the following categories:

- Strategic Interventions
- Generic Interventions
- Sector Specific Interventions related to Energy efficiency or distributed energy solutions.

4. Development of an online Visual Dashboard of the Energy Intensity of selected MSMEs



Phase II: Requirement Gathering and Analysis – A technical document will detail out the hosting of the dashboard related to software requirements, system architecture, hardware interface, communication interface, and applicable standards, etc.

Phase III: Design and development of beta version

The development of dashboard / portal will follow two-fold development approach –

- a. Main portal development will be based on UI design and will take care if following data points as per requested specification.
 - MSME consumption data unit wise from the sample size.
 - Data from Discoms to understand cluster level energy consumption across energy intensive clusters.
 - Parameters to measure the energy intensity index.
- b. Dashboard development – Visual charts will be integrated with the portal in real time on the website. The dashboard can be customised to include additional options for refining the data, enabling users to drill down into specific data subsets or extract insights that are relevant to the needs. All coordination with respect to onboarding of technology agencies for IT projects/ solutions would be with the Industries and Commerce department.

Phase IV: User acceptance testing, deployment of the portal to address security audit before going live and user training.

Phase V: Handholding support and website maintenance

Output:

All such Energy Intensity of sample MSMEs will be visually mapped district-wise or cluster-wise and the dashboard can be hosted independently as a website on the hosting infrastructure.

g. Implementing agency

The Industries Department will engage the services of a consulting organisation for this project through RFP process. The study will be conducted over 3 to 4 months during the SIP implementation stage.

- **Spatial boundaries:** Define the geographical boundaries within which the spatial energy intensity mapping will be carried out, considering the administrative divisions, industrial clusters, or any relevant parameters.
- **Data collection:** Outline the methods and sources for gathering spatial data, location-specific energy consumption data from the selected MSMEs.
- **Energy Intensity Index:** Develop an Energy Intensity Index (EII) that considers both energy consumption and industrial output to effectively compare energy intensities across different sectors and regions.
- **Spatial Analysis:** Utilize tools and techniques to perform spatial analysis on the collected data, creating energy intensity maps that highlights regions with high energy consumption by MSMEs.
- **Identification of intensive pockets:** Analyse the energy intensity maps to identify clusters or pockets of MSME industries with above-average energy consumption rates indicating areas of higher energy intensity.
- **Provide recommendations and implementation strategies for energy-efficient adoptions to relevant stakeholders** under the program that are generic and sector specific interventions for the next four years. This includes a list of energy experts, energy management system that are easier to adopt by MSMEs or across clusters, identify areas of

improvement that can be prioritized, measures that can suggest handholding support to MSMEs.

h. Timeframe

Sr No.	Activities	Month											
		W1	W2	W3	W4	W5	W6	W7	W8	W9	W10	W11	W12
1	Baseline study – Data collection, Development of Energy Intensity index and analysis.												
2	Geo Tagging of samples and Spatial mapping of cluster												
3	Stakeholder consultations – 1 to 2 workshops covering 50-60 members												
4	Development of visual dashboard												
5	Final report												

i. Budget

S No	Activity	Amount in Rs Crore
1	Conducting study & dashboards	0.40
2	Operating expenses (For 2 workshops and travel lodging, boarding and incidental expenses during the project)	0.049
	Total Budget outlay under RAMP	0.45

j. Expected Impact

This study will encompass multiple districts to ensure representative coverage of the energy demand within major energy intensive MSME clusters across sectors. **It will inform the need assessment of Project 11 that aims to create sector-specific implementation roadmap for handholding MSMEs in adopting green energy technology solutions, focusing on energy efficiency practices and support MSMEs to access green finance schemes through schemes provided by Central Government and SIDBI**

- 15 key industry clusters** will be targeted for baseline assessment of energy consumption pattern across energy intensive sectors.
- Conduct **2-3 stakeholders' meetings** to facilitate mapping of Centre policies, partnerships with DISCOMs, State MSME department, mapping of institutions to incentivize MSME to adopt green practices.
- At least **2500 MSMEs** will be targeted to conduct energy audits for optimization of energy use.



k. Sustainability

The establishment of a dashboard and the insights derived from this study will serve as essential inputs for project 6b. This intervention will be a baseline study to guide the selection and implementation of projects aimed at addressing the requirements of energy-intensive clusters, as determined through a need assessment.

Project 6b: Greening MSMEs – Green pioneer support program for MSMEs

a. DLI Mapping

DLI 5: Enhancing Effectiveness of CGTMSE and 'Greening and Gender'.

Critical project to improve competitiveness and productivity of the firm.

b. Problem Statement

The Energy Conservation Act of 2001 provides the mandate for energy conservation and efficiency in India. The Bureau of Energy Efficiency has recognized that MSMEs in sectors such as foundries, brass, textiles, refractories, brick, pharmaceuticals, rubber and plastic, leather, cement, ceramics, glass and rice mills have large potential for energy savings for which cluster-based policy interventions should be followed (BEE 2019). While some pilots have been launched/ tried in a few clusters, their scale up and impact assessment has not happened. This holds a huge potential for MSMEs to become resource efficient and draw savings. MSMEs have also been impacted by the risks associated with climate change and are not shielded against climate change-associated damage, uncertainties, and financial risks.

The project aims to provide a systematic roadmap for MSMEs in Telangana to adopt best practices and innovative solutions for low carbon transmission and adopt energy efficiency/ green tech measures. A comprehensive study as a part of 6a intervention will serve as an essential input to understand the energy intensive areas to identify technology solution for project 6b. This intervention will be a baseline study to guide the selection and implementation of projects aimed at addressing the requirements of energy-intensive clusters, as determined through a need assessment.

The project will be executed in a cluster-based approach for a period of 4 years in collaboration with partners such as CMET's – Centre for E-Waste Management, IIM Bangalore, and technical partner. During project implementation several service providers and subject matter experts will be onboarded to ensure smooth execution of the project

c. Intervention Proposed

Green pioneer support – Empowering MSMEs to adopt green practices through network support from Startups and academia.

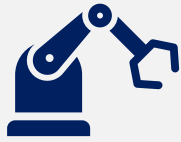




d. Objectives

- The intervention will aim to encourage 2000+ MSMEs across Telangana to adopt green technologies and reduce GHG emissions.
- Implementing green practices such as energy-efficient technologies, waste reduction, and resource optimization can lead to significant cost savings over time. MSMEs can reduce energy and water consumption, lower waste disposal costs, and enhance operational efficiency.
- Adhering to green practices will make MSMEs compliant with increasingly stringent environmental regulations. Being proactive in adopting sustainable measures can prevent legal issues and associated penalties.
- Adopting greener practices at MSMEs in collaboration with strategic partners and developing sustainable technologies and processes can drive creativity and new product development within MSMEs.
- Greening efforts can enhance supply chain resilience by reducing dependence on scarce or non-renewable resources and minimizing vulnerability to price fluctuations.
- Sustainability planning ensures the long-term viability of MSMEs by reducing risks associated with resource scarcity, regulatory changes, and market shifts.
- Developing a comprehensive Green MSME Dashboard to track the performance of MSMEs in adopting clean technologies.

e. Approach & methodology

The overall aim of this initiative is to develop innovative technological solutions aimed at enhancing greening initiatives aimed at improving circular economy, energy efficiency and green technology methods for MSMEs across 5 sectors provided below.

The focus sectors and relevance.

				
Automotive and Electric Vehicle	Pharma and Life Sciences	IT &ITES	Food Processing	Textiles & Apparel

Across the five identified sectors, the green measures will cover two critical themes i.e., circular economy and clean tech. The various sub themes in these two areas have been listed below:

S No.	Greening themes covered	Key Elements & Interventions
1	Circular Economy	<p>It's an economic model that aims to design out waste and keep products, materials, and resources in use for as long as possible. The emphasis is on creating a closed-loop system where resources are continually reused, remanufactured, and recycled.</p> <p>Key Elements of Circular Economy –</p> <ul style="list-style-type: none"> • Design for Durability and Reusability • Waste Minimization • Recycling and Material Recovery • Remanufacturing and Refurbishment • Sharing and Collaborative Consumption
2	Clean Tech	<p>Clean tech is focused on reducing negative environmental impacts while promoting sustainable development and economic growth. It encompasses a wide range of sectors, including energy, transportation, waste management, agriculture, and water treatment.</p> <p>Key Focus Areas under Clean Tech –</p> <ul style="list-style-type: none"> • Energy Efficiency • Electric Mobility • Carbon Capture and Storage (CCS) • Green Building

The intervention will be conducted across four phases which are very comprehensively planned:

Phase I: Conducting Baseline Assessment and Detailed Roadmap Preparation for focus sectors

The baseline assessment will provide assessment of existing carbon footprint of MSMEs across the focus sectors. The districts that will be covered during the baseline assessment are given as under.

District coverage	
S No	Districts
1	Karimnagar, Kamareddy, Medak, Nizamabad, Siddipet & rajanna Sircilla, Adilabad, Asifabad, Nirmal, Jagityal, Mancherial, Peddapalli, Warangal, Hanmakonda, Jangaon, Mulugu, Bhupalpally, Mahabubabad, Khammam, Badradri, Yadadri, Nalgonda, Sangareddy, Rangareddy, Suryapet, Medchal. Rajanna Sircilla, Nirmal, Warangal, Medchal Gadwal, Hyderabad, Nagarkurnool, Wanaparthy, Gadwal, Narayanpet, Mahabubnagar and Vikarabad.

Phase II: Roundtable discussion and technology demonstration

A roundtable discussion will bring together experts, industry, policymakers and MSME representatives to foster knowledge exchange and best greening practices of large industries within the sector. A case study of innovative technology adoption by MSMEs will be published.

Phase III: Hosting Theme-Based Innovation Grand Challenges

- Start-up for greening solutions:** The greening challenge will invite startups to propose cutting-edge technological solutions that can help MSMEs reduce their environmental footprint. These solutions can span various sectors, including energy efficiency, waste management and emissions reduction.
- Pilot Project Demonstrations:** Once the most promising tech solutions are identified through a rigorous selection process, pilot projects will be initiated. These projects will serve as real-world demonstrations showcasing the practical benefits of the technology to MSMEs.
- Building confidence in Technology:** By actively involving MSMEs in the pilot projects, this intervention aims to build confidence and familiarity with the green technology. MSMEs will have the opportunity to understand the technology, its implementation, and its impact on their operations.
- Feedback-Driven approach:** Input and feedback from MSMEs will be central to the process. Their experiences and insights will be used to refine and adapt the technology to better suit their specific needs and challenges.
- Support to MSMEs for Applying Govt Grants and Schemes –** The implementing agency will support MSMEs based on the eligibility and assessment to apply for Govt Grants at Central and State Govt level and any schemes that they might be eligible for. The list of existing schemes is provided below:
 - Prime Minister's Employment Generation Programme (PMEGP):**
 - Credit Linked Capital Subsidy Scheme (CLCSS):**
 - Energy Efficiency Improvement in MSMEs (EEI-MSME) by Bureau of Energy Efficiency (BEE)**
This initiative offers financial incentives to MSMEs implementing energy efficiency projects and technologies.
 - Technology and Quality Upgradation Support to MSMEs**
 - Credit Guarantee Fund Scheme for MSMEs (CGTMSE)**

- **Rural Energy Efficiency Services Limited (REESL)**

Initiatives around energy efficiency in rural areas, often partnering with MSMEs.

Startup India Scheme

Phase IV: Handholding support

- a. Capacity building for MSMEs in adopting green technologies through trainings sessions on following topics will be an integral part of the intervention:

S no	Topic	Details
1.	Introduction to Green Technologies	Understanding the basics of green technologies, including renewable energy sources, energy-efficient processes, and sustainable materials.
2.	Energy Efficiency	Techniques and strategies to improve energy efficiency in MSME operations, reducing energy consumption and costs
3.	Waste Management and Recycling	Implementing effective waste management and recycling practices to reduce waste generation and environmental impact
4.	Sustainable Supply Chain Management	Strategies for sourcing sustainable materials, reducing supply chain emissions, and fostering responsible supplier relationships
5.	Water Conservation and Management	Methods to conserve water resources and optimize water usage within MSME facilities.
6.	Green Product Development	Incorporating eco-friendly design and manufacturing processes to create sustainable products.
7.	Carbon Footprint Reduction	Calculating and reducing the carbon footprint of MSME operations through emission reduction strategies.
8.	Environmental Regulations and Compliance	Navigating environmental regulations and ensuring compliance with relevant laws and standards
9.	Sustainability Reporting	How to develop sustainability reports and communicate your MSME's green efforts to stakeholders.
10.	Financial Incentives and Grants	Information on available financial incentives, grants, and subsidies for adopting green technologies.
11.	Technology Assessment and Selection	Evaluating and selecting appropriate green technologies for specific MSME needs and constraints
12.	Circular Economy Practices	implementing circular economy principles, such as product refurbishment, remanufacturing, and recycling.
13.	Green Certification and Labels	Understanding different green certifications and labels and their importance in marketing and consumer trust
14.	Risk Management	Identifying and mitigating risks associated with green technology adoption, such as financial, operational, and regulatory risks

The capacity building programs will be conducted through case study-based model by sharing examples and relevant recourses for adopting green technologies.

b. Consultations on green technology adoption for decarbonization:

- Providing consultation programs for MSMEs will be an effective way to develop green technology adoption strategy. It will involve mapping the sources of GHG emissions across an MSME's entire value chain, from procurement to production to distribution. By doing so, MSMEs can gain a better understanding of their carbon footprint and identify areas where emissions can be reduced.
- By conducting carbon footprint assessments, it will help MSMEs to measure GHG emissions accurately, allowing them to track their progress in reducing emissions over time.
- Conclusion will also include mitigation strategies that can help MSMEs to reduce their GHG emissions. These strategies may include the adoption of renewable energy sources, the implementation of energy-efficient technologies, or changes in organizational practices.
- The consultation programs will enable carbon management services, which involve developing and implementing comprehensive carbon management plans to help MSMEs to achieve their emissions reduction targets. These plans may include setting targets, tracking progress, and reporting on results.

Details of approach and partner engagements

S No	Interventions	Details	Partner
1	Baseline Assessment and Detailed Roadmap Preparation	Conducting baseline assessment of the present carbon footprint of MSMEs in Telangana and conducting a need assessment.	IIMB and Technical partner
2	Roundtable Discussion & Technology Demonstration	Roundtable discussions to showcase technologies for clean energy transition and providing practical demonstrations to MSMEs	IIMB and Implementing agency
3	Case Study and Report Publication	Publishing case studies of innovative technology adoption by MSMEs	IIMB and Implementing agency
4	Awareness Programs	Conducting awareness sessions for MSMEs on best practices, adoption of innovative technologies, govt grants, certifications etc	CMET and IIMB
5	Capacity Building Programs	Skilling programs on Certification, Testing, Energy Efficiency Systems, Carbon Markets & Finance, Plastic and e-Waste Management etc	CMET and IIMB
6	Theme Based Innovation Grand Challenges	Theme based Startup Grand Challenges for solving MSMEs problem statements.	Implementing agency and IIMB
7	Adoption of Technology & PoC Deployment Program	Deploying technologies as a pilot program at MSME and ensuring smooth adoption of technology.	Implementing agency and technical partner
8	Central Govt Grant Application Support	Providing necessary support for MSMEs to apply for grants and schemes of Govt of India and reputed organization.	Implementing agency
9	Consultation Sessions for Clean Energy Transition	One on one mentor cum consultation session by Subject Matter Experts to MSMEs for addressing clean energy transition	Implementing agency and IIMB



S No	Interventions	Details	Partner
10	Carbon Footprint Monitoring	Monitoring carbon footprint and preparation of diagnostic report	IIMB and Technical partner
11	Performance Dashboard	Developing a comprehensive Realtime Monitoring dashboard to track and evaluate the performance of MSMEs in Telangana. The dashboard development will be under the purview of the State Industries Department.	Implementing agency and Technical partner
12	Project Execution and Monitoring & Evaluation	Project monitoring and evaluation for smooth execution of the programs with MSMEs and partner organisations	Implementing agency
13	Impact Evaluation	Conducting third party audits and impact evaluation.	Implementing agency

f. Implementing Agency:

The Industries Department will engage an implementing agency which could be T-Hub/TSIC/RICH or any specialised agency identified through an RFP process.

Proposed Partnerships: The implementing agency will partner with other knowledge partner such as Centre of Excellence for e-waste management, IIM Bangalore Supply Chain Sustainability Lab (SCSL) as a research partner in providing guidance and advisory support on reducing GHG emissions and technology partner providing solutions to address greening initiatives across the focus sectors. Details are provided below.

1. Knowledge Partner – CoE on E-Waste Management

Centre of Excellence (CoE) in E-Waste Management has been established to create a self-sustaining ecosystem capable of processing India's e-waste. It is a joint initiative by Ministry of Electronics and Information Technology (MeitY), Govt of India in partnership with Government of Telangana (GoT) and the industry.

2. Research Partner: IIM Bangalore Supply Chain Sustainability Lab (SCSL)

IIM Bangalore Supply Chain Sustainability Lab aims to advance Sustainable Supply Chain Management in India through research and consulting services. The lab conducts research in areas such as decarbonization, circular economy and sustainable procurement, and publishes white papers on Sustainable Supply Chain Management topics.

3. Technical Partner:

A technical partner who is a pioneer in Industrial IoT & AI Platform to serves the manufacturing and production industries. The technical partner will support MSMEs with standard OT/Electronic systems to lower the cost of operations, improve safety and reducing the energy consumption & carbon footprint.



Timeframe								
Activity	Year 1		Year 2		Year 3		Year 4	
	Q1, Q2	Q3, Q4	Q5, Q6	Q7, Q8	Q9, Q10	Q11, Q12	Q13, Q14	Q15, Q16
Project kickstart discussion with stakeholders and preparation of project roadmap								
Hiring of 1 Project Manager and 1 AsstManager and 2 Sr Associates								
Conducting baseline assessment of the present carbon footprint of MSMEs and SMEs in Telangana and submission of need gap analysis report								
Submission of Detailed Program Execution Strategy for Four Years for Greening of MSMEs								
Conducting 4 awareness programs with 100 MSME participation in each of the 5 clusters from across Telangana State								
Conducting 2 training and Skilling Programs across five clusters for at least 50 MSMEs in each cluster and awarding certificates to participants for successful completion of training.								
Submission of half yearly audited project report.								
Conducting 2 roundtable discussions in each of the 5 clusters with Industry Association Heads, SMEs, Startups, Program Partners and Government Officials on Circular Economy.								
Conducting Startup Grand Challenges on identified problem statements identified in the Roundtable Discussion. (Program duration for 4 months)								
Conducting Carbon Footprint Assessment for atleast 500 MSMEs								
Conducting consultations for 2000 MSMEs for year years on clean energy transition and adopting best practice.								
Creation of Performance Dashboard and finalizing KPIs for tracking								



Activity	Year 1		Year 2		Year 3		Year 4	
	Q1, Q2	Q3, Q4	Q5, Q6	Q7, Q8	Q9, Q10	Q11, Q12	Q13, Q14	Q15, Q16
performance of MSMEs in Telangana								
Demo Day – Recognition of top MSME Green Performing and publishing case study & report.								

g. Budget

		Project Cost (In Rs Crore)					
Activities	Details	Qty/Target	Year 1	Year 2	Year 3	Year 4	Total
Project Strategy & Innovation							
Baseline Assessment and Detailed Roadmap Preparation	Conducting baseline assessment of the present carbon footprint of MSMEs in Telangana and preparation of need gap analysis.	1	0.15				0.15
Detailed Intervention Plan	A comprehensive Roadmap Document for 4 years will be submitted post consultations and on ground survey from MSMEs	1	0.10	0.05			0.15
Case Study Publication	Recognition of top MSME Green Performing and Publishing Case Study & Report in five clusters.		0.15	0.15	0.25	0.25	0.80
Roundtable Discussion	Conducting roundtable discussions in each of the 5 clusters with Industry Association Heads, SMEs, Startups, Program Partners and Government Officials on Circular Economy.	Conducting 16 sessions	0.08	0.084	0.082	0.093	0.34
Capacity Building							
Awareness and Technology Demonstration Programs	Conducting state-wide awareness programs in five clusters on technical concepts on clean tech environment sustainability and circular economy. (Each physical session will cost 4 lakhs including training manpower,	Conducting 10 sessions in each year with 100 MSME participants in a batch. Impacting	0.64	0.67	0.7	0.74	2.76



		Project Cost (In Rs Crore)					
Activities	Details	Qty/Target	Year 1	Year 2	Year 3	Year 4	Total
	technology demonstration, marketing & promotion, refreshments) (Travel cost for participants will not be covered.)	1000 MSMEs					
Capacity Building Program	Conducting training and Skilling Programs across five clusters for at least 50 MSMEs in each cluster and awarding certificates to participants for successful completion of training.	Conducting 16 sessions with 50 MSMEs in batch. Impacting 400 MSMEs	0.40	0.42	0.42	0.44	1.68
Innovation in Clean Energy							
Startup Grand Challenges	Conducting Startup Grand Challenges on identified problem statements identified in the Roundtable Discussions. (Program duration for 4 months) (Each cohort of start grand challenge will cost Rs. 20 lakhs)	8 Cohorts of Startup Grand Challenges	0.40	0.40	0.40	0.40	1.60
Enabling Greening of MSMEs							
One on One Consultation & Mentorship Sessions	Conducting consultations for MSMEs on energy efficiency and adopting best practices.	Targeting 2000 MSMEs in 4 years	0.50	0.50	0.50	0.50	2.0
Carbon Footprint Diagnostic Report for MSME	Conducting Carbon Footprint Assessment for MSMEs.	Targeting 2000 MSMEs in 4 years	2.5	2.5	2.5	2.5	10.00
Admin							
Performance Dashboard	Dashboard to track and evaluate the performance of MSMEs impacted. All coordination with respect to onboarding of technology agencies for IT projects/ solutions would be with the Industries and Commerce department.	1	0.05	0.05			0.10



		Project Cost (In Rs Crore)					
Activities	Details	Qty/Target	Year 1	Year 2	Year 3	Year 4	Total
Project Execution and Monitoring and Evaluation	Project monitoring and evaluation for smooth execution of the programs with MSMEs and partner organisations		0.08	0.08	0.08	0.08	0.32
Impact Evaluation	Audit and Impact Evaluation of MSMEs	Targeting 2000 MSMEs	0.60	0.65	0.70	0.75	2.70
Travel Cost			0.08	0.10	0.12	0.14	0.44
Marketing and Promotion Cost	Developing landing page, cover story, program outreach, and call for applications, podcasts etc will be covered		0.25	0.30	0.35	0.35	1.25
Compliance Report and Documentation	Compliance and Documentation of Reports by the Program Team		0.04	0.042	0.4	0.045	0.17
Manpower Cost							
Program Manager		1	0.15	0.168	0.19	0.21	0.72
Sr Associates		2	0.18	0.20	0.23	0.25	0.86
Sub total			5.95	6.36	6.47	6.08	24.87
Total Budget under RAMP			24.87				

h. Expected Impact

- Increased awareness through technology demonstration programs by conducting 10 sessions in each year with 100 MSME participants in a batch. Impacting 1000 MSMEs
- 5 capacity building sessions in each year with 50 MSMEs in batch. Impacting 250 MSMEs
- 8 Cohorts of Startup Grand Challenges will bring startups, MSMEs and SMEs on one platform.
- Enabling greening of MSMEs through One-on-One Consultation & Mentorship Sessions – targeting 2000 MSMEs in 4 years
- Conducting Carbon Footprint Assessment for MSMEs – targeting 2000 MSMEs in 4 years

Project 7: Digital Sahkaari

a. DLI Mapping

Critical projects to develop competitiveness of MSMEs.

b. Problem Statement

As per 'Statista- Ecommerce in India' report, 2021, market size of B2B e-commerce is likely to increase to about 60 billion U.S. dollars in the year 2025 from 5.6 billion USD in 2021 and market value of e-commerce industry is estimated to reach 200 billion U.S. dollars by 2027 from 22 billion U.S. dollars in 2018. According to Invest India, The Indian e-commerce market is estimated to be worth over \$350 bn by 2030. However, the e-retail penetration is just about 4.3% in India which is well below China (25%), South Korea (26%), and the UK (23%).

The above represents a huge opportunity for MSMEs to improve their market access and use digital channels to reach out to a wider customer base. This has also assumed significance after the market disruption due to COVID 19 led to several businesses resorting to digital means for survival. While there are e-commerce platforms available, their reach to the clusters and small enterprises, especially in rural and peri -urban areas is limited. There are challenges with respect to the capacity of the MSMEs also to take full advantage of these platforms and transact effectively.

c. Intervention Proposed

Digital Sahakari - a programme which envisages digital empowerment of MSMEs across all the districts & sectors and end to end handholding to reap the benefits of e-commerce.

d. Objectives

- Facilitating **20,000 micro, small and medium enterprises** to leverage the benefits of digital commerce.
- **Leverage the outreach capacity of networks/ aggregators/ associations of micro and small enterprises to scale up the program and help widespread the benefits of digitalisation**
- Developing and supporting a cadre of specialized business development service providers to provide need-based support to MSMEs in their digital journey.
- Aligning relevant schemes/ programs/ institutions to achieve scale and inclusion.

e. Approach & methodology

The intervention will be led by the implementing agency selected through an RFP process by the Industries Department and Telangana State Trade Promotion Corporation Ltd to provide handholding support to MSMEs throughout their digital journey. A specialised organisation will be onboarded to provide specialised services under the intervention which will be implemented across three phases:

Phase I: Awareness creation

MSMEs especially the small and micro enterprises are not aware of the benefits which e-commerce as a marketing channel could offer and e-commerce support schemes available. Awareness will be created through partnering with DICs, industry associations/ networks etc. both in online as well as offline mode. **Tutorials in Telugu, IEC material and social media campaigns will be run to make the MSMEs aware of the rising relevance and benefits of e-commerce.**



Phase II: Onboarding on e-commerce platforms

The following services shall be provided to the MSMEs. Two teams will be hired to cover the entire state. These will have a schedule of visits to the districts to cover all the major clusters. The following services will be provided:

- **Imaging/ photography:** E-commerce has visual merchandising and product presentation as a major customer attraction. Unless the product has been presented well on the platform, it's highly unlikely that it will be able to cut through the competition. Most of the MSMEs lack the wherewithal to get professionally clicked pictures of their products. The products especially in the B2C category need to be presented with catchy phrases and captions. Such product pictures are required the moment MSMEs decide to onboard on e-commerce platforms.
- **Cataloguing:** It is critical to categorise products under specific and relevant categories on the e-commerce platforms for easy discoverability by the prospective customers. Creation of specific taglines, classification, search key words are important. Every product displayed on the portal should have product title, product description, relevant, correct & precise keywords, images, Selling price, Special offers, SKU/UPC, quantity, manufacturer's info, colour, style, product dimensions, packaging size, other details etc. "Custom" attributes as applicable may be required. Enhanced Brand Content (EBC) or A+ Cataloguing can lead to better conversions, including multiple images, banner images, and descriptions.
- **E-commerce platform onboarding Services:** These will help MSMEs in creating account on seller apps of ONDC as well as other specialized E-commerce platforms as per product categories. Training alongside registration services can provide insight into selling on E-commerce Platforms. Certified trainers will guide MSMEs through the registration process, explain essential tools, clarify policies and familiarise them with the array of products available for effective transactions on the platforms.

Phase III: Handholding support

MSMEs once onboarded on the e-commerce platform will need continuous handholding support to start transacting on the portals and become comfortable with the operations. A period of handholding for 6 months is being proposed under the interventions. The following services will be provided through a dedicated call centre and through specialised BDS providers on the platform. Any services beyond the six-month period will be on chargeable basis:

- **Advertising Optimization/ promotions:** Advertising optimization services provide expert help to grow sales through advertisement products. It is also critical for the sellers to come out with innovative offers to attract customers and increase their discoverability.
- **Invoicing and tax related issues including returns:** Most of the E-Commerce platforms have national coverage though there are some which have regional presence. This assumes that the seller MSME needs to be aware of tax implications, proper invoicing and should remain agile with respect to the ever-changing regulatory environment. Returns are another area where MSMEs need to be aware of the business implications, documentation, and reputation management. Policies/ legal documentation needs to be created for returns, refunds with clear terms.
- **Packaging:** Specialised packaging solutions need to be presented to the MSMEs and adopted by them for shipping which happen across larger distances. These solutions may be different from regular packaging being used by MSMEs. Modular, safe, environmentally conscious, and economical designs need to be developed including labelling, poly bagging, quality checks, storage, and bundling/kitting. MSMEs also need to be made aware on procurement of these materials.
- **Inventory management:** Unlike regular B2B businesses especially with large order quantities, e-commerce transactions could be modular and small in nature. This poses a challenge for the MSMEs in managing product wise inventory considering estimated customer demand. This also means decisions based on business analytics. Many of the e-commerce platforms maintain their own fulfilment centres and MSMEs could use these facilities, in rest



of the areas setting up/ renting warehouses for faster deliveries, negotiating right terms with the e-commerce platforms etc. is required.

f. Implementing Organization

- i. The implementing agency will be an ONDC compliant, specialised e-commerce related services provider to be identified through an RFP process and will partner with Telangana State Trade Promotion Corporation Ltd to actively support MSMEs. The implementing organisation shall maintain regular communication with the Telangana State Trade Promotion Corporation Ltd. to ensure alignment with RAMP's State objectives and strategies to onboard MSMEs to transact on ONDC and other similar e-commerce platforms.
- ii. Agency will share project updates, milestones, and challenges through periodic meetings and reports.

g. Timeframe

Sr No	Activities	Year (Quarter)													
		Q 1	Q 2	Q 3	Q 4	Q 5	Q 6	Q 7	Q 8	Q 9	Q1 0	Q1 1	Q1 2	Q1 3	Q1 4
1	Online training sessions to MSMEs on benefits of onboarding on e-commerce platform														
2	Hiring of 3 members photography team														
3	Creating digital product catalog														
4	Handholding support of MSMEs on e-commerce platform														



h. Budget

Activity	Project cost in (INR crore)				
	Year 1	Year 2	Year 3	Year 4	Total Budget
Online training sessions ¹²²	0.07	0.07	0.035		0.175
Hiring of 3 members photography team	0.08	0.08	0.08	0.08	0.3
Training cost of team	0.005	0.005	0.005	0.005	0.02
Supporting 10,000 MSMEs with digital product catalogue ¹²³	2.5	2.5	2.5	2.5	10
Hand holding support post onboarding of MSMEs on e-commerce platforms ¹²⁴	0.14	0.14	0.14	0.14	0.56
Awareness and Outreach ¹²⁵	0.36	0.36	0.36	0.36	1.44
Contingency fund	0.62				
Total Budget outlay under RAMP	13.12				

i. Expected Impact

- 20,000 MSMEs become aware of e-commerce platforms and the benefits of e-commerce.
- Handholding support to 10,000 MSMEs to develop photo catalogues for online visibility on e-commerce platforms and subsequent smooth transactions.
- At least 10% annual increase in sales growth of MSMEs through the program.
- Enhanced market reach with expanded visibility offered by e-commerce and ONDC compliant platforms.

¹²² Cost estimate of online training session includes cost of trainers, training material preparation and online meeting platform subscription. Online sessions will be held every week and will be promoted through DICs and EDCs.

¹²³ Creation of product catalogue with high resolution pictures, product description, etc. – INR 10,000 per MSMEs.

¹²⁴ Cost of 3 persons at call Centre is INR 1.2 lakh per month.

¹²⁵ Cost estimate for one year – INR 36 lakh. This includes promotion collateral and marketing, Video tutorials in regional language, Offline- Awareness, flyers, brochures, standing posters for 33 districts.



Project 8: SHGs/ Startups to MSMEs

a. DLI Mapping

DLI 3: Enhancing effectiveness of MSME CHAMPIONS Scheme

DLI 5: Enhancing Effectiveness of CGTMSE and 'Greening and Gender' delivery.

b. Problem Statement

Most of the Self-help groups (SHGs) and startups led by women face challenges in transitioning from informal nano enterprises to a formal micro or small enterprises. They encounter barriers such as limited access to finance, inadequate business skills and a lack of market linkages. Without proper support, the women entrepreneurs struggle to scale up and fully realise their business potential.

c. Intervention Proposed

Empowering SHGs/women led startups to evolve into sustainable MSEs. The program will offer comprehensive package of support, including capacity building, financial assistance, and market linkages.

d. Objectives

- Enhance the socio-economic standards of SHG members in the state.
- Nurture entrepreneurial skills from basic to advanced levels of SHGs
- Transform the SHGs/startups to certified MSEs.
- Create a cadre of trade counsellors to handhold the SHGs in their exports journey.
- Provide platforms to SHGs to diversify into export markets

e. Approach & methodology

The project will focus on 1500 Self Help Groups and 500 Startups with emphasis on specific sectors such as **garments, food processing, electrics & electronics and handicrafts**. The proposed implementing agency for this intervention is Association of Lady Entrepreneurs (ALEAP) and Telangana State Innovation Cell (TSIC).

Phase 1: Mapping of potential SHG group across districts:

- Identify districts of Telangana and conduct mapping of potential areas based on its district-wise and number of SHGs and women led startup groups.
- Creating a model group: Identify the potential SHGs and startups from the district wise data and make them as model groups.
- Training of Trainer: Train the model groups with required skills, every model group consists of 2 members from each district. They will act as a MSME facilitators.
- Dashboard for SHGs & Start-ups: The information will be captured on a dashboard which will feed into the Virtual EDC.

Phase 2:

1 Track A: Training of trade counsellors

Training 100 trade counsellors over a span of 2 years. It will be a comprehensive program consisting of 30 days of in-person and 60 days of virtual training. This training initiative aims to equip trade counsellors with specialised skills and knowledge in areas such as international trade regulations, market research, export procedures, product certifications etc. Upon successful completion of the program, the trade counsellors will receive certification from the esteemed Indian Institute of Foreign Trade to recognise their readiness in providing valuable guidance on export promotion. These Trade counsellors will become subject matter experts to provide independent consultations the SHGs in their growth journey and post the completion of the intervention will become BDS providers and may be aligned to associations, MSMEs and EDCs.

2 Track B: Capacity building of SHG groups and startups.

Entrepreneurship Development Programme (EDP) will be conducted for all the members of SHGs and startups. The programme shall offer awareness, knowledge/information about opportunities and resources available in their respective sectors. This will lead to empowerment of 375 Self-help groups annually with a total of 3750 participants in a 15-day training program and 125 women led startups. The focus sectors will be in food processing, garments, handicrafts and electric and electronics sectors. The training module will focus on financial inclusion, credit linkages with CGTMSE and other credit schemes, digital literacy for use of online payments and e-commerce market linkages, formalisation under Udyam, product branding and promotion.

	Year 1	Year 2	Year 3	Year 4	Total
No. of SHG groups	375	375	375	375	1500
10 women from each SHG groups	3750	3750	3750	3750	15,000
No. of Startups	125	125	125	125	500
Total no. of women beneficiaries	3875	3875	3875	3875	15,500

Phase 3: Handholding support to SHGs

Following their training, the SHG groups and women led startups will receive dedicated handholding support to ensure practical application of their newly acquired skills. This support will encompass exposure visit of selected SHG & startups and the implementing agency members to Kudumbashree to gain understanding of State's support in expanding efforts of SHG & startup made products as a "Made in Telangana" State brand. This support will encompass guidance and assistance in onboarding and transacting on e-commerce platforms, equipping SHGs and women led startups with the tools and knowledge needed to establish a digital presence and access online markets. Additionally, trade counsellors will play a pivotal role in aiding these SHGs & startups in obtaining the necessary certifications, navigating complex export compliance procedure, connecting with relevant departments and simplifying the process of certification of quality standards required to penetrate both domestic and international markets. This comprehensive support system will empower SHGs & startups not only with knowledge but also with the resources and expertise needed to thrive in a competitive business landscape.

f. Implementing agency:

The proposed implementing agencies are the Association of Lady Entrepreneurs (ALEAP) to support formalisation of SHG groups to make them export ready and Telangana State Innovation Cell (TSIC) for formalisation of start-up groups. Both these implementing agencies will work under the aegis of Industries department.

ALEAP is a non-profit organisation that was established in 1993 and is dedicated to empowering and promoting women entrepreneurs in the State of Telangana. It is one of the prominent women-focussed associations in India. The organisation serves as platform for women to connect, learn and grow their businesses. ALEAP provides various support services, training programs and networking opportunities to help women entrepreneurs succeed in their ventures. Over the years, ALEAP has played a significant role by working with Ministry of MSME, AIM NITI Aayog, UNDP, British council, World Bank, GIZ, SIDBI, NSIC, DDUGKY, RICH etc. Some of the major assignments of ALEAP includes INR 10 Crore project sponsored by NITI Aayog under Atal innovation Mission in running state-of-the art incubation centre. ALEAP is currently supporting incubation of 75 business ideas focusing on 6 sectors viz Biodegradable technologies, Biotechnology, Food Processing, Garments & Textiles, IT & ITES, Electronics & Engineering, and 3D printing. ALEAP also promoted tech entrepreneurship empowering 2000 tech start-ups and under Integrated skill development Schemes with Ministry of textiles ALEAP impacted 40,500 beneficiaries.

Telangana State Innovation Cell (TSIC) was set up in the year 2017 under the State Innovation Policy with a vision to build and nurture the culture of Innovation in the State of Telangana. TSIC acts as the first response of the State Government for identified innovators, start-ups, entrepreneurs, and innovation catalysts to foster an inclusive innovation ecosystem with a state-as-a-whole approach. The TSIC is driven by three mandates namely (a) To build a culture of innovation from the school age (b) To foster innovation in the government and administration (c) To promote the culture of innovation in the state.

ALEAP and TSIC are both well placed to execute the assignment owing to their outreach, capacity, and scale of exiting interventions.

g. Budget

Budget Details	Project Cost in (INR Crore)				Total Budget
	Year 1	Year 2	Year 3	Year 4	
Preliminary survey for selection of potential SHGs	0.01	0.01	0.01	0.01	0.04
Awareness Program about the project	0.05	0.05	0.05	0.05	0.20
15 Days training (Hands on training) for 500 SHGs/ start ups each year on specific industries such as food processing, garments, handicrafts, electrics & electronics)	3.00	3.00	3.00	3.00	12
Cost of space, food, training material for residential training	6.25	6.25	6.25	6.25	25
Training of Trade Counsellors (MSME counsellors): 100 participants in 2 years <ul style="list-style-type: none"> 30 days physical training 60 days Virtual training 	0.03	0.03			0.06
Dashboard/ Central Management System	0.03	0.03	0.03	0.03	1.2
Handholding support for enterprise creation of 2000 members (2 months)	0.375	0.375	0.375	0.375	1.5
Raw material support	0.01	0.01	0.01	0.01	0.04
Contingency fund	0.077	0.077	0.077	0.077	0.31
Total budget outlay	40.35				
State's contribution	25				
Gap funding by RAMP	15.35				

h. Expected Impact

- Capacities of 1500 SHG and 500 startups to become MSMEs with 15,500 beneficiaries build through intensive and customised programmes.
- At least 1500 SHG and 500 startups formalised and registered on the Udyam portal.
- Atleast 500 MSEs to be linked to CGTMSE.
- Atleast 6000 MSEs become part of public procurement.
- 100% MSEs will be linked to digital e-commerce.
- A cadre of 100 trade counsellors accessible by the MSMEs for any support on trade and exports
- Increasing credit and market linkages to export products from these SHG and startups in 5 focus sectors – food processing, garments, handicrafts, and electrical & electronics- atleast 15% of MSMEs will start exporting by the end of the programme.

Project 9: Addressing MSME skill gaps

a. DLI Mapping

Critical projects to develop competitiveness of MSMEs.

b. Problem Statement

MSMEs face a significant challenge while accessing skilled labour to meet the evolving demands of the buyers and the business. Traditional vocational training centres, ITIs and polytechnics often face a disconnect with the skill requirements of MSMEs, leading to a widening skill gap. To address this challenge, it is crucial for these training institutions to align their curriculum with specific skill needs of MSMEs. In Public private partnership mode, skill gaps can be plugged and enhance the employability of the MSME workforce.

c. Intervention Proposed

Transforming ITIs and vocational training centres as technology and training hubs to meet specific skill training needs of the sector in a PPP mode.

d. Objectives

1. Reduced Skill gap: Tailoring new entrants, addressing the reskilling and upskilling needs with sector's needs.
2. Trainings will be certified to equip the workforce with relevant skills, making the proposition attractive to potential employers in the MSME sector.
3. Increased productivity and efficiency within MSMEs post training of the workforce for technical and managerial skills.
4. Strengthened PPP collaboration: The intervention will foster stronger partnerships between the Government department, training institute and MSMEs leading to sustainable skill development.

e. Approach & methodology

In Telangana, where the MSMEs sector significantly contribute to employment and overall development, addressing skill gaps and enhancing productivity is crucial. Many small and micro-enterprises lack the necessary technical, entrepreneurial, vocational, and soft skills required for the success in a competitive business environment. Apprenticeship training programs & skill training programs are vital in bridging these gaps and equipping micro and small enterprises with essential expertise. These programs aim to improve technical competencies, drive innovation, promote entrepreneurship, foster skilled workforce adaptable to evolving technologies and market demands. Enhanced entrepreneurial skills enable enterprises to refine their business strategies and compete effectively with modern technologies, contributing to the growth of MSME sector in Telangana.

The Director of Employment and Training in partnership with Tata technologies/ private player will execute the assignment in public private partnership mode. The aim is to transform 25 existing ITI centres to serve the needs of MSME industries as technology hubs offering training on industry 4.0 and related trades. This will ensure skilling of new entrants and reskilling of workforce to serve the requirements of manufacturing sub-sectors. To identify the skill demands of the MSME sector, a need assessment study will be conducted to curate training programs relevant to the sectoral industries in a workshop.

Collaboration on PPP mode to implement skilling program:

The Private partner will support the setting up of equipment for technology upgradation in transforming 25 ITIs, designing and training of trainers on 5 long term trades of 1 to 2 years duration and 23 short term duration courses. Software support, mobilisation and outreach efforts shall be undertaken by State besides the responsibility for civil structures and other infrastructure requirements.

The Director of Employment and Training will collaborate with Industries Department to raise awareness among industries and cluster associations through Enterprise Development centres and industry association to raise awareness regarding skill training. Awareness workshops will be conducted across the districts in the State, aligning the contents with industry needs. These partnerships with industry associations ensure that training programs are tailored to suit sector's requirements, leverage industry expertise, knowledge of emerging technologies and practical training opportunities. The process will involve accreditation, beneficiary mobilisations, train the trainers facilitated by private partner and adherence to NSQF curriculum guidelines.

It is proposed that an Industry linkage cell is established to facilitate the smooth inclusion of industries as accredited partners for (Skill training program).

Setting up a skill committee to oversee:

- Business functions - Cater to candidate mobilisation and placement, training and quality management, assessment, and certification.
- Support functions – IT, MIS & reporting management, market linkages and MSME services & program promotion, compliance, and welfare (women, SC/ST)
- Nodal officers to be identified at each ITI for coordination and support.

Designing of curriculum for MSME's requirement: Based on the inputs from industry associations and ITIs. The training curriculum will be tailored covering theoretical, practical, and on-the job training. The designing of train the trainer's curriculum and training will be funded through private partnership in PPP mode.

S No	Long-Term Trades	Duration
1	Manufacturing Process Control and Automation	1 year
2	Industrial Robotics and Digital Manufacturing Technician	1 year
3	Mechanic Electric Vehicle	2 years
4	Basics Designer and Virtual Verifier (Mechanical)	2 years
5	Advanced CNC Machining Technician	2 years

S No	Short-Term Trades	Duration
1	Innovation and Design Thinking	All 23 short term courses will be 50 hours for
2	Fundamentals of Product Design	
3	Product Design & Development	
4	Auto Electrical Design & Development	
5	Product Verification and Analysis	
6	Computer Aided Manufacturing	
7	Advanced Computer Aided Manufacturing	
8	Process Control & Automation	



S No	Short-Term Trades	Duration
9	Fundamentals of Automobile Engineering	reskilling and of 3 months for entrants with 270hrs to 390hrs
10	Advanced Automobile Engineering	
11	Automobile Maintenance, Repair and Overhaul	
12	Auto Electrical Maintenance	
13	Electrical Vehicle	
14	Internet of Things	
15	Advance Machining (Mill)	
16	Advance Machining (CNC Lathe)	
17	Advance Machining (Rotary 4th Axis Mill)	
18	Advanced Additive Manufacturing	
19	Advanced Welding	
20	Advanced Painting Technology	
21	Industrial Robotics I	
22	Industrial Robotics II	
23	Advanced Plumbing	

District-level Job apprenticeship mela: The aim will be to raise awareness and provide orientation to attract youth and beneficiaries to different job opportunities. These programs are instrumental in equipping MSMEs with the skills and knowledge needed to adapt to evolving market dynamics and technologies. The Directorate of MSME, in partnership with Director of Employment and Training will conduct these joint awareness campaigns in each district as part of the RAMP scheme. Their purpose is to inform MSMEs about the various schemes, skill development initiatives, and benefits available through both government departments. These programs will be organized jointly by the Skill Development Offices and the District Industries Centres.

S No	Activity description	Event partner	Total no of events per year	Cost per year (INR)	Cost for 4 years (INR)
1	One-day job mela for awareness	DICs, Industry association, MSMEs	6	6,00,000	24,00,000

Cost of one workshop is assumed to be INR 1 lakh.

MIS portal: A centralised digital platform for processing online applications of training candidates, maintaining data and analysis of different trades mapped with trainees enrolled for a particular course will be developed under the intervention. Simultaneously, data from technology hubs regarding the candidates enrolled in specific trade will be gathered as along with course details and training completion rates. Insights from data and MIS will lead to customisation of ITI training programs to align with industry needs. Continuous monitoring, feedback mechanism and transparency in reporting will be emphasized. The portal will facilitate data driven decision making for capacity building ultimately contributing to development of skilled and job-ready workforce in the region.

S No	Activity description	State Department	Cost for four year (INR)
1	MIS portal development	Director of Employment and Training	20,00,000



f. Budget

S No	Budget Details	Project Cost in (INR Crore)				
		Year 1	Year 2	Year 3	Year 4	Total (INR)
1	Cost towards mobilisation, software, monitoring, partnerships, placements etc ¹²⁶ - through RAMP	18.65	26.11	26.11	22.38	93.25
2	Cost of machinery, tools & equipment's, training the trainers ¹²⁷ - contributed by private player	145	203	203	174	725
3	District-level Job apprenticeship mela	0.06	0.06	0.06	0.06	0.24
4	MIS portal development	0.2				0.20
5	Cost of infrastructure ¹²⁸	20	28	28	24	100
	Sub Total	183.91	257.17	257.17	220.44	918.69
	Total budget outlay	918.69				
	States/ private sector contribution	825				
	Gap funding by RAMP	93.69				

g. Expected Impact

	Year 1	Year 2	Year 3	Year 4	Total
No. of ITIs transformed	5	7	7	6	25
No. of Total trainees	1000	2000	4500	10000	17,500
Of which women/SC/ ST trainees	120	200	450	730	1,500
Placement percentage with MSMEs	60%	65%	70%	80%	

¹²⁶ Cost of softwares, mobilization and other soft support @ INR 3.73 Crore per ITI under RAMP program
Year 1 – 5 ITI, Year 2 – 7 ITI, Year 3 – 7 ITI, Year 4 – 6 ITI

¹²⁷ INR 28.875 Crore per ITI will be through PPP arrangement with an OEM/ private sector player such as Tata Technologies in machinery, tools & equipment, content creation, etc).

¹²⁸ Cost of infrastructure will be from State's contribution.



Project 10: Women acceleration program

a. DLI Mapping

DLI 3: Enhancing effectiveness of MSME CHAMPIONS Scheme.

DLI 5: Enhancing Effectiveness of CGTMSE and 'Greening and Gender' delivery.

b. Problem Statement

According to Boston Consulting Group, start-ups founded or co-founded by women generate 10% more cumulative revenue over a five-year period. These start-ups have a more inclusive work culture and employ 3x more women than men. Moreover, women-led businesses are estimated to grow by 90% in the next five years. Telangana has approximately 23% women owned enterprises, however research indicates that women entrepreneurs don't have equal access to resource opportunities, mentoring opportunities and access to finance to foster inclusive and diverse growth within the MSME landscape.

c. Intervention Proposed

Acceleration program to support existing women entrepreneurs that are looking to scale in the consumer services and retail operations.

d. Objectives

The objective is to address the challenges faced by women-owned start-ups and MSMEs in Telangana by providing support through **four cohorts over four years**, supporting 140 women-owned consumer services & retail start-ups. The acceleration programs will enhance entrepreneurial and managerial skills, enabling women entrepreneurs to build sustainable businesses, scale up, and benefit from exposure to best practices in innovation, technology, and economic development. Each 12-month Accelerator Program will support 35 women-owned startups, providing business advisory, mentorship, networking, product development, branding, marketing, and fundraising assistance, aiming for 2x growth within the program period and contributing to a vibrant small business ecosystem.

e. Approach & methodology

The proposed intervention will be undertaken by We-Hub which is India's first State Led-Incubator for Woman Entrepreneurs.

a. Program Design and Structure:

Sector specific acceleration programs shall support around 140 women owned startups working in the areas of Consumer services & retail technology in accessing investment opportunities, market channels (national/ international), and mentoring with leading industry experts to create potential impact. The accelerator programs will be monitored by the evaluation committee with quarterly reporting to the Governing Board and associated partners identified to implement the programs.

b. Selection/ Eligibility Criteria of Women owned Startups

- Selection of the women owned start-ups into the program will have preference for those with the ready product (Level 6 and above) so that they can be taken into the market and experiment with go-to-market strategy and attain quick growth.
- **Women Owned Startups shall be selected as per the levels mentioned below:**
 - Product acceptance in relevant environment
 - Strong and wide distribution channel
 - Sustained volume and revenue growth
 - Actual sales in operational Environment
- Startups (DPIIT Registered) can apply for the acceleration program.
 Startups of various stages including MVP/ Market Ready/ Revenue Stage/ Series Funding Stages can apply for the program.



- Women-owned startups Promoter/ Founder/ Entrepreneur of the startup or proposed startup as a private limited company with more than 51% stakes with women.
- Startups that have met all the above and are setting foot forward to scale.

c. Program Planning

Phase I – Planning, Promotion, and Outreach

The coordination committee shall reach out to women entrepreneurs to submit their business solutions. If needed, the committee shall conduct entrepreneurial camps to help identify women entrepreneurs who are in the ‘need to scale’ or ‘scaling’ phase.

Phase II – Selection, Onboarding, and M&E

Selection – Two-stage Jury – First-level assessment and shortlisting by a level 2 jury consisting of domain experts and industry practitioners. Importance of the two-eyed principle, each application is assessed by at least two jury members and then averaged out their score based on pre-defined selection criteria to take them to next level. This level will select the top **35 applications for each cohort**.

Phase III – Baseline Study of the selected startups

Post selection of the **35 applicants**, a baseline analysis shall be done for each startup to assess their present situation. This baseline study will act as a benchmark for drawing comparison of the startup’s growth during the impact assessment study. This baseline study will also help the implementation team closely monitor the progress of each startup during their acceleration tenure and take corrective measures in case the startups is not able to generate the desired impact.

d. Topics Covered: Common topics for all the shortlisted women owned startups

Ecosystem Awareness	Business Model Canvas	Marketing Strategies	Product Development for Start-ups
IPR for Start-ups	Pre-sales strategies for Start-ups	Pitching and Fundraising	Human Resource Management for Start-ups
Supply Chain Management for Start-ups	Finance for Start-ups	Bank loan and Project Reports	Pitch Deck and Business Models
AIF for Start-ups	Government Schemes for Start-ups	Understanding Impact Metrics	Aspiring and Motivational Cases

f. Implementing agency

WE Hub, a pioneering initiative of the State of Telangana, which has emerged as a strong institution acting as a catalyst for women's entrepreneurship. Through its extensive programs and partnerships, it has successfully incubated over 3,000 women-led startups and SMEs, offering them vital resources and mentorship. This support has resulted in substantial funding of INR 170.54 crores for women entrepreneurs, the onboarding of 20 local brands with 167 unique products, and the creation of 3,043 jobs. WE Hub's unique strength lies in its ability to bridge the rural-urban gap effectively, providing physical incubation support alongside a strong digital presence. Moreover, as a government entity, it collaborates with multiple departments to ensure women entrepreneurs can access essential services, offering comprehensive support from business registration to skill development. Its success is also attributed to its strategic



collaborations, amplifying support for women's entrepreneurship, and fostering an inclusive ecosystem.

g. Timeframe

- A structured capacity building Physical Workshops (190 Hours) in association with Industry experts and Mentors.
- Business Linkages programs such as Ecosystem networking meets (4 in no.), Industry connects (4 in no.) and international Outreach events (23 in no.)
- Investor Pitching programs for 35 tech startups during acceleration program.

Activities	Year (Quarter)															
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Accelerator Activities																
Marketing, Promotion and Publicity																
Outreach Activities																
Inauguration and kickoff event																
Activation Program																
Investment Committee Meeting																
Acceleration through Investment by identified corporates to startups.																
Program layout																
Physical Workshops (190 Hrs)																
Ecosystem Networking Meets																
Informal Investor Meets																
Capacity Building MooC																
Demo Day Presentation Training program																
Demo Day																
1-to-1 Interaction (Diagnostic Panel) with the startups (total duration-80 hrs.)																
Industry Connects																
International Outreach																
Graduation Ceremony																



h. Budget

S No	Budget Details	Project Cost in (INR Crore)				
		Year 1	Year 2	Year 3	Year 4	Total (INR)
1	Staff salary of 6 team member ¹²⁹ @ INR 55,000 per month	0.21	0.22	0.23	0.24	0.91
2	Physical workshops for 140 women owned startups ¹³⁰	0.37	0.37	0.37	0.37	1.48
3	Informal, ecosystem meets	0.1	0.1	0.1	0.10	0.40
4	IEC materials ¹³¹	0.15				0.15
5	Single Window platform -We Hub ¹³²		0.086	0.091	0.012	0.19
6	Capacity building MooC	0.11	0.087	0.087	0.087	0.37
7	Demo Day presentation training program	0.015	0.01	0.01	0.01	0.045
8	Overhead	0.12				
Contingency fund		1.08				
Total Budget outlay under RAMP		4.74				

i. Expected Impact

- **140 Start-ups** supported in increasing awareness and marketing opportunities about their products for retail outlets and online markets
- Facilitate partnerships of **140 women owned start-ups** with corporates working for R&D support, technology transfer, business etc.
- Each cohort shall facilitate **credit linkage-based funding opportunities for 15-17 women owned startups**.

¹²⁹ Program Manager (40% of time) – INR 3 lakh per year and 5 Project coordinators – INR 18 lakh per year

¹³⁰ Enterprise Development sessions cost estimates –

EDP Sessions (Screening, Bucketing & Selection) – 2 workshops x 5 districts x INR 15,000 – INR 1.5 lakh

Experts (Knowledge transfer sessions) – 15 speakers x 1 lakh – INR 15 lakh for 10 workshops

Exposure visits – INR 3 lakh

Mentor connects – 5 experts x 10 no. of workshops per year x INR 25,000 per mentor – INR 12.5 lakh.

BDS connects 5 BDS provider per 2 programs – 5 experts x 10 no. of workshops per year x INR 10,000 per mentor – INR 5 lakh.

¹³¹ Cost estimate of training material and digital content creation – INR 14.5 lakh (one time cost) that includes (Trainer manuals preparation – INR 5 lakh, Training manuals translation – INR 2 lakh, training manuals printing – INR 2.5 lakh and Digital content creation – INR 5 lakh)

¹³² Cost estimate includes content translation, deployment and hosting costs, database expansion, website updates, upgradation and maintenance, CRM development and integration, AI chatbot, higher security of website, third party integration (MEPMA, SERP etc), workflow automation. All coordination with respect to onboarding of technology agencies for IT projects/ solutions would be with the Industries and Commerce department.



Project 11: Identification & Development of MSME Export Champions

a. DLI Mapping

Critical projects to develop competitiveness of MSMEs.

b. Problem Statement

Exporting products to international markets is a key driver for State's economic growth. However, MSMEs often face significant challenges when it comes to understanding complex international trade compliances of countries, product testing, certifications and export standards. The lack of easily accessible and up-to-date information hinders their ability to successfully penetrate global markets and fully leverage export opportunities. This knowledge gap poses a substantial barrier for MSME's to grow and compete on a global scale.

c. Intervention Proposed

Create MSME export champions from the identified thrust Sectors in Telangana- chemicals/ electricals/ drugs/ spices/ metals/ defence etc and create ready reckoners and export guides for top exporting sectors in Telangana

d. Objectives

1. Handhold MSMEs in becoming export ready through knowledge, information, linkages etc
2. Develop sector specific export guides and ready reckoners.
3. Provide MSMEs with easy access of information on technology, access to credit, product testing, certifications, export standards of different export countries and compliances with respect to the prevalent sectors.

e. Approach & methodology

MSMEs have potential to contribute to the Global value chains given their unique advantages. This includes their ability to provide competitive pricing and providing specialised products within their respective sectors. Telangana contributes to 6.4% of India's total exports, top commodities viz. Drug Formulations, Biologicals & intermediaries contribute to 75% of exports, while the major export destinations include USA, China, UAE, Belgium, UK, Germany and Bangladesh.

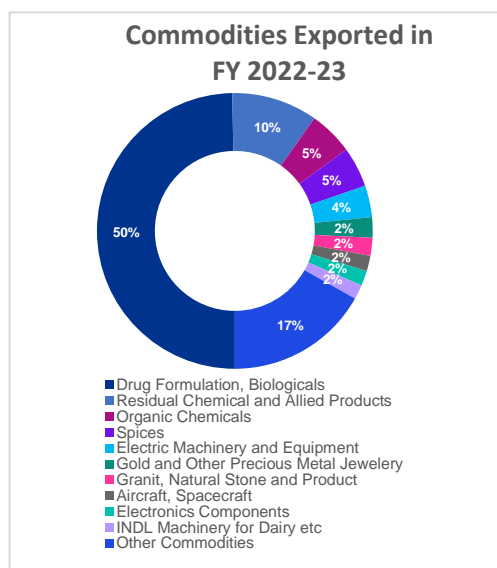
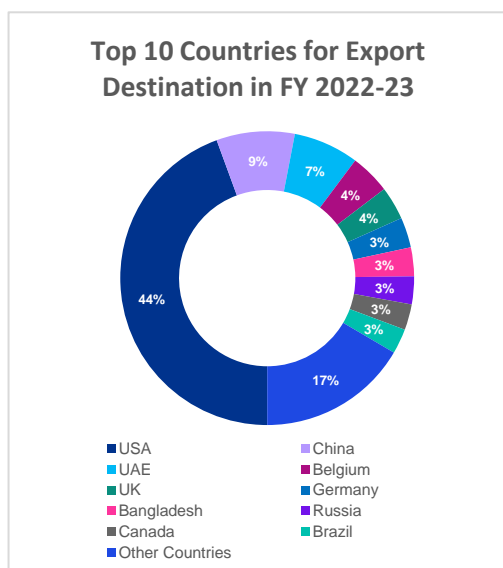
Lack of Market Intelligence, knowledge of Pre-Export & Export Compliances & Procedures, Product requirements become a barrier for MSMEs to even create a vision for exports. Moreover, the compliances and trade norms keep changing, highlighting the need for continuous updation on the evolving trade scenario. The project aims at providing handholding support for MSMEs along with providing ready reckoners with an aim to demystifying export procedures thereby encouraging more and more MSMEs to aim at exports.

The activities proposed are:

1. Identifying MSMEs with export potential from the thrust Sectors in Telangana. This identification would be through the knowledge and databases created vide other RAMP interventions. Insights from other interventions will feed into this activity.
2. Providing handholding support to the identified MSMEs: 50 MSMEs across Telangana will be identified and handholding support would be provided in the areas mentioned below on an annual basis.
 - a. Market Research & Identifying the target markets
 - b. Buyer Identification
 - c. Product packaging, testing & certification
 - d. Support in technology identification, adoption and credit access through linkages
 - e. Pre-export & export compliance & procedures

- f. Financial assistance will be provided for product marketing, product testing & certification and product packaging for one year for the identified MSMEs.
3. Development of ready reckoners/ guides for exports.
These guides will be meticulously designed to assist MSMEs in navigating the intricacies of the export processes.
 - a. The export guides will serve as a centralised reference point for first time exporters and established exporters to find updated information on the sector specific export norms. While the role of specialised BDS providers in handholding aspirational exporters can't be understated, these guides will help the MSMEs get an overview of the challenges on their journey.
 - b. The reckoners will be crafted to ensure clarity and conciseness. Complex export regulations and procedures will be simplified. Additionally, the information contained in the guides will be updated regularly by the EDCs to have the most accurate and relevant guidance on trade compliances, standards, testing facility, product certifications, packaging etc.

The endeavour will be to create online and e-versions of the guides for easy and quick access and ease of updating as and when required.



f. Implementing Agency:

Commissioner of Exports, Govt. of Telangana / Telangana State Trade Promotion Centre (TSTPC), which is the nodal agency for export promotion in the State will be the anchor agency for the intervention. Sectors such as **health & life sciences, food processing, engineering and capital goods, gems & jewellery, aerospace and aircrafts, electronics and textiles sectors have been identified as having the highest potential for export growth.**

TSTPC will engage the services of professional and qualified agency(ies) with requisite capacity and experience to undertake the intervention. A two member dedicated team will steer the activities and will be responsible for coordination and timely execution of the planned interventions. While outreach activities and regular information collection/ dissemination will be directly undertaken by the full time team, specialized agencies will be hired to prepare sectoral guides and ready reckoners. Since the studies are sector specific, there is a likelihood of more than one agency being appointed for the said role. The appointment will follow a transparent bidding route with more emphasis on technical parameters such as past experiences, sector knowledge etc.



g. Budget:

S No	Cost Center	Description	Project Cost in (INR Crore)		
			Cost Per Month	Cost per Year	Cost for 4 Years
1	Manpower deployment at the Implementation Agency	Resource 1 – Export Procedures & MSME Handholding	0.01	0.12	0.48
		Resource 2 – Outreach, Promotions & MSME Handholding	0.01	0.12	0.48
2	Creation of a Knowledge Repository for 10 export-oriented sectors	Develop sector specific export guides and ready reckoners. Export Journal for Telangana	NA	NA	1.00
3	Handholding Support to MSMEs (Support provided for 1 MSME for 1 yr only); (50 MSMEs per year for 4 years)	Trade Fairs – Rs. 3 lakhs per MSME	NA	1.5	6.00
		Design & Packaging support – Rs. 1 lakh per MSME	NA	0.5	2.00
		Testing & Certification – 1 lakh per MSME	NA	0.5	2.00
4	Awareness/ Orientation/ Training Programs	4 programs per year – cost per program 1,00,000	NA	0.04	0.16
5	Misc. Administration Expenditure	For Travel & other office admin expenses	NA	0.05	0.20
Total					12.32

h. Expected Impact:

- 200 MSMEs exporting their products to various countries in the next 4 years.
- Replication of this methodology, supported by various Govt. of India export schemes across various industrial estates/ clusters in Telangana.
- A set of 07 user-friendly, sector-specific knowledge guides readily available to MSMEs and businesses seeking to engage in international trade.
- Increase in the number of products exported to other countries.

Project 12: Strengthening MSEFCs' capacities to reduce delayed payments.

a. DLI Mapping

DLI 6: Reducing the incidence of delayed payments.

b. Problem Statement

In Telangana, unlike other States, a unique approach has been adopted to address the potential overlap and conflict between the Arbitration Act and the MSMED Act 2006 concerning the resolution of disputes involving MSMEs. The MSMED Act incorporates certain procedural elements of the Arbitration Act while offering specific incentives to MSMEs. The State has opted to handle conciliation and arbitration cases independently to minimise the complexities that arises from the interplay of legal framework. This approach aims to provide clarity and streamline dispute resolution process for MSMEs. Also, for swift resolution of cases MSEFCs' capacities needs to be strengthened to reduce the disposal of cases.

c. Intervention Proposed

The intervention aims to address the problem of delayed payments for MSEFCs by enhancing the capacities of empanelled arbitrators for proper functioning of MSEFCs in reducing the delay in disposal of arbitration and conciliation cases.

d. Objectives

The objective of this intervention is to strengthen the capabilities of MSEFCs in Telangana

1. Provide DIC officials with comprehensive legal awareness, focusing on legal rights, ODR, delayed payment disputes, arbitration, and conciliation.
2. Build skills and expertise of MSEFC to enable effective resolution of delayed payment disputes, resulting in a streamlined legal process.

e. Approach & methodology

The Commissionerate of Industries under the aegis of the Industries Department will be the facilitating agency for this intervention. To enhance the capabilities of MSEFCs in Telangana, collaboration between the Commissionerate of Industries, DICs and legal aides who are experienced in legal and regulatory matters will aid in faster disposal of MSME cases.

• Technology upgradation of MSEFCs to access ODR platform

During the stakeholder consultations, the officers at DICs highlighted the necessity for enhancement in technological and ICT infrastructure to augment the capacity of MSEFCs. Given the current limited availability of basic ICT tools, the government will extend one-time financial support to MSEFCs for the improvement of IT infrastructure. This assistance would have provision for computers, laptops, projectors, printers and software applications for utilization of ODR platform.

S No	Activity description	Participants	One time cost (INR)	One time cost (INR)
1	Technology upgradation to digitise MSEFCs day-to-day operations	Digitisation of records, software, laptops, video conference equipment, etc	5,76,00,000 ¹³³	5,76,00,000

¹³³ Cost of Video conference equipment at 33 districts is 33 x INR 5 lakh – INR 165 lakh

Cost of digitization of records of 33 districts and 1 headquarter - 4 laptops/ desktops x 34 nos. - INR 332 lakh

• **Strengthening MSEFCs – Capacity building of empaneled arbitrators**

Capacity building of 68 empaneled arbitrators at DICs to support MSMEs with legal support during hearings. Training on legal awareness, ODR, delayed payment disputes, mediation and arbitration procedures will ensure streamlined process with reduce turnaround times to dispose cases.

S No	Activity description	Participants	Total no of events per year	Cost per year (INR)	Cost for 4 years (INR)
1	Capacity building workshops for arbitration and conciliation matters	Empanelled arbitrators (Government officers at DICs) and 6 MSEFCs	4	4,00,000	16,00,000

• **Hiring competent legal aide for enhanced dispute resolution**

To ensure expedited and impartial adjudicators, the Col plans to employ a team of experienced neutrals, including lawyers, arbitrators, and mediators. These neutrals will be well versed in the ODR process to facilitate efficient solutions to the conflicts which MSME's face. By enlisting the services of adept legal aides, the time required for resolving disputes will significantly reduce, benefiting MSMEs seeking swift and hassle-free resolution recognized by the Government. These legal professionals will also help in documentation, vetting of legal documents, provide legal and regulatory advisory support.

S No	Activity description	Man-month rate (INR)	Compensation per annum (INR)	Per year cost for 6 legal aide (INR)	Total cost for 4 years (INR)
1	Hiring of qualified and experienced legal professionals	50,000	6,00,000	36,00,000	1,44,00,000

f. Implementing agency:

The Commissionerate of Industries under Industries department will be the implementing agency for the proposed intervention.

g. Budget

S No	Budget Details	Project Cost in (INR Crore)				
		Year 1	Year 2	Year 3	Year 4	Total (INR)
1	Technology upgradation to digitise MSEFCs day-to-day operations	4.608	1.152			5.76
2	Capacity building workshops for arbitration and conciliation	0.04	0.04	0.04	0.04	0.16
3	Hiring of qualified and experienced legal professionals	0.36	0.36	0.36	0.36	1.44
	Sub Total	1.84	1.84	1.84	1.84	7.36
	Total budget outlay	7.36				

Cost of wifi router and installation - 0.2 lakh x 33 districts – INR 6.6 lakh

Cost of multi-function printer and scanner across - 0.3 x 33 districts – INR 9.9 lakh



S No	Budget Details	Project Cost in (INR Crore)				
		Year 1	Year 2	Year 3	Year 4	Total (INR)
	States'/ private sector contribution	-				
	Gap funding by RAMP	7.36				

h. Expected Impact:

	Year 1	Year 2	Year 3	Year 4	Total
Number of MSME delayed payments cases resolved by ODR through the Samadhaan Portal	100	150	200	250	700
Number of District officials trained on ODR dispute resolution	60	65	65	70	260

i. Sustainability:

The sustainability for strengthening MSEFCs will be achieved by leveraging district officials as arbitrators to handle increase in the number of cases while generating revenue through the collection of registration fees from MSMEs for each cases filed.

Project 13: Benchmarking study to assess sectoral technology gaps.

a. DLI Mapping

Critical projects to develop competitiveness of MSMEs.

b. Problem Statement

MSMEs often face challenges investing in modern technology and face significant technology gaps, hindering their competitiveness and growth. These technology gaps result in operational inefficiencies and limit their ability to adapt to changing market demands, ultimately affecting overall productivity and profitability. The challenges arise due to lack of awareness, limited capacity of the MSMEs to invest in technology adoption, high cost of skilled manpower and getting right incentives for such investment.

c. Intervention Proposed

The intervention is to assess the current technology gaps in the thrust sectors dominated by the presence of MSMEs vis a vis better performing states as well as international benchmarks. The sectoral benchmarking is proposed to be undertaken for sectors such as pharmaceuticals, auto and EV, aerospace, and defence sector. These sectors while being the thrust sectors in Telangana, have seen strong presence of MSMEs.

d. Objectives

The proposed benchmarking studies will assess the current state of technology being used in these sectors in Telangana as compared to better performing states and also with international standards. The study will provide technology roadmap for the sector and recommend policy prescription for the Government to support MSMEs to improve their operational efficiency, productivity, and competitiveness through technology adoption.

e. Approach & methodology

The Commissionerate of Industries under the aegis of the Industries Department will be anchor agency for undertaking the studies. Specialised agency(ies) will be appointed through a transparent procurement process open to national/ international agencies having expertise in identified sectors and experience in undertaking such assignments in the past. The studies are expected to follow the following activity schedule:

Phase I: Defining the scope through desk research.

Based on the sectors selected which are critical for the growth and development of MSMEs, the assessment will encompass benchmarking criteria drawn from both domestic and international contexts. It will involve Telangana's MSMEs benchmarking with other states and against globally available and emerging technologies and standards.

Phase II: Survey, data collection and research

Primary data collection will be conducted through surveys, interviews, and on-site visits to MSME clusters. Participating MSMEs shall represent a cross-section of the industry. Benchmarking would involve getting access to global research, outreach to specialized sector experts/ institutions, visits (if required) to get first hand exposure, access to data, consultations with OEMs, research and academic institutions, incubators etc

Phase III: Technology audits and benchmarking assessment

Technical audits within those sectors will be based on comparing the factors such as technology infrastructure, machinery, software application and related equipment, skilled manpower, technology adoption, process efficiency and innovation. The data collected will help in identifying



technology gaps with respect to access, affordability and relevance in comparison to international MSMEs. A comprehensive report will highlight the recommendations on plugging the sectoral technology gaps and roadmap to assist MSMEs.

f. Budget

Activity	Project cost in (INR crore)				
	Year 1	Year 2	Year 3	Year 4	Total Budget
Sectoral benchmarking to assess technology gaps	1.25	1.25	1.25	1.25	5
Total Budget outlay under RAMP	5				

g. Expected Impact:

- This study(ies) will empower MSMEs in Telangana to adopt cutting-edge solutions and elevate their global competitiveness.
- Through benchmarking against international standards and national standards, the study will pave the way for innovation, technology adoption and increased market access for MSMEs.
- The study's finding will drive informed policy decisions, unlocking the potential of MSMEs to assess the current trends in technology advancement and ways to leapfrog in technology adoption.

Project 14: Access to credit through enhanced CGTMSE coverage

a. DLI Mapping

DLI 5: Enhancing Effectiveness of CGTMSE and 'Greening and Gender' delivery.

b. Problem Statement

The State of Telangana faces a credit access challenge, ranking 13th with 3503 Crore in guarantees in FY 2023, covering 29,792 beneficiaries. Also, SLBC data for June 2023 reveals 16 underserved out of 33 districts with CD ratios below the average. This barrier in credit availability creates a huge challenge for new enterprises, first-time borrowers, women/SC/ST entrepreneurs. Under the conventional CGTMSE framework, approximately 75% to 85% of loans are covered, leaving lending institutions apprehensive about the remaining 25% due to perceived low salvage value of security. The lenders concerns largely revolve around absence of realizable security. This further exacerbates the challenge of providing access to adequate credit to underserved sectors and target beneficiaries.

c. Intervention Proposed

The proposed intervention involves collaboration of Telangana Government and CGTMSE to extend additional guarantee coverage for MSMEs, especially to increase the formal lending to new and first-time borrowers especially women/SC/ST in underserved districts of the state. It also seeks to encourage lending institutions to provide CGTMSE loans with minimum risk in the districts where investment and formal credit offtake is low.

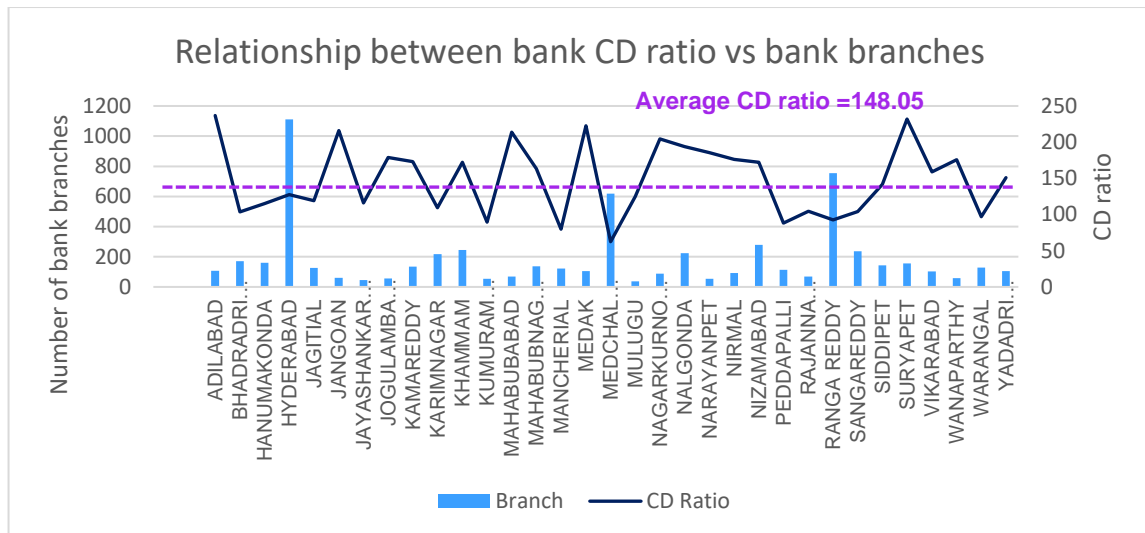
d. Objectives

- Enhance the availability of CGTMSE to MSMEs in underserved districts.
- Encourage MSMEs to approach formal sources of credit with confidence especially women/SC/ST.
- Encourage loaning for green technologies and environment friendly projects/ expansion

e. Approach & methodology

The Government of Telangana in partnership with CGTMSE trust will create a CTMSE corpus of INR 15 Crore. The proposed intervention will be to increase the coverage of CGTMSE specifically targeting underserved districts where the accessibility to formal credit sources is limited especially to women/SC/ST and first-time borrowers with no credit history. In the proposed intervention, 75% to 85% coverage for a loan ticket size of Rs 50 lakh will be from CGTMSE, and an additional 20% to 10% coverage will be covered through CGTMSE corpus resulting in 95% credit guarantee coverage. This extra coverage will come from CGTMSE corpus fund which will have State contribution to ensure full loan coverage to MSMEs that do not meet the CGS-I criteria. This will encourage MSMEs to access formal credit sources with reasonable interest rates and foster confidence in lending institutions to provide loans without apprehension of defaults. The corpus will be created by the State Government and placed with CGTMSE under agreed terms, which is to provide 90% guarantee to MSMEs in the underserved districts of the state.

Details	Amount in Crore
Portfolio created out of collaboration	2500
Expected NPA in portfolio of INR 2500 Cr (10%)	250
CGTMSE portion (75%) of the Guarantee	187.5
State Govt. fund portion (20%) of Guarantee	50
Average loan size for an MSME	.50



Budget

Activity	Project cost in (INR crore)				
	Year 1	Year 2	Year 3	Year 4	Total Budget
Credit guarantee top-up for MSMEs	10	12	13	15	50
Total budget outlay	50				
States contribution	8				
Gap funding by RAMP	42				

f. Expected Impact:

S. No	Indicator	Baseline	Year 1	Year 2	Year 3	Year 4	Total
1	Number of MSMEs accessing credit under CGTMSE in under served districts		1000	1200	1300	1500	5000
2	Number of MSMEs accessing credit under CGTMSE for RECP/Greening investments	0	100	100	100	100	400

- Considering average loan size of 50 lakh, approximately 5000 MSE borrowers can benefit over 4 years
- With 3 employees per unit, approximately 15000 employment opportunities can be created.

5. Governance



5. Governance Framework

5.1 The structure

There is a robust implementation and monitoring plan being proposed as part of RAMP to oversee the implementation and ensure that the State's commitment towards the program is being met. TSTPC will be the nodal agency for the program, as already communicated to the Ministry of MSME. **Telangana State RAMP Program Committee (TSRPC)** will be established under the chairmanship of the Principal Secretary, Department of Industries & Commerce. The committee will have representation from all the anchor/ participating Departments in the RAMP implementation. The following will be the constitution of the committee:

- i. Principal Secretary, Department of Industries & Commerce (Chairman)
- ii. Special Secretary & Joint Managing Director, TSTPC- Member
- iii. Director Industries & Commerce- Member
- iv. DFO- Ministry of MSME
- v. Director- Employment & Training- Member
- vi. CEO- Telangana Industrial Health Clinic- Member
- vii. CEO- We Hub, TSIC- Member
- viii. President- ALEAP
- ix. CEO- T Hub
- x. Director MSME & Retail - Member Secretary

The members from I-IV and X are permanent members of the committee while the inclusion of other agencies/ institutions will be contingent upon the approval of the interventions where they have been proposed as implementing agency. The Chairman will have the discretion to invite more members as 'special invitees' if there is need for inputs from specialized agencies or other Govt Departments.

TSRPC will be responsible for the following:

- To oversee the SIP implementation and review performance of RAMP in the state.
- Ensure inter departmental/ministerial coordination and convergence
- Approval of work plan and budget, annual procurement plans, and fund releases for SIP implementation
- Monitoring of fund releases & utilization and audits
- To oversee the functioning of the PIU set up to support the state in implementation of the approved interventions under RAMP

TSTPC as the nodal agency for RAMP shall be responsible to maintain and monitor the financial management system related to the RAMP Program, as per extant GFR and RBI guidelines. It shall prepare of financial Statements in accordance with consistently applied accounting standards, in a manner adequate to reflect both operational and financial conditions related to the RAMP Program as notified by the MoMSME. TSTPC shall ensure utilization of all funds from grant funding provided under the Program exclusively towards the financing of specific interventions (excluding ineligible interventions) as per the approved SIP.

While the on-ground implementation responsibility will lie with the implementing agency responsible for the respective intervention, a State Program Implementation Unit (SPIU) will be set up to support the TSRPC in implementing and monitoring the program. SPIU will be set up by a competent and experienced agency having prior experience of setting up and managing PMUs and having a deep understanding of the MSME sector.

- Support the State in all matters relating to Program implementation
- Support TSRPC in implementation of the SIP



- Facilitating convergence with other Central and State schemes and availing benefits of State incentives for MSME.
- Support strengthening existing government departments/service providers that support the last mile MSME ecosystem.
- Assist in compliance and in meeting various reporting requirements of Government of India (GoI) and World Bank.
- Monitoring the performance and results of other consultancies under RAMP at the State-level, during the duration of the Program. SPIU will coordinate with the implementing agencies for different interventions and monitor their progress. The progress of all agencies would be consolidated to be presented to the TSRPC
- Assist in communication and dissemination of information, exchange & management of knowledge and experience.
- Integration of MIS system and portal developed for the program, provide input on real time basis and retrieval of information from the system for use.
- Any other activity related to implementation, management, monitoring of the RAMP Program, not specified within the above scope of services.

The SPIU will be hosted by TSTPC under TSRPC at TSTPC. SPIU will closely work with Director MSME and nodal officer for RAMP. SPIU will be furnishing periodic reports to TSRPC on the progress of the program. A tentative structure of the 8 member SPIU along with roles/ responsibilities as drawn from RAMP manual are highlighted below:

S No	Position	Responsibility
1	Team Lead	<ul style="list-style-type: none"> • Overall management and establishing full functionality of PIU as planned and ensuring that the program triggers are met. • Periodic reporting of the overall performance of program. • Ensuring timely communication and compliance with all agreed upon financial and procurement procedures at Establishing clear working relationship with district level agencies/key stakeholders and ensuring flow of information, discussions, and feedback among the various stakeholders of the program. • Facilitation in implementing of SIP. • Convening meeting of the State Level Committees and putting forth issues to be decided upon from time to time during the implementation of the program. • Support to the department to enable convergence with various schemes identified under RAMP.
2	MIS Specialist	<ul style="list-style-type: none"> • Provide professional advice and support to the State in all matters relating to M&E and Data analysis in the RAMP program. • Developing MIS to track the progress of the program in the State and aligning it with the State MIS • Providing regular reports on the physical and financial progress of the program. • Participate in regular monitoring and evaluation of the program at the State level • Developing reports with respect to inputs, outputs, outcomes, processes and impacts of the various interventions and their compliance.



S No	Position	Responsibility
		<ul style="list-style-type: none"> Preparing / collating and submitting all reports related to RAMP for internal and external reporting
3	Enterprise development expert	<ul style="list-style-type: none"> Monitoring the BDS providers for last mile service to units Ensuring capacity building of the EDCs Coordination with the implementing agencies and facilitating smooth execution of interventions Providing domain inputs in review of Strategic Investment Plans Increasing the reach and performance of Market access schemes under RAMP
4	IT Specialist	<ul style="list-style-type: none"> Providing technical support for integration for various portals and linking with Central portals. Responsible for creation of road map for technology interventions Responsible for laying /specification for requirement for all IT needs and support project delivery Support the procurement of IT services/ infra. Responsible for managing data capture, transition management & operations for smooth functioning of IT System Assist the State in setting up the linkage between Samadhaan Portal and ODR platforms for faster dispute resolution
5	Financial Management Specialist	<ul style="list-style-type: none"> To provide technical support to the State Nodal Department on FM matters and liaison/coordinate with participating public & private sector implementing agencies on fund flow releases and expenditure monitoring, obtaining Utilization certificates, financial reports, contract management reports To prepare annual financial Statements of the program, liaison with auditors on audit matters, obtain audit report and ensuring audit compliances Developing and coordinating partnerships with commercial banks/financial service providers. Tracking the delayed payments and registration of NBFCs and MSMEs on TreDS platform. Coordinating with banks to track the gender and greening products of CGTMSE for MSMEs. To submit financial management reports to the NPMU Preparing / collating and submitting all reports related to RAMP for internal and external reporting
6	Procurement Specialist	<ul style="list-style-type: none"> Facilitating and assisting the State and other program implementation agencies in the procurement of goods, works and services in accordance with approved procurement plan, following the World Bank Procurement Regulations. To provide operational advice to the State on concepts, policies, and procedures for international and local procurement as per World Bank's guidelines To gather client needs and liaise with the domain experts for



S No	Position	Responsibility
		preparation of bid documents-including EOI, RFPs, etc. • Maintenance of procurement related records and documentation for audit/review by the World Bank. • Handle procurement related complaints, if any, received as per the agreed procedure for the program. • Ensure all disclosure requirements relating to procurement are uploaded on the program website in a timely manner, including publication of contract award notices. • Extend support on all procurement related activities under the program.
7	Communication specialist	• Devising a marketing and promotion plan for expanding the outreach of RAMP including but not limited to workshops/ seminars/ awareness programs etc. • Creating and managing social media tools such as website, social media handles for the program. • Creating content and design facilitation for various IEC materials to be used under the program. • Work as a knowledge center for various government schemes and benefits available.
8	2 Support consultants	• Assist the experts and senior team members in undertaking assignments for effective delivery. • Documentation, MIS responsibility, mobilization & coordination of meetings and data collation.

Table 53 Roles/ responsibilities of SPIU under RAMP Program

5.2 Budget of SPIU Team

S No	Designation	Project Cost (In Rs Crore)						Total cost for 4 years under RAMP in (INR)
		Indicative man months	Rate (INR)	Y1	Y2	Y3	Y4	
1	Team Lead	48	0.035	0.42	0.45	0.49	0.53	1.89
2	MIS Specialist	48	0.025	0.3	0.32	0.35	0.38	1.35
3	Enterprise development expert	48	0.03	0.36	0.39	0.42	0.45	1.62
4	IT Specialist	48	0.025	0.3	0.32	0.35	0.38	1.35
5	Financial Management Specialist	48	0.03	0.36	0.39	0.42	0.45	1.62
6	Procurement Specialist	48	0.03	0.36	0.39	0.42	0.45	1.62
7	Communication specialist	48	0.025	0.3	0.32	0.35	0.38	1.35
8	Consultants -2	48	0.04	0.48	0.52	0.56	0.60	2.16
Total Budget under RAMP								12.98

Table 54 Budget of SPIU team

6. Communication & Outreach Strategy



6. Communication and Outreach Strategy

RAMP is a multi-stakeholder project which is being governed and implemented at several levels including central, state, district and grass-root level, hence effective and strong communication becomes critical to achieve the desired outcomes in the committed time frame. The project also envisages strong collaboration between Government, private sector, autonomous institutions and the MSME beneficiaries, hence new and innovative ways of Information, Education, and Communication (IEC) have to be developed and put to use.

6.1 Key objectives

- a. **Increasing awareness** regarding the initiatives and activities that have been planned under RAMP and ensure that it remains a central priority for all three levels of government— centre, state, and the districts, as well as other key stakeholders including industry, private sector and support institutions.
- b. **Amplify programme outputs** being generated by RAMP and disseminate them through various digital tools and mediums.
- c. **Facilitate convergence** across other MSME support schemes and programs across ministries, state Govt, international developmental organisations and private sector.
- d. To **accurately capture and deliver Information, Education, and Communication (IEC) reports** required for the mapping of RAMP progress. These reports will ease knowledge creation and management processes for strategic communication and information dissemination. This will double up as the data needed for monitoring and reporting of RAMP's progress.
- e. Equip the implementing partners with **tools and training on capturing impactful stories and best practices** being generated by RAMP supported interventions which have the potential for replication and scale-up.
- f. To have **standardized and targeted communication protocols** amongst all the stakeholders so that the messaging is clear and concise and the stakeholder are aligned to the RAMP objectives. The communication protocols would primarily be meant for the SPIU and all the implementing agencies to be followed during the course of the engagement. The communication will have to be inclusive, specific, transparent, apolitical and representative of the spirit of the programme and the implementing agencies.
- g. **Knowledge creation and management** across interventions, across implementing agencies and at the programme level.

6.2 Key outputs

The programme over a four year timeframe would lead to a number of documents/ tools/ frameworks in general at the overall programme level and also specific to interventions:

- **RAMP Project brochure:** The brochure would capture the overview of the RAMP and the objectives being targeted through various interventions. The brochure would be key to spread information about the programme and aid in outreach.
- **Conference presentations and reports-** one launch workshop and two conferences after two years of implementation and at the end of programme to showcase the progress have been envisaged under the programme.
- **Press releases and media briefs** – it will be an endeavour to keep constant engagement with the media at the national/ state/ regional/ local level to have a larger outreach and showcase impact of the initiatives. This will also enhance the ownership of the initiatives by the respective implementing agencies.

- **Briefing notes:** a short paper (4-8 pages) that quickly and effectively informs about the initiative will be developed for all the interventions. These will be used by the respective implementing agencies to keep the stakeholders informed of the objectives of the interventions and expected impact on the beneficiaries.
- **RAMP Photo library:** A database of all the photos and videos created under the programme interventions by the respective implementing agencies will be stored at a single source/ drive accessible through the RAMP dashboard. These could be used for promotion of the programme and for reporting purposes.
- **Monitoring portal with repository of documents/ knowledge material:** RAMP portal with live dashboard will be created to track progress of interventions, map KPIs and impact across the project implementation period. The dashboard will be made accessible to all the stakeholder with varying levels of admin rights (view/ upload/edit/ download etc). These will be used to generate quantitative reports. A lot of knowledge material will be generated during the course of RAMP implementation including studies, reports, benchmarking analysis, learnings, training material, databases/ repositories etc, these would be made available through the portal.
- **Standard design and reporting templates:** Collaterals/ minutes of meetings / monthly and quarterly progress reports/ logo usage and placement/ graphic designs- intervention/ event brochure/ handouts, backdrops, standees, other promotional material etc
- **Impact assessment reports:** Annual impact assessment studies will be rolled out to gauge the outcome and impact of the rolled-out interventions. This will help in qualitative and quantitative assessment of the project progress and the input vs outcome matrix. This will also lead to identification of areas where mid- course correction is needed.
- **Beneficiary testimonials, case studies and human-interest stories:** the interventions have been designed to cover a large and diverse set of stakeholders and have impact at multiple levels. During the journey, it will be an endeavour to document and disseminate engagements, human centric case studies and experiences which could be of use to the larger set of stakeholders.
- **Social media engagement** mainly through X, Meta, and LinkedIn: this is a powerful yet cost effective mechanism to increase outreach and disseminate information. All the implementing agencies will be trained and encouraged to responsibly engage over social media with beneficiaries and stakeholders.
- **Database of stakeholders,** both institutional and individual across categories such as MSMEs, business development service providers, Govt institutions etc for regular emailing / texting and for other IEC activities.

6.3 Communication Budget

While the cost of specific outreach and awareness programmes are being estimated under the cost of interventions, the tentative costs with respect to the communication activities have been provided as under:

Activities	Frequency in 4 years	Cost of one unit Rs. In crore	Total budget Rs. In crore
RAMP State level workshop (launch, mid-term and conclusion)	3	0.1	0.3
Dashboard for monitoring RAMP interventions	1	0.5	0.5
Promotional material cost – Brochure, 10 case studies, social media handle creation and management, quarterly e-newsletters	4	1	4



Activities	Frequency in 4 years	Cost of one unit Rs. In crore	Total budget Rs. In crore
Partnership and linkages – Industry associations (event participation/ databases/ directories/ thought leaderships etc)			1.2
Total Budget under RAMP			6

Table 55 Proposed budget for communication and outreach

7. Strengthening Capacities



7. Strengthening Capacity for MSME Support Programs in the State

There is a strong focus on building the capacities of the MSME support institutions under the SIP both in terms of capacities of the personnel as well as the efficiencies of the systems and processes. There is also a strong focus on creating linkages and partnerships with specialized institutions. This is to ensure that there is ownership of the interventions and sustainability is ensured beyond the project period.

7.1 Strengthening State Portals and Integration with National portal

Currently the interventions proposed as part of the SIP have a strong focus on setting up/ strengthening portals and dashboards to create better inter-department linkages/ coordination, improving efficiencies, ensuring transparency, to reduce information asymmetry, monitoring and data capture, reporting etc. Technology components have been built into the interventions accordingly taking cognizance of data security and sustainability concerns.

The following portals are proposed to be created during the programme:

- RAMP programme monitoring dashboard under the Industries Department and managed by SPIU for monitoring the progress on the interventions and the impact achieved.
- Virtual EDC which will work through the DIC network to provide facilitatory support to the MSMEs for their unit level needs
- Real time integrated dashboard of MSMEs synced with state databases and Udyam

In addition, the following portals at the implementing agency level will be strengthened/ created to monitor the impact of the proposed interventions and will subsequently be integrated with the RAMP monitoring portal.

- WE-Hub which is dedicated to women entrepreneurs.
- ALEAP and TSIC, focusing on transitioning informal self-help groups (SHGs) and startups into formal MSMEs.
- TIHCL- which offers access to credit and assistance to struggling enterprises.

The RAMP State dashboard will be integrated with the national portal, the portals created/ strengthened will be aligned as depicted in the figure below.

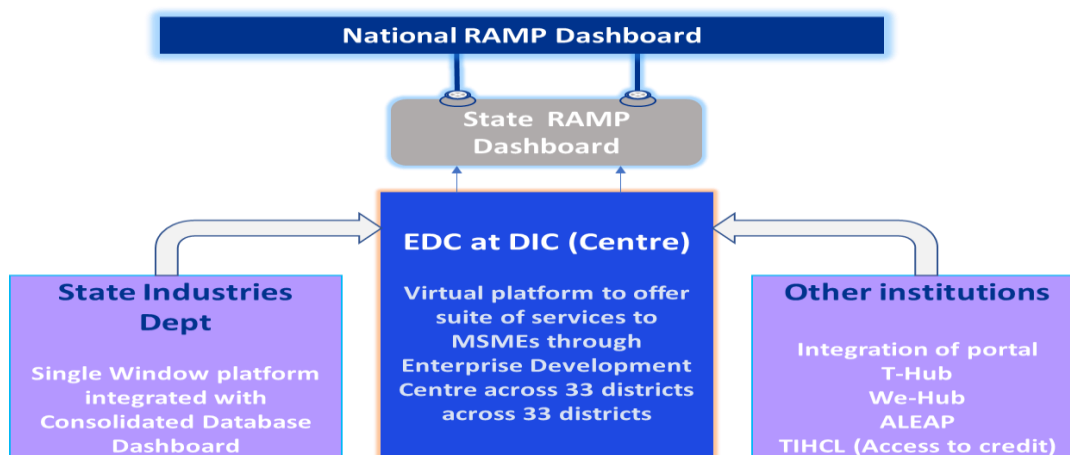


Figure 113 National RAMP Dashboard



7.2 Strengthening M&E Framework for MSME Support

The Monitoring and Evaluation (M&E) framework will play a pivotal role in ensuring the effectiveness and impact of interventions aimed at bolstering the MSME sector. To implement this framework effectively on the ground, a robust Management Information System (MIS) will be established to systematically track and record inputs, outputs, and outcomes of various MSME interventions by the State Project Implementation Unit (SPIU). This MIS will not only serve as a data repository but will also ensure the availability of gender-disaggregated data and data pertaining to different social groups, enabling the tracking, and reporting of data on SIP implementation, Coverage of Center-State schemes, and MSME support initiatives through virtual EDC dashboard. The framework will incorporate a set of key performance indicators (KPIs) under each intervention aligned with the RAMP objectives, allowing for real-time monitoring and periodic evaluation. Additionally, it will involve capacity building for stakeholders involved in data collection, management, and reporting, ensuring data accuracy and reliability. Regular data reviews and feedback loops will be established to identify areas for improvement and make necessary adjustments, ensuring that the MSME support programs remain responsive and impactful.

Sr No	Responsibility of Committee/ institution	Review frequency
1	TSRPC	Consolidated report will be submitted quarter wise to MoMSME
2	State Project Implementation Unit (SPIU)	Consolidate Monthly progress report received from implementing agencies to be submitted to TSRPC
3	Implementing agencies under RAMP.	Submit monthly progress report to the SPIU

Table 56 Review Schedules

TSRPC will meet on quarterly basis and assess/ review the progress made by the implementing agencies. SPIU will be there to handhold and support the implementing agencies in the process of implementation and achievement of desired outcomes. **Impact assessment by third party** is being proposed on annual basis for the entire duration of the program to assess the on-ground impact and to capture insights/ learnings/ case studies from the interventions being planned.

7.3 Environmental and Social Management (ESM) for MSME support

The SPIU will assess the implementation of Environmental and Social Management (ESM) measures within the proposed interventions. This assessment will lead to the creation of an ESM guideline, detailing MSMEs' commitments, and objectives for managing environmental and social impacts. These guidelines will be communicated to all relevant parties, including employees, suppliers, and stakeholders.

To ensure effective ESM practices, EDC officials will receive training in areas such as waste reduction, energy efficiency, and responsible resource utilization. This training will be conducted through workshops, training sessions, and regular communication. EDCs will also play a crucial role in disseminating awareness of ESM practices among MSME units to encourage the adoption of best practices.

Under the SIP, interventions have been designed focusing on inclusion in partnership with ALEAP, TSIC and WE-Hub to encourage women entrepreneurs gain access to market, gain access to credit for both existing and aspiring entrepreneurs. Under greening of MSMEs a platform for Startups and MSMEs through



a grand startup challenge will help in bringing innovative green solutions tailored for MSME's needs (refer Chapter 4). To facilitate MSMEs' understanding and adoption of these principles, capacity-building programs and training sessions will be conducted. These programs will focus on promoting eco-friendly technologies, reducing environmental impact, and fostering ethical business conduct within the MSME sector.

Moreover, the program will encourage MSMEs to incorporate sustainability practices into their daily operations, not only as a responsible business approach but also to enhance competitiveness and access new markets. This holistic approach to Environmental and Social Management within the RAMP program aims to support MSMEs in their journey towards achieving economic growth while contributing positively to the environment and society.

Learnings from the Greening of MSMEs can be replicated and scaled across different clusters.

- MSMEs will be educated on proper waste management procedures, including waste segregation, recycling, and the safe disposal of hazardous waste. They will be encouraged to collaborate with local authorities or third-party service providers to ensure responsible waste management.
- Additionally, MSMEs will be incentivized to implement energy-efficient measures, such as leveraging renewable energy sources and optimizing lighting and HVAC systems. These initiatives will lead to reduced energy consumption and cost savings.
- To maintain transparency and accountability, MSMEs will be trained to regularly monitor their environmental and social performance and report their progress. Sustainability reports will serve as a tool for building trust and transparency with stakeholders.

Key Components for developing ESM action plan:

1. Screening of MSMEs on Environmental and Social Risk Assessment
<ul style="list-style-type: none"> • Conduct comprehensive assessments to identify potential environmental and social risks associated with MSME activities. • Categorize risks based on their significance and likelihood of occurrence. • Determine the appropriate level of management and mitigation measures for each identified risk.
2. Capacity Building and Training
<ul style="list-style-type: none"> • Develop and deliver training programs and workshops to build MSMEs' capacity in understanding and implementing environmental and social best practices. • Provide guidance on adopting eco-friendly technologies, reducing resource consumption, and promoting responsible social conduct.
3. Guidelines and Best Practices
<ul style="list-style-type: none"> • Establish a set of guidelines and best practices tailored to different types of MSMEs and their specific environmental and social challenges. • Encourage the adoption of sustainable resource utilization, waste management, and social responsibility principles.



4. Incentives and Recognition
<ul style="list-style-type: none"> Promote partnership to create incentives for MSMEs that excel in implementing ESM practices, such as recognition, awards, or preferential treatment in government procurement. Promote the benefits of ESM, including enhanced competitiveness and access to environmentally conscious markets.
5. Stakeholder Engagement
<ul style="list-style-type: none"> Foster engagement with local communities, industry associations, and relevant government bodies to address environmental and social concerns collaboratively. Encourage transparency and open communication channels for addressing grievances and feedback.
6. Continuous Improvement
<ul style="list-style-type: none"> Regularly review and update the ESM action plan to align with emerging environmental and social standards and regulations.

Table 57 Key component for developing ESM action plan

7.4 Strengthening Coordination on MSME agenda in the State

The interventions and the implementation framework under a robust governance structure has been proposed to ensure convergence and coordination between different departments, policy/ scheme convergence and shared vision. MSMEs grapple with an array of challenges, including limited access to financial resources, inadequate infrastructure, information asymmetry and constrained market connections. Consequently, it is imperative to strengthen the coordination at the micro- meso and macro level through DIC's and industry association and through effective public private partnership model. This will help to effectively address geographical issues and foster sectoral growth. Several strategies can fortify this coordination:

- Strengthening partnerships among various government agencies responsible for MSME development is paramount to ensure policy consistency and prevent redundant efforts. This includes public private partnerships, increased participation and ownership of industry bodies and sectoral/ regional bodies, partnerships/ linkages etc
- The State-level RAMP Committee will facilitate collaboration among diverse stakeholders, encompassing government bodies, industry associations, financial institutions, and academic institutions. Such collaborative endeavors will promote the exchange of knowledge resources, and expertise, nurturing a more comprehensive and impactful MSME ecosystem.
- As part of RAMP's interventions, the State intends to harmonize State-level schemes and policy incentives with those of the Central Government. This alignment aims to maximize the benefits available to MSMEs. The EDCs and the State Project Implementation Unit (SPIU) for RAMP's implementation will spearhead awareness campaigns and capacity-building initiatives for all stakeholders, including government entities, industry associations, and MSMEs under different interventions.
- At district levels, efforts of District Industries Centers will be amplified through the Enterprise Development Centers to strengthen MSME clusters at unit level.
- Best practices from other states and from international use cases will be adopted for creating better synergies and efficiencies.



7.5 Capacity Building of key players and coordination mechanisms to deliver the MSME agenda

Capacity building is an integral part of the SIP. Strengthening the capabilities of DICs (District Industries Centers), MSEFCs (Micro and Small Enterprises Facilitation Councils), and industry association through the Enterprise Development Center (EDC) is a major component of the SIP. These efforts are aimed at equipping them with the skills and knowledge required to foster MSME growth.

Additionally, capacity building extends to vendor mobilization drives and empanelment processes on different platforms, ensuring that MSMEs can effectively engage with opportunities in the market. Workshops on public procurement, PSU (Public Sector Undertakings) connectivity, GeM (Government e-Marketplace) onboarding, and certifications like ZED (Zero Defect Zero Effect) and LEAN are proposed to be conducted to empower industry associations and MSMEs in accessing new markets and channels.

Furthermore, awareness programs focus on improving access to credit, covering topics such as TReDs (Trade Receivables Discounting System), SME exchange, CGTMSE (Credit Guarantee Fund Trust for Micro and Small Enterprises), SAMADHAN, alternate financing mechanisms, and digital lending will ensure that MSMEs have the financial resources they need to thrive.

Capacity building also extends to training and skill development for effectively managing consolidated databases, streamlining information, and enhancing data-driven decision-making. Additionally, efforts are directed towards strengthening TIHCL (Telangana Industrial Health Clinic Limited) and empowering WE Hub to support women entrepreneurs in the state.



8. Consolidated Budget

8.1 Snapshot of SIP Summary

S No	Main Interventions Under SIP (including MOMSME and State schemes – including convergence of schemes)	Total Budgetary Outlay	State/ Private sector contribution	Gap financing required through RAMP Program
		(Rs in crores)		
1	Consolidated MSME database	5.44	1.00	4.44
2	Setting up of Enterprise Development Centre at DICs	86.20	5.02	81.18
3	Center of Design Excellence (CoDE) Design, Brand promotion, Incubation & IPR	28.18	20.00 (infrastructure)	8.18
4	Import substitution roadmap	35.34	-	35.34
5	Reviving distressed MSMEs.	113.46	10 (corpus contribution)	103.46
6a	Study of mapping Energy intensive MSMEs clusters and create visual dashboard	0.45	-	0.45
6b	Greening of MSMEs – Green Pioneer support program for MSMEs	24.87	-	24.87
7	Digital Sahkaari to support and handholding of MSMEs for e-commerce	13.12	-	13.12
8	SHGs/Startups to MSMEs	40.35	25.00 (infrastructure)	15.35
9	Transforming 25 ITIs into Technology hubs to address MSME skill gaps	918.69	825	93.69
10	Women acceleration program	4.75	-	4.75
11	Identification & Development of MSME Export Champions	12.32	-	12.32
12	Strengthening MSEFCs' capacities to reduce delayed payments	7.36	-	7.36
13	Benchmarking study to assess sectoral technology gaps	5.00	-	5.00
14	CGTMSE additional coverage for underserved districts	50	8	42
15	Exposure visits	0.5	-	0.5
	DIC reps for business facilitation centers at Gujarat/ Rajasthan			
	TSIIC & SPVs- for industrial parks/ CFCs to TN			
	TIHCL for State TReDS functioning to TN			
	We hub to successful Incubators running acceleration programmes- IITD			



Strategic Investment Plan for Telangana under Raising and Accelerating MSME Performance (RAMP)

S No	Main Interventions Under SIP (including MOMSME and State schemes – including convergence of schemes)	Total Budgetary Outlay	State/ Private sector contribution	Gap financing required through RAMP Program
		(Rs in crores)		
	SHGs/Industry association visits to Kudambashree, Kerala			
	Vocational training exposure visit to Karnataka ¹³⁴			
16	RAMP Communication and Outreach	6.0	-	6.0
17	State program implementation Unit	12.98	-	12.98
18	Impact assessment ¹³⁵	0.31	-	0.31
	Sub Total	1365.32	894.02	471.3
19	Admin cost (3% cost of interventions which totals to INR 471.3 Crore)	14.14		14.14
	Grand Total RAMP Finance	1379.46	894.02	485.44

¹³⁴ Cost per national exposure visit –one cohort of 10 people is estimated at a cost of INR 5 lakh. Over the span of 4 years, there will be 10 exposure visits.

¹³⁵ 3 Midline report end of Y1, Y2 and Y3 i.e INR 7 lakh per midline report and 1 Final report – INR 10 lakh



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S No	Main Interventions Under SIP [including MOMSME and State schemes – including convergence of schemes]	Year 1	Year 2	Year 3	Year 4	Total cost for 4 years under RAMP in (INR)
1	Consolidated MSME database	1.11	1.11	1.11	1.13	4.44
2	Setting up of Enterprise Development Centre at DICs	19.29	20.42	19.75	21.66	81.18
3	Center of Design Excellence (CoDE) Design, Brand promotion, Incubation & IPR	2.32	1.9	1.979	1.98	8.18
4	Import substitution	10.6	8.84	7.95	7.95	35.34
5	Reviving distressed MSMEs.	31.04	30	25.93	16.55	103.46
6a	Study of mapping Energy intensive MSMEs clusters and create visual dashboard	0.449				0.449
6b	Greening of MSMEs – Green Pioneer support program for MSMEs	5.95	6.364	6.472	6.082	24.87
7	Digital Sahkaari to support and handholding of MSMEs for e-commerce	3.31	3.31	3.275	3.24	13.12
8	SHGs/Startups to MSMEs	3.582	3.582	3.552	3.552	15.35
9	Transforming 25 ITIs into Technology hubs to address MSME skill gaps	18.91	26.17	26.17	22.44	93.69
10	Women acceleration program	1.255	1.173	1.188	1.119	4.75
11	Identification & Development of MSME Export Champions	2.93	3.13	3.13	3.13	12.32
12	Strengthening MSEFCs' capacities to reduce delayed payments	1.84	1.84	1.84	1.84	7.36
13	Benchmarking study to assess sectoral technology gaps	1.25	1.25	1.25	1.25	5.0
14	CGTMSE additional coverage for underserved districts	8	10	11	13	42
15	Exposure visits TSIIC- for industrial parks/ CFCs to TN TIHCL for TReDS functioning to TN DIC reps for business facilitation centers at Gujarat/ Rajasthan Industry association visits to Kudambashree visit in Kerala Vocational training exposure visit to Karnataka ¹³⁶	0.125	0.125	0.125	0.125	0.5
16	RAMP Communication and Outreach	1.5	1.5	1.5	1.5	6.0
17	State program implementation Unit	2.88	3.11	3.36	3.63	12.98
18	Impact assessment ¹³⁷	0.078	0.078	0.078	0.078	0.31
	Sub Total	116.42	123.9	119.66	110.26	471.3
19	Admin cost (3% cost of intervention which totals to INR 471.3 Crore)	3.53	3.53	3.53	2.53	14.14
	Grand Total	119.95	127.44	123.19	113.79	485.44

¹³⁶ Cost of per exposure visits –one cohort of 10 people is estimated at a cost of INR 5 lakh. Over the span of 4 years, there will be 10 exposure visits.

¹³⁷ 3 Midline report end of Y1, Y2 and Y3 i.e INR 7 lakh per midline report and 1 Final report – INR 10 lakh



Table 58 Snapshot of SIP Summary

8.2 Summary of Critical Actions to be supported Under SIP (Year 1- Year 4 of implementation period of SIP)

Sl. No	Critical Actions [List]	Target Outputs and Outcomes			
		Year 1	Year 2	Year 3	Year 4
1	Consolidated MSME database	<ul style="list-style-type: none"> 6 Lakh+ MSMEs on Udyam will be mapped with other department databases. A streamlined system in place to synchronize multiple MSME databases. Better inter-departmental collaboration with respect to MSME policy decision making. A visual dashboard of MSME information with real time analysis report across districts, enterprise type, sector wise etc. Targeted initiatives to raise awareness on Udyam registration and formalization of MSMEs. 			
2	Setting up of Enterprise Development Centre at DICs	No. of MSMEs benefitting - 5000	No. of MSMEs benefitting - 5500	No. of MSMEs benefitting - 6000	No. of MSMEs benefitting - 6500
		No. of Training programs -50	No. of Training programs -70	No. of Training programs -90	No. of Training programs -110
		Strategic partnerships between EDCs and Government Departments, Private organizations, financial institutions etc -4	Strategic partnerships between EDCs and Government Departments, Private organizations, financial institutions etc -8	Strategic partnerships between EDCs and Government Departments, Private organizations, financial institutions etc -10	Strategic partnerships between EDCs and Government Departments, Private organizations, financial institutions etc -12
3	Center of Design Excellence (CoDE)	No. of MSME benefitting – 70	No. of people from MSMEs – 100	No. of people from MSMEs – 150	No. of people from MSMEs – 200
	Design, Brand promotion, Incubation & IPR	No. of partnerships - 2	No. of partnerships - 3	No. of partnerships - 3	No. of partnerships - 3
		No. of workshops - 4	No. of workshops - 6	No. of workshops - 10	No. of workshops - 10
		No. of startups benefitting - 4	No. of startups benefitting - 4	No. of startups benefitting - 4	No. of startups benefitting - 4
4	Import substitution roadmap	<ul style="list-style-type: none"> 20 product groups for import substitution identified 100 MSMEs for import substitution development selected Prototype of 5 import substitution product group developed. Marketing plan for 10 import substitution product groups prepared 	<ul style="list-style-type: none"> Prototypes of 10 import substitution product groups developed Commercial production of 5 prototype product groups started in 25 MSMEs Identification of factors towards providing 'even playing field' with imported products Environmental impact 	<ul style="list-style-type: none"> Prototypes of 10 import substitution product groups developed. Commercial production of 10 prototype product groups started in 50 MSMEs Marketing plan for 10 import substitution product groups developed. Environmental impact 	<ul style="list-style-type: none"> Commercial production of 5 product groups started in 25 MSMEs Exposure visits to product group related international Fairs of 50 MSMEs. Compulsory product standards for 5 product groups introduced.



Sl. No	Critical Actions [List]	Target Outputs and Outcomes			
		Year 1	Year 2	Year 3	Year 4
			assessment of 10 developed product groups completed	assessment of 10 product groups completed.	• End of project report of PMU prepared.
5	Reviving distressed MSMEs.	No. of MSMEs outreached through physical mode -1500	No. of MSMEs outreached through physical mode -2000	No. of MSMEs outreached through physical mode -2500	No. of MSMEs outreached through physical mode -3500
		No. of sick MSMEs supported - 750	No. of sick MSMEs supported - 1000	No. of sick MSMEs supported - 1250	No. of sick MSMEs supported - 1750
		No. of training programs - 15	No. of training programs - 26	No. of training programs - 26	No. of training programs - 26
		No. of MSMEs onboarded on TReDs platform - 100	No. of MSMEs onboarded on TReDs platform - 150	No. of MSMEs onboarded on TReDs platform - 200	No. of MSMEs onboarded on TReDs platform - 250
6a	Study of mapping Energy intensive MSMEs clusters and create visual dashboard	<ol style="list-style-type: none"> 1. 15 key industry clusters will be targeted for baseline assessment of energy consumption pattern across energy intensive sectors. 2. 2-3 stakeholders' meetings. 3. Reaching out to at least 2500 MSMEs for energy audits to optimize energy use and reduce operations costs. 4. Creating a visual dashboard. 			
6b	Greening of MSMEs	<ul style="list-style-type: none"> • Increasing awareness through technology demonstration programs by conducting 10 sessions in each year with 100 MSME participants in a batch. Impacting 1000 MSMEs • Conducting 5 sessions in each year with 50 MSMEs in batch. Impacting 250 MSMEs • 8 Cohorts of Startup Grand Challenges will bring startups, MSMEs and SMEs on one platform. • Enabling greening of MSMEs through One-on-One Consultation & Mentorship Sessions - targeting 2000 MSMEs in 4 years <p>Conducting Carbon Footprint Assessment for MSMEs -- targeting 2000 MSMEs in 4 years</p>			
7	Digital Sahkaari to support MSMEs to onboard and transact on e-	<ol style="list-style-type: none"> 1. 20000 MSMEs become aware of ONDC and similar e-commerce platforms and the benefits of e-commerce. 2. Handholding support to 10,000 MSMEs to develop photo catalogues for online visibility on ONDC platform and subsequent smooth transactions. 			



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Sl. No	Critical Actions [List]	Target Outputs and Outcomes			
		Year 1	Year 2	Year 3	Year 4
	commerce platforms	3. At least 10% annual increase in sales growth of MSMEs through the program. 4. Enhanced market reach with expanded visibility offered by ONDC compliant platforms.			
8	SHGs/ Startups to MSMEs	No of SHG Groups – 375 No. of Startups from TSIC - 125 Beneficiaries - 3875 No. of trade facilitators - 50	No of SHG Groups – 375 No. of Startups from TSIC - 125 Beneficiaries - 3875 No. of trade facilitators - 50	No of SHG Groups – 375 No. of Startups from TSIC - 125 Beneficiaries - 3875 MIS portal of women database	No of SHG Groups – 375 No. of Startups from TSIC - 125 Beneficiaries - 3875
		<ul style="list-style-type: none"> At least 500 MSEs to be linked to CGTMSE. At least 6000 MSEs will become part of public procurement. 100% MSEs will be linked to digital e-commerce. Creation of a cadre of 100 trade counsellors accessible by the MSMEs for any support on trade and exports Increasing Credit and market linkages to export products from these SHG groups and start ups in 5 focus sectors – food processing, garments, handicrafts, and electrical & electronics- at least 15% of MSMEs will start exporting by the end of the program. 			
9	Transforming 25 ITIs into Technology hubs to address MSME skill gaps	No. of ITI transformed as technology hubs -57 No. of Total trainees - 1000 No. of trainees are women/SC/ST - 120	No. of ITI transformed as technology hubs - 7 No. of Total trainees - 2000 No. of trainees are women/SC/ST - 200	No. of ITI transformed as technology hubs - 7 No. of Total trainees - 4500 No. of trainees are women/SC/ST - 450	No. of ITI transformed as technology hubs - 6 No. of Total trainees – 10,000 No. of trainees are women/SC/ST - 730
10	Women accelerator program	<ul style="list-style-type: none"> Strengthening of 140 consumer service/retail -based women owned startups by scaling-up their businesses. Enhance investment opportunities for the overall growth of their ventures Scale up the annual turnover of Startups by 30-50% over a period of 4 years after the completion of the program. Enhance corporate investment and accelerate the growth of 140 startups with increase in networking opportunities. Build capacity of 140 consumer service/retail -based startups by enhancing their business skills, exposure to the industry knowledge and enhanced their business performance. 			
11	Identification & Development of MSME Export Champions	<ul style="list-style-type: none"> 200 MSMEs exporting their products to various countries in the next 4 years. Replication of this methodology, supported by various Govt. of India export schemes across various industrial estates/ clusters in Telangana. A set of 07 user-friendly, sector-specific knowledge guides readily available to MSMEs and businesses seeking to engage in international trade. Increasing number of products MSMEs export to other countries. 			



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Sl. No	Critical Actions [List]	Target Outputs and Outcomes			
		Year 1	Year 2	Year 3	Year 4
12	Strengthening MSEFCs capacities to reduce delayed payments	<ul style="list-style-type: none"> Number of MSME delayed payments cases resolved by ODR through the Samadhaan Portal - 100 	<ul style="list-style-type: none"> Number of MSME delayed payments cases resolved by ODR through the Samadhaan Portal -150 	<ul style="list-style-type: none"> Number of MSME delayed payments cases resolved by ODR through the Samadhaan Portal -200 	<ul style="list-style-type: none"> Number of MSME delayed payments cases resolved by ODR through the Samadhaan Portal -250
		<ul style="list-style-type: none"> Number of District officials trained on ODR dispute resolution -60 	<ul style="list-style-type: none"> Number of District officials trained on ODR dispute resolution -65 	<ul style="list-style-type: none"> Number of District officials trained on ODR dispute resolution -65 	<ul style="list-style-type: none"> Number of District officials trained on ODR dispute resolution -70
13	Benchmarking studies to assess sectoral technology gaps	<ul style="list-style-type: none"> Empower MSMEs in Telangana to adopt cutting-edge solutions and elevate their global competitiveness. Through benchmarking against international standards and national standards, the study will pave the way for innovation, technology adoption and increased market access for MSMEs. The study's finding will drive informed policy decisions, unlocking the potential of MSMEs to assess the current trends in technology advancement and ways to leapfrog in technology adoption. 			
14	CGTMSE additional coverage	Number of women headed MSMEs accessing credit under CGTMSE -1000	Number of women headed MSMEs accessing credit under CGTMSE -1200	Number of women headed MSMEs accessing credit under CGTMSE -1300	Number of women headed MSMEs accessing credit under CGTMSE -1500
		Number of MSMEs accessing credit under CGTMSE for RECP/Greening investments -100	Number of MSMEs accessing credit under CGTMSE for RECP/Greening investments -100	Number of MSMEs accessing credit under CGTMSE for RECP/Greening investments -100	Number of MSMEs accessing credit under CGTMSE for RECP/Greening investments -100

Table 59 Summary of Critical Actions to be supported Under SIP



8.3 Summary of Results Targeted

S. No	Indicator	Baseline	Year 1	Year 2	Year 3	Year 4
1	Number of MSMEs completing bronze level under ZED	0	20	40	80	90
	(Of which women-headed)	0	5	10	15	20
2	Number of women headed MSMEs accessing credit under CGTMSE	7760	1000	1200	1300	1500
3	Number of MSMEs accessing credit under CGTMSE for RECP/Greening investments	0	100	100	100	100
4	Number of MSMEs initiated a case for Online Dispute Resolution through Samadhaan Portal and direct referrals by State Facilitation Councils (SFCs).	4203	100	150	200	250
5	Number of MSMEs completing silver level under ZED	1	20	40	80	90
6	Number of MSMEs completing gold level under ZED	0	5	10	15	20
7	Number of MSMEs completing Lean	0	20	40	80	90
8	Number of trained and accredited service providers in core focus areas developed in State.	-	30	100	130	160
	(Of which women)	0	10	20	30	40
9	Number of MSMEs on-boarded onto TReDS platform.	3851	500	750	1000	1250
	(Of which women headed)	0	20	25	30	35
10	Number of MSME delayed payments cases resolved by ODR through the Samadhaan Portal	656	100	150	200	250
11	Training and capacity building of State Industries Department and DICs for outreach and implementation support of MSME Program	-	40	45	45	45

The targets mentioned for Y1, Y2, Y3 and Y4 are yearly targets and not cumulative targets.

Table 60 Summary of results targeted.

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10. Annexures

10.1 Annual Credit Plan (ACP) Bank-wise in the State

Sr. No	Name of Bank	Micro Enterprises Manufacturing + Service) (including Khadi & Village Industries)		Small Enterprises Manufacturing + Service)		Medium Enterprises Manufacturing + Service)	
		A/C	Amt	A/C	Amt	A/C	Amt
1	Bank of Baroda	22465	2797.84	668	509.14	135	394.3
2	Bank of India	21479	779.47	559	300.29	18	39.25
3	Bank of Maharashtra	3712	542.89	202	341.39	13	60.58
4	Canara Bank	62826	2378.51	4895	2155.8	627	1424.29
5	Central Bank of India	8779	282.88	458	301.27	29	57.15
6	Indian Bank	19786	738.87	5826	799.05	251	477.88
7	Indian Overseas Bank	25186	865.19	127	169.89	37	77.24
8	Punjab National Bank	10671	497.6	1927	963.41	197	449.22
9	Punjab and Sind Bank	398	55.18	33	35.15	0	0
10	Union Bank	204486	4871.54	3919	3280	973	2851.75
11	UCO Bank	3893	57.02	408	382.05	36	89.01
12	State Bank of India	55050	5645.02	4952	3932.84	703	2910.91
	Sub Total	438731	19512.01	23974	13170.28	3019	8831.58
13	Axis Bank	15311	4403.24	4304	2689.52	1843	1879.68
14	Bndhan Bank	80	6.59	5	3.31	8	96.22
15	CSB Bank Limited	99	5.52	9	15.59	6	66.22
16	City Union Bank	767	333.18	460	685.36	87	419.48
17	DCB Bank	1657	404.09	163	103.97	7	5.36
18	Dhanlaxmi Bank	38	4.18	16	26.11	1	0.33
19	Federal Bank	196	152.65	112	79.19	66	117.2
20	HDFC Bank	19131	4966.21	7958	5126.52	3622	6194.63
21	ICICI Bank	9585	3979.88	4223	3721.45	1610	2117.23
22	IDBI Bank	5765	287.88	139	118.17	11	26.44
23	IDFC First Bank	3566	544.6	827	310.02	184	56.07
24	Indusind Bank	15169	1234.7	2772	875.55	358	597.2
25	J & K Bank	89	4.93	2	0.05	0	0
26	Karnataka Bank	862	187.64	392	342.33	89	252.93
27	Karur Vysya Bank	770	234.82	392	333.44	323	584.02
28	Kotak Mahindra Bank	5611	1494.66	3217	1951.2	1323	1521.72
29	RBL Bank	709	114.29	341	117.14	42	24.87
30	South Indian Bank	437	102.57	281	311.24	80	278.71
31	Tamilnad Mercantile Bank	829	160.35	53	53.72	0	0
32	Yes Bank	3921	961.72	2485	1095.07	762	934.04
33	KBS Local Area Bank	13377	73.6	0	0	0	0
	Sub Total	97969	19657.3	28151	17958.95	10422	15172.35
34	A. P Grameena Vikas Bank	77246	1199.13	0	0	0	0
35	Telangana Grameena Bank	39193	809.7	0	0	0	0



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Sr. No	Name of Bank	Micro Enterprises Manufacturing + Service) (including Khadi & Village Industries)		Small Enterprises Manufacturing + Service)		Medium Enterprises Manufacturing + Service)	
		A/C	Amt	A/C	Amt	A/C	Amt
	Sub Total	116439	2008.83	0	0	0	0
36	TSCAB	16081	277.84	0	0	0	0
	Sub Total	16081	277.84	0	0	0	0
37	Equitas Small Fin. Bank	4389	299.27	276	29.67	18	3.38
38	Fincare Small Fin. Bank	0	0	0	0	0	0
39	Jana Small Fin. Bank	0	0	0	0	0	0
40	Suryoday Small Fin. Bank	2	0.08	1	0.04	0	0
41	Ujjivan Small Fin. Bank	0	0	0	0	0	0
42	Utkarsh Small Fin. Bank	139	32.14	0	0	0	0
43	AU Small Fin. Bank	27	6.74	30	57.99	6	25.55
44	ESAF Samll Fin. Bank	5	0.34	0	0	0	0
	Sub Total	4562	338.57	307	87.7	24	28.93
45	DBS Bank	0	0	0	0	0	0
	Sub Total	0	0	0	0	0	0
46	APSFC	64	31.3	589	461.48	28	85.21
	Sub Total	64	31.3	589	461.48	28	85.21
	Grand Total	673846	41825.85	53021	31678.41	13493	24118.07



10.2 List of Public Sector Undertakings

Sl. No.	Name of State Public Sector Undertaking
1.	The Singareni Collieries Company Ltd
2.	Telangana State Power Generation Corporation Ltd
3.	Transmission Corporation of Telangana Ltd
4.	Southern Power Distribution Company of Telangana Ltd
5.	Northern Power Distribution Company of Telangana Ltd
6.	Telangana Power Finance Corporation Ltd
7.	Telangana State Renewable Energy Development Corporation Ltd
8.	Telangana State Tribal Power Corporation Ltd
9.	Hyderabad Growth Corridor Ltd
10.	Hyderabad Metro Rail Ltd
11.	Hyderabad Road Development Corporation Limited
12.	Musi Riverfront Development Corporation Limited
13.	Telangana Fibre grid Corporation limited
14.	Telangana Industrial Health Clinic Ltd
15.	Telangana Overseas Manpower Co. Ltd.
16.	Telangana State Forest Development Corporation Ltd
17.	Telangana State Housing Corporation Ltd
18.	Telangana State Minorities Finance Corporation
19.	Telangana State Seeds Development Corporation Ltd
20.	T –Works Foundation
21.	Telangana State Water Resources Infrastructure Development Corporation Ltd
22.	Telangana Life Sciences Infrastructure Development Ltd
23.	WE – HUB Foundation
24.	TelanganaRashtra Rythu Samanvaya Samithi
25.	Damodhara Minerals Private Ltd
26.	Telangana Rajiv Swagruha Corporation Ltd
27.	The Nizams Sugars Ltd
28.	Telangana State Road Transport Corporation
29.	Telangana State Technology Services
30.	Hyderabad Airport Metro Ltd
31.	Bio – Tech Hub Ltd
32.	Kaleshwaram Irrigation Project Corporation Limited
33.	Maheswaram Science Park Ltd
34.	Telangana Drinking Water Supply Corporation Ltd
35.	Telangana State Agro Industries Development Corporation Limited



Sl. No.	Name of State Public Sector Undertaking
36	Telangana State Christian (Minorities) Finance Corporation
37	Telangana Civil Supplies Corporation Ltd
38	Telangana State Film Development Corporation Ltd
39	Telangana State Handicrafts Development Corporation Ltd
40	Telangana State Horticulture Development Corporation Ltd
41	Telangana State Irrigation Development Corporation
42	Telangana State Leather Industries Promotion Corporation Ltd
43	Telangana State Most Backward Classes Development Corporation
44	Telangana State Trade Promotion Corporation Ltd
45	Telangana State Water Resources Infrastructure Development Corporation Ltd
46	Telangana State Urban Finance Infra Development Corporation
47	Zaheerabad Nimz Ltd
48	Photonics Valley Corporation
49	Telangana Powerloom & Textile Development Corporation Limited
50	Telangana Handloom Development Corporation Limited
51	e-City Manufacturing Cluster Ltd
52	Fab City SPV (India) Private Ltd
53	Hyderabad Pharma City Ltd
54	Pashamylaram Textiles Park
55	Telangana State Industrial Development Corporation Ltd
56	Telangana State Industrial Infrastructure Corporation Ltd
57	Telangana State Mineral Development Corporation Ltd
58	Telangana State Tourism Development Corporation Ltd
59	A.P State Finance Corporation (TS Division)
60	Telangana State Warehousing Corporation
61	Telangana State Aviation Corporation Ltd
62	Telangana State Beverages Corporation Ltd
63	Telangana State Police Housing Corporation Ltd
64	Karimnagar Smart City Corporation Ltd
65	Greater Warangal Smart City Corporation Limited

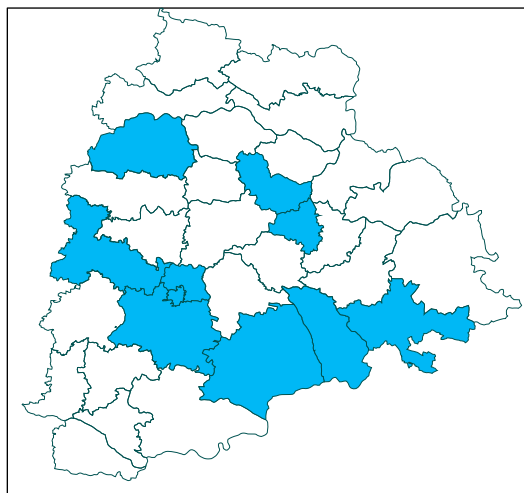
10.3 Sectoral Analysis of the State

1. Auto and Components Industry

The auto and component sector are home to global and domestic marquee OEMs/Tier 1 suppliers, Component Manufacturer, final Assembly and Integration, Support/charging infrastructure and automotive R&D companies. The state caters wide range of products to overall India and over 60 markets, including US, Japan, and Europe¹³⁸. The State Government is more focused on adoption of EV that will create huge opportunity in manufacturing of vehicle, batteries, and other components. Many global offers for investment have been received by State to set up the manufacturing facilities in the Telangana. As per table below, MSME constitutes 1.75 % of State's total spread across different districts.¹³⁹

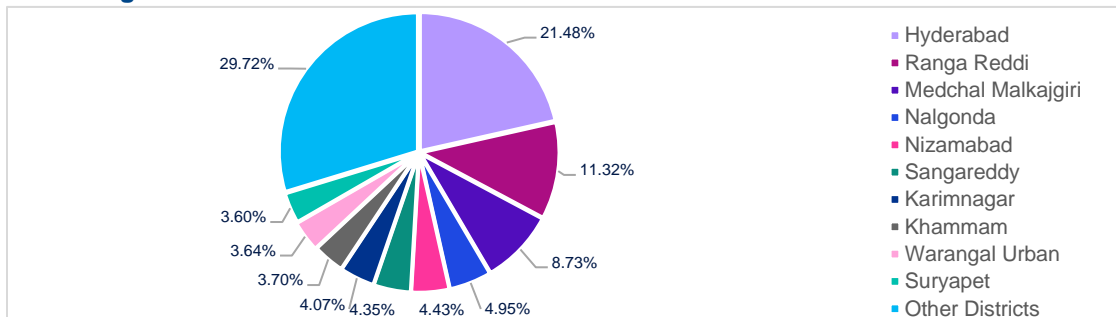
1.1 Number of MSME- District-wise:

District	Micro	Small	Medium	Total
Hyderabad	1814	127	36	1977
Ranga Reddy	1002	33	7	1042
Medchal Malkajgiri	750	44	10	804
Nalgonda	444	10	2	456
Nizamabad	395	12	1	408
Sanga Reddy	387	11	2	400
Karimnagar	357	15	3	375
Khammam	330	9	2	341
Warangal Urban	313	18	4	335
Surya pet	320	11	0	331
Other Districts	2660	70	6	2736
Total	8772	360	73	9205



The top 10 districts contribute 70.31 % of the sector's MSMEs units. As per table 2, the latest data from 2023 indicates that 0.73% of MSMEs have the potential to be benefitted from MSE-CDP outreach¹⁴⁰.

1.2 Percentage distribution of MSMEs across the State:



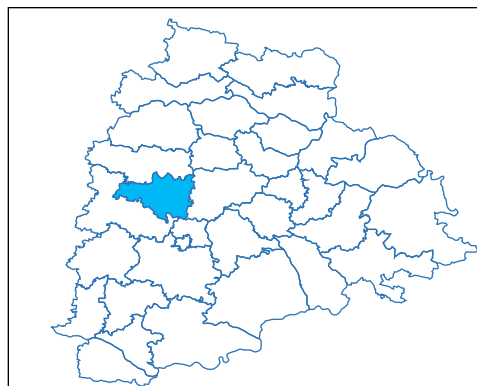
¹³⁸ Invest Telangana- Automobile sector

¹³⁹ Total MSMEs is 5,25,166 units as of May 2023, Udyam data

¹⁴⁰ List of clusters MSME-DI

1.3 Clusters in the State:

District	Name of Cluster	Identified clusters under schemes	Scheme Identified
Medak	Toopran	20	MSE-CDP



1.4 Policy and scheme support in the Sector:

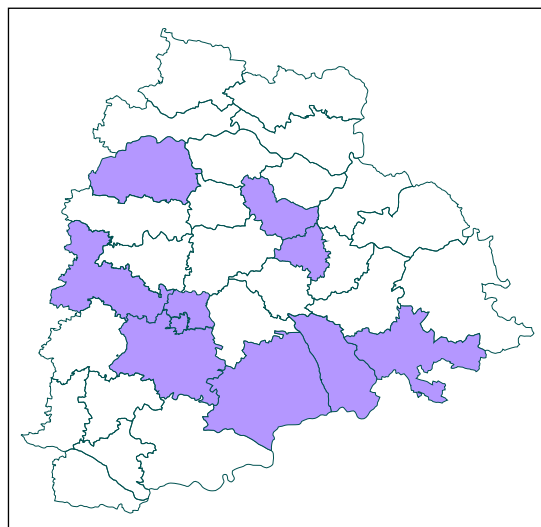
Sr No	Policy/ Scheme Name	Description
Central Government		
1	Production-Linked Incentive (PLI) Scheme in the Automobile and Auto Components sectors	Financial incentives of up to 18% to boost domestic manufacturing of advanced automotive technology products and attract investments in the automotive manufacturing value chain. Incentives are applicable for determined sales of products manufactured in India from April 1, 2022, for a period of 5 consecutive years.
2	FAME India Phase II scheme	The Policy aims faster adoption of electric mobility and development of its manufacturing eco-system in the country.
3	National Capital Goods Policy 2016	The Policy visions of 'Building India as the World class hub for Capital Goods' overall manufacturing as the pillar of strength to the vision of 'Make in India'. The policy aims, India a net exporter of capital goods by increasing exports from the current 27%- 40% of production and increase the share of domestic production in India's demand from 60%- 80% thus making India a net exporter of capital goods.
State Government		
1	Telangana Electric Vehicle and Energy Storage Policy (EV-ESS) 2020-30	Incentives are available for Manufacturing of Electric Vehicles, Energy Storage Systems & related components in Telangana. Incentives include Capital Subsidies, SGST reimbursements, power tariff subsidies, etc <ul style="list-style-type: none"> • Incentives for Electric Two Wheelers • Incentives for Three-Seater Auto-Rickshaws • Incentives for Electric 4-Wheeler commercial passenger Vehicles such as Taxi, Tourist Cabs, etc. • Incentives for Light Goods Carriers - including Three Wheelers (goods) • Incentives for Private Cars • Incentives for Buses • Incentives for Tractors

2. Electronic and IT Hardware Industry

Telangana State's Electronics Manufacturing contributed Rs. 76,410 Crores in 2019-20, accounting for 13% of the State's Industrial GVA & witnessed a remarkable increase in IT/ITeS exports, reaching a staggering Rs. 2,41,275 Crores during the fiscal year 2022-23 ¹⁴¹. As per table No. 4 below, MSME constitutes 1.44 % of State's total spread across different districts. ¹⁴²

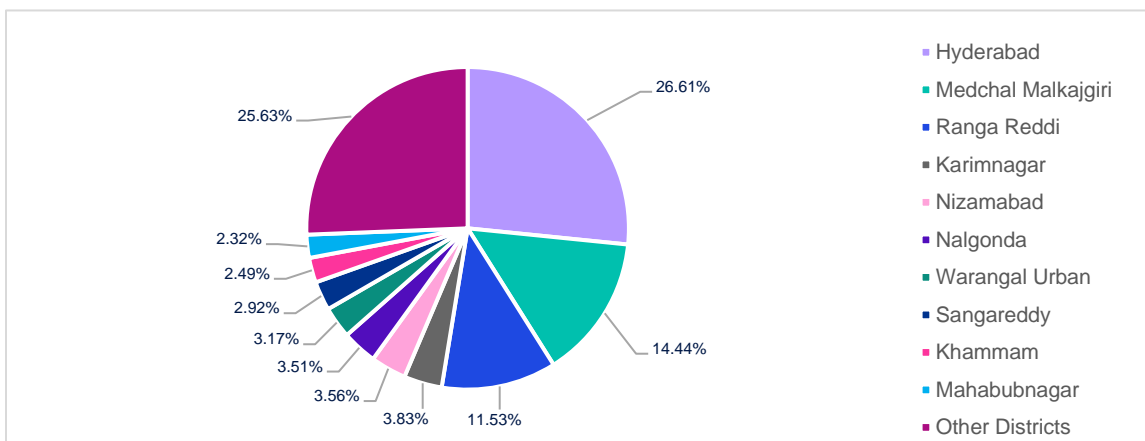
2.1 Number of MSME- District-wise:

District	Micro	Small	Medium	Total
Hyderabad	1864	126	18	2008
Medchal Malkajgiri	1021	65	4	1090
Ranga Reddy	818	46	6	870
Karimnagar	282	7	0	289
Nizamabad	264	5	0	269
Nalgonda	261	4	0	265
Warangal Urban	233	6	0	239
Sanga Reddy	214	6	0	220
Khammam	182	6	0	188
Mahbubnagar	170	5	0	175
Other Districts	1908	26	0	1934
Total	7217	302	28	7547



The top 10 districts contribute 74.37 % of the sector's MSMEs units. As per table 4, the latest data from 2023 indicates that 19.62% of MSMEs have the potential to be benefitted from MSE-CDP outreach. ¹⁴³

2.2 Percentage distribution of MSMEs across the State:



2.3 Clusters in the State

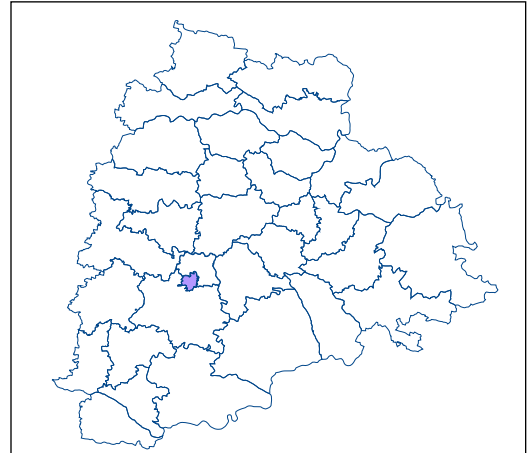
¹⁴¹ Telangana Life Sciences: Vision 2030

¹⁴² Total MSMEs is 5,25,166 units as of May 2023, Udyam data

¹⁴³ List of clusters MSME-DI



District	Name of Cluster	Identified clusters under schemes	Scheme Identified
Hyderabad	Electro plating Cluster	200	MSE-CDP
Hyderabad	Electronics Components Cluster	30	MSE-CDP
Hyderabad	Fan Cluster	164	MSE-CDP



2.4 Policy and scheme support in the Sector:



3. Engineering and Capital Goods

This sector comprehensively encompasses the complete value chain of industries such as automobiles, aerospace, petrochemicals, domestic appliances, and paper, and holds utmost significance for the state. As per table 7 below, MSME constitutes 7.47% of State's total spread across different districts.¹⁴⁴

3.1 Number of MSME- District-wise:

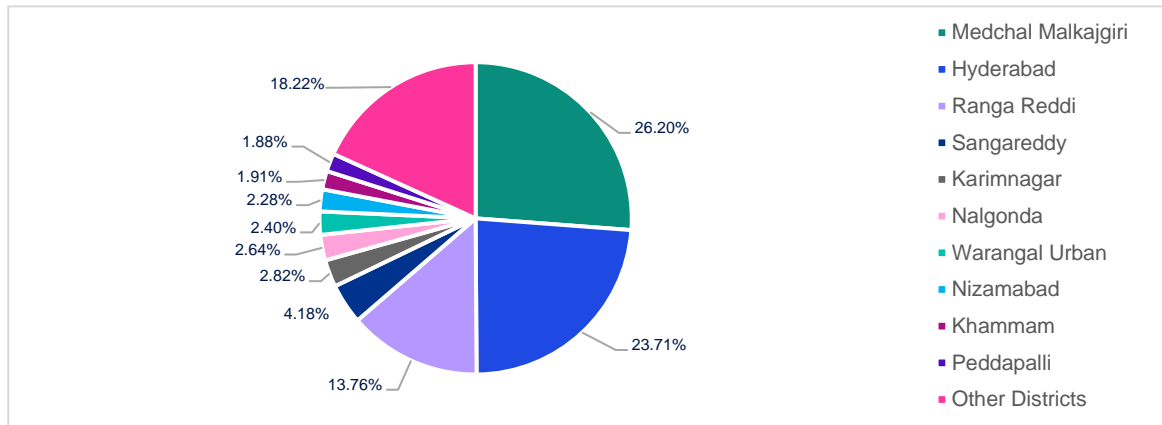
District	Micro	Small	Medium	Total	
Medchal Malkajgiri	9506	704	61	10271	
Hyderabad	8040	1034	221	9295	
Ranga Reddy	4933	409	53	5395	
Sanga Reddy	1496	125	19	1640	
Karimnagar	1059	45	2	1106	
Nalgonda	1016	17	4	1037	
Warangal Urban	881	55	6	942	
Nizamabad	719	28	2	749	
Khammam	712	23	1	736	
Peddapalli	6860	267	17	7144	
Other Districts	6860	267	17	7144	
2	Total	66098	2724	387	69209
	Manufacturing of Electronic Components and Semiconductors (SPECS)			Incentive of 25% on Capital Expenditure pertaining to plant, machinery, equipment, associated utilities and technology, including Research & Development on reimbursement basis	
3	Modified Electronics Manufacturing Clusters Scheme (EMC 2.0)			Financial incentives of up to 50% of project cost will be awarded, subject to a ceiling of Rs 70 crore for every 100 acres of land	
4	National Electronic Policy- 2019			The policy target to promote domestic manufacturing and export in the entire value-chain of ESDM for economic development to achieve a turnover of Rs. 26,00,000 crores by 2025. Various Incentives and manufacturing support is provided under policy for core electronic components	
State Government (Initiatives)					
1	Electronics System Design Manufacturing (ESDM) Policy			<ul style="list-style-type: none">The Government established 1,80,000 sq ft ready-to-occupy built-up space in E-City EMC.The state targets to create 5 lakh sq ft of plug-and-play space in the first phase and an additional 10 lakh sq ft facilities shall be developed in a PPP model.The State is also setting up common facilities center in the EMCs with world class prototyping, testing & calibration facilitiesDevelopment and Promotion of Electric Vehicle (EV) and Advanced Chemistry Cell (ACC) Manufacturing Ecosystem	

¹⁴⁴ Total MSMEs is 5,25,166 units as of May 2023, Udyam data



The top 10 districts contribute 81.78% of the sector's MSMEs units. As per table 8, the latest data from 2023 indicates that 44.08% of MSMEs have the potential to be benefitted from MSE-CDP outreach.¹⁴⁵

3.2 Percentage distribution of MSMEs across the State:

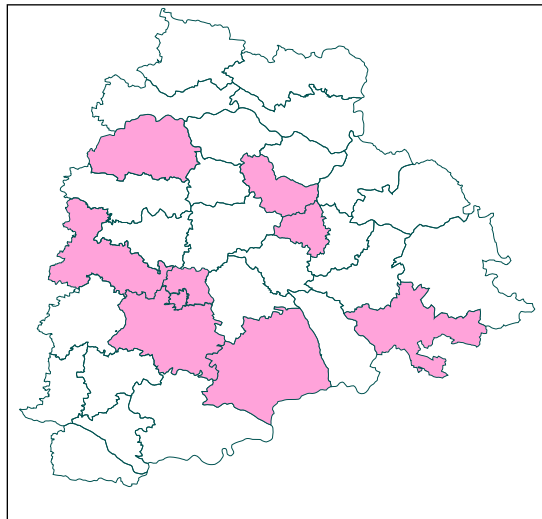


¹⁴⁵ List of clusters MSME-DI



3.3 Clusters in the State

District	Name of Cluster	Identified clusters under schemes	Scheme Identified
Karimnagar	General Engineering & Fabrication Cluster	60	MSE-CDP
Khammam	General Engineering & Fabrication Cluster	50	MSE-CDP
Mahabubnagar	General Engineering & Fabrication Cluster	60	MSE-CDP
Nalgonda	General Engineering & Fabrication Cluster	50	MSE-CDP
Nizamabad	General Engineering & Fabrication Cluster	50	MSE-CDP
Hyderabad	Precision Engineering Components Cluster	300	MSE-CDP
Sangareddy	General Engineering Cluster	50	MSE-CDP, LEAN
Sangareddy	Ancillary Units Cluster	50	MSE-CDP, LEAN
Hyderabad	General Engineering Cluster	200	MSE-CDP
Medchal	Engineering Works Cluster	500	MSE-CDP
Medchal	Defence Components & Precision Engineering Components	69	MSE-CDP
Ranga Reddy	Engineering Works Cluster	200	MSE-CDP





3.4 Policy and scheme support in the Sector:

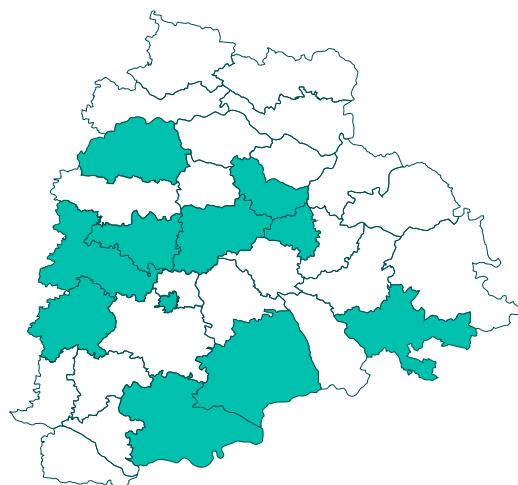
Sr No	Policy/ Scheme Name	Description
Central Government		
1	Scheme on Enhancement of Competitiveness in the Indian capital goods sector for assistance to common technology development and services infrastructure	<p>Government provides 100% grant for:</p> <ul style="list-style-type: none"> • Identification of Technologies through Technology Innovation Portals • Setting up of 4 New Advanced Centers of Excellence and augmentation of Existing Centers of Excellence • Promotion of skilling in Capital Goods Sector– creation of Qualification packages for skill levels 6 and above • Setting up of 4 Common Engineering Facility Centers (CEFCs) and augmentation of existing CEFCs • Augmentation of Existing Testing and Certification Centers • Setting up of ten Industry Accelerators for Technology Development
2	National Capital Goods Policy- 2016	<p>The Policy aims at increasing the production of capital goods from the value of approximately Rs.230, 000 Cr in 2014-15 to Rs.750, 000 Cr by 2025.</p> <p>The main features of the schemes are:</p> <ul style="list-style-type: none"> • Increasing exports • Push for domestic production. • Improvement in technology • Heavy Industry Export & Market Development Assistance Scheme • Budgetary allocation • Technology Development Fund • Integrate subsectors. • Start-up Center • Standardization
3	National Manufacturing Policy- 2011	<p>The objective of the scheme is enhancing the share of manufacturing in GDP to 25% and creating 100 million jobs over a decade or so by-</p> <ul style="list-style-type: none"> • Rationalization and simplification of business regulations • Simple and expeditious exit mechanism for closure of sick unit's while protecting labour interests. • Financial and institutional mechanisms for technology development, including green technologies • Industrial training and skill up gradation measures • Incentives for SMEs • Special Focus Sectors • Leveraging infrastructure deficit and government procurement including defense • Clustering and aggregation: National Investment and Manufacturing Zones (NIMZs) • Trade Policy

4. Food Processing Sector

The food processing sector in Telangana's MSME landscape is driven by a fertile agricultural base and proactive governments initiatives. The State boasts about a robust agricultural foundation, excelling in turmeric and sweet orange production based on 2014-15 data. The sector also enjoys substantial government support through subsidies, policies, and schemes, see table 12. Notably, there are 4 major food parks and 7 integrated cold chains projects worth a combined INR 700 crore. 20 National Mission on Food Processing (NMFP) projects totaling approximately 108 Crore in the State.¹⁴⁶ As per table below, MSME constitutes 13.67% of State's total spread across different districts.¹⁴⁷

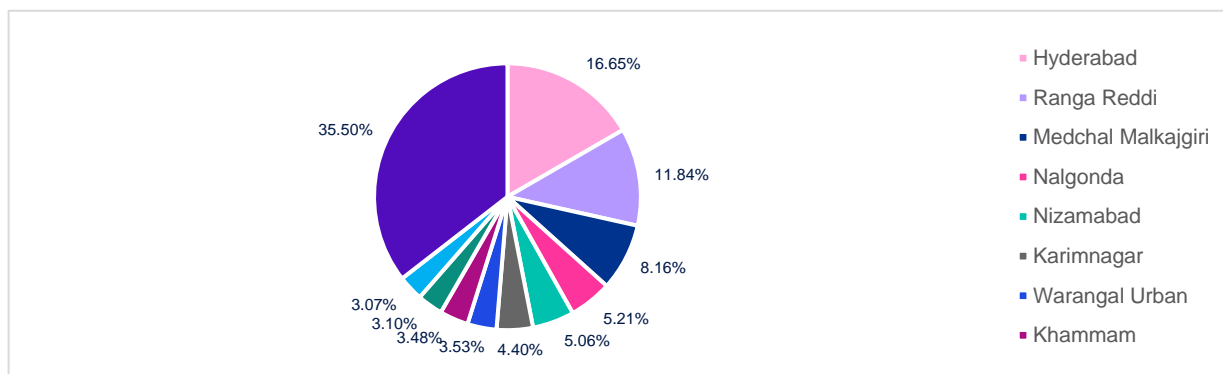
4.1 Number of MSME- District-wise:

District	Micro	Small	Medium	Total
Hyderabad	11234	631	90	11955
Ranga Reddy	8081	357	61	8499
Medchal Malkajgiri	5644	204	14	5862
Nalgonda	3564	150	24	3738
Nizamabad	3487	134	12	3633
Karimnagar	3046	103	8	3157
Warangal Urban	2372	155	10	2537
Khammam	2421	69	7	2497
Sangareddy	2162	48	17	2227
Mahbubnagar	2137	66	2	2205
Other Districts	24645	791	50	25486
Total	68793	2708	295	71796



The top 10 districts contribute 64.5% of the sector's MSMEs units. As per table 10, the latest data from 2023 indicates that 29.14% of MSMEs have the potential to be benefitted from MSE-CDP outreach.¹⁴⁸

4.2 Percentage distribution of MSMEs across the State:



¹⁴⁶ (Invest Telangana - food processing 2023)

¹⁴⁷ Total MSMEs is 5,25,166 units as of May 2023, Udyam data

¹⁴⁸ List of clusters MSME-DI



4.3 Clusters in the State

District	Name of Cluster	Identified clusters under schemes	Scheme Identified
Karimnagar	Rice Mill Cluster	50	MSE-CDP
Khammam	Rice Mill Cluster	100	MSE-CDP
Nagarkurnool	Rice Mill Cluster	50	MSE-CDP
Nagarkurnool	Groundnut Decorticator Cluster	24	MSE-CDP
Nagarkurnool	Oil Expeller Units Cluster	15	MSE-CDP
Nalgonda	Rice Mill Cluster	99	MSE-CDP
Nizamabad	Rice Milling Cluster	199	MSE-CDP
Nizamabad	Turmeric Processing Cluster	200	MSE-CDP
Nizamabad	Seed Processing Cluster	88	MSE-CDP
Hyderabad	Food Processing Cluster	14	MSE-CDP
Vikarabad	Dall Mill Cluster	26	MSE-CDP
Medak	Rice Mill Cluster	50	MSE-CDP, LEAN
Siddipet	Rice Mill Cluster	40	MSE-CDP, LEAN
Sangareddy	Dal Mill Cluster	50	MSE-CDP
Siddipet	Fried Gram Association	30	MSE-CDP, LEAN
Siddipet	Greater Hyderabad Agri Inputs Cluster	70	MSE-CDP
Warangal	Rice Mill Cluster	100	MSE-CDP

4.4 Policy and scheme support in the Sector:

Sr No	Policy/ Scheme Name	Description
Central Government		
1	PM Formalization of Micro Food processing enterprise scheme (PM FME scheme)	<p>The financial outlay of this scheme is Rs 10,000 Crore for over 5 years 2021 to 2025. The scheme focuses on strengthening the micro food enterprises by promoting ODOP products. This scheme provides</p> <ul style="list-style-type: none"> Credit linked capital subsidy @35% of project cost max to Rs 10 lakh per unit. Upgradation of individual micro processing units support to FPOs, SHGs and producer cooperatives. Seed capital to Rs 40,000 per member of SHGs. Common infrastructure @35% of the eligible project cost (Rs. 10 Cr) with a maximum of Rs. 3.00 Crore. Branding and marketing support, capacity building and training.
2	Pradhan Mantri Kisan Sampada Yojana (PM KSY) Scheme	A comprehensive scheme providing financial assistance to Cold chain projects, expansion of mega food processing/ preservation capacities, backward and forward linkages, support agro-processing clusters, food safety and quality insurance, operation green support to stabilize logistic & storage cost and support integrated value chain development of projects
3	Production Linked Incentive Scheme for Food Processing Industry (PLISFPI)	The Scheme has a financial outlay of Rs 10, 900 crores for over 6 years 2021 to 2027. The scheme strengthens 'Make in India' food products for international markets. Supports expansion of food processing units by providing financial assistance to cover plant and machinery cost, branding & marketing.
State Government		



Strategic Investment Plan for Telangana under Raising and Accelerating MSME
Performance (RAMP)

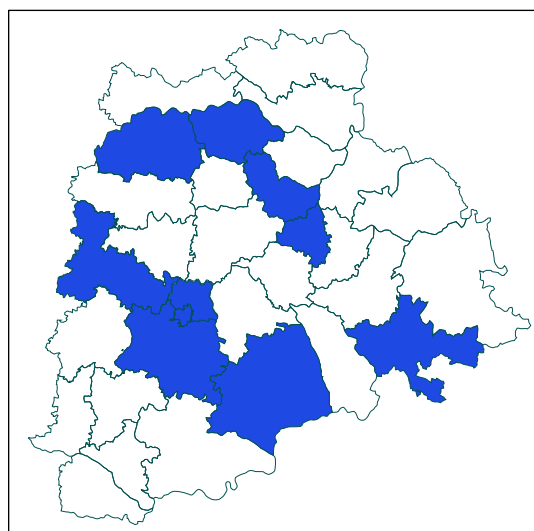
Sr No	Policy/ Scheme Name	Description
4	Telangana Food processing and preservation policies (T-FAPP)	Creation of special food processing zones for 10,000 acres. 15,000 crore of capital investment for setting up enterprises' and generate direct employment. The support is in the form of capital subsidy, power rebate, interest subvention, APMC fees, land cost rebate to units established in SFPZs, enterprises setup by SC/ST, minority groups, SHGs and FPOs
5	Telangana Special Food Processing Zones (TSFPZ)	This scheme support infrastructure development of large food processing clusters.

5. Health and Life Sciences

Telangana State constitutes 30% of Indian life sciences industry with the highest no. of pharma and chemical companies. 7 out of 10 global pharma companies have footprint in Telangana and accounts for 30% of the total global vaccine production. The largest initiative of the state under the Life Sciences Grid is Hyderabad Pharma City whereas in Medical Devices Park, 25 companies are already setting up their manufacturing and R&D units¹⁴⁹. As per table 13 below, MSME constitutes 2.93 % of State's total spread across different districts.¹⁵⁰

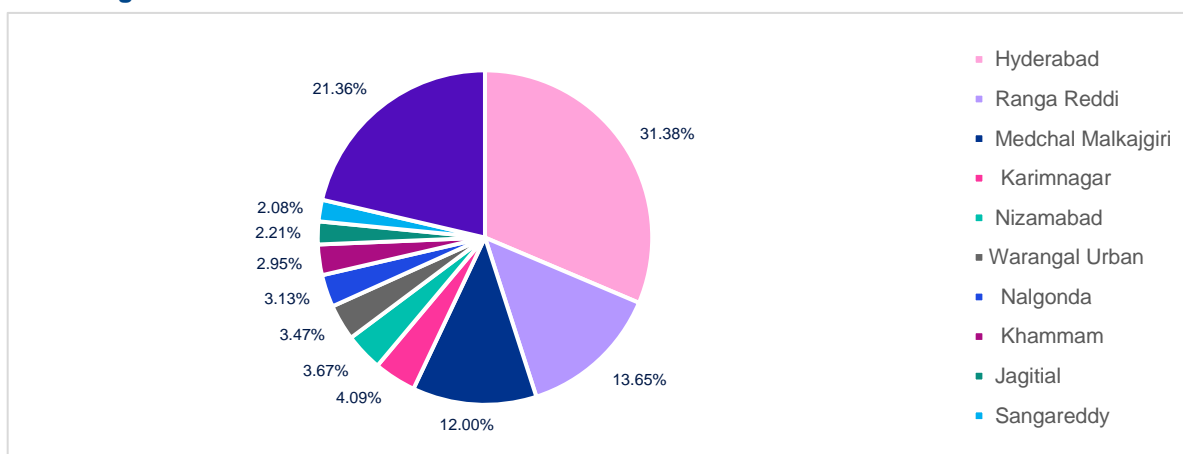
5.1 Number of MSME- District-wise:

District	Micro	Small	Medium	Total
Hyderabad	4302	441	91	4834
Ranga Reddy	1973	106	24	2103
Medchal Malkajgiri	1664	167	18	1849
Karimnagar	604	25	1	630
Nizamabad	550	15	0	565
Warangal Urban	499	36	0	535
Nalgonda	470	11	1	482
Khammam	435	20	0	455
Jagitial	339	2	0	341
Sangareddy	298	15	8	321
Other Districts	3222	61	8	3291
Total	14356	899	151	15406



The top 10 districts contribute 78.64 % of the sector's MSMEs units. As per table 18, the latest data from 2023 indicates that 8.98 % of MSMEs have the potential to be benefitted from MSE-CDP outreach.¹⁵¹

5.2 Percentage distribution of MSMEs across the State:



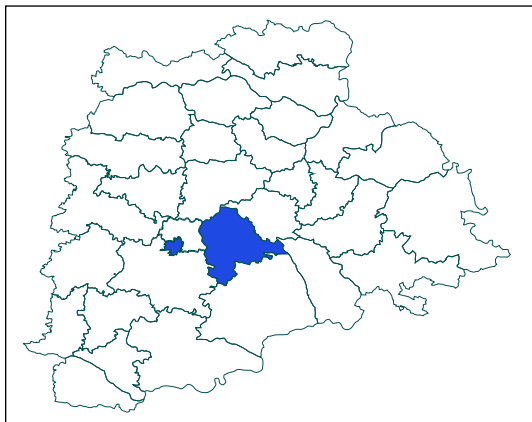
¹⁴⁹ Telangana Life Sciences: Vision 2030

¹⁵⁰ Total MSMEs is 5,25,166 units as of May 2023, Udyam data

¹⁵¹ List of clusters MSME-DI

5.3 Clusters in the State

District	Name of Cluster	Identified clusters under schemes	Scheme Identified
Yadadri Bhuvanagiri	Bulk Drugs & Intermediates Cluster	60	MSE-CDP
Hyderabad	Pharma Cluster	346	MSE-CDP



5.4 Policy and scheme support in the Sector:

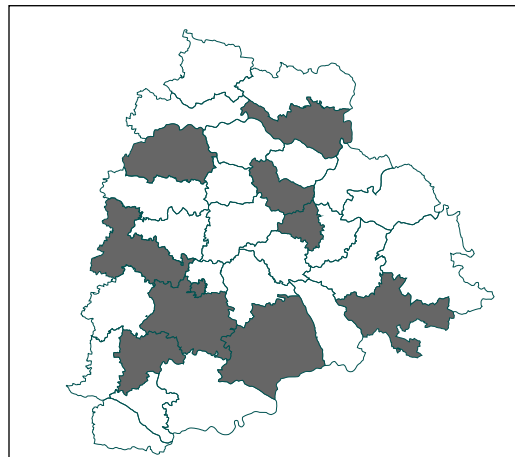
Sr No	Policy/ Scheme Name	Description
Central Government		
1	Central Sector Schemes- under Ministry of Ayush	<ul style="list-style-type: none"> Central sector scheme for augmenting quality of Ayush drugs Central sector scheme for Ayurgyan Public Health Initiative schemes Information Education Communication (IEC) scheme- 2021-26 Central scheme for Yoga Training for Police Personnel Champion Services Sector Scheme <p>Ayush Oushadi Gunvatta Evam Utpadan Samvardhan Yojana (AOGUSY)</p>
2	Centrally sponsored Schemes- under Ministry of Ayush	<ul style="list-style-type: none"> National Ayush Mission (NAM) Ayushman Bharat
State Government		
1	Biopharma Hub (or B-Hub)	Aimed at providing support to the biopharma R&D activities and scale-up manufacturing facility along with a GLP grade turnkey incubator within a built-up area of 40,000 Sq Ft.
2	Telangana Life Sciences Industrial Infrastructure Fund	Proposed to set up an INR denominated Alternate Investment Fund vehicle (AIF) under Security and Exchange Board of India (SEBI) and expected to have a targeted fund size of Rs. 1,000 Crores over an investment period of 5-6 years
3	BioAsia	International business convention, participation of more than 1500 global leaders from over 50 countries every year
4	Vaccine Skill Development Programme	Rolled-out a unique industry-led Vaccine Skill Development program to build capabilities in Biopharma industry
5	Flow Chemistry Technology Hub	The state proposes to set up a multi-industry supported innovation and technology hub for Flow Chemistry in Hyderabad ensuring greater incorporation of flow chemistry techniques during pharma R&D and greater adoption of continuous synthesis for manufacturing of active pharma ingredients (APIs).

6. Mineral based Wood based industries

The State is one of the largest coal deposits among the southern states of India and leading producer of barytes, dolomite, feldspar, laterite, limestone, Quartz, and Sand. The State is also well known for multicolored varieties of granites. State contributes 47% of kyanite, 29% corundum, 10% fuller's earth and 9% limestone resources in India ¹⁵². As per table 16 below, MSME constitutes 4.37 % of State's total spread across different districts. ¹⁵³

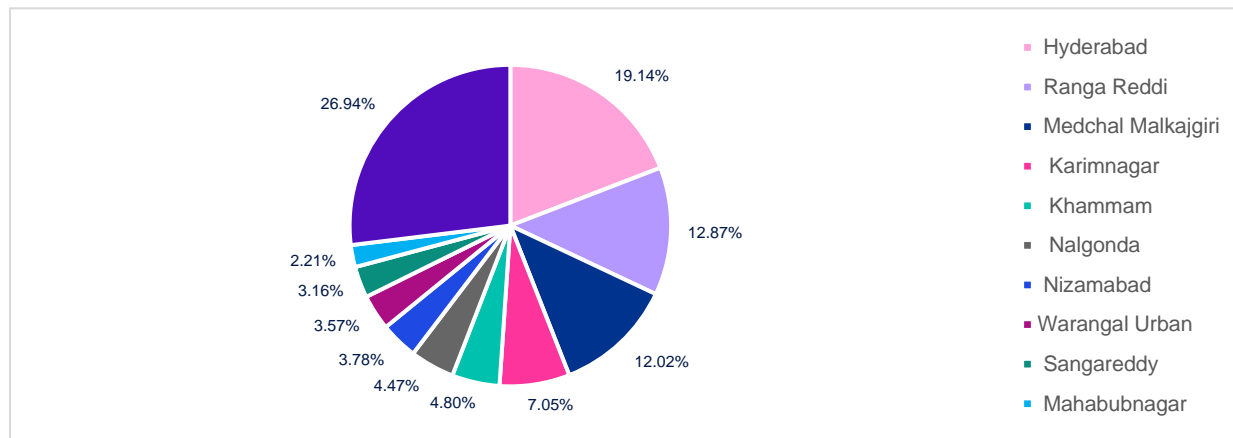
6.1 Number of MSME- District-wise:

District	Micro	Small	Medium	Total
Hyderabad	3899	426	65	4390
Ranga Reddy	2732	201	19	2952
Medchal Malkajgiri	2548	200	9	2757
Karimnagar	1507	103	7	1617
Khammam	1037	60	3	1100
Nalgonda	1003	21	1	1025
Nizamabad	835	30	1	866
Warangal Urban	773	45	0	818
Sangareddy	663	58	3	724
Mahabubnagar	483	22	3	508
Other Districts	5988	188	3	6179
Total	21468	1354	114	22936



The top 10 districts contribute 73.06 % of the sector's MSMEs units. As per table 17, the latest data from 2023 indicates that 140.63% of MSMEs have the potential to be benefitted from MSE-CDP, SFURTI & LEAN outreach. ¹⁵⁴

6.2 Percentage distribution of MSMEs across the State:



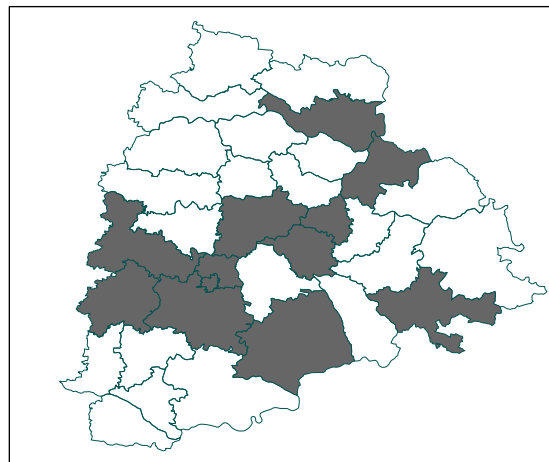
¹⁵² Invest Telangana- Mineral and Wood based

¹⁵³ Total MSMEs is 5,25,166 units as of May 2023, Udyam data

¹⁵⁴ List of clusters MSME-DI

6.3 Clusters in the State

District	Name of Cluster	Identified clusters under schemes	Scheme Identified
Mancherial	Ceramic Cluster	20	MSE-CDP
	Granite Processing Cluster	136	MSE-CDP
Peddapalli	Carpentry Cluster	100	MSE-CDP/ SFURTI
Khammam	Granite Processing Cluster	599	MSE-CDP
	Chunduru Brass & Bell Metal Cluster	40	MSE-CDP
Hyderabad	Wooden Panel Mementoes Cluster	50	SFURTI
Nalgonda	Pottery Cluster	160	SFURTI
Rangareddy	Quartz Powder & Feldspar Powder Cluster	16	MSE-CDP
Vikarabad	Slab Cutting & Polishing Cluster	500	MSE-CDP
Sangareddy	Foundry Cluster	37	MSE-CDP, LEAN
Siddipet	Bricks Cluster	15	MSE-CDP
Jangaon	Brassware Manufacturing Cluster	80	MSE-CDP/ SFURTI
Warangal	Furniture Cluster	300	MSE-CDP/ SFURTI
Jayashankar Bhupalpally	Carpentry Cluster	150	MSE-CDP/ SFURTI
Hyderabad	Fibre Glass Cluster	300	MSE-CDP
Hyderabad	Foundry Cluster	150	MSE-CDP

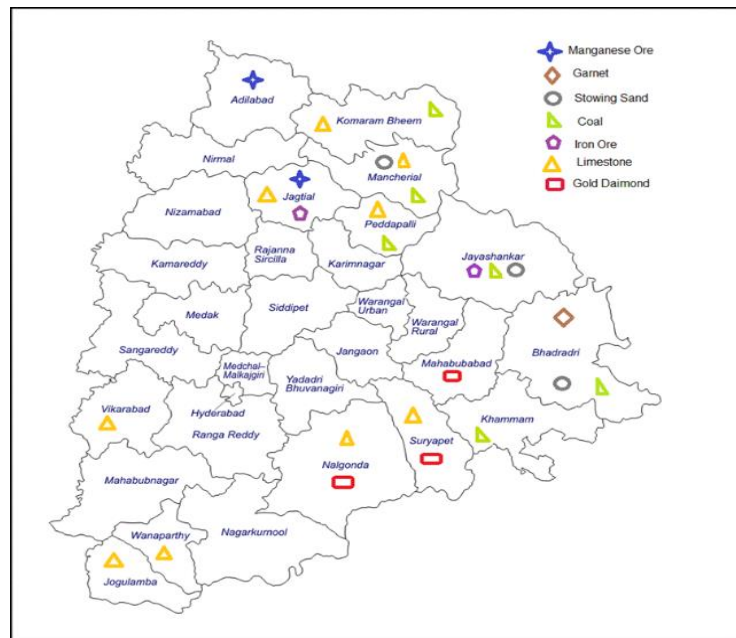


6.4 Policy and scheme support in the Sector:

Sr No	Policy/ Scheme Name	Description
Central Government		
1	National Mineral Policy 2019	<p>The policy aims to increase in the production of MCDR Minerals (Mineral Conservation and Development Rules) by 200% in 7 years and reduce trade deficit in sector by 50% in 7 years</p> <p>The key focus areas of the policy are- Exploration and Mining, Sustainable Mining, Stakeholder Participation, Transparency and Accountability and Mineral Value Addition.</p>

6.5 Major minerals district wise

Sr. No	District	Major Minerals
1	Adilabad	Manganese Ore
2	Bhadradi-Kothagudem	Garnet, Stowing Sand, Coal
3	Jagityal	Iron Ore, Manganese, Limestone
4	Jayashankar	Iron Ore, Coal, Stowing Sand
5	Jogulamba-Gadwal	Limestone
6	Khammam	Iron Ore, Coal
7	Komaram Bheem	Limestone, Coal
8	Mahabubabad	Iron Ore
9	Mahabubnagar	Gold, Diamond
10	Mancherial	Limestone, Coal, Stowing Sand
11	Nalgonda	Limestone, Gold, Diamond
12	Peddapalli	Limestone, Iron Ore, Coal, Stowing Sand
13	Suryapet	Limestone, Gold, Diamond
14	Vikarabad	Limestone
15	Wanaparthi	Limestone

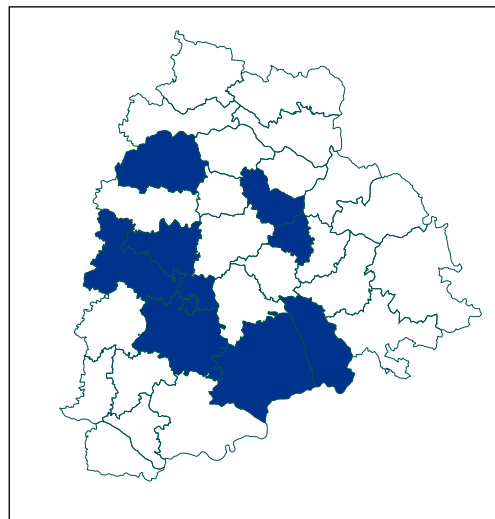


7. Plastic and Polymers

The State has strong presence of plastic industry with about 6000 units, of which 90% are MSMEs. The Sector contribute to a turnover of over Rs 6,000 crore and the production capacity is 9 lakh metric tonnes. Among these 6,000 units, 28% are micro, 55% are small, 15% are medium while the remaining 2 % are large scale companies¹⁵⁵. As per table 19 below, MSME constitutes 1.60 % of State's total spread across different districts.¹⁵⁶

7.1 Number of MSME- District-wise:

District	Micro	Small	Medium	Total
Medchal Malkajgiri	2005	266	23	2294
Hyderabad	1766	233	60	2059
Ranga Reddy	1368	156	19	1543
Sangareddy	247	40	11	298
Nalgonda	199	18	0	217
Nizamabad	179	13	2	194
Warangal Urban	179	9	0	188
Karimnagar	163	10	0	173
Suryapet	135	5	2	142
Medak	116	21	5	142
Other Districts	1071	73	7	1151
Total	7428	844	129	8401



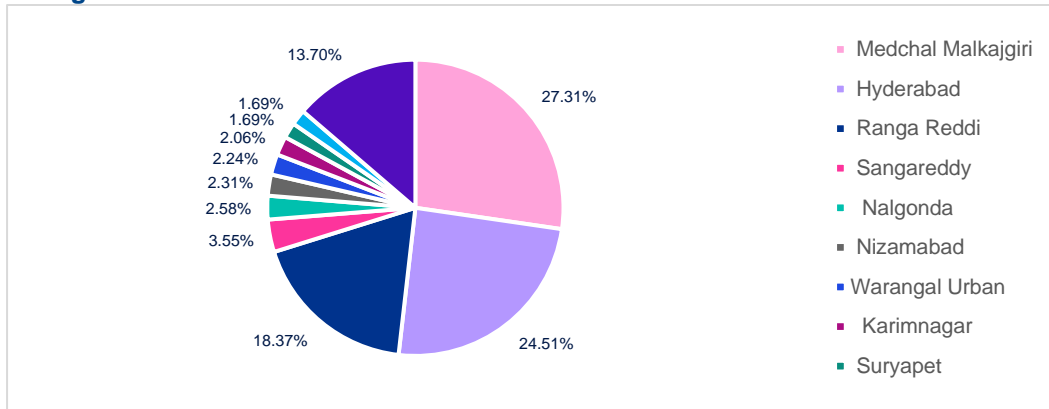
The top 10 districts contribute 86.30 % of the sector's MSMEs units. As per table 24, the latest data from 2023 indicates that 370 MSMEs have been identified for MSE-CDP outreach.¹⁵⁷

¹⁵⁵ Invest Telangana-Plastic & Polymer sector

¹⁵⁶ Total MSMEs is 5,25,166 units as of May 2023, Udyam data

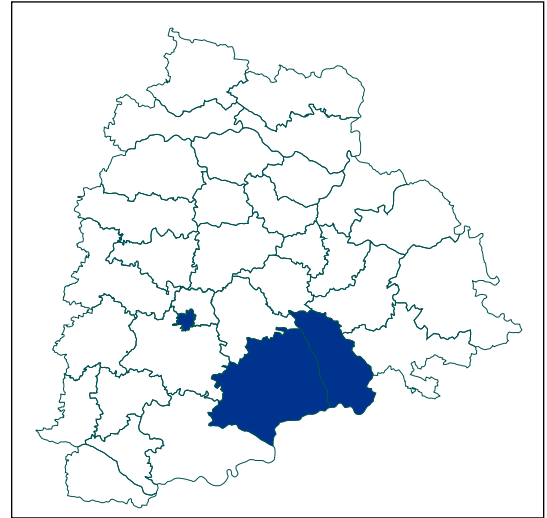
¹⁵⁷ List of clusters MSME-DI

7.2 Percentage distribution of MSMEs across the State:



7.3 Clusters in the State

District	Name of Cluster	Identified clusters under schemes	Scheme Identified
Nalgonda	Plastics Cluster	10	MSE-CDP
Hyderabad	Packaging (Corrugated Boxes Manufacturing) Cluster	60	MSE-CDP
Hyderabad	Plastics Manufacturing Cluster	300	MSE-CDP

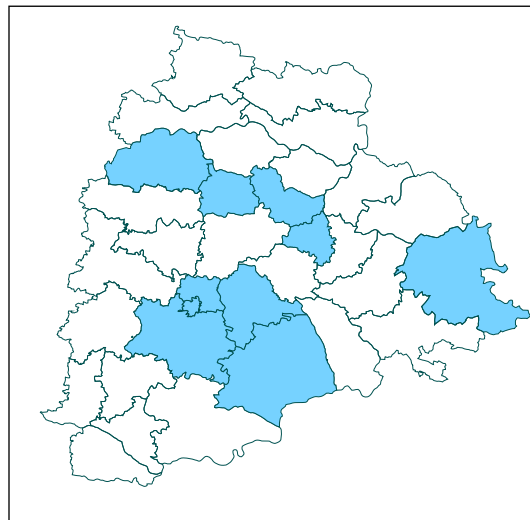


8. Textile

The State is well known for the historical Textile sector operations with 50,000 power looms, 17,000 handlooms and skilled work force and 3rd highest cotton purchasing state in India with annual production of 5 million bales ¹⁵⁸. Telangana have huge potential in handlooms & textiles like Pochampally, Ikkat Handloom products, Siddipet Handlooms, Nayanpet Handlooms, Gadwal Handlooms, Banjara Embroidery and Cotton Durries. As per table below, MSME constitutes 4.54 % of State's total spread across different districts. ¹⁵⁹

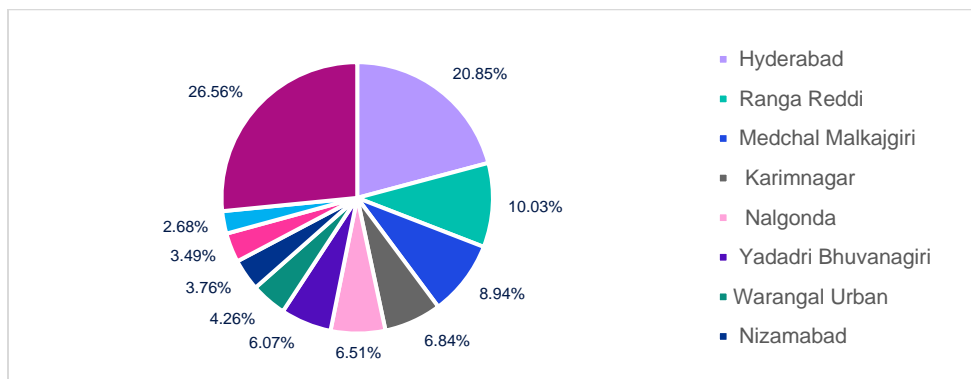
8.1 Number of MSME- District-wise:

District	Micro	Small	Medium	Total
Hyderabad	4729	213	28	4970
Ranga Reddy	2353	33	5	2391
Medchal Malkajgiri	2098	28	4	2130
Karimnagar	1620	10	0	1630
Nalgonda	1545	6	0	1551
Yadadri Bhuvanagiri	1441	6	0	1447
Warangal Urban	972	40	4	1016
Nizamabad	893	4	0	897
Rajanna Sircilla	813	20	0	833
Bhadradi Kothagudem	637	2	0	639
Other Districts	6289	34	9	6332
Total	23390	396	50	23836



The top 10 districts contribute 73.44% of the sector's MSMEs units. As per table 22, the latest data from 2023 indicates that 82.36% of MSMEs have the potential to be benefited from MSE-CDP/SFURTI & LEAN outreach. ¹⁶⁰

8.1 Percentage distribution of MSMEs across the State:



¹⁵⁸ Invest Telangana-Textile Sector-2023

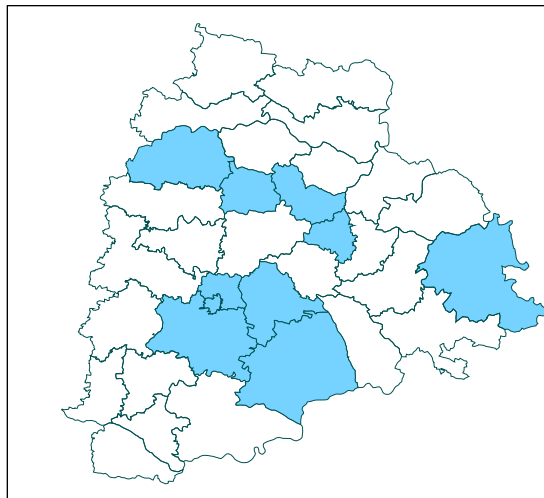
¹⁵⁹ Total MSMEs is 5,25,166 units as of May 2023, Udyam data

¹⁶⁰ List of clusters MSME-DI



8.2 Clusters in the State

District	Name of Cluster	Identified clusters under schemes	Scheme Identified
Nirmal	Cotton Ginning & Pressing Cluster	19	MSE-CDP
Adilabad	Cotton Ginning Cluster	31	MSE-CDP
Asifabad	Cotton Ginning & Pressing Cluster	15	MSE-CDP
Rajanna Sircilla	Power loom Cluster	100	MSE-CDP
Jogulamba Gadwal	Handloom Textile Cluster	40	MSE-CDP
Jogulamba Gadwal	Cotton Ginning & Cotton Seed Processing Cluster	20	MSE-CDP
Nagarkurnool	Readymade Garments Cluster	25	MSE-CDP
Nalgonda	Power Loom Cluster	100	MSE-CDP
Nalgonda	Handloom Cluster	200	SFURTI
Rangareddy	Banjara Patchwork Cluster	160	SFURTI
Rangareddy	Cotton Ginning & Pressing Cluster	14	MSE-CDP
Vikarabad	Jute Products Cluster	160	MSE-CDP/ SFURTI
Vikarabad	Zari Zardosi Cluster	160	MSE-CDP/ SFURTI
Siddipet	Handloom Cluster	70	SFURTI
Siddipet	Cotton Ginning Cluster	20	LEAN
Sangareddy	Non-Woven Bags Cluster	50	MSE-CDP, LEAN, P&MS
Warangal	Cotton Ginning Cluster	40	MSE-CDP
Warangal	Powerloom Textiles Cluster	286	MSE-CDP
Hyderabad	Zari Zardosi Cluster	500	MSE-CDP/ SFURTI
Hyderabad	Jute Products Cluster	500	MSE-CDP/ SFURTI





8.3 Policy and scheme support in the Sector:

Sr No	Policy/ Scheme Name	Description
Central Government		
1	Pilot Phase to set up Incubation Centers in Apparel Manufacturing	The scheme support in below mentioned 2 components: 1 Infrastructure Support: Factory building area not exceeding 45,000 Sq Ft & 100 stitching machineries per incubate-100% grant, Max 12 Crores per incubation center. 2 Capacity Building Support and Linkages: Training to 200 workers per Incubate-100% grant, Max Rs 31 Lacs per incubate
2	Integrated Processing Development Scheme (IPDS)	The scheme support for new and Upgradation of Common Effluent Treatment Plants (CETP) and new processing parks specially in coastal Zones with overall ceiling of 50% of project cost Max Rs. 75 Crores for Zero Liquid Discharge and Marine Discharge and Rs. 10 Crores for riverine and conventional treatment.
3	Silk Sector Schemes	Silk Samagra-2
4	Textile Cluster Development Scheme (TCDS)	<ul style="list-style-type: none"> PowerTex India Scheme Scheme for Integrated Textile Parks (SITP) Comprehensive Power loom Cluster Development Scheme (CPCDS)
5	Handicrafts Schemes	<ul style="list-style-type: none"> National Handicrafts Development Programme (NHDP) Comprehensive Handicrafts Cluster Development Scheme
6	Handlooms Schemes	<ul style="list-style-type: none"> National Handloom Development Programme (NHDP)
7	Technology Upgradation Fund Scheme	<ul style="list-style-type: none"> Amended Technology Upgradation Funds Scheme (ATUFS) Technology Upgradation Fund Scheme (TUFS)
8	Power loom Sector Schemes	<ul style="list-style-type: none"> Comprehensive Scheme Guidelines for Development of Knitting & Knitwear Sector under PowerTex India PowerTex India - Comprehensive Scheme for Power loom Sector Comprehensive Power loom Cluster Development Scheme (CPCDS) Integrated Scheme for Power loom Sector Development (ISPSD) Group Work shed Scheme (GWS)
9	Jute Sector Schemes	<ul style="list-style-type: none"> Improved Cultivation and Retting Exercises (ICARE) Jute Diversification Scheme Market Development & Promotion Scholarship Scheme for Girl Children of Workers of Jute Mills/MSME JDP Units
10	Skill Development Schemes	Scheme for Capacity Building in Textile Sector (SCBTS)
11	Wool Development Schemes	Integrated Wool Development Programme
State Government		
1	Telangana Textile & Apparel Policy (T-TAP) 2017-18	<p>The scheme aims to create 5 new textile parks, attract at least 5 new international and 50 domestic investments, generate additional employment opportunity for 3 lakh persons, of which at least 60% will be women, ensure that every handloom weaver increases his monthly earnings by 50%.</p> <p>Ensure that every power loom in the state is modernized, and the income of each power loom worker increases by 30%.</p> <p>Achieve textile and clothing exports from the state equivalent to at least 20% of the total value of textile and clothing produced within the state. The area of support is in the form of-</p> <ul style="list-style-type: none"> Scheme for Capital Assistance (S-CAP) Scheme for Operational Assistance (S-OP)



Strategic Investment Plan for Telangana under Raising and Accelerating MSME Performance (RAMP)

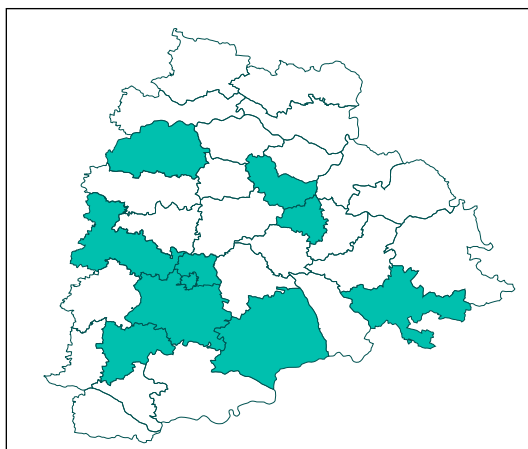
Sr No	Policy/ Scheme Name	Description
		<ul style="list-style-type: none"> • Scheme for Infrastructure Support (S-IP) • Scheme for Capacity Building and Skill Development (S-CAD)
2	Telangana Chenetha Mitra Scheme 2023	The State Government offers handloom workers a 40% subsidy towards the cost of their raw materials and the Central Government provides funding of 10% subsidy.
3	Telangana Nethannaku Cheyutha Scheme 2023	<p>Hand loom weavers will be provided a subsidy of 50% for raid yarn by Government.</p> <p>Through this scheme, the monthly income of handloom weavers will increase by 30 to 70%.</p> <p>A budget of Rs 373 crores has been announced by the Telangana Government.</p>
4	Nethanna Bima (Weaver's Insurance) Scheme	<p>This scheme will provide Rs 5 lakh insurance cover to the weaver's families in case of the unfortunate demise of an eligible beneficiary.</p> <p>The insurance coverage will be extended to weavers in the age group of 18 to 59 years.</p>

9. Waste Management and Green Technologies

Telangana has a vast solar potential estimated at 20.41 GW and a wind energy potential of 4.2 GW. The State has a total installed capacity of 4,036 MW renewable energy power, including solar energy at 3,583 MW and wind energy of 128 MW besides contribution from other renewable energy sources. The State ranked 1st in India in Waste to Energy 52 MW, 2nd in terms of solar power capacity per unit area of land mass, and 6th in India with 106 LEED certified green building projects in 2019 with 44mn built-up area¹⁶¹. As per table 24 below, MSME constitutes 0.56 % of State's total spread across different districts.¹⁶²

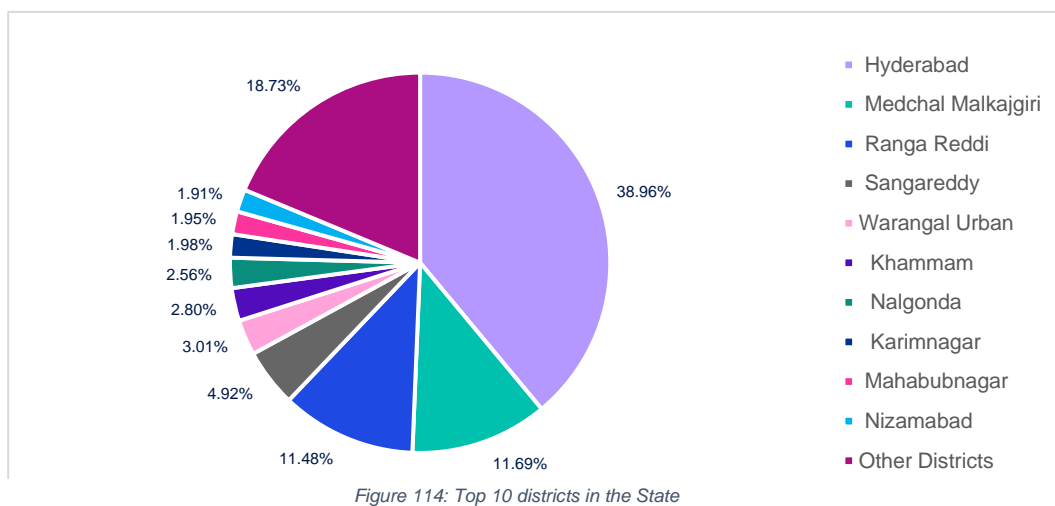
9.1 Number of MSME- District-wise:

District	Micro	Small	Medium	Total
Hyderabad	1105	31	4	1140
Medchal Malkajgiri	330	11	1	342
Ranga Reddy	303	25	8	336
Sangareddy	139	5	0	144
Warangal Urban	87	1	0	88
Khammam	81	1	0	82
Nalgonda	72	3	0	75
Karimnagar	54	4	0	58
Mahabubnagar	53	4	0	57
Nizamabad	55	1	0	56
Other Districts	535	13	0	548
Total	2814	99	13	2926



The top 10 districts contribute 81.27% of the sector's MSMEs units.

9.2 Percentage distribution of MSMEs across the State:



¹⁶¹ Invest Telangana-Green Tech

¹⁶² Total MSMEs is 5,25,166 units as of May 2023, Udyam data



9.3 Policy and scheme support in the Sector:

Sr No	Policy/ Scheme Name	Description
Central Government		
1.	Zero Defect, Zero Effect (ZED) Certification Scheme	ZED certification encourages MSMEs to maintain high quality standards with minimal environmental impact, fostering sustainable manufacturing practices.
2.	End to End Energy Efficiency Scheme (4E Scheme)	SIDBI offers financial assistance to MSMEs for adopting green initiatives like transitioning to cleaner fuels, solar rooftop installation and carbon emission reduction. It provides various funding tracks and non-financial support. This includes GIFS (Green Indian Financial System), GRIT (Green Inclusivity) for artisanal and ME clusters and access to Green Climate fund as an accredited agency for green investments and sustainability.
3.	Credit Linked Capital Subsidy Scheme (CLCSS)	This scheme is not exclusive for Green MSMEs; however, it provides 15% upfront capital subsidies (max Rs 15 lakh) for technology upgradation. This scheme targets small scale agro and rural industries
4.	Integrated Processing Development Scheme (IPDS)	This scheme is applicable for industry association, group of entrepreneurs or SPVs to avail benefits of this scheme from Ministry of Textiles. The scheme covers project cost for textile clusters in setting up water treatment & effluent treatment plant an technology and common infrastructure such as captive power generation for green energy.
5.	NABARD – commercial production units of organic inputs under the scheme.	25% subsidy on capital costs, upto Rs 40 lakh for biofertilisers and biopesticides units. 33% subsidy upto 60 lakh for fruits and vegetable waste compost production units. Both of the above subsidies can be availed as a credit-linked, back-ended subsidy with remaining costs covered by bank term loans and margin money.
6.	Green Credit Scheme	The Green Credit Scheme by MNRE incentivizes MSMEs for adopting eco-friendly practices and technologies to promote sustainability
7.	The Technology and Quality Upgradation Support Scheme	The Scheme supports MSMEs encourages the adoption of cleaner and energy-efficient technologies. Financial assistance is up to 25% financial support for approved projects with a maximum assistance of Rs 10 lakh per project.
8.	The Environmental Management Capacity Building (EMCB) program	This program by MSME offers financial assistance to MSMEs for environmental audits, cleaner technology adoption and implementation of eco-friendly practices.
State Government		
1	Telangana State Solar Policy 2015	The policy allows Commercial and industrial (C&I) customers can install rooftop solar systems up to 80% of their sanctioned load, with maximum limit of 1 MW.
2	Telangana State E-waste Management policy 2017	<ol style="list-style-type: none"> Capital Investment Subsidy: <ul style="list-style-type: none"> Rs 1 Crore subsidy for recyclers and refurbishes with a minimum Rs 5 crore investment. Rs 30 Lakh subsidy for collection centers and dismantlers with a minimum Rs 1 Crore investment. Lease rental subsidy: <ul style="list-style-type: none"> 25% subsidy on lease rentals for the first three years. Maximum subsidy limit: Rs 5 lakh per company Training subsidy: Rs 1000 per month for over 3 months, up to 1000 people. Subsidy on refurbished products: 10% subsidy on total expenditure, minimum 1000 units with maximum subsidy of Rs 2 lakh. Customised incentive packages for strategically important projects.

10. Services

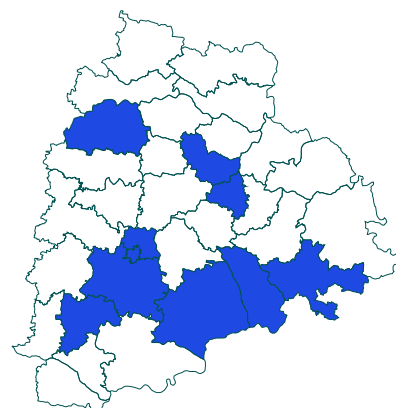
In Telangana, except the year 2020-21, the growth of GSVA has been driven mainly by service sector growth and has been the key driver of economic growth.

According to the Periodic Labour Force Survey 2020-21, 63.22% of the urban workers in the state were working in the service sector, whereas it was 18.28% in the rural areas. The Real Estate, Ownership of Dwelling, and Other Professional Services sub-sector was the largest contributor to the service sector GVA at current prices, with a share of 33.20% in 2022-23, followed by the Trade, Repair, Hotels, and Restaurants, with a share of 28.34%.

Between 2014-15 and 2022-23, the GVA of all sub-sectors - Trade, Hotels, Transport, Communication and Services related to broadcasting, Financial, Public Administration, Defense, and other services at current prices in the state experienced a Compounded Annual Growth Rate (CAGR) of 13.51%, 11.85%, and 13.62% which are higher than the all-India CAGR value of 9.60%, 10.35%, and 11.72%. This indicates Telangana's growth rate in each sub-sector of the service sector is also higher than all-India over the years.¹⁶³ MSME constitutes 47 % of State's total spread across different districts.¹⁶⁴

10.1 Number of MSME- District-wise:

District	Micro	Small	Medium	Total
Hyderabad	45563	2463	314	48340
Ranga Reddy	28778	756	73	29607
Medchal Malkajgiri	19152	551	44	19747
Nalgonda	14021	98	5	14124
Nizamabad	10605	91	5	10701
Khammam	9311	145	6	9462
Karimnagar	9258	97	3	9358
Warangal Urban	8768	145	7	8920
Mahabubnagar	8447	50	2	8499
Suryapet	7805	74	3	7882
Other Districts	78200	605	17	78822
Total	239908	5075	479	245462



The top 10 districts contribute 67.89% of the sector's MSMEs units. The latest data from 2023 indicates that 7.11 % of MSMEs have the potential to be benefitted from MSE-CDP outreach¹⁶⁵.

¹⁶³ Telangana Statistical abstract-2023

¹⁶⁴ Total MSMEs is 5,25,166 units as of May 2023, Udyam data

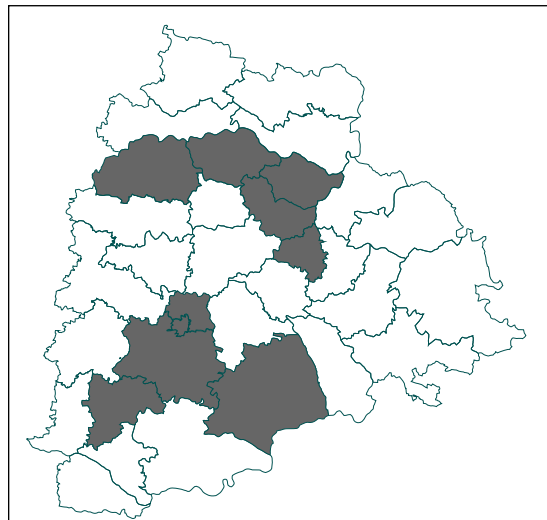
¹⁶⁵ List of clusters MSME-DI

11. Gems & Jewelry

Hyderabad is known as the international hub for precious and semi-precious stone-studded jewelry. Hyderabad pearls and lacquer bangles made by the local artisans are famous worldwide. The central government has approved Hyderabad Gems SEZ Ltd, a diamond processing Zone (SEZ). In September 2021, Malabar Group invested Rs. 750 crores in a gold refinery and jewelry unit in Hyderabad¹⁶⁶. MSME constitutes 0.82 % of State's total spread across different districts.¹⁶⁷

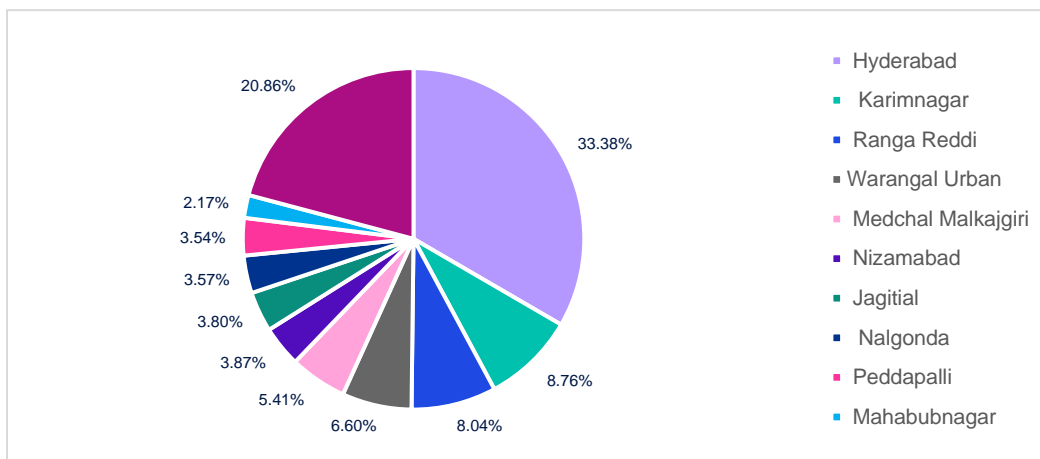
11.1 Number of MSME- District-wise:

District	Micro	Small	Medium	Total
Hyderabad	1188	187	57	1432
Karimnagar	373	3	0	376
Ranga Reddy	335	10	0	345
Warangal Urban	268	13	2	283
Medchal Malkajgiri	215	15	2	232
Nizamabad	166	0	0	166
Jagitial	160	2	1	163
Nalgonda	151	2	0	153
Peddapalli	149	3	0	152
Mahabubnagar	92	1	0	93
Other Districts	870	23	2	895
Total	3967	259	64	4290



The top 10 districts contribute 79.14 % of the sector's MSMEs units. The latest data from 2023 indicates that 3190 MSMEs have the potential to be benefitted from MSE-CDP outreach

11.2 Percentage distribution of MSMEs across the State:



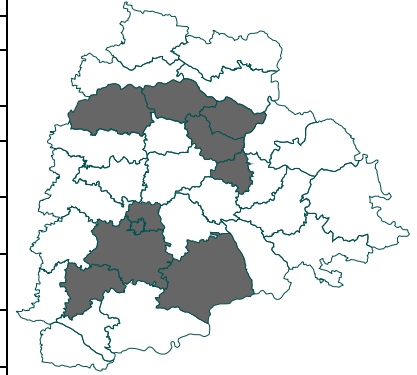
¹⁶⁶ IBEF-Gems & Jewelry industry report

¹⁶⁷ Total MSMEs is 5,25,166 units as of May 2023, Udyam data



11.3 Clusters in the State

Clusters identified under schemes	Clusters identified under schemes	Clusters identified under schemes	Clusters identified under schemes
Adilabad	Gold Ornaments Cluster	150	MSE-CDP/ SFURTI
Karimnagar	Gold Jewellery Cluster	300	MSE-CDP
Karimnagar	Silver Filigree Cluster	100	MSE-CDP/ SFURTI
Peddapalli	Gold Jewellery Cluster	220	MSE-CDP
Jagityal	Gold Jewellery Cluster	200	MSE-CDP/ SFURTI
Khammam	Gold Ornaments Cluster	100	MSE-CDP/ SFURTI
Mahabubnagar	Gold Jewellery Cluster	100	MSE-CDP/ SFURTI
Nalgonda	Gold Jewellery Cluster	200	MSE-CDP/ SFURTI
Nalgonda	Tribal Jewellery Cluster	100	SFURTI
Nizamabad	Gold Ornaments Cluster	150	MSE-CDP/ SFURTI
Nizamabad	Tribal Jewellery Cluster	160	SFURTI
Medak	Gold Jewellery Cluster	100	MSE-CDP/ SFURTI
Warangal	Gold Ornaments Cluster	310	MSE-CDP/ SFURTI
Warangal Urban	Gold Cluster	300	MSE-CDP/ SFURTI
Hyderabad	Lac Bangles Cluster	500	MSE-CDP/ SFURTI
Hyderabad	Gold Jewellery Cluster	200	MSE-CDP/ SFURTI

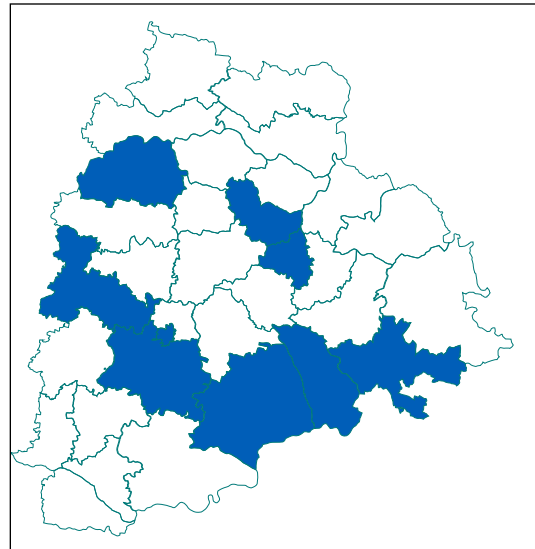


12. FMCG and Domestic Appliances

The FMCG and domestic appliances sector has shown remarkable growth, even during periods of sluggish economic activity, with Telangana's central location in India making transportation costs a crucial factor. Leveraging the States strategic location becomes essential, particularly in this sector. As per table 31 below, MSME constitutes 13.65% of State's total spread across different districts.¹⁶⁸

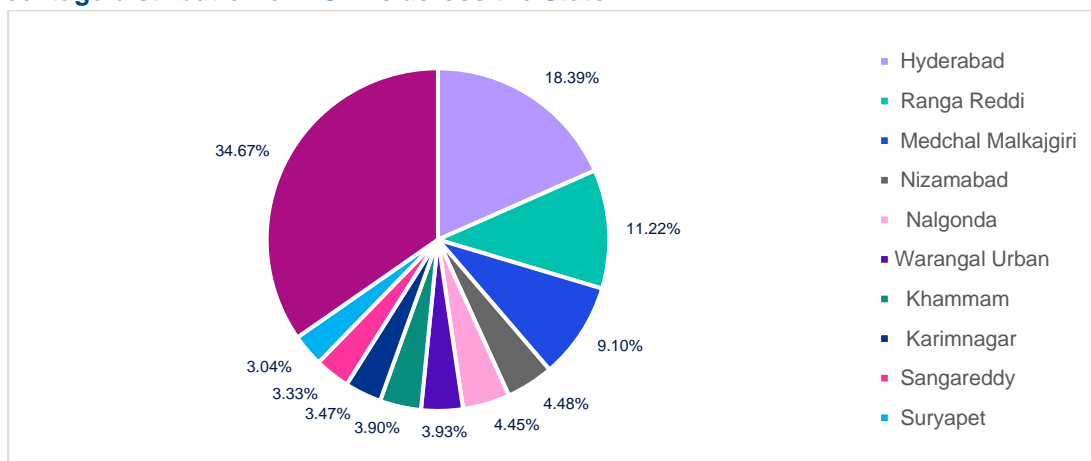
12.1 Number of MSME- District-wise:

District	Micro	Small	Medium	Total
Hyderabad	12277	826	81	13184
Ranga Reddy	7735	274	33	8042
Medchal Malkajgiri	6252	258	15	6525
Nizamabad	3131	81	1	3213
Nalgonda	3099	91	3	3193
Warangal Urban	2731	83	3	2817
Khammam	2666	129	2	2797
Karimnagar	2402	82	1	2485
Sangareddy	2294	86	5	2385
Suryapet	2120	61	1	2182
Other Districts	24036	804	12	24852
Total	68743	2775	157	71675



The top 10 districts contribute 65.33% of the sector's MSMEs units. The latest data from 2023 indicates that 0.12% of MSMEs have the potential to be benefitted from MSE-CDP outreach.¹⁶⁹

12.2 Percentage distribution of MSMEs across the State:



¹⁶⁸ Total MSMEs is 5,25,166 units as of May 2023, Udyam data

¹⁶⁹ List of clusters MSME-DI



12.3 Clusters in the State

District	Name of Cluster	Clusters identified under schemes	Scheme Identified
Siddipet	Packaged Drinking Water Cluster	30	MSE-CDP

12.4 Policy and scheme support in the Sector:

There is no specific policy for the sector but there are various initiatives taken by Government to promote FMCG & Domestic Appliances sector:

Sr No	Initiatives
1	100% FDI in cash and carry segment in single brand-retail and 51% FDI in multi- brand retail
2	The Government has formulated a fresh Consumer Protection Bill, aimed at ensuring that consumer receives justice
3	GST rate of many FMCG products such as Soap, toothpaste, hair oil has been reduced from 23-24% to 18% and hygiene products has been reduced to 0-5% and 12-18% ¹⁷⁰

¹⁷⁰ IBEF- FMCG industry in India industry report

**State wise mapping of Industrial policies,
Snapshot of access to finance & Overview of Geography**

SNo.	Name of Policy	Incentives on Investment of Fixed Capital Investment (FCI)	Special incentives for Women, ST/SC Entrepreneurs	Incentives to Aspirational Districts	Incentives on Skill upgradation and training	Incentives on Green Initiative	Incentives on CGTSME	Market Development assistance
1	Telangana Industrial Policy Framework-2023 (Incentives are specified under T- IDEA scheme)	<ul style="list-style-type: none"> Interest Subsidy: 3%-9% p.a on Term Loan for 5 years Power Subsidy: Rs. 1 per unit consumed for 5 years. Investment Subsidy: 15% on value of fixed assets, Max Rs 20 Lakhs Reimbursement of net SGST: For MSEs-100% for 5 years, for Medium Enterprises-75% for 7 years Stamp Duty: 100% Reimbursement Land conversion charges & rebate in land cost: 25% of cost, Max 10 Lakhs Seed capital assistance (Micro enterprises): 1st generation entrepreneurs-10% of machinery cost 	<ul style="list-style-type: none"> Women Entrepreneurs: For MSEs- additional 10% investment subsidy on FCI, Max Rs. 10 Lakhs Seed capital assistance (Micro enterprises): 1st generation entrepreneurs-20% of machinery cost SC/ST Entrepreneurs: <ul style="list-style-type: none"> Investment Subsidy: 35% on value of fixed assets, Max Rs 75 Lakhs Power Subsidy: Rs. 1.50 per unit consumed for 5 years. Land conversion charges & rebate in land cost: 33 1/3% 	<ul style="list-style-type: none"> No Provision under Policy 	<ul style="list-style-type: none"> Skill upgradation and training: 50% Reimbursement of cost involved limited to Rs.2000 per person 	<ul style="list-style-type: none"> Cleaner Production: 25% subsidy on cleaner measures, Max Rs.5 Lakhs Quality Certification/Patent Registration: 50% subsidy on the expenses incurred, Max Rs. 2 Lakhs 	<ul style="list-style-type: none"> No Provision under Policy 	<ul style="list-style-type: none"> No Provision under Policy

SNo.	Name of Policy	Incentives on Investment of Fixed Capital Investment (FCI)	Special incentives for Women, ST/SC Entrepreneurs	Incentives to Aspirational Districts	Incentives on Skill upgradation and training	Incentives on Green Initiative	Incentives on CGTSME	Market Development assistance
			of cost, Max 10 Lakhs					
2	Package Scheme of Incentives-2019 (Maharashtra)	<ul style="list-style-type: none"> Interest Subsidy: 5% p.a on till repayment of Term Loan, Max of electricity consumed, and bills paid during that year. Power Subsidy: Rs.1 per unit consumed for 3 years. Reimbursement of net SGST: 100% till eligibility period Exemption of Electric duty: Exemption for 7 years Technology Upgradation: 5%, Max 25 Lakhs Stamp Duty: 100% Reimbursement 	<ul style="list-style-type: none"> Capital Subsidy: between 15% to 30% of FCI with a Limit up to Rs. 1 Cr Power Subsidy: Rs.2 per unit consumed for 3 years. Marketing support to Women entrepreneurs: 50% of expenses incurred for promotion of their products, Max Rs. 1 Crore Participation in Exhibitions: Rs 10,000 for participation in national and Rs. 3 Lakhs for international exhibition <p>Exhibitions organized for women</p>	<ul style="list-style-type: none"> 100% Incentives on FCI for 10 years 	<ul style="list-style-type: none"> No Provision under Policy 	<ul style="list-style-type: none"> Cleaner Production: 25% subsidy on additional capital equipment, Max 5 Lakhs Energy Efficiency: 50% of the cost of additional capital equipment for improving energy efficiency Max to Rs. 5 Lakhs Water Recycle: 50% of the cost of capital equipment under the measures to conserve/recycle water, Max Rs. 5 Lakhs Water audit and quality certification: 75% of cost incurred, Max Rs.1 Lakhs. Energy Audit: 75% of cost of audit, Max Rs.2 Lakhs Patent Registration: 75% subsidy expenses Max Rs. 10 Lakhs for national patents and Rs. 20 	<ul style="list-style-type: none"> No Provision under Policy 	<ul style="list-style-type: none"> No Provision under Policy

SNo.	Name of Policy	Incentives on Investment of Fixed Capital Investment (FCI)	Special incentives for Women, ST/SC Entrepreneurs	Incentives to Aspirational Districts	Incentives on Skill upgradation and training	Incentives on Green Initiative	Incentives on CGTMSME	Market Development assistance
			entrepreneurs-50% of cost, Max 10 Lakhs			Lakhs for international patents		
3	Tamil Nadu Industrial Policy-2021	<ul style="list-style-type: none"> Interest Subvention Scheme (For Medium Enterprises): Rs. 6% on the loan availed from Tamil Nadu Industrial Investment Corporation Power Subsidy (Only for Micro Enterprises): 20% on power consumption charges for 3 years Capital Subsidy: 25% (10% additional for Micro Enterprises) of plant and machinery value, Max Rs. 25 Lakhs for Micro Enterprises, Rs. 150 Lakhs for Small and Medium Enterprises Technology Upgradation: 5% of the interest on the term loan obtained for technology upgradation. Stamp Duty Reimbursement: 100% (for Micro Enterprises) 	<ul style="list-style-type: none"> Capital Subsidy: 5% additional subsidy on plant and machinery value, Max 5 Lakhs (for Micro Enterprises) 	<ul style="list-style-type: none"> No Provision under Policy 	<ul style="list-style-type: none"> Reimbursement of Rs. 2000 per month per candidate, Max 6 months 	<ul style="list-style-type: none"> 25% of plant and machinery value installed to promote cleaner and environment friendly technologies, Max Rs.10 Lakhs. Cleaner and Energy efficiency: 50% of the project cost for Technology Development Fund for evolving cleaner and/ or energy efficient or IT enabled technologies, Max Rs. 2.50 Lakhs Energy audit: 75% of the cost of the energy audit, Rs. 1 Lakhs per audit Implementation of Energy audit: 50% of the cost of the eligible components. Rs. 10 Lakhs for implementation E-Vehicle component and charging infra manufacturing: 20% 	<ul style="list-style-type: none"> 5% of the interest on the Term Loan obtained under CGTMSME, Max. Rs. 20 Lakhs for 5 years 	<ul style="list-style-type: none"> Purchase Procurement preference: Minimum 25% preference for MSE's in Government purchases in participation on tender process Exhibition and Trade fairs: <ul style="list-style-type: none"> 50% of the hall rent, Rs. 7.5 Lakhs-Chennai, Rs. 1.5 Lakhs other than Chennai district & Rs. 47.5 Lakhs in other states Rs. 15 Lakhs per international trade fair

SNo.	Name of Policy	Incentives on Investment of Fixed Capital Investment (FCI)	Special incentives for Women, ST/SC Entrepreneurs	Incentives to Aspirational Districts	Incentives on Skill upgradation and training	Incentives on Green Initiative	Incentives on CGTSME	Market Development assistance
		<ul style="list-style-type: none"> Seed capital assistance (for Startups): Support up to Rs 25 Lakhs 				additional capital subsidy, Max. 10 Lakhs		
4	Uttar Pradesh New Industrial Policy-2022	<ul style="list-style-type: none"> Interest Subsidy (for Micro Enterprises): 50% of interest payable on loan for 5 years, Max 25 Lakhs Capital Subsidy: 10%-25% (depending on the area), Capped at Rs 4 Crore per unit. Stamp Duty Reimbursement: 50%-100% (Depending on the area) 	<ul style="list-style-type: none"> Interest Subsidy: Additional 10% Subsidy Capital Subsidy: Additional 2% Subsidy Stamp Duty Reimbursement: 100% I 	<ul style="list-style-type: none"> No Provision under Policy 	<ul style="list-style-type: none"> Cost of qualification and mandatory professional training of an employee- 25% - 75%, Max Rs. 50,000 	<ul style="list-style-type: none"> Clean production technologies: 40% reimbursement, Max. Rs 20 Lakhs CETP: Financial assistance of up to 50% of project cost, Max Rs 10 Cr Waste recycling through zero liquid discharge: Financial assistance of 50%, Max Rs. 75 Lakhs Common boiler: 50% of the project cost, Max Rs. 50 Lakhs Energy & Water Audit: Assistance up to 75% of cost, Max Rs 50,000 and 50% of cost of equipment recommended by the auditing authority, Max Rs 20 Lakhs Green rating from Indian Green Building Council: 50% of consultation 	<ul style="list-style-type: none"> The state government would incur the One Time Guarantee Fee under CGTMSE for collateral free loans of up to Rs 2 crore taken from the banks. 	<ul style="list-style-type: none"> No Provision under Policy

SNo.	Name of Policy	Incentives on Investment of Fixed Capital Investment (FCI)	Special incentives for Women, ST/SC Entrepreneurs	Incentives to Aspirational Districts	Incentives on Skill upgradation and training	Incentives on Green Initiative	Incentives on CGTSMSE	Market Development assistance
						fee, Max Rs. 2.5 Lakhs <ul style="list-style-type: none"> Environment management lab/environment management system: 50% of cost, Max 10 Lakhs National/international patents and Geographical Indication: 75% of Reimbursement on cost of documentation, Max Rs. 10 Lakhs 		
5	Gujarat Industrial Policy-2020	<ul style="list-style-type: none"> Interest Subsidy: 5%-7% on Term Loan for 5-7 years, depending on the category of taluka Young Entrepreneurs: 1% additional Interest subsidy to below the age of 35 years on the date of sanction of loan. Power Subsidy: Service line and power connection charges- 35%, Max Rs 5 Lakhs Capital Subsidy: 10%-25% of eligible Term Loan, Max 10-35 	<ul style="list-style-type: none"> Capital Subsidy: 15%-30% of eligible Term Loan, Max 15-40 Lakhs depending on the category of taluka Interest Subsidy: 6%-8% on Term Loan for 5-7 years, depending on the category of taluka Young entrepreneur: 1% additional Interest subsidy 	• No Provision under Policy	• Soft Skill Assistance (For Startups): Reimbursement up to Rs. 1 Lakhs	<ul style="list-style-type: none"> CETP: Financial assistance of up to 40%, Max Rs 50 Cr of the project cost Waste recycling through zero liquid discharge: Financial assistance of 50%, Max Rs. 75 Lakhs Common boiler: 35%-50% of the project cost, Max Rs. 2 Crores Energy/Water Audit: Assistance up to 75% cost of audit, Max Rs 50,000 and 25% of cost of equipment 	• Assistance for Collateral free loans under CGTMSE scheme of Government of India.	<ul style="list-style-type: none"> Support in participating in Exhibition: State Level exhibition in India- Financial assistance 75% of Stall rent up to Rs. 50,000 for State, Rs. 1 Lakh for National level and Rs. 2 Lakhs for International Financial assistance

SNo.	Name of Policy	Incentives on Investment of Fixed Capital Investment (FCI)	Special incentives for Women, ST/SC Entrepreneurs	Incentives to Aspirational Districts	Incentives on Skill upgradation and training	Incentives on Green Initiative	Incentives on CGTSME	Market Development assistance
		<p>Lakhs depending on the category of taluka</p> <ul style="list-style-type: none"> • Technology Upgradation: 65% of the cost payable to the institution for acquisition of technology, Max Rs. 50 Lakhs • Stamp Duty Reimbursement: No Provision under Policy • Seed capital assistance (for Startups): Support up to Rs 30 Lakhs, Additional grant of up to Rs 10 Lakhs may be availed by startups with significant social impact. 	<p>to Women & below the age of 35 years on the date of sanction of loan.</p> <ul style="list-style-type: none"> • Additional incentives are provided to MSMEs under new industrial policy under "Bharatratna Dr. Babasaheb Ambedkar Udyog Uday Yojna" for SC/ST Entrepreneurs of MSMEs" 			<p>recommended by the auditing authority, Max Rs 20 Lakhs</p> <ul style="list-style-type: none"> • Solar Power: To set-up rooftop solar power, provision is made to purchase surplus power at the rate of Rs. 2.25/unit. • Quality Certification: 50% cost of testing equipment and machinery required for that certification, Max Rs.10 Lakhs • ZED Certification: 50% of certification cost, Max Rs. 50,000 • National/international patents: 75% of Reimbursement on cost of documentation, Max Rs. 25 Lakhs 		<p>60% of Stall rent up to Max of Rs. 5 Lakhs for international exhibition outside India</p> <ul style="list-style-type: none"> • Organizing exhibition within Gujarat- 60% of Bill electricity consumption
6	Rajasthan Industrial Development Policy-2019	<ul style="list-style-type: none"> • Interest Subsidy: 3%-6% on Term Loan for 5 years • Power Subsidy: Exemption of electric duty for 7 years • GST Subsidy: Investment Subsidy of 75% of State tax for 7 years 	<ul style="list-style-type: none"> • Additional incentives are provided to MSMEs for Women, ST/SC entrepreneurs under "Dr B R Ambedkar Special Incentives Package"- 	<ul style="list-style-type: none"> • No Provision under Policy 	<ul style="list-style-type: none"> • Skilling support in form of a Training Subsidy of Rs. 4000 per worker per month for 6 months • Reimbursements up to Rs 1 Lakhs per startup for training in management, 	<ul style="list-style-type: none"> • Green Building measures:50% of 50% of amount paid to supplier for adopting measures • Waste Management: 50% of amount paid to the suppliers for the plant, for establishing ZLD based ETP, adopting 	<ul style="list-style-type: none"> • No Provision under Policy 	<ul style="list-style-type: none"> • Exemption from payment of Market Fee (Mandi Fee): 100% for 7 years. • Incubation Centers: Rs. 2.5 Crore to Government institutes & 1.5

SNo.	Name of Policy	Incentives on Investment of Fixed Capital Investment (FCI)	Special incentives for Women, ST/SC Entrepreneurs	Incentives to Aspirational Districts	Incentives on Skill upgradation and training	Incentives on Green Initiative	Incentives on CGTSME	Market Development assistance
		<ul style="list-style-type: none"> Stamp Duty Reimbursement:100% Land Conversation charges Reimbursement: 100% 	<ul style="list-style-type: none"> Interest Subsidy: 5% on Term Loan for 5 years, Max 25 Lakhs per year OR Capital Subsidy:15% on machinery purchased, Max Rs 2 Crores 		entrepreneurship, or soft skills from a recognized institute	<ul style="list-style-type: none"> green building measures & establishing industrial reduce, reuse, recycle plant Quality Certification: One-time reimbursement of 50% of the cost incurred, Max Rs 25 Lakhs Technology advancement: One-time reimbursement of 50% of the cost incurred, Max Rs 10 Lakhs ZED Certification: One-time reimbursement of 50% on Plant & Machinery and testing equipment for obtaining rating under ZED certificate, Max Rs 5 Lakhs Zero Liquid discharge subsidy: 50% capital subsidy on cost of relevant equipment up to Rs 1 Crore Water Audit: Reimbursement of 		Lakhs to private institutes for setting up business incubation centers

SNo.	Name of Policy	Incentives on Investment of Fixed Capital Investment (FCI)	Special incentives for Women, ST/SC Entrepreneurs	Incentives to Aspirational Districts	Incentives on Skill upgradation and training	Incentives on Green Initiative	Incentives on CGTSME	Market Development assistance
						50% of cost incurred on water audit max of Rs 2 Lakhs and 25% of the cost of equipment, Max 20 Lakhs		
7	Karnataka Industrial Policy-2020-25	<ul style="list-style-type: none"> Interest Subsidy: 5% on Term Loan for 5-6 years depending on the category of taluka Power Subsidy: Rs. 1 per unit consumed for 3 years Investment Subsidy: <ul style="list-style-type: none"> For MSEs: 20%-30% subsidy on value of fixed assets, Max Rs 25-100 Lakhs depending on the category of taluka For Medium Enterprises: 35%-45% on value of fixed assets, depending on the category of taluka Technology upgradation: 25% of cost for adopting technology, Max Rs. 50,000 Stamp Duty Reimbursement: 	<ul style="list-style-type: none"> Investment Subsidy: <ul style="list-style-type: none"> For MSEs: additional 5 % subsidy on value of fixed assets, Max Rs 25-100 Lakhs depending Technology upgradation: 50% of cost for adopting technology, Max Rs. 1,00,000 Business Incubation Centers: Rs. 50% of cost for setting up business incubation centers, Max 60 Lakhs WE Connect Certification: Certification fees Max Rs. 	<ul style="list-style-type: none"> No Provision under Policy 	<ul style="list-style-type: none"> Support to Artisans: <ul style="list-style-type: none"> Term Loan and working capital credit at 4% interest rate 10% of Market development assistance on turnover 75% of grant for machineries and tools 	<ul style="list-style-type: none"> Quality Certification: <ul style="list-style-type: none"> ISO Certification- 75% of cost, Max Rs 75,000 BIS Certification: 50% of fees payable for certification, Max Rs 20,000 and 25% of cost for purchase of testing equipment's, Max Rs 50,000 Rainwater harvesting: 50% of cost, Max Rs. 2 Lakhs Wastewater recycling: 50% of cost, Max Rs. 7.5 Lakhs Water audit: Reimbursement 75% of cost, Max 1 Lakhs Zero Discharge: 50% of cost, Max 7.5 Lakhs 	<ul style="list-style-type: none"> No Provision under Policy 	<ul style="list-style-type: none"> Business Incubation Centers: Rs. 25% of cost for setting up business incubation centers, Max 50 Lakhs

SNo.	Name of Policy	Incentives on Investment of Fixed Capital Investment (FCI)	Special incentives for Women, ST/SC Entrepreneurs	Incentives to Aspirational Districts	Incentives on Skill upgradation and training	Incentives on Green Initiative	Incentives on CGTSME	Market Development assistance
		75%-100% depending on the category of taluka • Land Conversation charges Reimbursement: 75%-100% depending on the category of taluka	75,000 for 3 years			• Recycling of Electronic and Plastic waste: 5% of fixed assets, Max 10 Lakhs • Subsidy for setting up ETP: 50% of cost, Max 50 Lakhs		



10.4 Snapshot of Access to Finance

S No	Industry/Sector	Major Method of Finance	Existing Schemes being availed		Industry Associations
			Central Schemes	State Schemes	
1	Auto and components	Funding obtained through borrowing from financial entities like Govt banks, lenders, Investors, and financial institutions. Personal investment Loans without interest acquired from acquaintances, friends and family members	Production-Linked Incentive (PLI) Scheme in the Automobile and Auto Components sectors	Telangana Electric Vehicle and Energy Storage Policy (EV-ESS) 2020-30	Telangana Industrialists Federation's (TIF)
			FAME India Phase II scheme		Cherlapally Industries Association
			National Capital Goods Policy 2016		Navjeevan and Jayanagar Micro Enterprises Association
2	Electronics & IT hardware		Production Linked Incentive Scheme (PLI)	Electronics System Design Manufacturing (ESDM) Policy	Hyderabad Software Enterprises Association (HYSEA)
			Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECS)		
			Modified Electronics Manufacturing Clusters Scheme (EMC 2.0)		
			National Electronic Policy-2019		
3	Engineering and Capital goods		Scheme on Enhancement of Competitiveness in the Indian capital goods sector for assistance to common technology development and services infrastructure Pradhan Mantri Kisan Sampada Yojana (PM KSY) Scheme	--	Telangana Industrialists Federation's (TIF)
			National Capital Goods Policy-2016		Cherlapally Industries Association
			National Manufacturing Policy-2011		Confederation of Indian Industry (CII)
					Jeedimetal Industries Association
4	Food processing		PM Formalization of Micro Food processing enterprise scheme (PM FME scheme)	Telangana Food processing and preservation policies (T-FAPP)	Telangana Industrialists Federation's (TIF)
			Pradhan Mantri Kisan Sampada Yojana (PM KSY) Scheme	Telangana Special Food Processing Zones (TSFPZ)	Federation of Telangana Chambers of Commerce and Industry (FTCCI)
			Production Linked Incentive Scheme for		Confederation of Indian Industry (CII)



S No	Industry/Sector	Major Method of Finance	Existing Schemes being availed		Industry Associations
			Central Schemes	State Schemes	
			Food Processing Industry (PLISFPI)		Patancheru Industries Association
					Jeedimetal Industries Association
5	Health and life sciences		Central sector scheme for augmenting quality of Ayush drugs	Biopharma Hub (or B-Hub)	Bulk Drug Manufacturers Association (BDMA)
			Central sector scheme for Ayurgyan	Telangana Life Sciences Industrial Infrastructure Fund	
			Public Health Initiative schemes	BioAsia	
			Information Education Communication (IEC) scheme- 2021-26	Vaccine Skill Development Programme	
			Central scheme for Yoga Training for Police Personnel	Flow Chemistry Technology Hub	
			Champion Services Sector Scheme		
			Ayush Oushadi Gunvatta Evam Utpadan Samvardhan Yojana (AOGUSY)		
			National Ayush Mission (NAM)		
			Ayushman Bharat		
			6	Mineral based and wood-based industries	
Cherlapally Industries, Association					
Uppal Industries Association					
Patancheru Industries Association					
7	Plastic and Polymers				Jeedimetla Industries Association
					Telangana & Andhra Pradesh Composites Manufacturers Association
					Cherlapally Industries Association
					FCII
					Confederation of Indian Industry (CII)
		Federation of Telangana Chambers of Commerce and Industry (FTCCI)			
8	Textile Industries		Pilot Phase to set up Incubation Centers in Apparel Manufacturing	Telangana Textile & Apparel Policy (T-TAP) 2017-18	Telangana Spinning & Textile Mills Association (TSTMA)



S No	Industry/Sector	Major Method of Finance	Existing Schemes being availed		Industry Associations
			Central Schemes	State Schemes	
			Integrated Processing Development Scheme (IPDS)	Telangana Chenetha Mitra Scheme 2023	The Clothing Manufacturers Association of India
			Silk Sector Schemes	Telangana Nethannaku Cheyutha Scheme 2023	Textile Association of India
			Textile Cluster Development Scheme (TCDS)	Nethanna Bima (Weaver's Insurance) Scheme	Southern India Mills' Association
			• PowerTex India Scheme		
			• Scheme for Integrated Textile Parks (SITP)		
			• Comprehensive Power loom Cluster Development Scheme (CPCDS)		
			Handicrafts Schemes		Indian Technical Textile Association
			• National Handicrafts Development Programme (NHDP)		
			• Comprehensive Handicrafts Cluster Development Scheme		
			• National Handloom Development Programme (NHDP)		Tirupur Exporters Association
			Technology Upgradation Fund Scheme		Cotton Association of India
			• Amended Technology Upgradation Funds Scheme (ATUFS)		
			• Technology Upgradation Fund Scheme (TUFS)		
			Power loom Sector Schemes		Denim Manufacturers Association
			• Comprehensive Scheme Guidelines for Development of Knitting & Knitwear Sector under PowerTex India		
			• PowerTex India - Comprehensive		



S No	Industry/Sector	Major Method of Finance	Existing Schemes being availed		Industry Associations
			Central Schemes	State Schemes	
			Scheme for Power loom Sector <ul style="list-style-type: none"> Comprehensive Power loom Cluster Development Scheme (CPCDS) Integrated Scheme for Power loom Sector Development (ISPSD) Group Work shed Scheme (GWS) Jute Sector Schemes <ul style="list-style-type: none"> Improved Cultivation and Retting Exercises (ICARE) Jute Diversification Scheme Market Development & Promotion Scholarship Scheme for Girl Children of Workers of Jute Mills/MSME JDP Units Scheme for Capacity Building in Textile Sector (SCBTS) Integrated Wool Development Programme		Knit Cloth Manufacturers Association
9	Waste management and green technologies	--			
10	Services		--	TVAGA (Telangana Visual effects, Animation, Gaming Association) NASSCOM STPI, CII, MESE, MEAI, SEPC, FICCI	
11	Gems and Jewelry		--		
12	FMCG and Domestic appliances		--		Telangana Industrialists Federation's (TIF)



S No	Industry/Sector	Major Method of Finance	Existing Schemes being availed		Industry Associations
			Central Schemes	State Schemes	
					Federation of Telangana Chambers of Commerce and Industry (FTCCI)

10.5 Overview by Geography

S No	District	No. of MSMEs in top 5 Sectors			
		Sr. No	Sector	No. of MSMEs	% Of total MSMEs in the district
1	Hyderabad	1	Services	48340	45.52%
		2	FMCG and Domestic appliances	13184	12.42%
		3	Food Processing	11955	11.26%
		4	Engineering and Capital Goods	9295	8.75%
		5	Textiles Industry	4970	4.68%
2	Ranga Reddy	1	Services	29607	46.74%
		2	Food Processing	8499	13.42%
		3	FMCG and Domestic appliances	8042	12.70%
		4	Engineering and Capital Goods	5395	8.52%
		5	Mineral based and wood-based Industries	2952	4.66%
3	Medchal Malkajgiri	1	Services	19747	36.52%
		2	Engineering and Capital Goods	10271	19.00%
		3	FMCG and Domestic appliances	6525	12.07%
		4	Food Processing	5862	10.84%
		5	Mineral based and wood-based Industries	2757	5.10%
4	Nalgonda	1	Services	14124	53.48%
		2	Food Processing	3738	14.15%
		3	FMCG and Domestic appliances	3193	12.09%
		4	Textiles Industry	1551	5.87%
		5	Engineering and Capital Goods	1037	3.93%
5	Nizamabad	1	Services	10701	48.74%
		2	Food Processing	3633	16.55%
		3	FMCG and Domestic appliances	3213	14.63%
		4	Textiles Industry	897	4.09%
		5	Engineering and Capital Goods	894	4.07%



S No	District	No. of MSMEs in top 5 Sectors			
		Sr. No	Sector	No. of MSMEs	% Of total MSMEs in the district
6	Karimnagar	1	Services	9358	43.71%
		2	Food Processing	3157	14.74%
		3	FMCG and Domestic appliances	2485	11.61%
		4	Textiles Industry	1630	7.61%
		5	Mineral based and wood-based Industries	1617	7.55%
7	Warangal Urban	1	Services	8920	47.24%
		2	FMCG and Domestic appliances	2817	14.92%
		3	Food Processing	2537	13.44%
		4	Textiles Industry	1016	5.38%
		5	Engineering and Capital Goods	942	4.99%
8	Khammam	1	Services	9462	51.62%
		2	FMCG and Domestic appliances	2797	15.26%
		3	Food Processing	2497	13.62%
		4	Mineral based and wood-based Industries	1100	6.00%
		5	Engineering and Capital Goods	749	4.09%
9	Sangareddy	1	Services	6605	42.29%
		2	FMCG and Domestic appliances	2385	15.27%
		3	Food Processing	2227	14.26%
		4	Engineering and Capital Goods	1640	10.50%
		5	Mineral based and wood-based Industries	724	4.64%
10	Mahabubnagar	1	Services	8499	56.23%
		2	Food Processing	2205	14.59%
		3	FMCG and Domestic appliances	1716	11.35%
		4	Engineering and Capital Goods	645	4.27%
		5	Mineral based and wood-based Industries	508	3.36%
11	Suryapet	1	Services	7882	52.67%
		2	Food Processing	2184	14.60%
		3	FMCG and Domestic appliances	2182	14.58%
		4	Engineering and Capital Goods	626	4.18%
		5	Mineral based and wood-based Industries	492	3.29%



S No	District	No. of MSMEs in top 5 Sectors			
		Sr. No	Sector	No. of MSMEs	% Of total MSMEs in the district
12	Siddipet	1	Services	4852	43.57%
		2	Food Processing	2072	18.61%
		3	FMCG and Domestic appliances	1979	17.77%
		4	Engineering and Capital Goods	599	5.38%
		5	Mineral based and wood-based Industries	446	4.01%
13	Yadadri Bhuvanagiri	1	Services	4409	44.05%
		2	Textiles Industry	1447	14.46%
		3	Food Processing	1428	14.27%
		4	FMCG and Domestic appliances	1204	12.03%
		5	Engineering and Capital Goods	470	4.70%
14	Bhadrachalam	1	Services	4837	48.48%
		2	FMCG and Domestic appliances	1677	16.81%
		3	Food Processing	1264	12.67%
		4	Textiles Industry	639	6.40%
		5	Engineering and Capital Goods	473	4.74%
15	Peddapalli	1	Services	4682	48.64%
		2	Food Processing	1385	14.39%
		3	FMCG and Domestic appliances	1284	13.34%
		4	Engineering and Capital Goods	736	7.65%
		5	Textiles Industry	481	5.00%
16	Jagitial	1	Services	3531	37.78%
		2	FMCG and Domestic appliances	1836	19.65%
		3	Food Processing	1624	17.38%
		4	Engineering and Capital Goods	513	5.49%
		5	Textiles Industry	409	4.38%
17	Medak	1	Services	5156	55.93%
		2	FMCG and Domestic appliances	1192	12.93%
		3	Food Processing	1157	12.55%
		4	Engineering and Capital Goods	553	6.00%
		5	Mineral based and wood-based Industries	271	2.94%
18	Warangal Rural	1	Services	4674	53.24%
		2	Food Processing	1282	14.60%



S No	District	No. of MSMEs in top 5 Sectors			
		Sr. No	Sector	No. of MSMEs	% Of total MSMEs in the district
		3	FMCG and Domestic appliances	1178	13.42%
		4	Mineral based and wood-based Industries	392	4.47%
		5	Textiles Industry	334	3.80%
19	Kamareddy	1	Services	3926	47.68%
		2	FMCG and Domestic appliances	1451	17.62%
		3	Food Processing	1414	17.17%
		4	Mineral based and wood-based Industries	401	4.87%
		5	Engineering and Capital Goods	245	2.98%
20	Mancherial	1	Services	3996	49.86%
		2	Food Processing	1199	14.96%
		3	FMCG and Domestic appliances	1197	14.94%
		4	Engineering and Capital Goods	420	5.24%
		5	Mineral based and wood-based Industries	287	3.58%
21	Vikarabad	1	Services	4046	54.16%
		2	Food Processing	1165	15.59%
		3	FMCG and Domestic appliances	1085	14.52%
		4	Mineral based and wood-based Industries	386	5.17%
		5	Engineering and Capital Goods	201	2.69%
22	Adilabad	1	Services	3792	54.40%
		2	FMCG and Domestic appliances	1129	16.20%
		3	Food Processing	883	12.67%
		4	Engineering and Capital Goods	253	3.63%
		5	Mineral based and wood-based Industries	202	2.90%
23	Nagarkurnool	1	Services	3497	52.05%
		2	Food Processing	1234	18.37%
		3	FMCG and Domestic appliances	987	14.69%
		4	Engineering and Capital Goods	203	3.02%
		5	Textiles Industry	187	2.78%
24	Mahabubabad	1	Services	3646	55.19%
		2	FMCG and Domestic appliances	989	14.97%



S No	District	No. of MSMEs in top 5 Sectors			
		Sr. No	Sector	No. of MSMEs	% Of total MSMEs in the district
		3	Food Processing	906	13.71%
		4	Engineering and Capital Goods	251	3.80%
		5	Mineral based and wood-based Industries	207	3.13%
25	Rajanna Sircilla	1	Services	2634	44.94%
		2	Food Processing	952	16.24%
		3	Textiles Industry	833	14.21%
		4	FMCG and Domestic appliances	625	10.66%
		5	Engineering and Capital Goods	252	4.30%
26	Nirmal	1	Services	2207	42.04%
		2	FMCG and Domestic appliances	1155	22.00%
		3	Food Processing	899	17.12%
		4	Engineering and Capital Goods	241	4.59%
		5	Mineral based and wood-based Industries	176	3.35%
27	Jangoan	1	Services	2480	47.96%
		2	Food Processing	855	16.53%
		3	FMCG and Domestic appliances	753	14.56%
		4	Textiles Industry	375	7.25%
		5	Engineering and Capital Goods	200	3.87%
28	Wanaparthi	1	Services	2407	48.71%
		2	Food Processing	1023	20.70%
		3	FMCG and Domestic appliances	758	15.34%
		4	Mineral based and wood-based Industries	196	3.97%
		5	Engineering and Capital Goods	139	2.81%
29	Jogulamba Gadwal	1	Services	2246	47.06%
		2	FMCG and Domestic appliances	771	16.15%
		3	Food Processing	719	15.06%
		4	Textiles Industry	520	10.89%
		5	Mineral based and wood-based Industries	128	2.68%
30	Jayashankar Bhupalapally	1	Services	1864	54.53%
		2	Food Processing	491	14.37%
		3	FMCG and Domestic appliances	464	13.58%



Strategic Investment Plan for Telangana under Raising and Accelerating MSME Performance (RAMP)

S No	District	No. of MSMEs in top 5 Sectors			
		Sr. No	Sector	No. of MSMEs	% Of total MSMEs in the district
		4	Mineral based and wood-based Industries	164	4.80%
		5	Engineering and Capital Goods	136	3.98%
31	Narayanpet	1	Services	1215	41.01%
		2	Food Processing	606	20.45%
		3	FMCG and Domestic appliances	554	18.70%
		4	Engineering and Capital Goods	172	5.80%
		5	Textiles Industry	153	5.16%
32	Komaram Bheem Asifabad	1	Services	1215	49.02%
		2	FMCG and Domestic appliances	606	20.50%
		3	Food Processing	554	16.03%
		4	Mineral based and wood-based Industries	172	3.42%
		5	Engineering and Capital Goods	153	3.27%
33	Mulugu	1	Services	817	47.17%
		2	FMCG and Domestic appliances	323	18.65%
		3	Food Processing	318	18.36%
		4	Engineering and Capital Goods	72	4.16%
		5	Mineral based and wood-based Industries	53	3.06%



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