

# THE MANAGEMENT ACCOUNTANT

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# MSMEs

THE BACKBONE  
OF INDIA'S  
ECONOMIC  
FUTURE



*Journal of*  
**THE INSTITUTE OF COST ACCOUNTANTS OF INDIA**  
(Statutory Body under an Act of Parliament)

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1



**ICMAI**  
**The Institute of  
Cost Accountants of India**

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# 12<sup>th</sup> National Students' Convocation - 2025

**Chief Guest**



**Smt. Droupadi Murmu**  
**Hon'ble President of India**

**Monday, 23<sup>rd</sup> June 2025 | 09:00 AM**

**Vigyan Bhawan, New Delhi**

**Guest of Honour**



**Shri Dharmendra Pradhan**  
**Hon'ble Minister of Education,  
Government of India**



**"Behind every successful business decision, there is always a CMA"**

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# ICMAI

## The Institute of Cost Accountants of India

(Statutory body under an Act of Parliament)

[www.icmai.in](http://www.icmai.in)



- **THE INSTITUTE OF COST ACCOUNTANTS OF INDIA** (erstwhile The Institute of Cost and Works Accountants of India) was established in 1944 as a registered company under the Companies Act with the objects of promoting, regulating and developing the profession of Cost Accountancy.
- On 28 May 1959, the Institute was established by a special Act of Parliament, namely, the Cost and Works Accountants Act 1959 as a statutory professional body for the regulation of the profession of Cost & Management Accountancy.
- It has since been continuously contributing to the growth of the industrial and economic climate of the country.
- The Institute of Cost Accountants of India is the only recognized statutory professional organisation and licensing body in India specialising exclusively in Cost & Management Accountancy.

### VISION STATEMENT

"The Institute of Cost Accountants of India would be the preferred source of resources and professionals for the financial leadership of enterprises globally."

### MISSION STATEMENT

"The CMA Professionals would ethically drive enterprises globally by creating value to stakeholders in the socio-economic context through competencies drawn from the integration of strategy, management and accounting."

### Institute Motto

असतोमा सद्गमय  
तमसोमा ज्योतिर्गमय  
मृत्योर्मांमृतं गमय  
ॐ शान्ति शान्ति शान्तिः

From ignorance, lead me to truth  
From darkness, lead me to light  
From death, lead me to immortality  
Peace, Peace, Peace

### IDEALS THE INSTITUTE STANDS FOR

- to develop the Cost and Management Accountancy Profession
- to develop the body of members and properly equip them for functions
- to ensure sound professional ethics
- to keep abreast of new developments



### Headquarters:

CMA Bhawan, 3, Institutional Area, Lodhi Road  
New Delhi - 110003



### Kolkata Office:

CMA Bhawan, 12-, Sudder Street, Kolkata - 700016

Behind every successful business decision,  
there is always a **CMA**

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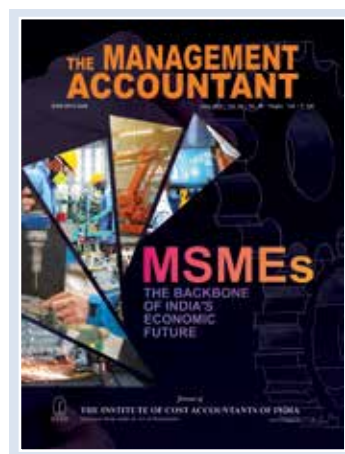
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# From the EDITOR'S DESK

As we approach **MSME Day** on **June 27**, it is a fitting moment to spotlight the indispensable role of Micro, Small and Medium Enterprises (MSMEs) in shaping the country's economic future. These enterprises—agile, innovative and deeply rooted in both rural and urban India—form the bedrock of the nation's industrial ecosystem.

In recognition of this, and to align with the global observance of MSME Day, we have chosen **“MSMEs: The Backbone of India's Economic Future”** as the theme of our June edition. This theme reflects our commitment to highlighting the challenges, opportunities, and policy directions that can empower this crucial segment. As India moves steadily towards its goal of becoming a \$5 trillion economy, supporting and strengthening the MSME ecosystem will be pivotal—not only for economic expansion but also for fostering innovation, sustainability and equitable development.

In this issue, we bring you nine insightful articles that explore different dimensions of the MSME sector under the theme. The articles offer a comprehensive view of the sector's potential and the way forward. Here is a preview of the articles featured in this edition:

☉ *The Role of MSMEs in Fostering Entrepreneurship and Driving Economic Growth in India* emphasizes how MSMEs serve as vital engines of growth and innovation. It concludes that the effective integration

of MSMEs into the broader economy will be a key factor in accelerating India's progress towards its long-term development goals.

☉ *Seven Mantra of Success (SMS) for Successful MSME Entrepreneurs* presents the “7 Ms” framework for MSME success—Money, Manpower, Machinery, Materials, Management, Market, and Motivation. Each element is discussed as a strategic pillar for building sustainable and competitive enterprise.

☉ *Lean: The Way to MSME Prosperity* advocates the adoption of Lean Practices as a transformative strategy for MSMEs. It concludes that the Indian MSME sector can flourish and reach new heights of success through lean thinking and operational efficiency.

☉ *MSMEs in India: A Gateway to Employment and Industrialization* Through a literature-based analysis, this article contextualizes India's MSME policies in the light of global best practices. It aligns the MSME agenda with key national initiatives such as *Atmanirbhar Bharat*, *Make in India*, and the Sustainable Development Goals (SDGs).

☉ *The Role of MSME in Creating Entrepreneurship and Economic Growth in India* examines how MSMEs contribute to

entrepreneurship, employment, balanced regional development, GDP and exports. It underscores their role as catalysts of economic democratization, empowering diverse segments of society and fostering innovation.

☉ *Indian MSMEs: Market Presence and Competitiveness in a Global Economy* Exploring sectoral performance and global integration, this article addresses policy support, finance access and digital transformation. It highlights challenges such as infrastructure gaps and skill deficits, offering strategic recommendations to strengthen global competitiveness in line with India's *Viksit Bharat* vision.

☉ *Aligning MSME Guidelines to Food Safety Rules*, focusing on regulatory challenges, this article discusses the impact of Front-of-Pack Nutrition Labelling (FoPNL) on MSMEs in the traditional Indian food sector. It brings attention to the need for supportive frameworks to balance compliance and growth.

☉ *Regional Disparities and Growth Patterns of MSMEs in Assam: A Decadal Analysis (2014–2024)* examines key trends in the growth and development of the MSME sector in Assam. The findings highlight significant regional disparities across the state.”

☉ *Women's Participation in Indian MSMEs: A Path to Industrialization and Employment* explores the critical role of women in MSMEs as drivers of industrialization and job creation. It highlights ongoing gender disparities and barriers such as institutional hurdles, sociocultural norms, and limited access to finance, while advocating for inclusive growth strategies.

Apart from these, this issue contains articles on various other contemporary matters. This issue also features an **interview with CMA Ravisankar Ganesan, Director (Finance) Power Grid Corporation of India Limited, Gurugram**

As we celebrate MSME Day on June 27, let us collectively work towards a thriving MSME ecosystem that drives innovation, employment and equitable growth across the nation.

Happy Reading!



# President's Communiqué

**CMA Bibhuti Bhusan Nayak**

President

The Institute of Cost Accountants of India

*“Knowledge can only be got in one way, the way of experience; there is no other way to know.”*

**- Swami Vivekananda**

My Dear Professional Colleagues,

I am delighted to share that the Institute successfully organized the **62<sup>nd</sup> National Cost and Management Accountants' Convention (NCMAC-2025)** from 23<sup>rd</sup> to 25<sup>th</sup> May, 2025 at Bhubaneswar, Odisha, on the visionary theme 'दिव्य दृष्टि: Corporate Excellence – CMA Vision'. The convention witnessed overwhelming participation from members, industry leaders, academicians, and thought leaders from across the country.

The Inaugural Session was graced by the esteemed presence of **Dr. Hari Babu Kambhampati**, Hon'ble Governor of Odisha, as the **Chief Guest**. **Shri Sujeet Kumar and Dr. Rabi Narayan Behera**, Hon'ble Members of Parliament, joined the occasion as **Guests of Honour**, offering valuable insights on the role of CMAs in driving corporate excellence and economic resilience.

The Valedictory Session was addressed through virtual mode by **Shri Jual Oram**, Hon'ble Union Minister of Tribal Affairs, who appreciated the contribution of CMAs towards nation-building and emphasized the importance of cost efficiency in governance and public sector initiatives.

The three-day convention featured enriching technical sessions, panel discussions, CMA Leaders' Meet and presentations focused on leveraging the professional expertise of CMAs in shaping a future-ready India. The success of the convention reflects the growing relevance and impact of the CMA

profession in the dynamic corporate and policy environment. During the Convention, the Institute released several significant publications, including the Commemorative Souvenir, the Knowledge Pack, and 'The Inspired 100' – a Coffee Table Book showcasing the success stories of leading CMA professionals in the industry, edited by CMA Avinash Kotni. Additionally, the Institute released nine (9) Practical Guides covering key areas of Direct and Indirect Taxation, further enriching the professional knowledge base of members and stakeholders.

I extend my sincere gratitude to all our eminent guests, dignitaries, speakers, corporate leaders, my Council colleagues, former Presidents, representatives from Regional Councils and Chapters, members, sponsors, media partners, and officials of the Institute for their invaluable contributions towards the resounding success of the Convention. Your unwavering support, active participation, and collective efforts made the event truly memorable and impactful.

## **12<sup>th</sup> National Students' Convocation 2025**

It gives me immense pleasure to inform you that the Institute is organising the **12<sup>th</sup> National Students' Convocation 2025** on 23<sup>rd</sup> June 2025 at Vigyan Bhawan, New Delhi. I am delighted to share that **Smt. Droupadi Murmu, Hon'ble President of India**, has graciously consented to be the '**Chief Guest**' and **Shri Dharmendra Pradhan, Hon'ble Education Minister** as '**Guest of Honour**' at this momentous occasion. This grand celebration of academic excellence will mark a proud milestone in the journey of our newly qualified students.



### Cost Auditing and Assurance Standards Board (CAASB)

I am pleased to inform you that the Code of Ethics for the Members of the Institute (Including Independence Standards), as approved by the Council in its 358<sup>th</sup> meeting has been released and the same is effective from 1<sup>st</sup> June 2025. I congratulate CMA Ashwin G Dalwadi, Chairman, (Cost Auditing and Assurance Standards Board of ICMAI) for his leadership and proactive approach in coming out with this important document in a short period of time. I believe that this Code will continue to serve as a vital resource for all members of the Institute, reinforcing the trust placed in the CMA profession and ensuring that the CMA fraternity collectively upholds the highest standards of ethical conduct. I hereby urge all the CMAs to adopt and uphold the principles enshrined in this Code, thereby enhancing the credibility and stature of the CMA profession.

The Code of Ethics is available at [https://icmai.in/upload/CAASB/Code\\_Ethics\\_3005\\_25.pdf](https://icmai.in/upload/CAASB/Code_Ethics_3005_25.pdf)

### Peer Review Board (PRB)

I wish to inform you that the Peer Review Board of the Institute has issued Peer Review Certificates to the firms of Cost Accountants who had been peer reviewed by the reviewers empanelled with the board. The certificate is valid for FIVE years from the date of issuance and is expected to make the firms eligible for receiving extra points / marks at the time of evaluation of tenders / bids for professional work, which may give them an edge over the other bidders. I hereby urge the practicing members to get their firms Peer Reviewed by an empanelled reviewer by sharing the filled in and duly signed PU Questionnaire to the PRB at [peerreviewboard@icmai.in](mailto:peerreviewboard@icmai.in).

### Diamond Jubilee Celebration of the Pune Chapter

The Pune Chapter of the Institute celebrated its Diamond Jubilee from 9<sup>th</sup> to 11<sup>th</sup> May 2025 through a series of events involving students, members, industry professionals, and well-wishers. The celebration commenced with a Shri Satyanarayan Maha Pooja and a Blood Donation Camp, reflecting

the Chapter's social commitment. The first day also featured a Students' Day program, inaugurated by the Chief Guest, Dr. Deepa Sathe (Kaveri College) and other esteemed dignitaries, and included motivational sessions titled "Rise Beyond Limits" and "Mi Vijeta Honarach!" to inspire young aspirants. On the second day, the Pune Chapter, in collaboration with WIRC, hosted the first 'Members in Industry Conclave' at Pune Chapter, themed "Evolution of the CMA Role in a Digital-First World: Integrating AI and Data Science."

The 3<sup>rd</sup> day of Diamond Jubilee on 11<sup>th</sup> May was held at Shakuntal Jagannath Shetty Auditorium and graced by Chief Guest, Hon. General Dr. Manoj Naravane (Retd.), Guests of Honour, Mr. Kishor Desai, Chairman & Managing Director, Kishor Pumps and Mr. Rajay Shastare, Representative from Art Of Living Maharashtra. The Chief Guest spoke insightfully on national security, the cost of war, and its societal impact.

The event was further enriched by the presence of CMA (Dr.) D. V. Joshi, CMA Amit Apte, Former Presidents, ICMAI, CMA TCA Srinivasa Prasad, Vice President, ICMAI, CMA Neeraj Joshi, Council Member, ICMAI, along with the Regional Council Members of WIRC of ICMAI and Managing Committee members of Pune Chapter. CMA Neeraj Joshi highlighted the journey of the Pune Chapter over the past six decades. The program concluded with the felicitation of distinguished members, faculty, and staff, followed by a vibrant cultural performance by students and members, encapsulating the spirit and legacy of the Chapter's 60 years of excellence.

I wish prosperity and happiness to members, students and their families and pray for the success in all of their endeavours.

With warm regards,



CMA Bibhuti Bhusan Nayak

June 04, 2025

## BRIEF SUMMARY OF THE ACTIVITIES OF VARIOUS DEPARTMENTS/ COMMITTEES/ BOARDS OF THE INSTITUTE DURING THE MONTH OF MAY 2025

### **BANKING, FINANCIAL SERVICES AND INSURANCE BOARD**

The Banking, Financial Services & Insurance Board of the Institute and the BFSI department continued its various activities and initiatives in May 2025, a synopsis of which is presented herein under:

#### **A. Webinar**

The BFSI Board of ICAI is organized the Webinar on 16<sup>th</sup> May 2025 on the topic “Innovative Financial Solutions and Green Financing-Role of CMAs”. Dr. J N Mukhopadhyaya, Visiting Professor, IIM Sambalpur and an Alumnus of IIT and IIM and Independent Director in few companies was the Speaker.

#### **B. Certificate Courses of BFSI**

The admission for the 10<sup>th</sup> batch of the Certificate Course of Treasury, 12<sup>th</sup> batch of the Certificate Course on Credit Management in Banks and 12<sup>th</sup> batch of the Certificate Course on Concurrent Audit in Banks have started.

The admission window for the above courses is stated as follows: <https://eicmai.in/OCMAC/BFSI/DelegatesApplicationForm-BFSI.aspx>

#### **C. Seminar on the topic of “Banking Reimagined: Value Creation & Green Commitments”**

The BFSI Board, ICAI in association with the Bengaluru Chapter of ICAI organized Seminar at the Bengaluru Chapter premises on 27<sup>th</sup> May, 2025 on the topic of “Banking Reimagined: Value Creation & Green Commitments”. Shri Debasish Mukherjee, Executive Director, Canara Bank was the Chief Guest for the event, CMA (Dr.) Kenchappa Balu, Former CGM, RBI was the speaker for the technical session no. 1 on “Why are Banks Special?” and CMA Siddhartha Pal, Sustainability Consultant & SSB Member was the technical session no. 2 on the topic of “Climate Finance Taxonomy”.

### **CAT DIRECTORATE**

#### **CAT Course in partnership with Directorate General Resettlement (DGR), Ministry of Defence, Government of India**

We are delighted to share that six new batches of

the Certificate in Accounting Technicians (CAT) course for the calendar year 2025–26 of DGR commenced successfully at Indore, Jodhpur, Patna, Prayagraj, Madurai & Jaipur during the month. The inaugural ceremonies were held:

- i. On 13<sup>th</sup> May 2025 at Prayagraj followed by a mid-session interaction on 23<sup>rd</sup> May, 2025 wherein Lt Col Priyank Shrivastav, Jt Dir, DRZ (Central), DGR was present amidst Managing Committee Members of Prayagraj Chapter and Institute officials.
- ii. On 15<sup>th</sup> May, 2025 at Patna Chapter where Col Gaurav Pande, Col Veterans, HQ J&B Sub Area graced the occasion in the presence of Managing Committee Members of Patna Chapter & Institute Officials.
- iii. On 16<sup>th</sup> May, 2025 at Jodhpur in presence of CMA Rajendra Singh Bhati, Chairman-CAT, ICAI, Chief Guest, Col Amrut Kulkarni; Managing Committee Members of Jodhpur Chapter and officials of the Institute.
- iv. On 21<sup>st</sup> May, 2025 in Indore held in hybrid mode at Indore-Dewas Chapter in presence of CMA Rajendra Singh Bhati, Council Member & Chairman-CAT-ICMAI; Lt. Col. Prashant Mishra-Jt. Dir (Adm & Trg), DRZ (Central), DGR; Managing Committee Members of Indore-Dewas Chapter and officials of ICAI. Lt Col Mishra in his address while distinguishing the ICAI with other Institutions conducting courses for JCOs/ORs and equivalents complemented the Institute for maintaining the high standards of course delivery and mentioned that they portray ICAI as role model to the other institutions.
- v. On 29<sup>th</sup> May, 2025 in Jaipur, in presence of CMA Rajendra Singh Bhati, Chairman, CAT, ICAI; CMA Rakesh Yadav, Secretary-NIRC of ICAI; Managing Committee Members of Jaipur Chapter and officials of ICAI. Col Rajanish Lal, ADA addressed the candidates of the new batch and motivated them to make the most of this opportunity provided to them at ICAI.

- vi. On 29<sup>th</sup> May, 2025 in Madurai, Cdr. Rahil Rai, Joint Director, DRZ (South), DGR through video-conferencing delivered the opening address for the new batch at Madurai (calendar 2025-26) and closing address for the ongoing batch as per calendar (2024-25).

It is heartening to witness the unwavering support and commitment demonstrated by the Chapters of the Institute in the successful conduct of these batches.

### **DIRECTORATE OF STUDIES**

- ⊙ MQPs Set 1 and Set 2 for the Foundation, Intermediate and Final Level along with the answers are uploaded.
- ⊙ Work Books on the Practical Papers have been uploaded for the Intermediate and Final Level Students.
- ⊙ Video classes in recorded form of Paper 1, 2 and 3 in English version and Paper 2 in Hindi version as “Knowledge Web Series” for the Foundation Level have been uploaded
- ⊙ Live Online classes are over for the June, 2025 term of Examination. All the classes in recorded version are available for both Oral and Postal Students.
- ⊙ MCQ Portal is open for the practice of the students of Foundation, Intermediate and Final Levels.

### **MEMBERSHIP DEPARTMENT**

During the month of May 2025, we proudly welcomed 163 new Associate members to the CMA family and celebrated the advancement of 32 Associates to Fellowship. We extend our heartfelt congratulations to each of them and warmly welcome all to the ever-growing CMA fraternity.

A gentle reminder to members holding a Certificate of Practice (CoP): if you are currently short of the stipulated Continuous Professional Education (CPE) credit hours required for CoP renewal for the year 2025–26, please ensure the shortfall is addressed and completed by 30<sup>th</sup> June 2025.

Timely compliance will ensure uninterrupted professional standing and continued excellence in practice.

For online renewal of CoP for FY 2025-2026: <https://eicmai.in/MMS/Login.aspx?mode=EU>

Members are kindly requested to pay their

membership fees at the earliest, without the need to log in, via the Institute’s website using the following link: <https://eicmai.in/mms/PublicPages/UserRegistration/Login-WP.aspx>. This is to avoid any last-minute inconvenience.

We are pleased to announce that the Institute is offering new facilities for the benefit of its members. For detailed information, please refer to the following link: <https://eicmai.in/external/MembersBenifits.aspx>.

### **MSME & START-UP PROMOTION BOARD**

We are pleased to share with you that the MSME & Start-up Promotion Board (MSPB), signed a Memorandum of Understanding (MoU) with ni-msme, Hyderabad at National Conference on “Navigating the Future with ESG 2.0” at ni-msme campus, Hyderabad on 29<sup>th</sup> May, 2025, where CMA TCA Srinivasa Prasad, Vice President of ICAI, CMA Suresh R. Gunjalli Chairman of MSME and Start up Promotion Board, CMA Chittaranjan Chattopadhyay, Council Member, ICAI & Dr. A Murkute, Director General, ni-msme, Prof. Manoj K Arora, Vice Chancellor SRM University, Andhra Pradesh and other dignitaries were present among others. The overall atmosphere was one of enthusiasm and fulfilment, making the program a great success for all involved.

### **PROFESSIONAL DEVELOPMENT & CONTINUOUS PROFESSIONAL EDUCATION (PD & CPE) COMMITTEE**

The Professional Development & CPE Committee is organising the Interactive Webinar Series to sensitize the practicing members to ensure adherence to the provisions of the Companies Act, 2013, Companies (Cost Records and Audit) Rules, 2014 and prescribed formats and also to enhance the overall quality of cost audit reports. In this series, the first Webinar was conducted on 30<sup>th</sup> May, 2025 wherein background of the Series (CAB / MCA issues) and overview of CCRA Rules, 2014 and its formats was discussed. The practitioners actively participated in the discussion.

The 13<sup>th</sup> Batch of Online Mandatory Capacity Building Training (e-MCBT) has been commenced from 15<sup>th</sup> May, 2025 for the practising members taken Certificate of Practice on and after 1<sup>st</sup> February 2019. The CoP holders must ensure to comply with this mandatory requirement of the training.



PD & CPE Committee is continuing the Series of Webinar discussion with the practitioners. In this series, the 17<sup>th</sup> Webinar on “Risk Assessment: A New Paradigm for Cost and Management Accountants” was conducted on 7<sup>th</sup> May 2025 wherein CMA Rashi Khetarpaul, Chief Executive Officer (CEO), Brisk Intelligence delivered a comprehensive presentation and presented the perspective of cost accountants.

Please visit the PD Portal regularly for Tenders/EOIs, during the month of May 2025 the requirement of services by the Cost Accountants were published in Braithwaite Burn and Jessop Construction Company Limited, National Fertilizers Limited, Central Mine Planning and Design Institute Limited, Indian Banks’ Association, Airports Authority of India, Chhattisgarh State Power Generation Company Limited, Odisha Industrial Infrastructure Development Corporation, DMIC Integrated Industrial Township Greater Noida Limited, Brahmaputra Valley Fertilizer Corporation Limited, Jaipur Vidyut Vitaran Nigam Limited, National Textile Corporation Limited, Eastern Coal Fields, Gujarat State Civil Supplies Corporation Limited, etc.,

Professional Development & CPE Committee in association with PHD Chamber of Commerce and Industry conducted seminars on the topic “Reassessment Under Section ‘147-148’ of Income Tax Act 1961” and “Blending AI for Effective ESG & Compliance” on 2<sup>nd</sup> May 2025 at PHD House, New Delhi and a seminar on “Taxation Issues in Business Restructuring” on 27<sup>th</sup> May 2025 at PHD House, New Delhi.

We are pleased to inform that the Task force on convergence of Cost Accounting and Carbon Accounting under the Professional Development & CPE Committee is going to conduct a Workshop on “Environmental Costing” on 17<sup>th</sup> June 2025 at India Habitat Centre, Lodhi Road, New Delhi. We look forward for your active participation. For more details visit website.

During the month of May, around 45 programmes in Physical mode and 20 programmes in online mode were organised by the different Committees, Regional Councils and Chapters of the Institute on various topics such as Legal and Regulatory Framework Governing Merger and Amalgamation in India, New ITR forms 2025 - clarity in dilemmas and Guidance, Understanding Export, Import, SEZ and EOU under GST, Sahkar Taxi - A Cooperative Based Taxi Initiative, Practical Workshop on Cost Audit,

Design Thinking for CMAs: Stories of Innovation and Strategic Impact, Corporate Governance and the Role of CMAs in Emerging Tech Sectors, Empowering MSMEs with Tech: Cost Optimization & Smart Decision Making with AI, Innovative Financial solutions and Green Financing-Role of CMAs and so on.

We are sure that our members are immensely benefited with the deliberations in the sessions.

### **SUSTAINABILITY STANDARDS BOARD**

The Sustainability Standards Board had organized the webinar on the topic of Draft ICAI Sustainability Standard (ISS 2) on Climate Related Disclosures on 2<sup>nd</sup> May, 2025. CMA (Dr.) S.K. Gupta, MD, ICAI Registered Valuers Organization was the speaker.

The Sustainability Standards Board had organized the 32<sup>nd</sup> webinar of the Vasudhaiva Kutumbakam Series on the topic “Holistic Health -The key to Sustainable Happiness” held on 9<sup>th</sup> May, 2025. Dr. Alpa Dalal, HoD Pulmonology, Jupiter Hospital was the speaker for the webinar.

The Sustainability Standards Board had organized the webinar on the topic Climate Finance Taxonomy on 15<sup>th</sup> May, 2025. CMA Siddhartha Pal, Sustainability Consultant and Member of Sustainability Standards Board, ICAI was the speaker.

The Sustainability Standards Board released Volume XXII which is the May 2025 edition of the monthly newsletter Sukhinobhavanu.

The Download link is as follows:

[https://icmai.in/upload/Institute/Updates/SSB\\_May\\_2025.pdf](https://icmai.in/upload/Institute/Updates/SSB_May_2025.pdf)

The SSB has started the 4<sup>th</sup> batch admission of the Certificate Course on ESG and the admission is presently going on. We request all to enroll for the course in the revised and updated syllabus. The link for admission is as follows:

<https://eicmai.in/OCMAC/SSB/DelegatesApplicationForm-SSB.aspx>

We are also pleased to announce that the following ICAI Sustainability Standards have been finalized and are now available for download on the SSB portal:

- ⦿ ICAI Sustainability Standard (ISS 1)  
– General Requirements for Disclosure of

## Sustainability-related Information

- ⊙ ICAI Sustainability Standard (ISS 2) – Climate Related Disclosures

Access them here: [https://icmai.in/icmai/SSB/ISS1\\_ISS2.php](https://icmai.in/icmai/SSB/ISS1_ISS2.php)

Additionally, Exposure Drafts of the Guidance Notes related to ISS 1 and ISS 2 have been published and it is under finalization based on the comments received.

## INSOLVENCY PROFESSIONAL AGENCY OF INSTITUTE OF COST ACCOUNTANTS OF INDIA

Insolvency Professional Agency of Institute of Cost Accountants of India, in its endeavour to promote professional development and sharpen the skills of the professionals, has constantly been conducting various professional & orientation programs across the country and publishing various publications and books for the benefit of stakeholders at large. Towards that, IPA-ICMAI has undertaken several initiatives, as enumerated below, during the month of May 2025.

- ⊙ A Workshop on “Mastering the Information Memorandum under IBC, 2016” held on May 2, 2025. This workshop provided insights into the Information Memorandum, its importance, and best practices. Participants gained a deeper understanding of the IM process. Expert sessions facilitated interactive learning.
- ⊙ IPA-ICMAI successfully hosted the “Roundtable on IBC with Stakeholders of the IBC Ecosystem” at Bengaluru on May 5, 2025. This exclusive event brought together industry experts, stakeholders, and thought leaders to discuss the latest developments, challenges, and opportunities in the Insolvency and Bankruptcy Code (IBC) ecosystem.
- ⊙ An Advance Workshop on Liquidation held on May 9, 2025. This workshop provided advanced insights and practical knowledge on liquidation under IBC, 2016. Topics like asset realization, distribution, and challenges were covered. Expert sessions and case studies enhanced participant understanding.
- ⊙ A Workshop on Judicial Pronouncements under IBC, 2016 held on May 16, 2025. The workshop focused on key judicial pronouncements, including the Bhushan Power

and Steel case. Expert analysis and discussions provided valuable insights. Participants gained a deeper understanding of the implications of these judgments.

- ⊙ A Workshop on “Compliances to be made by IPs under IBC, 2016” was conducted on May 24, 2025. This workshop provided guidance on compliances required to be made by Insolvency Professionals under IBC, 2016. Topics like regulatory requirements and best practices were covered. Expert sessions facilitated interactive learning and Q&A.
- ⊙ IPA-ICMAI organized 2-Day Advance Workshop on Successful Implementation of Resolution Plan from May 30-31, 2025. This workshop aims to provide advanced insights and practical knowledge on successfully implementing resolution plans under IBC, 2016.
- ⊙ In its endeavour to promote the profession, knowledge sharing and sensitisation of the environment, IPA-ICMAI published Au-Courant (Daily Newsletter), a weekly IBC Dossier, and a monthly e- Journal which are hosted on its website.

## ICMAI REGISTERED VALUERS ORGANIZATION (RVO)

ICMAI RVO has successfully organised a “50 Hour’s Training Program” for securities or financial assets, one for land and building assets, and also organised 9 “Professional Development Programs” in May 2025. In its efforts to bring out relevant publications for the development of the valuation profession, ICMAI RVO also released its monthly journal, The Valuation Professional.

## ICMAI SOCIAL AUDITORS ORGANIZATION (SAO)

ICMAI Social Auditors Organisation (SAO) is planning to organize Social Stock Exchange awareness programs at Jaipur on 6th June, 2025 and at Dehradun on 20th June, 2025. CMA Dr. S.K. Gupta, CEO, ICMAI SAO and CMA (Dr.) Ashish P. Thatte, Council Member, ICMAI attended the Social Stock Exchange Advisory Committee meeting in SEBI. ICMAI SAO also released its monthly journal, The Social Auditor.



*“To succeed in life and achieve results, you must understand and master three mighty forces— desire, belief, and expectation.” - APJ Abdul Kalam*

Dear Professional Colleagues,

Greetings on the occasion of MSME Month 2025!

**A**s we celebrate the month of June as MSME Month, it is an opportune moment to reflect on the indispensable role played by the Micro, Small, and Medium Enterprises (MSME) sector in driving India's economic transformation. With over 63 million enterprises contributing nearly 30% to the national GDP and employing over 110 million people, MSMEs truly represent the backbone of India's economy.

Aligned with this year's spirit of promoting innovation, resilience, and sustainable growth within the MSME sector, we take this opportunity to highlight the crucial role of Cost and Management Accountants (CMAs) in empowering MSMEs.

*CMAs – Strategic Partners for MSME Excellence*

The CMA profession brings strategic value to MSMEs through specialized expertise in cost management, financial planning, business analytics, and performance optimization. In a dynamic business environment where resource efficiency is critical, CMAs serve as trusted advisors and enablers of sustainable growth.

In the evolving business landscape, Cost and Management Accountants (CMAs) are uniquely positioned to guide MSMEs in achieving sustainable growth through cost efficiency, strategic management, and informed decision-making.

*Key Contributions of CMAs to MSMEs:*

- ⦿ **Cost Competitiveness & Efficiency:** Implementing Total Cost Management (TCM) techniques to control costs, eliminate wastes and inefficiencies and boost profitability.
- ⦿ **Financial Planning & Compliance:** Supporting MSMEs in budgeting, working capital management,

# FROM THE DESK OF CHAIRMAN

MSME and Start up Promotion Board  
The Institute of Cost Accountants of India

**CMA Suresh R. Gunjalli**

*navigate complex tax regulations, ensure compliance and minimize the risk of legal disputes.*

- ⦿ **Government Schemes & Credit Facilitation:** Assisting MSMEs in availing benefits under various schemes like ECLGS, Credit Guarantee Fund and others.
- ⦿ **Digital & Technological Enablement:** Guiding adoption of AI tools, ERP systems and data analytics to modernize operations.
- ⦿ **Sustainability & ESG Reporting:** Helping MSMEs integrate environmental, social, and governance (ESG) practices and meet reporting standards.

The Institute of Cost Accountants of India (ICMAI), through its MSME and Start-up Promotion Board, is continuously engaged in fostering knowledge, awareness, and policy advocacy for MSME development. Our initiatives include:

- ⦿ Organizing MSME-focused webinars, conclaves, and training programmes.
- ⦿ Collaborating with organizations like ni-msme, CII, and MSMECCII.
- ⦿ Publishing MSME TITBITS – a dedicated knowledge series.
- ⦿ Conducting skill-building and entrepreneurship development activities across region

On this special occasion, we call upon all CMAs, Regional Councils, and Chapters of the Institute to actively participate in MSME Month celebrations. Let us collectively reaffirm our commitment to the development of MSMEs by offering our professional services, sharing our knowledge, and supporting their journey toward operational excellence and strategic growth.

Together, let us build a stronger, self-reliant, and globally competitive India where MSMEs and CMAs thrive as growth partners.

Warm Regards,

**CMA Suresh R. Gunjalli**

June 04, 2025



# THE MANAGEMENT ACCOUNTANT

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## Guidelines for Submitting Articles

- Contributors are requested to send soft copies (in MS Word format) to The Editor, The Management Accountant at [editor@icmai.in](mailto:editor@icmai.in).
- In case of theme article, the soft copy to be mailed to the above stated mail ID latest by 1st of the preceding month in which the article is sought to be published. That is, for an article to be published in February, the same may be forwarded by 1st of January, at least.
- The articles must be relevant to the economy, society and the nation.
- The articles should be around 1500 to 2000 words and must be an exclusive contribution for the Journal.
- The cover page should contain the title of the paper, author's name, designation, official address, contact phone numbers, e-mail address and an abstract of not more than 150 words.
- References should be given at the end of the manuscript and should contain only those cited in the text of the manuscript.
- The contribution must be original in nature and is neither published nor under consideration for publication anywhere else. A scanned copy of signed Declaration by the author is to be attached with the article. The format of the declaration is given below.
- A scanned passport size photograph (at least, 600 dpi) of the author and in case of joint authorship of all the authors should also be mailed along with the soft copy of the article.
- Figures and tables should be numbered consecutively and should appear near the text where they are first cited. **The figures must be in editable format.** Captions of the figures and tables are to be given at the bottom and at the top respectively. Headlines of the sections and sub-sections should start from the left-hand margin.
- The final decision on the acceptances or otherwise of the paper rests with the competent authority / editorial board and it depends entirely on its standard and relevance. The final draft may be subjected to editorial amendment to suit the Journal's requirements.
- If an article is not published within 4 months from the date of submission, the author (s) may withdraw the article with prior permission from the Editor **OR** keep the article with the Institute for future publication, unless it is rejected.
- The copyright of the contributions published in the Journal lie with the publishers of the Journal.
- The Editor has the right to modify / edit any content / title of the submitted article to suit the need of the Journal, without affecting the spirit of the article.

### Declaration

*I/We affirm that the article titled ' \_\_\_\_\_ ' is my/our original contribution and no portion of it has been copied from any other source, and it would not be sent elsewhere for publication. The views expressed in this article are not necessarily those of the Institute or the Editor of the Journal.*

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**All authors are requested to keep to the word limit of 1500–2000 words for articles**

# Glimpses



**ICMAI**  
The Institute of  
Cost Accountants of India  
(Statutory Body under an Act of Parliament)



**62<sup>nd</sup> NCMAC 2025**

**दिव्य दृष्टि**  
Corporate Excellence -  
CMA Vision

**62<sup>nd</sup> National Cost and Management  
Accountants' Convention 2025 (NCMAC)**

**23<sup>rd</sup> - 25<sup>th</sup> MAY 2025 (FRIDAY TO SUNDAY)**  
Convention Centre, Campus - 2, SOA University  
Bhubaneswar - 30, Odisha

[www.icmai.in](http://www.icmai.in) [ncmac2025@icmai.in](mailto:ncmac2025@icmai.in)



## Day - 1 (23<sup>rd</sup> May 2025): Inaugural Session







## Day - 1 (23<sup>rd</sup> May 2025): Plenary Session & Cultural Evening







**Day - 2 (24<sup>th</sup> May 2025): Morning Session**



**Day - 2 (24<sup>th</sup> May 2025): Inaugural Session**





## Day - 2 (24<sup>th</sup> May 2025): Technical Session - I



## Day - 2 (24<sup>th</sup> May 2025): Technical Session - II





## Day - 2 (24<sup>th</sup> May 2025): CMA Leaders' Meet & Cultural Evening



## Day - 3 (25<sup>th</sup> May 2025): Technical Session III





## Day - 3 (25<sup>th</sup> May 2025): Technical Session IV



## Day - 3 (25<sup>th</sup> May 2025): Chapters' Awards Ceremony cum Valedictory Session







**Glimpses of 66<sup>th</sup> ICAI Foundation Day Celebrations on 28.05.2025 at ICAI Headquarters, Delhi**



**Glimpses of 66<sup>th</sup> ICAI Foundation Day Celebrations on 28.05.2025 at ICAI Kolkata Office**





CMA Bibhuti Bhusan Nayak, President, ICMAI along with CMA Rajendra Singh Bhati, Council Member, ICMAI called on Shri Jual Oram, Hon'ble Union Minister of Tribal Affairs on 07.05.2025 and extended a cordial invitation to grace the 62<sup>nd</sup> NCMAC-2025



CMA Bibhuti Bhusan Nayak, President, CMA TCA Srinivasa Prasad, Vice President, CMA (Dr.) Debaprosanna Nandy, Secretary (Officiating), ICMAI & CMA Uttam Kumar Nayak, RCM & Immediate Past Chairman, ICMAI-EIRC met SUM & SOA Founder, Shri Manoj Nayak on 21-05-2025 and apprised him about 62<sup>nd</sup> NCMAC from 23<sup>rd</sup> to 25<sup>th</sup> May 2025 at SUM Ultimate Auditorium



CMA TCA Srinivasa Prasad, Vice President, ICMAI along with CMA (Dr.) K Ch A V S N Murthy, Council Member, ICMAI met CMA Amitava Mukherjee, CMD of NMDC Limited on 07.05.2025 at his office in Hyderabad and extended a cordial invitation to participate in 62<sup>nd</sup> NCMAC-2025



CMA TCA Srinivasa Prasad, Vice President, ICMAI along with CMA (Dr.) K Ch A V S N Murthy, Council Member, ICMAI and CMA Vijay Kiran Agastya, RCM, SIRC of ICMAI met CMA G Gayatri Prasad, Director (Finance), Bharat Dynamics Limited on 07.05.2025 at Hyderabad





Inauguration of a batch (2025–26) of the CAT Course under DGR held on May 13, 2025 at Prayagraj Chapter in presence of the Managing Committee Members of Prayagraj Chapter and officials of ICMAI



Inauguration of a batch(2025–26) of the CAT Course under DGR held on May 15, 2025 in Patna, graced by the presence of Col Gaurav Pande, MC Members of Patna Chapter and officials of the Institute



Inauguration of CAT Course Batch (2025–26) at Jodhpur Chapter on May 16, 2025 in presence of CMA Rajendra Singh Bhati, Council Member & Chairman-CAT, ICMAI, Chief Guest, Col Amrut Kulkarni, MC Members of Jodhpur Chapter and officials of the Institute



Inauguration of CAT Course under DGR (Calendar 2025-26) on May 29, 2025 at Jaipur Chapter, graced by CMA Rajendra Singh Bhati, Council Member & Chairman-CAT, Col. Rajanish Lal, Chief Guest, CMA Rakesh Yadav, Secretary - NIRC, MC Members of Jaipur Chapter & ICMAI officials



CMA Navneet Kumar Jain, Chairman, Cooperative Development Board honoring and presenting the 'Guidance Manual on Cooperative Societies, India' to Dr. Mangaljit Rai, Chairman, Sikkim State Cooperative Union at New Delhi

# THE ROLE OF MSMEs IN FOSTERING ENTREPRENEURSHIP AND DRIVING ECONOMIC GROWTH IN INDIA

## Abstract

Micro, Small, and Medium Enterprises (MSMEs) are vital to India's economic development, driving entrepreneurship, employment, innovation, and exports. As of March 2025, over 6.05 crore MSMEs have registered on the Udyam portal since its launch in July 2020, reflecting the government's sustained efforts to formalize and strengthen the sector. MSMEs now contribute nearly 46% to India's exports, with export values surging from ₹3.95 lakh crore in 2020-21 to ₹12.39 lakh crore in 2024-25. The sector has also witnessed a significant rise in the number of exporting units, growing from 52,849 to 1,73,350 in five years. Despite this progress, MSMEs continue to face challenges such as limited access to credit, complex regulatory compliance, and infrastructure gaps. Addressing these issues through policy support, credit facilitation, and infrastructure investments is critical to unlocking the full potential of MSMEs and advancing India's ambition of becoming a developed economy by 2047.

## Introduction

**M**icro, Small, and Medium Enterprises (MSMEs) constitute the backbone of India's economy, playing a pivotal role in fostering entrepreneurship, generating employment, and contributing significantly to the nation's Gross Domestic Product (GDP). As of March 2025, approximately 6.05 crore MSMEs have registered on the Udyam portal, reflecting the government's



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ongoing efforts to formalize the MSME sector and facilitate access to various benefits and schemes. This initiative aims to enhance the competitiveness of MSMEs by providing them with easier access to credit, government schemes, and preferential treatment in public procurement. The continued growth in registrations underscores the increasing recognition of the importance of MSMEs in driving India's economic development. This article delves into the multifaceted contributions of MSMEs to India's economic landscape, supported by recent data and policy developments.

## Contribution to GDP and Industrial Output

The Micro, Small, and Medium Enterprises (MSME) sector plays a crucial role in shaping India's economic landscape. Contributing nearly one-third to the country's GDP and a significant portion of industrial output, MSMEs have emerged as key drivers of inclusive growth, employment generation, and regional development.

This steady performance underscores the resilience of MSMEs in sustaining industrial activity, promoting inclusive growth, and providing critical supply chain linkages across sectors. Their adaptability and capacity for innovation have also

been central to India's 'Make in India' and 'Atmanirbhar Bharat' initiatives.

**Table 1: Five-year progression of MSME contribution to India's GDP and manufacturing output (2020–21 to 2024–25)**

Year	MSME GVA (₹ lakh crore)	Share of GDP (%)	MSME Manufacturing Output (₹ lakh crore)	Share of Manufacturing Output (%)
2020–21	66.4	30.2%	34.2	36.1%
2021–22	72.5	30.1%	36.9	36.4%
2022–23	80.2	30.1%	38.1	35.4%
2023–24	88.7	30.3%	41.0	35.9%
2024–25	97.5	30.4%	43.9	36.2%

Notes for the table:

- ⊙ GVA = Gross Value Added
- ⊙ Data sources: Ministry of MSME Annual Reports, MoSPI, Economic Survey of India
- ⊙ Figures are approximate and rounded for clarity

The data in Table 1, according to the Ministry of Statistics and Programme Implementation, clearly illustrates the steady and resilient contribution of MSMEs to India's economic framework, despite facing challenges such as the COVID-19 pandemic, supply chain disruptions, and global economic slowdowns. Between 2020–21 and 2024–25, India's MSME sector has demonstrated remarkable resilience and growth, reinforcing its role as a backbone of the economy. The Gross Value Added (GVA) by MSMEs rose from ₹66.4 lakh crore in 2020–21 to ₹97.5 lakh crore in 2024–25, maintaining a stable contribution of around 30% to GDP. This consistent share underscores the sector's steady expansion even amid global and domestic challenges.

In terms of industrial output, MSMEs account for around 35–37% of manufacturing production reflecting its continued importance in India's industrial base. As per the Annual Report of the Ministry of MSME, the manufacturing output from MSMEs rose from ₹33.6 lakh crore in 2020–21 to ₹43.9 lakh crore in 2024–25, shimmering an impressive compound annual growth rate (CAGR) of approximately 6.9%, despite disruptions caused by the COVID-19 pandemic in the initial years.

### Employment Generation and Entrepreneurship

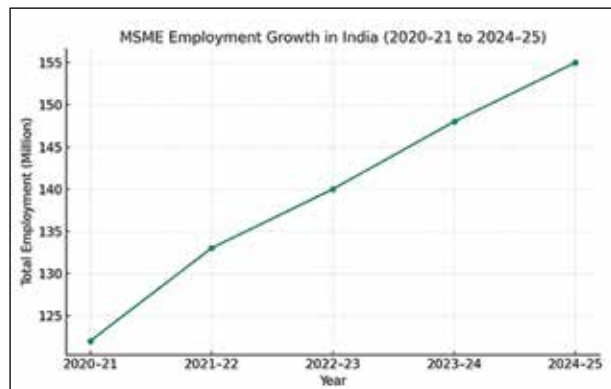
MSMEs are one of India's largest sources of employment, second only to agriculture. Over the past five years, the sector has demonstrated remarkable capacity to absorb labour, especially in rural and semi-urban regions. According to data from the Ministry of MSME and the Udyam portal, total employment in the MSME sector has grown from approximately 122 million in 2020–21 to over 155 million in 2024–25, an addition of nearly 30 million jobs despite pandemic disruptions. This employment growth has been driven by both traditional sectors such as textiles, handicrafts, and food processing, as well as emerging areas like IT services, e-commerce, and renewable energy.

The entrepreneurial ecosystem within the MSME sector has also flourished, with over 4.69 crore enterprises registered on the Udyam portal as of mid-2024, a sharp rise from around 2.8 crore enterprises in 2019–20. Women- and youth-led MSMEs have seen notable growth, supported by government schemes like MUDRA, Stand-Up India, and Startup India. By offering flexible employment opportunities, nurturing local entrepreneurship, and reducing regional economic disparities, MSMEs play a pivotal role in shaping



an inclusive, innovation-driven economy.

Figure 1: Five-year employment growth trend in India's MSME sector, showing a cumulative addition of ~33 million jobs between 2020–21 and 2024–25



### Export Performance

Micro, Small, and Medium Enterprises (MSMEs) play a pivotal role in driving India's export sector, contributing significantly to the country's economic growth. In FY24, MSME-related exports accounted for 45.73% of the total export share, marking a strong recovery from previous years of decline. By May 2024, this share further increased to 45.79%, showcasing the sector's resilience and increasing global footprint.

The surge in MSME exports is striking. From ₹3.95 lakh crore in 2020-21, the value of MSME exports soared to ₹12.39 lakh crore in FY24-25, nearly quadrupling in just five years. This remarkable growth highlights the increasing competitiveness of Indian MSMEs in international markets, as they expand their product offerings and tap into new export opportunities.

Equally significant is the rise in the number of MSMEs engaged in exports, which grew from 52,849 in 2020-21 to 1,73,350 by 2024-25. This exponential increase demonstrates the sector's growing contribution to India's export landscape and underscores the importance of fostering an environment that supports MSMEs' internationalization. The government's various initiatives, including financial support, infrastructure development, and policy reforms, have played

a crucial role in this transformation, enabling MSMEs to expand their reach and strengthen India's presence in global trade.

### Government Initiatives and Policy Support

Recognizing the strategic importance of MSMEs, the Indian government has implemented several initiatives to bolster the sector:

- ⊙ **Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE):** Allocated ₹9,000 crore in the Union Budget 2023-24 to facilitate collateral-free loans.
- ⊙ **Increased Credit Guarantee Cover:** The credit guarantee cover for micro and small enterprises has been increased from ₹5 crore to ₹10 crore. This enhancement is expected to enable additional credit of ₹1.5 lakh crore over five years, facilitating greater access to finance for MSMEs.
- ⊙ **Mutual Credit Guarantee Scheme (MCGS-MSME):** A new scheme has been approved, offering 60% guarantee coverage for loans up to ₹100 crore sanctioned to eligible MSMEs for the purchase of equipment and machinery. This initiative aims to strengthen the manufacturing sector by facilitating the availability of credit for capital investments.
- ⊙ **Production Linked Incentive (PLI) Scheme:** Introduced to boost manufacturing and exports in key sectors, with plans to expand incentives to small textile firms aiming to increase garment exports to \$50 billion by 2030.
- ⊙ **Udyam Registration Portal:** Launched in July 2020 to formalize MSMEs, enabling them to access government schemes and priority sector lending. As of July 2024, 4.69 crore MSMEs have registered on the portal.
- ⊙ **Raising and Accelerating MSME Performance (RAMP) Program:** A five-year initiative with an outlay of ₹6,000 crore aimed at enhancing MSME productivity and competitiveness.

These measures have facilitated increased access to finance, technology adoption, and market

expansion for MSMEs.

### Challenges and the Way Forward

Despite their pivotal role in India's economy, MSMEs continue to grapple with structural and systemic challenges that constrain their growth and competitiveness. Among these, limited access to credit stands out as the most pressing issue.

- ⊙ **Access to Credit – The Critical Bottleneck:** Timely and affordable finance remains the lifeblood of any small enterprise, yet it is the area where MSMEs struggle the most. Traditional financial institutions often perceive them as high-risk borrowers, resulting in restrictive lending terms, high interest rates, and lengthy approval processes. These hurdles are especially acute for enterprises in rural and semi-urban areas, where formal banking penetration is weaker. As a result, MSMEs are unable to invest in capacity-building, innovation, or even meet basic working capital needs curbing both growth and job creation.
- ⊙ **Regulatory Complexity – A Drag on Efficiency:** Closely following the credit crunch is the burden of regulatory compliance. MSMEs often operate under a maze of state-level rules, overlapping jurisdictions, and sector-specific mandates. The absence of a streamlined, unified framework leads to confusion, compliance fatigue, and rising operational costs. For smaller firms without dedicated legal or administrative teams, this often means missed opportunities or unintended violations, discouraging entrepreneurship and formalisation.
- ⊙ **Infrastructure Deficits – A Constraint on Expansion:** While critical, infrastructure challenges such as poor road connectivity, unreliable electricity, and inadequate healthcare facilities tend to compound rather than originate the problems MSMEs face. These deficits are particularly detrimental in tier-2 and tier-3 towns, increasing logistics costs and affecting workforce well-being. However, with proper policy and

private sector collaboration, infrastructure bottlenecks are more scalable and fixable compared to financial and regulatory issues.

To address these issues, the government is encouraged to:

- ⊙ **Simplify Regulatory Frameworks:** The government can play a crucial role by simplifying the regulatory framework for MSMEs. Streamlining licensing processes, reducing bureaucratic red tape, and creating a single-window clearance system can help businesses save valuable time and resources. By making it easier to comply with national and state regulations, MSMEs can focus more on innovation and growth rather than on navigating complex legal landscapes.
- ⊙ **Enhance Credit Accessibility:** To foster MSME growth, the government must enhance access to credit by expanding credit guarantee schemes and reducing collateral requirements. Initiatives such as the Pradhan Mantri Mudra Yojana (PMMY) have shown promise in providing small-scale businesses with easier access to financing. Further steps could include promoting alternative credit assessment models, such as fintech solutions, which use data analytics to assess creditworthiness more effectively, particularly for businesses with limited credit histories.
- ⊙ **Invest in Infrastructure:** To improve MSME productivity and market access, investing in infrastructure is essential. The government should focus on developing and modernizing transportation networks, ensuring a stable power supply, and improving digital infrastructure. Infrastructure investments should particularly target rural and underserved regions to allow MSMEs there to compete on a more equal footing with businesses in urban centers. Enhanced connectivity and reliable energy supply would reduce operational costs, increase efficiency, and open up new opportunities for MSMEs to access broader markets, both domestically and internationally. **MA**

### Conclusion

Micro, Small, and Medium Enterprises (MSMEs) are fundamental drivers of entrepreneurship and economic growth in India, playing a pivotal role in shaping the nation's development trajectory.

Their significant contributions to the Gross Domestic Product (GDP), employment generation, and export performance highlight their centrality to the Indian economy. As engines of innovation and job creation, MSMEs not only support economic diversification but also contribute to social equity by offering livelihood opportunities across urban and rural sectors.

For India to achieve its vision of becoming a developed economy by 2047, it is imperative that MSMEs are further empowered. This requires sustained policy support that fosters an enabling business environment, along with targeted infrastructure development to improve connectivity and operational efficiencies. Additionally,

**As engines of innovation and job creation, MSMEs not only support economic diversification but also contribute to social equity**

comprehensive regulatory reforms are crucial to simplify compliance processes, reduce operational burdens, and enhance access to finance. By addressing these challenges, MSMEs can fully realize their potential, driving inclusive

economic growth and strengthening India's position in the global marketplace. The effective integration of MSMEs into the broader economy will be a key factor in accelerating the country's progress toward its long-term development goals. **MA**

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# SEVEN MANTRA OF SUCCESS (SMS) FOR SUCCESSFUL MSME ENTREPRENEURS



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## Abstract

The "7 Ms" framework for MSME success includes Money, Manpower, Machinery, Materials, Management, Market and Motivation. These elements work together to help MSMEs improve their competitiveness and achieve long-term success.

**M** SMEs encounter numerous obstacles that hinder their expansion, including limited access to financial resources, deficiencies in skill sets, regulatory intricacies, and technological limitations. In order to mitigate these impediments and foster sustainable advancement, policymakers, industry specialists, and scholars have highlighted the significance of the "7 Ms" framework pertinent to MSMEs. These Seven Elements are indispensable in steering MSMEs toward enhanced growth, operational efficiency, and innovation.



- ≈ Money
- ≈ Manpower
- ≈ Machinery
- ≈ Materials
- ≈ Management
- ≈ Market
- ≈ Motivation

**1. Money:** Financial resources are a fundamental aspect for any enterprise, and they possess particular importance for MSMEs due to their constrained access to capital and credit facilities. MSMEs frequently

encounter challenges in obtaining sufficient financing from formal financial institutions, primarily attributable to a lack of collateral, incomplete credit histories, and the elevated perceived risks associated with lending.

#### Challenges:

- ⊙ **Limited Access to Credit:** A considerable number of MSMEs are deprived of formal credit opportunities due to stringent lending criteria and elevated interest rates, compelling them to depend on informal lending avenues that may be prohibitively expensive and unsustainable.
- ⊙ **Insufficient Financial Literacy:** Numerous MSMEs exhibit a deficiency in basic financial literacy, which hampers their ability to make well-informed decisions regarding financing and investment strategies.
- ⊙ **Cash Flow Issues:** Owing to seasonal fluctuations in demand, delayed remittances from clients, and limited negotiating leverage, numerous MSMEs grapple with cash flow difficulties.

#### Resolutions:

- ⊙ **Government Support and Subsidies:** Initiatives such as the Credit Guarantee Fund Scheme for Micro and Small Enterprises (CGTMSE) and the Pradhan Mantri MUDRA Yojana in India facilitate collateral-free loans, thereby addressing the financial requisites of MSMEs.
- ⊙ **Alternative Financing Options:** MSMEs may investigate avenues such as venture capital, peer-to-peer lending, crowd funding, and supply chain financing, which can offer more adaptable and accessible capital solutions.

**2. Manpower:** Manpower pertains to the human resources essential for the efficient operation of an MSME. Given that MSMEs function on a smaller scale compared to larger corporations, the acquisition of skilled manpower that aligns with their fiscal limitations can prove to be challenging. Furthermore, numerous MSMEs lack the necessary training infrastructure, thereby hindering their ability to enhance the competencies of their existing workforce.

#### Challenges:

- ⊙ **Skill Gap:** MSMEs frequently contend with a deficiency of skilled labour, particularly in

domains such as technology, management, and financial literacy.

- ⊙ **Retention:** MSMEs may find it difficult to retain talent owing to lower salary scales and a dearth of advancement opportunities in comparison to larger organizations.
- ⊙ **Lack of Training Facilities:** Many MSMEs are constrained by resources that impede their capability to provide adequate training, complicating efforts to upskill their workforce.

#### Resolutions:

- ⊙ **Public-Private Partnerships for Training:** Collaborative efforts between government entities, the private sector, and educational institutions can yield affordable skill development initiatives tailored to the specific requirements of MSMEs.
- ⊙ **On-the-Job Training:** MSMEs can prioritize in-house training programs to cultivate the skills of their employees, representing a cost-effective strategy to address the skill gap.
- ⊙ **Employee Retention Strategies:** MSMEs may implement flexible work arrangements, recognition initiatives, and performance-based incentives to attract and maintain talent.

**3. Machinery:** Machinery encompasses the equipment, technology, and physical infrastructure necessary for production and operational processes. A significant number of MSMEs depend on outdated or insufficient machinery due to financial limitations, which adversely impacts their productivity, operational efficiency, and competitive standing. The adoption of advanced technology is vital for MSMEs to enhance product quality, minimize production expenses, and effectively contend in the marketplace.

#### Challenges:

- ⊙ **High Capital Investment in Contemporary Machinery:** The acquisition of advanced technology and machinery necessitates considerable financial outlays, which are often beyond the fiscal capabilities of numerous Micro, Small, and Medium Enterprises (MSMEs).
- ⊙ **Restricted Technological Integration:** A deficit in awareness or technical proficiency results in certain MSMEs persisting with



outdated technologies, thereby constraining productivity levels.

- ⊙ **Maintenance and Upgradation Imperatives:** The regular servicing and timely modernization of machinery are essential for achieving optimal operational efficacy; however, these processes can incur significant costs and present logistical difficulties.

#### Resolutions:

- ⊙ **Government Initiatives for Technological Advancement:** Programs such as the Technology Upgradation Fund Scheme (TUFS) in India provide financial assistance to MSMEs for the enhancement of machinery and the integration of innovative technologies.
- ⊙ **Machinery Leasing and Rental Options:** MSMEs may explore leasing or renting machinery as a strategy to mitigate capital expenditures and enhance operational flexibility.
- ⊙ **Establishment of Technical Collaborations:** Forming partnerships with technology suppliers or larger enterprises can facilitate access to and implementation of novel technologies for MSMEs at a diminished cost.

**4. Materials:** Materials encompass the fundamental inputs necessary for production, including raw materials, components, and intermediate goods. Securing access to high-quality materials at competitive prices is imperative for MSMEs to uphold product standards and profitability. Nonetheless, fluctuations in raw material costs and disruptions within the supply chain can pose significant challenges for MSMEs.

#### Challenges:

- ⊙ **Price Instability:** The costs associated with raw materials, particularly in industries such as manufacturing and construction, can exhibit considerable volatility, thereby affecting the profitability margins of MSMEs.
- ⊙ **Gaps in Supply Chains:** A significant number of MSMEs depend on a limited array of suppliers, which heightens their susceptibility to disruptions within the supply chain.
- ⊙ **Quality Assurance Standards:** Variability in the quality of raw materials can result in defects in the finished product, adversely impacting customer satisfaction and the overall reputation

of the brand.

#### Resolutions:

- ⊙ **Supplier Diversification Strategies:** MSMEs can cultivate relationships with multiple suppliers to guarantee a reliable supply of raw materials and diminish dependency on any singular source.
- ⊙ **Collective Purchasing and Consortia Formation:** MSMEs operating within similar sectors can collaborate to procure raw materials in bulk, thereby achieving cost reductions and negotiating more favourable terms with suppliers.
- ⊙ **Implementation of Quality Management Protocols:** The adoption of quality management systems can assist MSMEs in maintaining consistent quality in raw materials, thereby minimizing defects and product returns.
- ⊙ **Raw Material Assistance Program:** This initiative is designed to support MSMEs by financing the procurement of raw materials, both domestic and imported, thereby enabling MSMEs to concentrate more effectively on the manufacture of high-quality products.

**5. Management:** Management within the framework of MSMEs encompasses leadership, strategic planning, decision-making, and operational oversight. Effective management is paramount for MSMEs to successfully navigate challenges, make informed strategic choices, and ensure sustainable organizational growth. However, due to resource constraints, numerous MSME proprietors find themselves undertaking multiple roles, potentially undermining their focus on essential management functions.

#### Challenges:

- ⊙ **Deficient Managerial Competence:** MSME proprietors may possess inadequate formal management training, which can compromise their capacity to execute strategic decision-making.
- ⊙ **Overextended Ownership Responsibilities:** In numerous MSMEs, owners are tasked with an array of functions, ranging from operations to marketing, which can precipitate burnout and result in ineffective management practices.

- ⊙ **Insufficient Succession Planning Mechanisms:** A considerable number of MSMEs lack established succession strategies, complicating the continuity of business operations during transitions in leadership.

**Policymakers, industry specialists, and scholars have highlighted the significance of the "7 Ms" framework pertinent to MSMEs**

- ⊙ **Competitive Pressure:** MSMEs are subjected to competition from larger corporations endowed with greater resources for marketing, advertising, and distribution.

#### Resolutions:

- ⊙ **Training and Mentorship Programs:** The MSME Development Institutes facilitate training and mentorship initiatives designed to enhance the managerial capabilities of MSME proprietors.
- ⊙ **Hiring Skilled Managers:** MSMEs stand to gain substantially from the recruitment of specialized managers for critical functions, including finance, operations, and marketing, thereby enabling owners to concentrate on strategic decision-making.
- ⊙ **Delegation and Empowerment:** Fostering a culture of delegation and empowering employees to engage in decision-making processes can alleviate the pressures faced by MSME owners and augment overall productivity.

**6. Market:** Access to markets is a fundamental prerequisite for MSMEs to connect with their intended clientele, augment sales, and advance their enterprises. In an increasingly competitive environment, MSMEs encounter significant challenges in attaining market access due to constrained marketing resources, insufficient branding, and obstacles in penetrating larger markets. Moreover, the forces of globalization and the proliferation of e-commerce have intensified competition, necessitating that MSMEs embrace innovative marketing methodologies.

#### Challenges:

- ⊙ **Limited Reach:** MSMEs frequently experience restricted geographic expansiveness, which limits their capacity to engage with broader or international markets.
- ⊙ **Lack of Brand Recognition:** Numerous MSMEs encounter difficulties in establishing brand identity, which can adversely affect their credibility and the trust of consumers.

#### Resolutions:

- ⊙ **Adopting Digital Marketing:** Digital marketing modalities such as social media engagement, search engine optimization (SEO), and email marketing present economical avenues for MSMEs to expand their audience reach.
- ⊙ **Participation in Trade Fairs and Exhibitions:** By engaging in trade fairs, exhibitions, and B2B events, MSMEs can establish networks with prospective clients and partners, thereby enhancing their market footprint.
- ⊙ **E-Commerce Platforms:** MSMEs can capitalize on e-commerce platforms, including Amazon, Flipkart, or various regional entities, to connect with customers beyond their immediate geographic confines.
- ⊙ **National Small Industries Corporation (NSIC):** The NSIC serves as a facilitator and has developed numerous schemes aimed at bolstering enterprises in their marketing endeavours, encompassing both domestic and international markets.

**7. Motivation:** Motivation constitutes the essential impetus that galvanizes MSME owners, managers, and employees to strive toward organizational objectives and surmount challenges. In the context of resource limitations, market fluctuations, and various impediments, a motivated workforce can profoundly influence the success of an MSME. Ensuring motivation at both leadership and employee strata is vital for fostering sustained growth and innovation.

#### Challenges:

- ⊙ **Employee Motivation:** Given budgetary limitations, MSMEs may offer remuneration and benefits that are inferior to those provided by larger corporations, rendering it arduous to maintain employee motivation.
- ⊙ **Entrepreneurial Burnout:** Numerous MSME proprietors grapple with stress and burnout



arising from the demands of managing a small enterprise, which can compromise their capacity to remain motivated.

- ☉ **Lack of Recognition:** Many MSMEs function in relative obscurity, receiving minimal acknowledgment for their contributions, which can result in diminished motivation among both owners and employees.

#### Resolutions:

- ☉ **Recognition and Incentive Programs:** Initiatives aimed at employee recognition, including modest programs such as “Employee of the Month” or performance-related awards, serve to enhance job satisfaction and cultivate a sense of allegiance. For MSME owners, accolades from industry bodies or governmental recognition can offer motivation by validating their contributions.
- ☉ **Creating a Supportive Work Environment:** Cultivating a workplace culture in which employees perceive themselves as valued contributors and are actively engaged in the decision-making processes is particularly advantageous in small enterprises. Moreover, the implementation of open channels of

communication alongside team-building initiatives can significantly enhance employee morale and foster a sense of commitment.

- ☉ **Owner and Entrepreneurial Support Networks:** Owners of micro, small, and medium enterprises (MSMEs) may engage in peer networks, join industry associations, or participate in government-sponsored MSME forums to remain abreast of contemporary best practices, obtain mentorship, and fortify their resilience against entrepreneurial fatigue. Notable examples within India include the Confederation of Indian Industry (CII) MSME Forum and the National Small Industries Corporation (NSIC) support initiatives. **MA**

#### Conclusion

By focusing on these seven areas, MSMEs can build a strong foundation for sustainable growth and competitiveness, ultimately achieving greater success in the marketplace.

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### Glimpses of exchanging of the Memorandum of Understanding (MoU)



Exchanging of the Memorandum of Understanding (MoU) between MSME and Start up Promotion Board of the Institute and National Institute for Micro Small and Medium enterprises (ni-msme) at ni-msme campus, Hyderabad on 29<sup>th</sup> May 2025 at National Conference on Navigating the Future with ESG 2.0.

Vice President CMA T C A, Srinivasa Prasad and Dr. Ashutosh A. Murkute, DG, ni msme is exchanging the MOU signed in between MSME and Start up Promotion Board (MSPB) of ICAI and ni-msme. Prof. Manoj K. Arora, VC, SRM AP, Dr. K Sriharsha Reddy, Dean & Prof IMT Hyderabad with CMA, Suresh Rachappa Gunjalli, Chairman MSPB, CMA Chittaranjan Chattopadhyay, Member MSPB, Dr. E. Vijaya, Director SEM ni-msme and CMA Dr. Sumita Chakraborty, Secretary of the MSPB were also present on the occasion.



# हम दे रहे हैं सपनों को उड़ान...



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# LEAN: THE WAY TO MSME PROSPERITY



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## Abstract

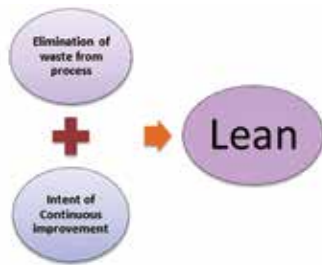
“Costs Do not Exist to be Calculated; Costs do Exist to be Reduced” is the philosophy behind the concept of Lean. Lean manufacturing is a set of time-tested tools developed from time to time. The Government of India brought National Manufacturing Competitiveness Program (NMCP) in 2007-08 to give a boost to MSME sector and make them ready for Global market. This program conceptualized 10 schemes and “Lean Manufacturing Competitiveness Scheme for MSME” was one such scheme under this program. The success of the scheme lies in 90% – 95% financial support by GOI along with determination and hard work from the enterprise. Taken in true spirit, it’s a sure shot way to MSME prosperity.

## Introduction

‘Lean’ is a widely used term in routine conversation and carries multiple meanings. The literal meaning of “Lean” in a physical context is thin with low body fat but having strong, healthy, and well-defined musculature.

Alternatively, in the context of manufacturing and management ‘lean’ refers to a philosophy that focuses on minimizing waste, maximizing value, and achieving efficiency in business processes.

The elimination of waste from processes with intent of continuous improvement is the basic of Lean manufacturing. It was developed as a part of Toyota Production System. Wastages can be reduced by focusing on costs involved in manufacturing, quality & delivery of products, and more over with the involvement of the entire team. It is said that the TPS was inspired by Ford Motor Company. Toyota executives visited Ford in Detroit during 1920s and learned that “Costs Do not Exist to be Calculated; Costs do Exist to be Reduced”(a statement painted all over the walls of Ford Motor Company). With this philosophy in back of their mind, Toyota leaders named Taiichi Ohno and consultant Shigeo Shingo developed TPS. The concept of Lean manufacturing and Lean Organisation/ Management was evolved and implemented after World War II.



As a result of World War II, the global economy was at its low, the economy of Japan was completely shattered and finding ways for recovery. Japanese industry found a hope in Lean and this helped in resurrecting and led it from the war-torn economy to one of the Top 3 economies, globally.

### Need of the Hour

To survive in the present day global competitiveness and buyers' market, Lean concepts have once again taken frontal seat and more and more organisations are striving hard to become Lean. Today, companies are embracing Lean Manufacturing due to following reasons:

- ⊙ To sustain in highly competitive global market, it is required to lower the cost and get sustainable profits.
- ⊙ To meet the rapidly changing market demands and supplies needed at the blink of eye, it's required to adopt versatile manufacturing practices like 'Just-in-time' and high quality standards.
- ⊙ Providing goods and services that are high and consistent in quality and giving value for money to customers.

Lean manufacturing helps to achieve these goals and is focused on preserving value with less work. It can be said that Lean can be achieved by decreasing waste, increasing efficiency and optimizing process flow by using contemporary methods rather than accepting age old practices.

### The benefits

Major benefits arising by implementation of Lean manufacturing are as follows:

- i. Reduction in all kind of waste
- ii. Streamlined resource deployment
- iii. Speed order turnaround
- iv. Profit augmentation
- v. High customer satisfaction
- vi. Support National and Global growth

### India on Lean Way

MSMEs are the backbone of every economy,

and they complete the value chain that connects large corporations with small and medium sized enterprises. Recognizing the potential of this sector and its significance in overall economic growth of a country many countries have initiated institutional mechanism for improving the quality of manufacturing & services provided by this sector. India is not far behind. Ministry of Micro, Small & Medium Enterprises, has diagnosed the need for enhancing the productivity, competitiveness and employment generation besides resource optimization of MSME enterprises to cater them in global market. In its continuous endeavour to uplift MSME Sector, Ministry came out with a scheme called "MSME COMPETITIVE (LEAN) SCHEME" that is a component of "MSME Champions Scheme". This scheme aims to augment the productivity, efficiency, and competitiveness of MSME enterprises by reduction of process waste, management of inventory and space and efficient energy consumption, etc.

### 1. The idea of Scheme

The Government of India, in its budget 2005, announced about the formation of National Manufacturing Competitiveness Council (NMCC). This Council promoted the National Manufacturing Competitiveness Program (NMCP) to improve the competitiveness of MSME sector. The main objective of this program was to address the productivity augmentation, technology upgradation and energy conservation in the manufacturing process and as an outcome to expand global market share of Indian MSME products. Under this program 10 schemes were conceptualized and Lean Manufacturing Competitiveness scheme (LMCS) is one of them. This scheme came into effect in 2009. Since then, continuous improvements are being added in the scheme. Latest guidelines were released in 2022. The financial support, incentives,

benefits & other provisions contained in the scheme are valid till March 31, 2026.

The need of LMCS has emerged with an observation that MSME units are busy in their routine fire-fighting and not having any time and resources left to be deployed for moving to next orbit. In the given circumstances, there is no hope for their transition from micro to small and small to medium. So, the idea of LMCS was conceived, to provide various tools and techniques to the MSME units that will be helpful in enhancing productivity and being competitive.

## 2. The Objectives of Scheme

The basic objective of the lean scheme is to enhance the Competitiveness of MSME sector through the application of various tools and techniques and includes:

- i. Reduction in the rate of rejection, movements in finished goods and raw material and overall cost of production
- ii. Optimizing utilization of resources viz. space, water, energy, and other natural resources etc.
- iii. Increase the quality of product & manufacturing process, capabilities to produce & export, safety at workplace, innovation, conducive work culture, social & environmental accountability and overall profitability.
- iv. Inculcating good management systems and
- v. Imbibing a culture of continuous improvement

## 3. Tools and Techniques for Lean Manufacturing

A set of tools and techniques, developed over a period of time that help in reducing cost thereby increasing productivity form the basis of Lean manufacturing. Indian MSME required adopting these practices to be competitive, withstand the current market pressures and cater to global demands.

An inclusive list of Lean Tools & Techniques is given in the Annexure 5 of the guidelines of MSME Lean Manufacturing Competitiveness Scheme. Some of these tools are listed below:

- i. **5S System** which stands for Sort, Set-in-order, Shine, Standardize & Sustain is a

tool for workplace management that helps in getting the “junk out of the work area”.

- ii. **Visual Control** can be exercised by displaying cartoons, charts, light signals, lane marking on floor, safety instructions, warning signs, poka-yoke instructions etc. all over the workplace.
- iii. **Standard Operating Procedures (SOPs)** cover all activities, both value added and non-value added, and helps in arriving at best layout of all resources required for making the product. All verbal instructions should be converted to SOPs to remove discrepancy and dependency on skilled personnel in achieving required product quality level, consistency, effectiveness and efficiency.
- iv. **Just in Time (JIT)** is a philosophy that propagates the inventory at its minimum or zero level and with shortest possible production cycle.
- v. **KANBAN System** aims at reducing the stocks of items not required for working.
- vi. **PokaYoke** is a Japanese tool that means mistake proofing. It is used to arrest errors occurring at originating point that leads to ‘Zero Defects’.
- vii. **Single Minute Exchange of Dies or Quick Changeover (SMED)** indicates the application of ingenious methods to minimize setup time and bring it down to less than ten minutes.
- viii. **Total Productive Maintenance (TPM)** involves operators, maintenance staff and management working together to improve overall operation of any equipment.
- ix. **Kaizen** means continuous improvement leading to reduced cost and improved profits.
- x. **Jidoka** provides for Low-Cost Automation for quality improvement
- xi. **Hinjunka** is a form of production scheduling

## 4. Eligibility for Beneficiaries

Following categories of firms are eligible to take the advantage of this scheme:

- i. All MSMEs having UDYAM registration
- ii. Common Facilities Centres under SFURTI



(Scheme of Fund for Regeneration of Traditional Industries) and

- iii. Micro & Small Enterprises under Cluster Development Program (MSE-CDP) Schemes.

## 5. Major Stake Holders

This scheme works through its stakeholders with their well-defined roles to carry the spirit of the scheme to ground level. Some of the major stake holders are listed:

### i. Ministry of MSME

The Ministry of MSME is the prime stake holder of this scheme. It creates a conducive environment and helps its partners to achieve the scheme objectives by issuing guidelines for the development of strategies, frameworks, monitoring and evaluation process by Identifying Implementing Agencies and Co-ordinating with various Ministries, Departments, States and other stakeholders regarding the smooth functioning of LMCS. It ensures wide publicity of the Scheme across the country. It coordinates with States and Union Territories to take forward the scheme into undeveloped sectors, clusters and industrial units.

### ii. Implementing Agencies

Two implementing agencies (IAs) have been identified for the implementation of this scheme viz Quality Council of India (QCI) and National Productivity Council (NPC). These IAs will work hands in hands with Ministry of MSME for effective implementation of the scheme and nominate a Nodal Officer for proper coordination. These agencies will be instrumental in developing mechanism for handholding of MSME units and on boarding of consultants for the same. The task of training the Stakeholders is also assigned to implementing agencies.

### iii. Lean Consultants

Consultants are an important link in the implementation chain of this scheme. They are an important link between manufacturing enterprise and the IA and remain so from inception till the successful implementation of the scheme and getting the certification.

They are required to prepare Diagnostic Study Report (DSR) and Action Plan, provide remote or onsite handholding to MSMEs for Lean implementation. They are also required to maintain the record and prepare progress reports of Group of Enterprises (GoE).

### iv. Micro Small and Medium Enterprises

MSMEs are the pivot and whole scheme revolves around them. They are required to participate in awareness & training programmes for an understanding of the Lean Scheme Guidelines and show their intent and commitment towards systems improvement. The success of this scheme depends on their dedication and discipline towards implementation of lean principles.

## 6. Implementation of the Scheme

LMCS is designed to be implemented in four phases, total time from registration to certification takes around 18 months. It consists of certain milestones that can be understood with the help of figure 1 given below:



Figure: 1; Source: “GUIDELINES 2022 MSME COMPETITIVE (LEAN) SCHEME (A component of MSME Champions Scheme)”; issued by Ministry of Micro Small and Medium Enterprises, GOI

At the outset, manufacturing unit needs to register online under the scheme and take a Pledge in prescribed format and apply for implementation of lean tools and techniques by submitting the desired details and an undertaking.

**For Basic level**, unit has to learn individually through online & offline training sessions. This learning has to be disseminated to the employees of the unit because it’s a team effort and none can implement it individually.

For **Intermediate Level**, MSMEs would apply online. A Group of Enterprises (GoE) is to be formed consisting of minimum 4 to maximum 10 units. GoE can be formed either by units of themselves or some Industry associations within same or diverse industries

**MSMEs are the backbone of every economy, and they complete the value chain that connects large corporations with small and medium sized enterprises**

**There are 3 phases at this level**, i.e. preparation of DSR, its implementation and monitoring. Time of 6 months is dedicated for the completion of this stage.

For **Advanced Level**, enterprise requires to apply online. Dedicated time for this stage is one year and again a DSR is to be prepared its complete implementation and monitoring is to be carried out. At this Level relevant tools and techniques are implemented with the help of appointed consultant through onsite handholding.

At every level, monitoring mechanism is defined and to be done partly in online and partly in physical mode and the role of consultant is important to complete all this exercise. After successful completion of all the levels, E- Certificate for participation under the scheme will be issued by MoMSME.

## 7. Financial Assistance

Financial assistance is given to MSMEs at every level. Basic level is free of cost. Implementation cost of intermediate level is Rs.1.20 lakhs and for Advanced level it's Rs.2.40 lakhs. Beneficiary contribution is 10% of cost and remaining 90% will be paid by the Government of India. Additional 5% contribution will be made by GOI in case of MSMEs that are part of SFURTI Clusters, owned by Woman/SC/ ST entrepreneurs and units located in North East Region.

## Way Forward

Lean is an ongoing process that always asks for "what next?" Once current targets are achieved, it starts afresh. The journey continues in pursuit of getting better every moment. Developing this spirit in the enterprises is the goal of LMCS that is proving to be a boon for MSME sector. This gives an opportunity to minimize the waste and

improve the profitability at negligible cost. This is like a student getting almost 95% scholarship for higher studies that enables him to fetch a very good job opportunity and makes him capable of earning good money for rest of his lifetime. Similarly, MSME manufacturing units can

avail this scheme with 90 – 95% of assistance and continue to prosper year on year till the existence of the unit.

**The way, Japanese Industry resurrected itself after WW II with the help of TPS, Indian MSME sector can also flourish and touch the pinnacle of success by adopting Lean Practices and take the Nation to next level. MA**

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# MSMEs IN INDIA: A GATEWAY TO EMPLOYMENT AND INDUSTRIALIZATION

## Abstract

Micro, Small, and Medium Enterprises (MSMEs) are foundational to India's industrial fabric, contributing approximately 30% to the GDP, 45% to manufacturing output, and nearly half of India's exports. This sector supports over 110 million jobs and is critical for regional development, women's empowerment, and entrepreneurship. This article sets two specific objectives: (1) *To examine how MSMEs contribute to employment generation and regional industrialization, and* (2) *To evaluate the policy, financial, and technological challenges that hinder their growth.* The article also presents a literature review to contextualize India's MSME policies against global practices. Aligned with national priorities like Atmanirbhar Bharat, Make in India, and the Sustainable Development Goals (SDGs), the article concludes with strategic recommendations to strengthen the sector.



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## Literature Review

**E**xtensive research highlights the transformative role of MSMEs in driving economic development across emerging and developed economies. According to the IFC (2021), MSMEs represent 90% of all firms globally and contribute over 50% of employment world wide. In India, as per the Ministry of MSME (2023), they account for nearly 30% of the GDP and 49% of exports, positioning the sector as a vital contributor to the country's inclusive growth.

The World Bank (2023) notes that MSME clusters can significantly enhance productivity through shared

infrastructure and institutional support. However, challenges such as poor access to credit, regulatory burdens, and low levels of technology adoption continue to impede sectoral growth (RBI, 2022; FICCI & Grant Thornton, 2022). CII (2022) emphasized that nearly 60% of MSMEs experience chronic payment delays from buyers, impacting liquidity and sustainability.

Globally, Germany's Mittelstand SMEs thrive due to their integration with vocational education and strong R&D support (OECD, 2020). Similarly, China's Township and Village Enterprises (TVEs) demonstrate how rural industrialization can be accelerated through decentralized financing and local governance. These comparative models underscore the need for robust skilling, cluster-specific infrastructure, and institutional innovation in India's MSME ecosystem.

This body of literature underscores the rationale for this paper's objectives to analyze India's MSMEs as drivers of employment and regional growth, while assessing the constraints that limit their potential. The subsequent sections build upon this framework to present a comprehensive policy and practice-oriented review.

## Introduction

India's MSME sector over 63 million units strong is pivotal to realizing the country's \$5 trillion economic

vision. These enterprises range from rural artisans and self-employed individuals to modern manufacturing and service units. They foster innovation, promote entrepreneurship, and facilitate inclusive development by operating in both urban and rural settings.

Unlike large corporations, MSMEs offer agile responses to market demands, enable local employment, and require relatively low investment. Their decentralization makes them resilient in crises this was evident during the COVID-19 pandemic when MSMEs quickly pivoted to manufacture essential goods like PPE kits, masks, and sanitizers.

Moreover, MSMEs have a democratizing impact, enabling participation of women, youth, marginalized communities, and informal workers in India's economic mainstream.

### **Employment Generation by MSMEs**

With more than 110 million people employed, MSMEs represent the second-largest employment base after agriculture (Ministry of MSME, 2023). The labor absorption capacity of this sector is unmatched, especially considering India's demographic dividend, with millions entering the job market annually.

MSMEs employ workers across multiple skill levels from traditional artisans to engineers and digital service professionals. Many act as ancillary units for larger corporations in the automotive, electronics, and textile industries, providing critical inputs and value addition.

The Prime Minister's Employment Generation Programme (PMEGP) has sanctioned over 7.8 lakh projects, creating nearly 65 lakh jobs. Similarly, the MUDRA Yojana aimed at micro-credit has disbursed loans worth over ₹18 lakh crore since its inception in 2015, primarily benefitting small-scale traders and first-generation entrepreneurs.

Significantly, MSMEs offer flexible employment opportunities that are well-suited for women, especially in sectors like textiles, food processing, and handicrafts. They help reverse rural-to-urban migration by offering localized job creation and income stability.

### **Regional Industrialization through MSME Clusters**

MSMEs are at the heart of regional industrialization in India. Clusters geographically proximate groups of interconnected firms- enhance competitiveness, reduce costs, and enable knowledge sharing. These clusters

also help develop strong forward and backward links.

India hosts prominent MSME clusters, including:

- ⦿ Morbi (Gujarat) – Ceramic and vitrified tiles
- ⦿ Ludhiana (Punjab) – Hosiery and bicycles
- ⦿ Tirupur (Tamil Nadu) – Knitwear exports
- ⦿ Agra (Uttar Pradesh) – Leather and footwear
- ⦿ Surat (Gujarat) – Diamond cutting and textiles

These hubs foster employment, enable specialization, and often support thousands of ancillary units. The Cluster Development Programme (CDP) by the Ministry of MSME supports shared infrastructure, common testing facilities, marketing support, and design centers.

The government's ODOP (One District One Product) initiative also dovetails with cluster development by identifying and promoting niche products at the district level, enhancing exports, and strengthening local economies.

### **Access to Finance and Credit Constraints**

Access to finance remains one of the most persistent bottlenecks facing MSMEs. The International Finance Corporation (IFC, 2021) estimates India's MSME credit gap at over USD 530 billion. Despite the presence of over 60 scheduled commercial banks and hundreds of NBFCs, only 16% of MSMEs access formal credit.

Key constraints include:

- ⦿ Lack of formal registration or credit history
- ⦿ Limited collateral or financial documentation
- ⦿ Risk aversion among banks
- ⦿ Procedural complexity in applying for loans

To address these challenges, the government has introduced schemes such as:

- ⦿ Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE): Provides collateral-free loans up to ₹2 crore
- ⦿ MUDRA Yojana: Offers Shishu, Kishore, and Tarun loans up to ₹10 lakh
- ⦿ Emergency Credit Line Guarantee Scheme (ECLGS): Provided critical relief during the COVID-19 crisis
- ⦿ TReDS: Trade Receivables Discounting System enables faster payments to MSMEs from corporate buyers

Yet, many micro and small businesses remain

excluded. The adoption of Account Aggregator (AA) frameworks and Open Credit Enablement Network (OCEN) platforms is expected to digitize credit delivery and enhance financial inclusion. Fintech partnerships with public sector banks can also enhance underwriting, documentation, and disbursement efficiencies.

A dedicated MSME-focused development finance institution could further streamline access to credit, especially for new-to-credit and rural entrepreneurs.

### **Technology Adoption and Digital Empowerment**

Technological backwardness is another impediment to MSME productivity. A 2022 survey by FICCI & Grant Thornton found that only 23% of MSMEs used digital tools beyond mobile apps and spreadsheets.

Key technological challenges include:

- ⦿ Lack of awareness about automation and AI
- ⦿ Inadequate access to ERP, CRM, or cloud-based solutions
- ⦿ Difficulty in integrating with e-commerce platforms
- ⦿ High cost of industrial upgradation

To bridge the tech gap, the government has rolled out several support systems:

- ⦿ Digital MSME Scheme: Subsidizes cloud-based tools for MSMEs
- ⦿ CHAMPIONS Portal: Offers real-time support, monitoring, and training
- ⦿ ZED (Zero Defect Zero Effect) Certification: Promotes quality control, lean manufacturing, and eco-friendly practices
- ⦿ Technology Centres under TCSP (Technology Centre Systems Programme): Offer access to CAD/CAM, precision manufacturing, and training labs

Digital skilling is also being pushed through NSDC, ITIs, and industry-academia partnerships. MSMEs are being encouraged to onboard government marketplaces such as GeM and ONDC, where visibility and B2B sales can grow exponentially.

Going forward, MSMEs must invest in cybersecurity, digital marketing, and AI-powered analytics to stay competitive both domestically and globally.

### **Policy Framework and Government Initiatives**

India's MSME policy framework is being

realigned to encourage scale, formalization, and competitiveness. In 2020, the government redefined MSMEs based on combined criteria of investment and turnover, thereby incentivizing scaling up without fear of losing benefits.

Some key national initiatives include:

- ⦿ Udyam Registration Portal: Simplifies MSME enrollment, integrated with PAN and Aadhaar
- ⦿ RAMP Programme (2022–2027): A \$808 million World Bank-supported project to enhance market access, reduce credit gaps, and improve productivity
- ⦿ Samadhan Portal: For resolving payment delays from buyers
- ⦿ SAMBHAV & ASPIRE: Foster entrepreneurship and innovation through incubation centers

Additionally, the PM Gati Shakti National Master Plan identifies MSME parks and logistics infrastructure for faster time-to-market. Export facilitation under MSME Champions Scheme helps enterprises navigate trade rules, certifications, and logistics.

State-level MSME policies, especially in Tamil Nadu, Odisha, and Gujarat offer tailored support through single-window clearances, interest subsidies, and cluster-specific investment incentives.

Despite these efforts, awareness levels remain low at the grassroots, necessitating targeted outreach, simplified communication, and regional capacity building.

Perfect here is the final part of the article: Sections 7 to 10, followed by References and Author Profile.

### **Challenges Hindering MSME Growth**

Despite strong policy support, the MSME sector continues to face deep-rooted challenges:

#### **a. Delayed Payments:**

As per the CII (2022), over 58% of MSMEs report payment delays exceeding 60 days, severely impacting working capital. Many government departments and PSUs are also reported to be defaulters despite the MSMED Act provisions.

#### **b. Regulatory Burden:**

MSMEs comply with over 50 laws and file around 30 returns annually. This compliance load is burdensome for small setups lacking dedicated legal or accounting teams.



## c. Infrastructure Deficits:

Many MSMEs operate in power-deficient and logistically remote areas. Poor digital connectivity and inadequate industrial estates reduce efficiency and competitiveness.

## d. Certification and Quality Barriers:

Only 5% of MSMEs hold quality certifications such as ISO, BIS, or CE, hindering their participation in global supply chains and government procurement programs.

## e. Innovation Deficiency:

Less than 1% of MSMEs engage in R&D. Limited academic collaboration, weak IP literacy, and negligible innovation grants curb product development.

## f. Skilling Gap:

With 93% of MSMEs being informal or unregistered, skill development remains inconsistent. Worker productivity is lower compared to global peers due to minimal upskilling or process innovation.

To overcome these, India needs an ecosystem-level transformation that combines digital platforms, simplified compliance, and capacity building.

**International Benchmarks and Lessons**

Global case studies offer vital lessons for Indian MSMEs:

Germany's Mittelstand emphasizes:

- ⊙ Close collaboration with vocational training institutions
- ⊙ Easy access to affordable finance
- ⊙ Export-oriented innovation and government R&D support

China's Township and Village Enterprises (TVEs) achieved rural industrialization by:

- ⊙ Linking SMEs with local governments and cooperatives
- ⊙ Allowing flexibility in hiring and sourcing
- ⊙ Prioritizing cluster formation and small-town infrastructure

Japan's SME Policy supports:

- ⊙ Subsidized innovation
- ⊙ Stable buyer-supplier partnerships

**India's MSME policy framework is being realigned to encourage scale, formalization, and competitiveness**

- ⊙ Knowledge sharing through industry consortia

India must adapt these models by deepening skilling under NSDC, enabling cluster-specific innovation hubs, and establishing SME-focused development banks.

**Strategic Recommendations**

To maximize the MSME sector's economic and social value, India should consider the following strategic steps:

**Unified Digital Platform:**

Establish a one-stop MSME portal integrating credit, registration, compliance, marketing, and grievance redressal.

**Access to Formal Credit:**

Simplify digital KYC norms, expand co-lending with Fintech's, and incentivize lenders through first-loss guarantees and tax breaks.

**Strengthen Clusters:**

Provide common logistics, digital infrastructure, tool rooms, and testing labs to reduce input costs and enhance competitiveness.

**Promote Green MSMEs:**

Launch a 'Green MSME' fund to support waste reduction, solar energy adoption, and sustainable packaging.

**Export Facilitation:**

Offer handholding for international certifications and create 'Export Hubs' aligned with ODOP.

**Women Entrepreneurship Support:**

Tailor credit, training, and digital inclusion schemes for women-owned businesses.

**R&D Incentives:**

Establish MSME Incubation Centers in partnership with IITs, IIMs, and regional universities with targeted grants and mentoring.

**Ease of Doing Business at District Level:**

Empower District Industries Centres (DICs) to act as MSME champions with decision-making powers and faster service delivery.

**Conclusion**

MSMEs are the lifeblood of India's entrepreneurial ecosystem. They drive job creation, innovation,

exports, and regional development. However, unlocking their full potential requires not just schemes and subsidies, but structural reform.

India's future industrial growth will depend on its ability to build a resilient, formalized, tech-enabled MSME sector. Through smart policies, stakeholder partnerships, and digital empowerment, MSMEs can propel India into a new phase of inclusive and sustainable economic growth. **MA**

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# THE ROLE OF MSME IN CREATING ENTREPRENEURSHIP AND ECONOMIC GROWTH IN INDIA

## Abstract

The Micro, Small, and Medium Enterprises (MSME) sector is often referred to as the "engine of growth" for the Indian economy. This article examines the vital role MSMEs play in fostering entrepreneurship, generating employment, promoting balanced regional development, and contributing to GDP and exports. It highlights how MSMEs act as a catalyst for economic democratization by empowering diverse segments of society and driving innovation across sectors. Strategic support through reforms, technology adoption, and policy initiatives can further unleash the transformative power of MSMEs in shaping India's economic destiny.

## Introduction

In an emerging economy like India, fostering entrepreneurship is not a luxury but a necessity. Entrepreneurship acts as the lifeblood of economic vitality by introducing innovation, creating jobs, and enhancing competition. At the heart of India's entrepreneurial ecosystem lies the MSME sector — comprising over 63 million enterprises (FY 2022-23), contributing approximately 30% to India's GDP and 45% to merchandise exports in FY 2022-23. MSMEs provide a fertile ground for entrepreneurial ambitions to take root, flourish, and transform the economic landscape.

## MSMEs: The Natural Incubator of Entrepreneurs

MSMEs offer a less resource-intensive platform for new entrepreneurs to:



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- ⦿ Test business ideas.
- ⦿ Develop managerial and operational skills.
- ⦿ Innovate with products and services.
- ⦿ Build resilient business models suited to the Indian socio-economic milieu.

From small manufacturing units in Gujarat to IT service startups in Karnataka, MSMEs are nurturing the next generation of entrepreneurs.

## Contribution of MSMEs to Economic Growth

### 1. Employment Generation

- ⦿ MSMEs are the second-largest employer in India after agriculture, providing employment to over 120 million people as of FY 2022-23.
- ⦿ They are critical in absorbing semi-skilled and unskilled labor, thus reducing rural-urban migration pressures.

### 2. Regional Development

- ⦿ MSMEs promote balanced regional development by encouraging industrialization in rural and semi-urban areas.
- ⦿ They mitigate regional disparities by

tapping into local resources and workforce.

### 3. Boost to Exports

- ☉ Sectors such as textiles, handicrafts, leather goods, gems and jewellery, and engineering goods see MSMEs as primary contributors to export earnings.
- ☉ MSMEs strengthen India's presence in international trade, enhancing foreign exchange reserves.

### 4. Promoting Innovation

- ☉ MSMEs often drive frugal innovation — cost-effective solutions tailored to local needs.
- ☉ Many start-ups in renewable energy, agri-tech, and health-tech sectors stem from MSME roots.

### Entrepreneurship through MSME Support Frameworks

Various schemes and initiatives have been instrumental in empowering MSMEs:

- ☉ **Prime Minister's Employment Generation Programme (PMEGP):** Financing micro-enterprises by first-time entrepreneurs.
- ☉ **MUDRA Yojana:** Offering collateral-free microfinance loans.
- ☉ **Skill India Mission:** Upskilling workforce to meet MSME demands.
- ☉ **Start-up India** initiative: Creating a conducive environment for start-ups, many of which operate under MSME classifications.

In addition, programs like the **SFURTI** (Scheme of Fund for Regeneration of Traditional Industries) are reviving traditional entrepreneurship in sectors like handicrafts and coir.

### Challenges Hindering MSME-driven Entrepreneurship

Despite their contribution, several barriers limit the full potential of MSME entrepreneurship:

<b>Access to Finance</b>	Credit constraints due to collateral requirements, limited credit history, and high perceived risk.
<b>Technology Adoption</b>	Low digital literacy, inadequate R&D spend, difficulty accessing Industry 4.0 technologies.
<b>Regulatory &amp; Compliance</b>	Overlapping laws (GST, labour, environmental), complex documentation, high compliance costs. Regulators struggle with real-time data and monitoring.
<b>Market Linkages</b>	Limited integration into domestic and global supply chains; weak branding and standards compliance.
<b>Stakeholder Coordination</b>	Gaps in coordination among central ministries, state authorities, banks, and industry bodies delay policy execution.
<b>Stakeholder Coordination</b>	Logistics bottlenecks, unreliable power, limited broadband in rural clusters impede productivity.

### Region- & Sector-Specific Case Insights

Saharanpur, Uttar Pradesh	Woodcraft & Handicrafts	Udyam registration, e-commerce (Amazon Karigar), exports to EU & USA.
Tiruppur, Tamil Nadu	Knitwear & Textiles	MSME clusters adopt solar power and zero-liquid-discharge tech, capturing 50% of India's cotton knitwear exports.

Morbi, Gujarat	Ceramic Tiles	Hub of >800 MSME units leveraging gas-based links and global quality certification to export to 170 countries.
Hubballi-Dharwad, Karnataka	Agri-Tech & Precision Tools	Incubator sat KLE Tech University spur start-ups providing IoT-based farm solutions.
Kochi, Kerala	Marine Processing	MSME sea food processors upgrade to EU standards under MPEDA support, boosting export value addition.

### Policy Recommendations to Boost Entrepreneurship through MSMEs

To further harness the entrepreneurial potential of MSMEs:

- ☉ **Enhanced Credit Mechanisms:** Expanding coverage under Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE).
- ☉ **Technology Upgradation Support:** Through programs like CLCSS (Credit Linked Capital Subsidy Scheme).
- ☉ **Simplified Compliance:** MSME-friendly policies like Udyam Registration must be

strengthened and streamlined.

- ☉ **Mentoring and Incubation Networks:** Stronger linkages with academic institutions and incubation centers.

### Conclusion

Globally, MSMEs account for 90% of businesses and over 50% of employment (World Bank, 2023). While India's MSMEs contribute 30% to GDP, comparable figures are 41% in China, 50% in the European Union, and 44% in the USA. Bridging this gap requires enhanced productivity, formalisation, and technology infusion. Nevertheless, with targeted reforms and stakeholder collaboration, Indian MSMEs possess the scale and ingenuity to converge with global benchmarks and drive sustainable, inclusive growth.

The MSME sector represents the soul of India's entrepreneurial spirit. By providing accessible platforms for innovation, employment, and regional economic empowerment, MSMEs play an irreplaceable role in driving India's economic growth. Unlocking their full potential through strategic reforms, financial inclusion, digital empowerment, and market access will be crucial to realizing India's vision of a \$5 trillion economy. Investing in MSMEs is, fundamentally, investing in India's future. **MA**

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The Ministry of Corporate Affairs has notified the Companies (Cost Records and Audit) Amendment Rules, 2025 containing updated forms CRA-2 and CRA-4. The forms will be applicable w.e.f. 14<sup>th</sup> July 2025.

The CCRAR Amendment Rules 2025 have been uploaded on the Institute's website, and the same is available at [https://icmai.in/upload/pd/MCA\\_Amendment\\_Rules\\_July\\_2025.pdf](https://icmai.in/upload/pd/MCA_Amendment_Rules_July_2025.pdf)





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# INDIAN MSMEs: MARKET PRESENCE AND COMPETITIVENESS IN A GLOBAL ECONOMY

## Abstract

Indian Micro, Small, and Medium Enterprises (MSMEs) are vital to the nation's economy, contributing to GDP, employment, and exports. This article explores their market presence and competitiveness in the global economy, focusing on sectoral performance, policy support, and integration with global value chains. It highlights challenges such as limited access to finance, infrastructure gaps, and skill deficits, while emphasizing the potential of digital transformation and innovation. The study provides strategic recommendations to enhance MSME resilience and global positioning, aligning with India's vision of Vikshit Bharat.



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## Introduction

The first major policy thrust came in India with the Industrial Policy Resolution of 1948, which emphasized the importance of SSIs for employment and equitable income distribution (Government of India, 1948). The establishment of the Khadi and Village Industries Commission (KVIC) in 1956 was another landmark, promoting rural industrialization through indigenous skills and local resources (KVIC, 2022).

The concept of MSMEs emerged with the Micro, Small and Medium Enterprises Development (MSMED) Act of 2006, which standardized definitions and provided a legal framework for promoting and regulating MSMEs (MSME Act, 2006). Over the decades, MSMEs have expanded across various sectors including manufacturing, services, trade, and agro-based industries. They account for approximately 45 percent of India's total manufacturing output and employ over 111 million people. A practical example is Amul Dairy, which began as a cooperative-based small enterprise and has grown into a global dairy brand, empowering millions of rural milk producers across Gujarat and beyond (Kurien, 2012).

In recent years, there has been a significant digital shift in the MSME sector. Programs like Digital MSME Scheme and initiatives such as Udyam

Registration, launched in 2020, have facilitated the online formalization of enterprises, reducing bureaucratic hurdles. Startups like Paper BoAt, which produces traditional Indian beverages, have used branding, e-commerce platforms, and digital marketing to scale their business nationally and internationally (Times of India, 2021).

India's MSMEs have increasingly integrated into global supply chains, particularly in sectors like textiles, gems and jewellery, pharmaceuticals, and information technology. For example, Zed Black, a small incense stick manufacturer from Madhya Pradesh, now exports to over 40 countries, demonstrating how quality, innovation, and branding can enable global growth (Economic Times, 2022).

### **Determinants of Global Competitiveness of MSMEs**

MSMEs are increasingly integrating into global value chains (GVCs), leveraging international markets to scale operations and improve competitiveness. For instance, Vietnamese MSMEs in the electronics sector have partnered with multinational firms such as Samsung, enabling significant export growth (World Bank, 2020). Similarly, Indian MSMEs have expanded their global presence through sectors like textiles, pharmaceuticals, and information technology. It is apt to mention the story of Zoho here. Zoho started as a small software company in Tamil Nadu and evolved into a global leader in cloud-based business applications. Its success is rooted in product innovation, customer-centric design, and frugal engineering. Today, it serves clients in over 180 countries without relying on external venture capital (Krishnan, 2021).

The Indian MSME sector, comprising over 63 million enterprises, contributes approximately 30 percent to the national GDP and 49 percent to exports. With initiatives like 'Make in India' and the Udyam portal, the Indian government is actively supporting MSMEs to expand their international market reach. Some factors enhance the competitive capacity of MSMEs in the global level.

#### **1. Technology and Innovation**

The adoption of digital technologies and

innovative practices plays a significant role in enhancing MSME competitiveness. Cloud computing, e-commerce platforms, and digital payment systems help MSMEs access global markets with reduced transaction costs. A notable example is Alibaba in China, which connects thousands of MSMEs to buyers around the world (Li & Yi, 2020).

One small concern called BrewDog, founded as a microbrewery in Scotland, BrewDog utilized aggressive branding, social media marketing, and crowd funding to grow internationally. It now operates bars in multiple countries and exports craft beer globally, proving that MSMEs can build powerful global brands with strategic innovation and customer engagement (BBC News, 2019).

#### **2. Access to Finance**

One of the most critical barriers to MSME growth is limited access to affordable finance. The International Finance Corporation (IFC) estimates a global credit gap of \$5.2 trillion for MSMEs in developing countries (IFC, 2017). To address this, India has introduced fintech platforms like the Trade Receivables Discounting System (TReDS), which provides faster working capital through invoice financing.

#### **3. Quality Standards and Compliance**

MSMEs aiming to access international markets must comply with global quality and safety standards. In Brazil, small food-processing enterprises increased their exports significantly after adopting ISO and HACCP standards (UNIDO, 2019). Governments and international agencies offer certification support programs to help MSMEs align with global benchmarks.

#### **4. Human Capital and Skills**

A skilled workforce enhances innovation, productivity, and the ability to adopt new technologies. Germany's dual vocational education and training (VET) system is often cited as a model, linking apprenticeships with formal education to meet MSME labor demands (BMBF, 2022). Skill development initiatives tailored to MSME needs can dramatically improve their competitiveness.



### **Indian MSME Presence at the Global Level**

As India aspires to become a \$5 trillion economy, the internationalization of MSMEs is critical for sustainable and inclusive growth. Indian MSMEs are becoming active participants in global value chains (GVCs), thanks to policy support, technology adoption, and growing capabilities in quality production and innovation. Their global engagement is particularly visible in sectors such as textiles, information technology, pharmaceuticals, gems and jewellery, auto components, and handicrafts.

Indian MSMEs have been key contributors to export growth, particularly in labor-intensive and high-value sectors. For example, India's textile industry—largely composed of MSMEs—exports to over 150 countries. The Tiruppur knitwear cluster in Tamil Nadu alone accounts for over 90 percent of India's cotton knitwear exports, supplying to global brands like H&M and Walmart (Saxena, 2021). Similarly, Rajkot-based auto component MSMEs supply precision parts to multinational firms in Europe and the United States, showcasing India's manufacturing depth and engineering skill at the MSME level.

To compete globally, many Indian MSMEs have embraced Industry 4.0 technologies such as automation, digital platforms, and cloud computing. The National Small Industries Corporation (NSIC) facilitates access to modern machinery, testing labs, and marketing support to help MSMEs meet international standards (NSIC, 2022). Companies like Vega Industries, a small firm producing helmets and accessories, have expanded to over 20 countries through a combination of quality manufacturing and digital supply chains (Economic Times, 2022).

Two success stories of Indian MSME are ideal to mention here.

Jaipur Rugs started as a small home-based carpet weaving unit, Jaipur Rugs has transformed into a global brand exporting handmade carpets to over 60 countries. It combines traditional craft with contemporary design and e-commerce platforms to reach a global clientele (Harvard Business School, 2021).

Another, Gujarat-based Vini Cosmetics, best known for its brand "Fogg," has successfully expanded to over 60 countries by leveraging

aggressive marketing, local distribution partnerships, and consistent product innovation tailored to international consumer preferences (Business Standard, 2022).

### **Opportunities of Indian MSMEs in the Global Markets**

In a globalized world characterized by supply chain realignment, digital trade expansion, and sustainability-driven consumption, Indian MSMEs are uniquely positioned to leverage emerging opportunities beyond national borders.

### **Expanding Global Demand for Affordable and Customized Goods**

Indian MSMEs are renowned for their flexibility and responsiveness to customer needs. This makes them highly competitive in producing small-batch, customized, and cost-effective goods for diverse global markets. For instance, the handicrafts sector, comprising thousands of MSMEs, caters to rising demand in Europe and North America for sustainable and handmade products. The Moradabad brassware cluster, for example, exports decorative metal ware to more than 100 countries.

Likewise, Indian textile MSMEs from clusters such as Tiruppur and Jaipur have become major suppliers of garments and home furnishings to global brands such as IKEA, H&M, and Zara.

### **Integration into Global Value Chains (GVCs)**

Indian MSMEs are increasingly becoming vital links in global value chains, supplying subcomponents and specialized parts to multinational corporations. The auto component industry, dominated by MSMEs in Rajkot and Pune, exports high-precision products to leading automobile manufacturers in Europe and the United States. The electronics MSME cluster in Noida has also started exporting printed circuit boards and semiconductors to Southeast Asia and Africa.

### **Leveraging E-commerce and Digital Infrastructure**

Digital platforms have revolutionized global trade, offering MSMEs direct access to foreign consumers. Platforms like Amazon Global Selling, Etsy, and Alibaba enable even rural artisans and

micro-enterprises to reach international markets. Jaipur-based textile MSMEs have built niche markets through Instagram and Etsy, offering hand-block printed products to buyers in the United States and Australia (Times of India, 2021).

### **Rising Demand for Sustainable and Ethical Products**

With growing awareness of climate change and ethical sourcing, consumers across the globe are gravitating toward sustainable and green products. This trend presents a huge opportunity for Indian MSMEs involved in organic food, bamboo products, khadi garments, and eco-friendly packaging.

RENEE Cosmetics, a startup based in India, has capitalized on this global shift by exporting vegan and cruelty-free cosmetics to multiple countries, including the UK and the UAE (Business Standard, 2022). Similarly, MSMEs producing solar panels, biodegradable cutlery, and herbal wellness products are gaining traction in Western and Asian markets.

### **Emerging Opportunities in Services**

Beyond manufacturing, Indian MSMEs are also carving a niche in global service sectors such as Information Technology, Financial Technology (FinTech), Digital Learning, and Healthcare Outsourcing. Many small IT firms from Bengaluru, Hyderabad, and Coimbatore offer customized software and backend services to clients in the United States and Europe.

### **Opportunities in Design, Innovation, and Niche Products**

India's skilled workforce enables MSMEs to excel in high-value, design-intensive sectors such as jewellery, fashion accessories, pharmaceuticals, and niche engineering products. Surat's diamond cutting and polishing units most of which are MSMEs export around 80 percent of their output to countries like Belgium, the United States, and Israel (GJEPC, 2022).

### **Challenges of Indian MSMEs in the Global Markets**

Despite India's growing global footprint in sectors like textiles, pharmaceuticals, and IT services, MSMEs continue to grapple with various obstacles

in internationalization. These challenges are multifaceted and range from financial limitations to logistical inefficiencies, regulatory hurdles, and limited access to technology.

### **Access to Finance and Credit Constraints**

One of the most significant challenges faced by Indian MSMEs in global markets is limited access to finance. Many MSMEs struggle to secure the necessary capital for expansion due to a lack of collateral, a weak credit history, and complex lending procedures. While there are government schemes like the Prime Minister's Employment Generation Programme (PMEGP) and the Credit Guarantee Fund Scheme for Micro and Small Enterprises (CGTMSE), these do not always address the scale of funding required for global operations.

### **Compliance with International Standards and Regulations**

Indian MSMEs frequently face difficulties in meeting international quality standards and regulatory requirements. Global markets have stringent rules related to product quality, environmental impact, labor practices, and safety standards. Many Indian MSMEs lack the technical know-how and resources to comply with these regulations, which can delay or prevent entry into foreign markets.

### **Lack of Technological Innovation and Infrastructure**

Technology adoption is another significant challenge for Indian MSMEs. While some sectors, like IT and software, have made great strides, many MSMEs in traditional industries such as textiles, leather, and handicrafts lag behind in terms of innovation. The National Small Industries Corporation (NSIC) has made efforts to support MSMEs with technology upgradation programs, but the adoption of cutting-edge technologies like automation, AI, and IoT remains limited for many small firms.

### **Logistical and Supply Chain Challenges**

Indian MSMEs are also hindered by inefficiencies in logistics and supply chain management, which

can severely affect their ability to deliver goods on time and at competitive prices. Poor infrastructure, delays in customs procedures, and high shipping costs are common obstacles. The transportation bottlenecks in the country's ports and airports further add to these inefficiencies, making it costly for MSMEs to export their products globally.

### Market Access and International Competition

While there is growing demand for Indian products in global markets, MSMEs often face stiff competition from other low-cost economies, particularly in East Asia and Southeast Asia. Countries like China, Vietnam, and Bangladesh have established themselves as dominant players in industries like textiles, electronics, and toys, creating a competitive landscape that is challenging for Indian MSMEs to navigate.

### Conclusion

Indian MSMEs are well-positioned to seize a wide range of global opportunities, ranging from participation in global supply chains and e-commerce to the export of sustainable goods and knowledge based services. As the world economy reconfigures post-pandemic, Indian MSMEs have the opportunity to lead from the front as agile, innovative and value-driven global players.

Indian MSMEs face numerous challenges in the global market, ranging from financial constraints and compliance with international regulations to logistical inefficiencies and fierce competition. While the Indian government and various industry associations have introduced initiatives to support MSMEs, these enterprises still need greater access to financing, technology, and international market knowledge.

The MSME sector in India has evolved from traditional village industries to a vibrant contributor to the modern economy. To enhance their international competitiveness, these enterprises must adopt digital tools, improve quality standards, access affordable finance, and invest in skill development. With the right mix of technological adoption, international exposure and government support, Indian MSMEs can evolve into major players in global supply chains. **MA**

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# ALIGNING MSME GUIDELINES TO FOOD SAFETY RULES

## Abstract

The alignment of MSME guidelines with food safety rules is significant for ensuring the development and stability of food businesses in India. It explores the key factors influencing this alignment, focusing on the role of the Food Safety and Standards Authority of India (FSSAI) in supporting MSMEs through regulatory compliance. The study examines the collaboration between FSSAI and the Ministry of Food Processing Industries (MoFPI), which aims to enhance MSME capabilities by providing food safety training, technical support, and assistance in obtaining licenses. Additionally, it emphasizes the challenges faced during the implementation of Front of Pack Nutrition Labelling (FoPNL) and its impact on MSMEs, especially those involved in traditional micro, small and medium Indian food production. The paper also reviews the Pradhan Mantri Formalisation of Micro Food Processing Enterprises (PMFME). Through these initiatives, MSMEs are empowered to improve their food safety practices, enhance their product quality, and expand their market reach.

## Introduction

**T**he Micro, Small, and Medium Enterprises (MSME) are essential for the development and stability of any nation's economy, contributing significantly to employment generation and poverty reduction (R Uma & R Anbuselvi, 2023). They support large scale enterprises as ancillary units and this sector substantially contributes to the country's inclusive industrial growth (Hema Venkata Sivasree & Vasavi, 2020). MSMEs vary significantly on the basis of enterprises size, products and services



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offerings and technological development (Perna Lama, 2013). Within these multiple sectors, the food processing sector holds an important place in Kerala's economic development particularly in terms of micro, small, and medium enterprises (MSMEs). The sector presents a vast opportunities, largely due to the state's strong agricultural background and wide culinary culture (Greeshma S Nair & Nikita Gopal, 2024). With growing consumer awareness around food safety, compliance to the Food Safety and Standards Act, 2006, has become crucial. The Food Safety and Standards Authority of India (FSSAI) enhances regulations to ensure that food produced, processed, or sold meets safety and hygiene standards (Narendra Mohan & Ujjwal Kumar Singh, 2024). This paper explores how

these regulations apply to MSMEs and outlines compliance strategies tailored to their scale.

### Review of Literature

Greeshma S Nair & Nikita Gopal, (2020) examined the MSME sector's financial access in relation to food processing unit in Kerala state, India. It concluded that although the government has introduced various schemes are not easily accessible. Another study by Sevenpri Candra et al., (2022) focussed on understanding the innovation process and expanding knowledge in the food and beverage MSME industry, found that food establishments need to enhance employee engagement through better communication, to ensure harmonious team work and collaborative decision making that yield effective remedies.

V.Nagajothi, (2023) evaluated the efficiency of micro, small and medium enterprise financing programmes in the food processing industry. It identified the internal problems including difficulties in maintaining collateral requirements and not following proper accounting systems are the problems faced by MSME. These issues found to have a significant impact on financing problems for MSMEs. Rajes Kumar Singh, (2024) said that the government recognised MSME sector particularly in food processing. The government initiatives such as Pradhan Mantri Kisan Sampada Yojana (PMKSY), Pradhan Mantri Formalisation of Micro Food Processing Enterprises (PMFME) and Production Linked Incentive Scheme for Food Processing Industries (PLISFPI) played a significant role in revitalizing the MSME and food processing sectors.

### Research Gap

While numerous studies have examined food safety initiatives, a significant research gap remains in evaluating the impact of the Food Safety and Standards Authority of India and Ministry of Food Processing Industry partnership on improving food safety compliance among micro, small and medium food processing sector.

It pointed out that the implementation of the Front of Pack Nutrition Labelling regulation, a notable research gap exists in understanding its implications on traditional Indian food producing MSMEs.

While the Pradhan Mantri Formalisation of Micro

Food Processing Enterprises (PMFME) scheme aims to support MSMEs, an important research gap remains in assessing its effectiveness in promoting formalization, growth and FSSAI compliance among micro, small and medium food processing sectors in India.

### Objectives of the study

- To evaluate the impact of the FSSAI–MoFPI partnership on improving food safety compliance, and quality standards among MSMEs in the food processing sector.
- To analyse the implications of the FoPNL regulation on traditional Indian food-producing MSMEs.
- To assess the effectiveness of the PMFME scheme in supporting the formalisation, growth, and FSSAI compliance of micro and small food producing MSMEs in India.

### Research Methodology

Research design: The current study is based on a descriptive and analytical approaches to evaluate the impact of the FSSAI–MoFPI partnership, analyse the implications of the FoPNL regulation and assess the effectiveness of the PMFME scheme.

Type of data: Secondary data obtained from official documents, research papers and websites of FSSAI, MoFPI, and other relevant sources.

Presentation of data: The data has been presented in the form of table and interpretations have been made in light of the objectives of the study cited above.

### Findings and Discussion

#### FSSAI–MoFPI Partnership: Empowering MSMEs to Elevate Food Safety and Quality Standards

Food Safety and Standards Authority of India has signed a MoU with Ministry of Food Processing Industries (MoFPI) on October 2021 to support the MSME to improve the standard of their businesses especially in micro food enterprises, farmers producers' organization, self-help group and producer's cooperatives. FSSAI support two main areas such as food safety training, and registration and license of the MSME in food sectors. The authority providing training to food handlers of



micro level food processing units on understanding of good hygiene and manufacturing practices, food testing process and other regulatory requirements. It also supports to the MSME food related enterprises towards obtaining FSSAI license or registration ([fssai.gov.in](http://fssai.gov.in)). The collaboration between FSSAI and MoFPI empowers MSMEs in the food sector to enhance their food safety standards, improve product quality and become more competitive in the market.

### **FoPNL Implementation by FSSAI: A Challenge to MSMEs Preserving Traditional Indian Foods**

FSSAI has implemented Front of Pack Nutrition Labelling (FoPNL) in India based on the star rating system to convey nutritional information about packaged food products to consumers. It was implemented through the Food safety and Standards (Labelling and Display) Amendment Regulations, 2022. The packaged items will be given one-to-five-star ratings based on their salt, sugar and fat content ([fssai.gov.in](http://fssai.gov.in)). The MSME in traditional Indian food sector such as nhujita, murukku and dhokla etc containsugar, fat and salt for different scientific and customary reasons, which might be viewed as unhealthy. On the other hand, multinational food companies with global reach can easily adjust the nutrient levels in their food products for higher star rating. The FoNPL may wipe out traditional Indian packaged foods, impacting millions of small vendors of packaged traditional Indian sectors to threatening their livelihoods and survival (Dhairiyashil Patil, 20225).

### **The Impact of PMFME on Enhancing MSME Growth and FSSAI Compliance in India's Food**

### **Processing Sector**

The Pradhan Mantri Formalisation of Micro Food Processing Enterprises (PMFME) scheme plays a key role in transforming India's unorganized food processing sector, especially among Micro, Small, and Medium Enterprises (MSMEs). It granted credit linked subsidy of 35% of eligible cost, maximum of Rs 10 lakhs per unit for the purpose of setting up or upgradation of new units. It also provided seed capital @ Rs 40000/. Per member of self-help group for working capital and purchase of small tools maximum up to 4 lakhs per self-help group. It supports 50% financial grant for branding and marketing support to groups of micro enterprises to strengthen their brands for processed food products under the scheme. It facilitates training on food processing entrepreneurship development programme to the PMFME beneficiaries (Dr.E.Bhaskaran, 2024). Such type of financial assistance, capacity-building programs, and infrastructure support, PMFME empowers these enterprises to upgrade their operations and adopt modern food safety practices. One of the key outcomes of this scheme is the facilitation of compliance with Food Safety and Standards Authority of India (FSSAI) regulations, which are essential for ensuring product quality, hygiene, and consumer trust. Through technical training and support for obtaining licenses and certifications, PMFME enables small food processors to formalize their businesses, improve competitiveness, and expand their market access. This integrated approach not only contributes to the development of a safer and more reliable food processing ecosystem but also drives the growth of MSMEs in India.

Table 1  
PMFME Contributions MSME food sector

Application submitted		Loan sanctioned		Loan disbursed	
Year	Application submitted	Year	Loan sanctioned	Year	Loan disbursed
2020-21	1843	2020-21	34	2020-21	12
2021-22	17189	2021-22	3296	2021-22	2425
2022-23	84577	2022-23	29099	2022-23	21371
2023-24	128447	2023-24	55328	2023-24	48768
2024-25	118556	2024-25	50100	2024-25	38789

([pmfme.mofpi.gov.in](http://pmfme.mofpi.gov.in))

### Suggestions

To improve food safety measurement among MSMEs, the government should strengthen the FSSAI-MoFPI partnership by expanding localized training and licensing support, mainly in rural and semi-urban areas. The FoPNL regulation needs to be revised with provisions that accommodate the unique characteristics of traditional Indian foods entrepreneurs to prevent market exclusion of small industrialist. The study suggested that awareness campaigns and simplified compliance mechanisms should be introduced to help MSMEs food sector to understand and implement food safety standards. The scope of the PMFME scheme can be widened and spread to rural and local communities.

### Summery

The integrating MSME guidelines with food safety rules are essential for the development of India's food processing sector. The various government initiatives such as the FSSAI-MoFPI partnership, FoPNL implementation, and the PMFME scheme played major roles in strengthening MSMEs while ensuring adherence to food safety standards. The FSSAI-MoFPI partnership promoted MSME operations through training, technical support, and assistance in obtaining necessary licenses or registration. However, the application of FoPNL regulation presented challenges, particularly for MSMEs engaged in traditional micro, small and medium Indian food production, as their products may face unfair labelling compared to multinational food companies. The Central Government scheme namely PMFME supported a comprehensive approach, offering financial aid and support for compliance with FSSAI regulations. It significantly benefits MSMEs by formalizing their operations, improving product quality, and enhancing market access. By aligning MSME guidelines with food safety regulations, India can enhance safe, and competitive food processing sector, ensuring that small and medium enterprises thrive while maintaining consumer trust and safety standards.

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## India's MSME policy framework is being realigned to encourage scale, formalization, and competitiveness

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# REGIONAL DISPARITIES AND GROWTH PATTERNS OF MSMEs IN ASSAM: A DECADAL ANALYSIS (2014 - 2024)

## Abstract

The Micro, Small, and Medium Enterprises (MSME) sector plays a pivotal role in the growth and development of a place. Assam's strategic location offer significant opportunities for MSME-driven industrialization. The present paper aims to examine the industrial growth of the MSME sector in Assam from 2014 to 2024. This study adopts a quantitative research approach. It utilized secondary data from government records and MSME databases spanning 2014 to 2024. The paper focuses on the key growth and development trends of Assam's MSME. The finding shows regional disparities in Assam's MSME sector. It is suggested that there is a need for targeted policy reforms and capacity building. Strengthening Assam's MSME is crucial for balanced regional development

## Introduction

Industrialization in the MSME sector has significantly contributed to the nation's economic growth. MSMEs play a pivotal role in employment generation and the creation of local supply chains. With the introduction of "Make in India" campaigns, MSMEs are encouraged to adopt modern technologies, improve production processes, and enhance competitiveness. Challenges such as limited access to capital, regulatory hurdles, and inadequate infrastructure persist in MSMEs. Despite these challenges, the MSME sector continues to thrive and contribute to the socio-economic development across India.



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## Industrialization and Development of MSMEs in Assam

The industrialization of the MSME sector is pivotal for Assam's economic development. The Government of India, along with state government initiatives, introduced the North East Industrial Development Scheme (NEIDS), which aims to develop the MSME sector. One of the most successful MSME clusters in Assam is the Sualkuchi Handloom Cluster. Sualkuchi is renowned for its rich tradition of silk weaving. Likewise, the Golaghat Tea Cluster has significantly contributed to the state's economy through its robust



tea industry. Aromica Tea in Guwahati has achieved SME success by providing organic and specialty teas while assisting small tea farmers. Kaziranga Industries, located in Golaghat, stands out for its essential oil production, which is exported globally.

### MSME Classification

Chart 1 Shows MSME Classification

New classification of MSME				
Type	INVESTMENT		TURNOVER	
	Current	Revised	Current	Revised
MicroEnterprise	Rs 1cr	Rs 2.5cr	Rs 5cr	Rs 10cr
Small Enterprise	Rs 10cr	Rs 25cr	Rs 50cr	Rs 100cr
Medium Enterprise	Rs 50cr	Rs 125cr	Rs 250cr	Rs 500cr

*Source: Budget 2025-2026, Speech of Nirmala Sitharama, Union Minister of Finance February 1, 2025.*

### Government Policies and Initiatives for MSMEs

The Indian Government has implemented numerous policies and initiatives to support the balanced growth of the MSME sector. Key policy among these is the Micro, Small, and Medium Enterprises Development (MSMED) Act, 2006. Though there are several policies and initiatives in place, MSMEs in Assam still face multiple challenges. Addressing these issues is crucial for realizing the full potential of Assam's MSME sector.

A synoptic view of the different policies to promote MSMEs is presented in Table 1.

Table 1: Policies for MSMEs Growth

Category	Initiative	Objective
National-Level Initiatives	Make in India	Transform India into a global manufacturing hub by promoting local production.
	Atmanirbhar Bharat Abhiyan	Promote self-reliance; offer a special package for MSMEs, including collateral-free loans.
	Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE)	Provide collateral-free credit to MSMEs to ease financial access.
	Prime Minister's Employment Generation Programme (PMEGP)	Generate employment via micro-enterprise creation with credit-linked subsidies.
State-Level Initiatives (Assam)	North East Industrial Development Scheme (NEIDS)	Boost industrialization in NE states with capital and interest subsidies.
	Assam Industrial Policy	Offer tax breaks, power tariff subsidies, and capital support to local MSMEs.
	Assam Skill Development Mission (ASDM)	Upskill local workforce to meet MSME labour demands.
Support Mechanisms	Technology Upgradation (CLCSS)	Financial aid for tech upgrades to boost productivity.
	Marketing Support (Market Development Assistance)	Support MSMEs in trade fairs and international exhibitions to widen market access.
	Digital MSME Scheme	Encourage ICT adoption for improved operations and digital transformation.

Source: Author's Construct

## Literature review

### MSMEs in India

MSMEs contribute significantly to India's economic development. Khan (2011) reported that MSMEs account for 45% of industrial output. In addition, the author acknowledged that 40% of exports and 1.3 million jobs annually are generated by MSME. These enterprises play a crucial role in sustainable development and economic growth. Chandregowda et al., (2023) noted a significant improvement in growth rates of MSME. The researcher asserted that MSMEs are becoming key drivers of employment and economic progress. MSMEs face persistent challenges, such as difficulties in accessing finance, marketing constraints, and regulatory barriers. Studies by Kumar et al. (2009) and Sharma and Afroz (2014) underline the need to address these issues for sustained growth of MSME. Chowdhury (2022) emphasized that the future resilience and growth of MSMEs depend on financial support, a skilled workforce, and robust infrastructure.

### MSMEs in Assam

Research on MSMEs in Assam highlights significant trends in growth and employment. According to Ghosh and Lama (2024), registered MSMEs in Assam have experienced notable growth. However, the employment generation has not kept pace. There is a decline in employment per unit over time. Saikia and Das (2011) examined the sector's growth, revealing periods of decline from 1994 to 2001. Additionally, the author mentioned that recovery and expansion took place between 2001 and 2006. Sarmah (2023) identified 16 key factors influencing MSME success. The prominent factors are size, gender, and location, emphasizing the unique challenges faced by rural and urban enterprises. Sarmah et al. (2021) found that MSMEs in Assam employ an average of eight people per unit. The author pointed out that male-owned enterprises create more jobs than female-owned ones. In the unorganized manufacturing sector, Saikia and Das (2012) observed a decline in full-time employment between 1994 and 2001.

### Sustainability, Innovation, and Government Support

MSMEs are drivers of economic growth and also contributors to sustainability and innovation.

Research by Asif (2011) highlights the sector's role in promoting sustainable development through industrial output and exports. Pandey and Chaudhary (2024) demonstrated how government support enhances MSME contribution to GDP and export performance. Such support is crucial for addressing structural challenges. With persistent support, MSMEs' can become resilient in a competitive global environment.

### Common Themes

All the studies have shown that MSMEs emerge as vital for employment generation and economic growth in both Assam and India. However, MSMEs are experiencing a wide range of challenges. Government support is essential for driving sustainable economic development.

### Objectives of the Study:

The two main objectives of this paper are:

- ⊙ To find out the growth in the total number of units in the MSME Sector in Assam.
- ⊙ To find out the variation in the growth rates of the total number of units in the MSME Sector in Assam

### Research Methodology

This study adopts a quantitative research approach, utilizing secondary data from government records and MSME databases spanning 2014 to 2024. The data is categorized region-wise across Assam's five regions—Barak Valley, Hills & Central Assam, Lower Assam, North Assam, and Upper Assam. Statistical tools such as mean, standard deviation (S.D.), and coefficient of variation (C.V.) are employed to analyze the growth pattern, sectoral distribution, and regional disparities in MSME development. The comparative analysis identifies leading and lagging districts. The variation metrics highlight stability and inconsistency.

### Data Analysis

The analysis of data from 2014 to 2024 explores the distribution and growth trends of MSMEs in five regions of Assam—Barak Valley, Hills & Central Assam, Lower Assam, North Assam, and Upper Assam. By examining the statistical output, the study provides insights into the stability, concentration, and uneven distribution of MSMEs, thus helping to understand the state's overall industrial environment.

**Table-2: Total number of MSMEs from 2014 to 2024 in Barak Valley of Assam**

District		Manufacturing Sectors	Service Sectors	Total
Barak Valley	Cachar	70914	102902	173816
	Hilakandi	59044	21758	80802
	Sribhumi	95179	57716	152895
	Average	<b>75046</b>	<b>60792</b>	<b>135837.66</b>
	S.D	18418.40	40659.4	48796.67
	C.V	0.2454	0.6688	0.3592

Source: Commissioner of Industries and Commerce, Assam

It is observed from Table 2 that Barak Valley's MSME distribution shows Cachar as the leading district, followed by Sribhumi and Hilakandi. Manufacturing sectors outnumber service sectors in all districts. The average number of MSMEs is highest in manufacturing (75,046), with lower variability (0.2454), indicating stability. In contrast, the service sector shows high inconsistency (0.6688), which signifies uneven growth across the region's districts.

**Table-3: Total number of MSMEs from 2014 to 2024 in Hills & Central Assam**

District		Manufacturing Sectors	Service Sectors	Total
Hills & Central Assam	Dima Hasao	2834	2504	5338
	Nagaon	63376	69870	133246
	Karbi Anglong	22393	10023	32416
	West Karbi Anglong	2249	1480	3729
	Marigaon	44176	35267	79443
	Hojai	14721	23107	37828
	Average	<b>24958.17</b>	<b>23708.5</b>	<b>48666.67</b>
	S.D	24338.53	26060.99	49757.76
	C.V	0.975173	1.099225	1.02242

Source: Commissioner of Industries and Commerce, Assam

Table 3 shows that MSME distribution in Hills & Central Assam shows Nagaon leading, followed by Marigaon. The average MSMEs are higher in manufacturing, but both sectors show wide variability. High coefficients of variation ( $C.V > 0.97$ ) across sectors indicate inconsistent MSME distribution. The service sector ( $C.V = 1.099$ ) reflects significant regional disparities in MSME development.

**Table-4: Total number of MSMEs from 2014 to 2024 in Lower Assam**

District		Manufacturing Sectors	Service Sectors	Total
Lower Assam	Baska	17521	14971	32492
	Barpeta	56938	72053	128991
	Bajali	5546	9945	15491
	Bongaigaon	17640	17981	35621
	Chirang	8908	11021	19929
	Dhubri	64090	40512	104602
	Goalpara	22932	16606	39538
	Nalbari	48243	37759	86002
	Kamrup Metro	86775	203711	290486
	Kamrup	82088	153387	235475
	Kokrajhar	29940	15961	45901
	South Salmara Mancachar	3090	2815	5905
	Tamulpur	1262	664	1926
	Average	<b>34228.69</b>	<b>45952.77</b>	<b>80181.46</b>
	S.D	30105.42	62676.08	90323.39
	C.V	0.879537	1.363924	1.126487

Source: Commissioner of Industries and Commerce, Assam

Table 4 indicates uneven industrialization in Lower Assam. While districts like Kamrup Metro and Kamrup show significant MSME presence, particularly in the service sector, others like Tamulpur and South Salmara Mancachar have very low industrial activity. High coefficients of variation, especially in the service sector (1.36),



reflect disparities in industrial growth and infrastructure development across the region. Focused policy support is needed for balanced industrialization.

**Table-5: Total number of MSMEs from 2014 to 2024 in North Assam**

District		Manufacturing Sectors	Service Sectors	Total
North Assam	Darrang	33387	41588	74975
	Sonitpur	32640	37058	69698
	Udalguri	17205	13056	30261
	Biswanath	14413	17007	31420
	Average	24411.25	27177.3	51588.5
	S.D	10002.8572	14237.8	24059
C.V		0.40976424	0.52389	0.46636

Source: Commissioner of Industries and Commerce, Assam

North Assam shows moderate industrialization, with Darrang and Sonitpur leading in MSME numbers (Table 5). The manufacturing and service sectors are fairly balanced. Low coefficients of variation, especially in manufacturing (C.V = 0.41), indicate consistent industrial growth across districts, reflecting relatively uniform development in the region's MSME landscape.

**Table-6: Total number of MSMEs from 2014 to 2024 in Upper Assam**

District		Manufacturing Sectors	Service Sectors	Total
Upper Assam	Charaideo	9558	11940	21498
	Dhemaji	34926	18286	53212
	Dibrugarh	53743	67211	120954
	Golaghat	41459	105489	146948
	Jorhat	33638	36398	70036
	Lakhimpur	38145	58079	96224
	Majuli	2387	3028	5415
	Sivasagar	43684	80454	124138
	Tinskia	36382	37554	73936
	Average	32658	46493.2	79151.2
	S.D	16369.2949	34018.2	47701.2
	C.V	0.50123384	0.73168	0.60266

Source: Commissioner of Industries and Commerce, Assam

In table-6, Upper Assam exhibits notable industrialisation, with districts like Golaghat, Sivasagar, and Dibrugarh showing strong MSME growth, particularly in the service sector. The manufacturing sector displays moderate consistency (C.V = 0.50). Higher variability in the services sector (C.V = 0.73) indicates uneven development across districts in the region.

### Findings:

Following are the important findings of the study

1. There is a significant disparity in MSME distribution across Assam. While regions like Lower Assam (Kamrup Metro & Kamrup) and Upper Assam (Golaghat, Sivasagar, Dibrugarh) show high levels of industrial activity, districts such as Tamulpur, South Salmara Mancachar (Lower Assam) and Majuli (Upper Assam) remain industrially underdeveloped.
2. In all regions, the manufacturing sector has a higher average number of MSMEs than the service sector. This indicates a stronger foundation or preference for manufacturing businesses, particularly in Barak Valley and North Assam, where the manufacturing sector also shows greater stability, as evidenced by a lower coefficient of variation (C.V.).
3. The service sector shows significant variability across many regions, notably in Lower Assam (C.V = 1.36) and Hills & Central Assam (C.V = 1.10). This indicates uneven growth and availability of service infrastructure, which may be affected by factors such as urbanization, connectivity, and market needs.
4. North Assam exhibits a fairly steady and evenly distributed industrial development, reflected by low C.V. figures in both sectors (Manufacturing C.V = 0.41, Service C.V = 0.52). It signifies a more uniform distribution of MSMEs, likely

resulting from consistent policy implementation or stable, gradual growth.

### Conclusion

Assam's MSME sector has grown and progressed well. Successful SME's include Sualkuchi's handloom industry, Kaziranga Industries in Golaghat, Aromica Tea, and Golaghat Tea Cluster. It showcases the state's diverse industrial landscape and cultural heritage. However, the study also points out significant regional differences in MSME presence and development. The analysis of MSME distribution from 2014 to 2024 reveals a varied pattern of industrial development across Assam. The regions of Lower Assam (particularly Kamrup Metro and Kamrup) and Upper Assam (Golaghat, Sivasagar, and Dibrugarh) exhibit strong industrial activity. The districts such as Tamulpur, South Salmara, Mancachar, and Majuli remain underdeveloped. Manufacturing dominates the MSME landscape in all regions. This indicates a stronger base for industrial enterprises in Barak Valley and North Assam. These regions also demonstrate greater consistency in manufacturing growth. This is validated by lower coefficients of variation. On the other hand, the service sector is marked by high variability, particularly in Lower Assam, Hills, and Central Assam. This indicates regional disparities in infrastructure, urban development, and market access. Notably, North Assam emerges as a region with balanced and consistent MSME development. This is marked by relatively low variability in both manufacturing and services. These insights point to the importance of implementing decentralized and inclusive policies aimed at reducing regional gaps.

### Recommendations

By evaluating the MSME industrialization scenario across regions in Assam, here are a few key **recommendations** to overcome disparities and accelerate MSME development.

1. **Region-Specific Infrastructure Development:** Regions like Tamulpur, South Salmara, Mancachar, and Majuli remain industrially underdeveloped. The Government should establish special infrastructure development zones in lagging districts. This will enable smoother operations and attract MSME investments in these underperforming areas.
2. **Strengthen Access to Finance for Marginal Districts:** Limited access to capital remains a major bottleneck of MSME growth. Introduce **district-specific credit-linked subsidy schemes and risk mitigation mechanisms**, especially in high-variability regions like Hills, Central Assam,

and Lower Assam.

3. **Establish Service Sector Incubation Centres:** The high Coefficient of Variation in the service sector of MSMEs reflects uneven growth. The Government must set up regional service sector hubs in low-performing areas.
4. **Local Skill Development Linked to MSME Demand:** A mismatch between available skills and industrial needs affects productivity and growth consistency. Align Assam Skill Development Mission (ASDM) training programs with region-specific MSME sector demands. **MA**

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# WOMEN'S PARTICIPATION IN INDIAN MSMEs: *A PATH TO INDUSTRIALIZATION AND EMPLOYMENT*

## Abstract

This study emphasizes the critical role of women in India's micro, small, and medium-sized enterprises (MSMEs) as a mean to drive industrialization and employment creation. It highlights ongoing gender disparities and explores various barriers, including institutional hurdles, sociocultural norms, and limited financial access. The importance of gender-inclusive approaches for the advancement of MSMEs is underscored and supported by references to relevant government policies and initiatives. Additionally, the study showcases the potential of women-led MSMEs to stimulate regional economies and promote equitable growth. The study concludes with recommendations to foster digital empowerment and implement an inclusive industrial strategy.



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## Introduction

Micro, small, and medium-sized enterprises (MSMEs) serve as a crucial pillar of the Indian economy, significantly contributing to both industrial and socioeconomic progress. Their ability to generate employment, stimulate innovation, and foster equitable regional development is indispensable. The participation of women in MSMEs represents a transformative opportunity that not only bolsters women's economic empowerment but also enhances inclusive industrialization, thereby reinforcing the framework for sustainable development. This perspective aligns with current trends emphasizing the importance of gender inclusivity in fostering growth within the MSME sector. Recent government initiatives highlight a focus on boosting women's participation in entrepreneurship. In the 2025 Union Budget, Finance Minister Nirmala Sitharaman announced a program to support five lakh women and individuals from Scheduled Castes (SC) and Scheduled Tribes (ST) starting businesses. This initiative provides term loans of up to ₹2 crore over five years.

The budget also includes online capacity-building



programs to enhance participants' managerial and entrepreneurial skills. Furthermore, the credit guarantee cover for micro and small enterprises has been increased from ₹5 crore to ₹10 crore, unlocking an additional ₹1.5 lakh crore in credit for female entrepreneurs. Despite some positive advancements, women's representation in the MSME sector remains notably low. As India's GDP is anticipated to grow to \$5 trillion, integrating women into the foundational strategies for MSME development becomes imperative. This article studies how women's involvement in MSMEs is a crucial gateway to industrialization and the generation of employment opportunities.

## Women's Participation in MSME to Build India's Economy

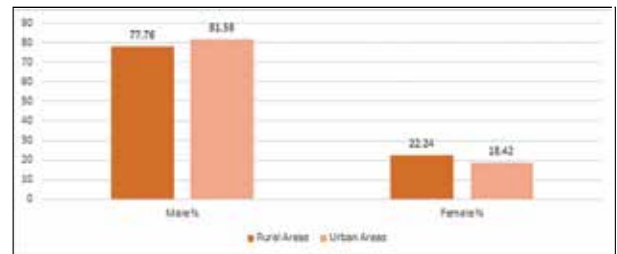
### 1. Percentage of Distribution of Enterprises in rural and urban Areas

The data illustrated in Figure 1 reveals a disturbing gender disparity in the engagement of Micro, Small, and Medium-Sized Enterprises (MSMEs) across both urban and rural regions of India. This evidence highlights the 2023-2024 annual MSME report, depicting India's predominantly male-driven entrepreneurial landscape. The data reveals that the engagement of women in rural areas is significantly higher, at 22.24%, compared to their urban counterparts, which is recorded at 18.42%. This indicates that women in rural regions enjoy greater access to and enhanced opportunities for entrepreneurial endeavours within the MSME sector relative to those in urban areas.

A significant number of women in rural regions may initiate micro, small, and medium enterprises (MSMEs) driven by the necessity to address inadequate employment opportunities. This entrepreneurial activity can serve as a means to alleviate economic challenges and improve household income. To promote women's entrepreneurship and overcome the social, cultural, and economic obstacles that hinder female participation, particularly in urban settings, the findings emphasize the importance of implementing specific initiatives and regulations. By empowering women and creating a more equitable environment for entrepreneurship in India, we can address these

inequalities and contribute to sustainable economic growth.

**Figure 1:** Percentage of Male and Female Participation in Rural and Urban Areas (MSME Annual Report 2023-2024)



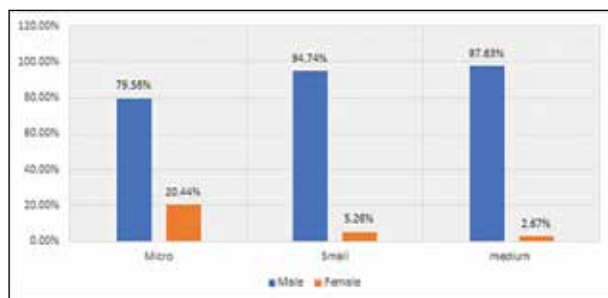
Source: Author's Compilation

### 2. Percentage of participation of women in MSMEs

The data illustrated in Figure 2 illustrates a pronounced gender disparity in the participation of Micro, Small, and Medium-Sized Enterprises (MSMEs) in India. Across all categories of business size, male involvement significantly surpasses that of females, reflecting a predominantly male entrepreneurial environment. A key factor contributing to this gender gap is the limited access women have to essential resources, funding, and support networks. Moreover, societal and cultural norms that restrict women's economic independence and mobility play a vital role in sustaining this imbalance.

The annual MSME report for 2023-2024 shows that female participation is more prominent in micro-enterprises than in small and medium-sized enterprises. This trend implies that women may encounter greater opportunities and flexibility when establishing and managing smaller businesses. Factors contributing to this phenomenon likely include lower initial capital requirements, enhanced access to support networks, and a greater ability to juggle both business and family responsibilities. To mitigate this gender disparity, it is imperative for stakeholders and policymakers to implement targeted initiatives aimed at fostering a more inclusive entrepreneurial environment that encourages economic growth and creates additional employment opportunities.

**Figure 2:** Percentage of Participation of Women in MSME (MSME Annual Report 2023-2024)



Source: Author's Compilation

### Building Employment opportunities through Women-Led MSMEs

Women-led micro, small, and medium enterprises (MSMEs) are crucial for job creation and community development in rural areas. These businesses typically hire local workers, including women, and often operate through self-help groups (SHGs) and home-based units. Despite being part of the informal sector, they significantly impact employment, particularly for women facing educational and mobility challenges. Aspiring female entrepreneurs gain valuable training from established women-led businesses in fields like tailoring and food processing, enhancing their skills and income potential.

Table 1 delineates the 2024 report from the Press Information Bureau and highlights the vital role of women-owned MSMEs in job creation across sectors such as textiles and handicrafts. These enterprises create jobs and stimulate growth in related industries, strengthening local economies. Additionally, women entrepreneurs hire other women, promoting economic empowerment and reducing gender inequality. MSMEs elevate household incomes and living standards while driving social change. Supporting and developing women-led businesses is essential for sustaining their positive impact on employment, economic growth, and social equity.

**Table 1:** Percentage of Women's Contribution in Employment

Category	Total	Employment
MSMEs	2,28,19,417	15,16,68,034
Women MSME	46,67,278	2,84,07,069
% AGE OF Women owns MSMEs	20.50%	18.73%

Source: Press Information Bureau 2024

### Challenges to Women's Participation in MSMEs

Despite recent regulatory efforts aimed at mitigating structural inequalities, numerous barriers remain that impede women's comprehensive involvement in micro, small, and medium enterprises (MSMEs). The primary factors contributing to these challenges include sociocultural norms, institutional inequities, financial constraints, and insufficient infrastructure.

- ☉ *Socio-Cultural Norms*- In India, deep-rooted gender norms and patriarchal structures confine women to domestic roles, limiting their access to vital entrepreneurial resources like time, mobility, education, and networks. This restricts their participation in high-growth sectors such as technology and finance and reinforces stereotypes that diminish investor confidence. Consequently, these barriers marginalize women in the micro, small, and medium enterprises (MSME) sector, stifling overall economic growth.
- ☉ *Limited Access to Finance* -Women often struggle to access credit due to various factors such as insufficient collateral, low levels of financial literacy, and a lack of credit history. These challenges are exacerbated by complicated application procedures and bureaucratic obstacles, which discourage many from applying for institutional loans, despite the existence of supportive policies.
- ☉ *Entrepreneurial Educational and Skill Gaps*- Women face significant challenges in growing their businesses due to limited formal education and vocational training. Their lack of skills in marketing, digital literacy, financial management, and compliance affects their competitiveness. In India, restricted access to entrepreneurship education and the absence of gender-sensitive programs further reduce women's readiness and contributions to entrepreneurship.
- ☉ *Lack of Institutional Support and Network*- Women entrepreneurs often lack the robust business networks and mentorship their male counterparts enjoy. This disconnect can stifle innovation, limit the exchange of knowledge, and hinder market connections, ultimately leading to less favorable business results.

- ⊙ *Infrastructural Challenges* - Women-led MSMEs are disproportionately impacted by inadequate transportation, a lack of digital connectivity, and an abundance of childcare facilities. Participation in business is further discouraged by the fact that many women, particularly in rural regions, find it difficult to obtain safe workspaces, internet, or dependable power.
- ⊙ *Regulatory and Compliance responsibilities*- The absence of professional legal assistance can deter women entrepreneurs, as they frequently encounter intricate challenges related to registration, licensing, and tax compliance. Such complexities can significantly impede their progress toward establishing formal business structures.

**Figure 3:** Challenges to Women's Participation in MSMEs



Source: Author's compilation

### Government Intervention for Promoting Women Entrepreneurship

Empowering women in India involves balancing traditional customs with modern aspirations. While the government is working to enhance women's status, it's vital to raise awareness about their rights and available programs to foster empowerment. Various government initiatives support women entrepreneurs in rural and urban areas, especially targeting the illiterate and semi-literate. Key programs such as MUDRA Yojana, Stand-Up India, Udyam Sakhi, and the Prime Minister's Employment Generation Programme (PMEGP) aim to improve access to financing, provide training, and create market connections for aspiring female

entrepreneurs. These initiatives address financial, skill development, and infrastructure challenges women face in entrepreneurship and are supported by institutions like the National Small Industries Corporation (NSIC), the Small Industries Development Bank of India (SIDBI), and the Ministry of MSME. To be effective, it's essential to ensure outreach, awareness, and the integration of women's specific needs in policy formulation and implementation.

Despite significant efforts, these programs face challenges that hinder their effectiveness, such as a lack of gender-disaggregated data, bureaucratic obstacles, and low awareness. Women often struggle with eligibility requirements and navigating the application process, while key factors like safety, mobility, computer literacy, and mentorship are often overlooked. To enhance policy effectiveness, a gender-mainstreaming approach is crucial. This can include establishing localized support centres, streamlining application processes, offering capacity-building initiatives, and creating credit lines for women. Collaborations with academic institutions, the private sector, and NGOs can further improve accessibility and sustainability.

### Women in Industry Value Chains and Economic Clusters

Industrial clusters are vital for integrated value chains, providing shared infrastructure and promoting collaboration among businesses. However, women are underrepresented in cluster-based Micro, Small, and Medium Enterprises (MSMEs) due to structural barriers like limited mobility, exclusion from male networks, and insufficient gender-responsive outreach. Despite this, sectors such as textiles, apparel, agro-processing, and handicrafts have significant potential to create sustainable employment opportunities for women, advancing economic empowerment and gender equality.

The specific needs and challenges of female workers and entrepreneurs are often overlooked in the developmental and governance frameworks of cluster ecosystems. Current interventions tend to focus on isolated issues like flexible work schedules and sanitation facilities, neglecting broader systemic and infrastructural challenges. To achieve genuine gender-inclusive growth in these environments, it is essential to implement strong support mechanisms



that foster collective enterprises, invest in women-centered infrastructure, and involve women entrepreneurs in decision-making through participatory planning processes. A notable example of effective women-led enterprise development is Lijjat Papad, founded in 1959 as a women's

cooperative. It has grown into a respected national enterprise, showcasing how women's collectives can utilize integrated value chains and social capital for economic empowerment. The cooperative model encourages resource sharing and fosters a sense of ownership among members. This success illustrates the impact of cluster interventions that embrace gender-sensitive governance. Similarly, Self-Help Group (SHG) federations producing sanitary napkins and other products for women demonstrate how targeted support and inclusive infrastructure can enhance women's entrepreneurial engagement and cluster competitiveness.

To achieve sustainable development in industrial clusters, policymakers and cluster managers must fully integrate gender responsiveness into their frameworks. By prioritizing women-led collectives, improving infrastructure access, and promoting participatory governance, we can enhance women's economic engagement and create resilient, inclusive ecosystems for micro, small, and medium enterprises (MSMEs).

### A Way Forward for Inclusive Industrialization

Embracing a gender-inclusive strategy for the growth of MSMEs can catalyze widespread industrialization and economic transformation. Key strategies involve:

- ⦿ *Incorporating Gender in Industrial and MSME Policy Frameworks* - Integrating gender perspectives into MSME and industrial regulations is crucial for tackling the distinct challenges that women encounter. By promoting equal representation in regulatory agencies and fostering inclusive decision-making, we can create a nurturing environment for female entrepreneurs, thereby improving their access to opportunities, funding, and necessary support services.
- ⦿ *Fostering SHG and Cooperative Models*

**Embracing a gender-inclusive strategy for the growth of MSMEs can catalyze widespread industrialization and economic transformation**

- Cooperatives and Self-Help Groups (SHGs) are essential for empowering women through collaboration and shared ownership. They build confidence, enhance access to resources, and increase negotiating power. These networks provide support, foster growth, reduce risks, and

prevent isolation, contributing to sustainable business development.

- ⦿ *Utilizing E-Commerce and Digital Platforms* - Digital technologies and e-commerce platforms significantly benefit female entrepreneurs by removing geographical barriers. They improve branding, distribution, and networking, allowing access to larger markets and lower transaction costs. Additionally, digital inclusion fosters resilience, adaptability, and financial independence, especially for those balancing professional and domestic responsibilities.
- ⦿ *Promoting Sustainable and Green Businesses* - Women-led green enterprises are essential for social and environmental well-being. Supporting environmentally conscious micro, small, and medium enterprises (MSMEs) advances climate goals and attracts ethical investors. Women's roles in sustainable agriculture, waste management, and renewable energy drive inclusive economic growth and foster a sustainable economy.
- ⦿ *Boosting Public-Private Partnerships (PPPs)* - Strong public-private partnerships (PPPs) can help women entrepreneurs by addressing key gaps in mentorship, training, infrastructure, and creativity. By bringing together government, businesses, and civil society, these collaborations create networks, resources, and expertise while promoting best practices and ensuring women receive the support needed for success in business.
- ⦿ *Applying Impact Assessments and Gender Budgeting* - These approaches promote transparency, encourage targeted investments, and track progress toward gender equality, enhancing institutional accountability to women's needs. We need to recognize women as agents of change and leaders, which is

vital for fostering inclusive industrialization through women-led micro, small, and medium enterprises (MSMEs).

### Conclusion

The participation of women in India's Micro, Small, and Medium Enterprises (MSMEs) is vital for inclusive economic growth and social equity. However, their involvement is often restricted by structural, financial, and socio-cultural barriers. To overcome these challenges, we need a gender-sensitive MSME ecosystem that fosters innovation and equitable industrial development. Addressing the gender gap requires a policy framework that identifies barriers and implements targeted interventions. Key challenges include limited access to credit, digital exclusion, restrictive gender norms, and complex regulations. Solutions include inclusive financial mechanisms, Self-Help Group (SHG) incubation hubs, digital skills training, and streamlined compliance processes. We firmly believe, these measures aim to boost entrepreneurial participation, support women-led enterprises, and create resilient industrial clusters. Policymakers should consider these following strategies to drive change in the MSME sector.

- ⊙ *Enhance Accessibility to Credit:* Develop and implement gender-sensitive financial instruments that do not require collateral, while also streamlining administrative processes to facilitate timely and affordable access to credit for women entrepreneurs.
- ⊙ *Establish SHG-Based Incubation Hubs:* Create incubation centres embedded within Self-Help Group networks to facilitate training, provide mentorship, and offer shared resources that foster grassroots innovation and promote entrepreneurial growth.
- ⊙ *Elevate Proficiency in Digital and E-Commerce Skills:* Establish comprehensive capacity-building initiatives designed to empower women with essential digital tools and expertise, thereby facilitating their access to expanded markets and significantly improving their operational efficiency in business.
- ⊙ *Establish Mentorship and Market Linkage Networks:* Develop and implement structured mentorship initiatives alongside platforms that link women-led micro, small, and medium enterprises (MSMEs) with industry leaders

and expansive value chains, promoting both scalability and sustainability.

- ⊙ *Enhance the Efficiency of Regulatory Compliance:* It is essential to reform MSME policies by integrating gender considerations, thereby streamlining the processes of registration, licensing, and taxation. These changes are crucial, as the current complexities frequently hinder women's access to formal entrepreneurship. MA

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## **CMA Ravisankar Ganesan**

Director (Finance)

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CMA Ravisankar Ganesan is a seasoned finance professional with over three decades of experience in the power sector. As the Director (Finance) of POWERGRID, he plays a pivotal role in shaping the financial strategies of India's leading power transmission company.

A Mathematics Graduate from the University of Madras, Shri Ganesan is also a qualified Cost Accountant from The Institute of Cost Accountants of India. His academic credentials are further enhanced by Post Graduate Diplomas in Personnel Management and Materials Management from Annamalai University.

As an accomplished technocrat, Shri Ganesan has demonstrated expertise in crucial finance functions such as Resource Mobilisation, Budgeting, Financial Reporting, Commercial Operations and Retiral Benefits Fund Management. He has been instrumental in driving technological advancements within the finance function, spearheading initiatives in digitization, establishing bill processing hubs, and implementing and developing Enterprise Resource Planning (ERP) systems.

Shri Ganesan's financial acumen and leadership have been widely recognized in the industry. He was recently conferred with the prestigious 'Best CFO – Energy & EPC' award at the ASSOCHAM 3rd Vibrant Bharat CFO Summit (February 2025). His other notable achievements include the Dalal Street Award for Best CFO in Power sector (Large Cap) 2023, the ICAI Award for Excellence in Financial Reporting, and the honor of leading 'Team India' at the Global Management Challenge in Macau SAR (2016) after excelling in various Business Simulation tournaments.

***Q1. As POWERGRID strives toward a greener future and cleaner environment by emphasizing renewable energy integration, what are the most impactful strategic and emerging technology trends you foresee shaping a more vibrant and sustainable electricity network?***

**Ans:** At POWERGRID, we recognize that the future of energy is inseparable from technological innovation and sustainability.

First and foremost, we're witnessing revolutionary advancements in High Voltage Direct Current (HVDC) transmission technologies. These systems are critical for efficient transmission of renewable energy from electricity surplus areas to consumption centers with minimal transmission losses.

We have built Green Energy Corridors to connect renewable-rich areas with the grid, established Renewable Energy Management Centers to forecast and schedule renewable generation, and implemented transmission systems for largescale solar parks and energy zones. These projects are facilitating the evacuation of more than 110 GW of renewable energy capacity, contributing to a cleaner environment for future generation.

Energy storage systems are emerging as key part in grid stabilization. As renewable penetration increases, the intermittent nature of solar and wind power requires robust storage solutions. Battery energy storage systems (BESS) integrated with transmission infrastructure will be crucial for maintaining grid stability and optimizing renewable energy utilization.

Digital transformation is another area where we're seeing significant impact. Smart grid technologies, advanced analytics, and AI-driven predictive maintenance are increasingly become parts of our operations. At POWERGRID, we've embarked on comprehensive digitization initiatives, including the implementation of Integrated Asset Management for real-time monitoring and decision-making.

Furthermore, we are adopting environmental friendly technologies by replacing conventional materials with eco-friendly alternatives. We commissioned world's first reactor with Natural ester oil to replace synthetic mineral oil.

These initiatives coupled with our financial strategies supporting sustainable infrastructure development, will be instrumental in achieving India's ambitious target of 500 GW of non-fossil fuel capacity by 2030 and our journey toward net-zero emissions by 2047.

***Q2. With the goal of "One Nation, One Grid, One Frequency" at the forefront, what key measures are being taken to safeguard the national grid from cyber threats while leveraging state-of-the-art technologies to meet these ambitious targets?***

**Ans:** The "One Nation, One Grid, One Frequency" vision represents a monumental achievement in India's power sector, creating one of the largest synchronized grids globally.

Our approach includes advanced threat detection systems, regular vulnerability assessments, and stringent access controls for critical infrastructure. From a financial perspective, we've strategically allocated resources to strengthen our digital resilience.

A key initiative has been the establishment of Indigenous Integrated Information Security Operations Center (I3SOC) that monitors our network 24/7, identifying and responding to potential threats in real-time. Collaboration is another cornerstone of our cybersecurity strategy. We work closely with government agencies, including the Computer Emergency Response Team (CERT-In) and National Critical Information Infrastructure Protection centre (NCIIPC) to share intelligence and best practices. Additionally, we conduct regular cyber drills to test our response capabilities and identify areas for improvement.

Employee awareness is equally important, and we've instituted comprehensive training programs to ensure our workforce understands potential vulnerabilities and follows best practices in digital security. This human firewall is often our first line of defence against sophisticated social engineering attacks.

With technological innovation and robust security measures, we're fully equipped to protect our integrated national grid with reliability and resilience that are hallmarks of POWERGRID's operations.

***Q3. Looking ahead, how do you envision power transmission technology evolving over the next five years? Could you share your insights on the sustainability and resilience of India's power sector during this transition?***

**Ans:** The next five years will be transformative for power transmission technology in India, characterized by a decisive shift toward sustainability. I envision various key developments that will reshape transmission sector.



We'll see digital revolution in transmission infrastructure. We expect widespread adoption of IEC 61850-based digital substations, which will significantly reduce copper consumption, minimize commissioning time, and enhance system reliability. Our experience shows that digital substations deliver superior operational performance.

Artificial intelligence and machine learning will become integral to transmission operations. Building on our successful digital platform for automated defect detection in transmission lines, we anticipate AI-driven predictive maintenance becoming the industry standard.

The integration of renewable energy sources will necessitate advanced grid stabilization technologies. Our ongoing deployment of STATCOMs shows the growing importance of reactive power management in maintaining grid stability. Over the next five years, I expect substantial investments in flexible AC transmission systems (FACTS) and energy storage integration to manage the intermittency of renewable sources.

From a financial perspective, sustainability is no longer just an environmental responsibility—it's becoming a critical factor in investment decisions and project viability. We have raised first-ever Green Loan in December 2024 demonstrating our commitment to financing sustainable infrastructure development.

The transition to eco-friendly alternatives, such as our pilot project replacing SF6 gas with environmental friendly options, represents both a challenge and an opportunity. While initial capital costs may be higher, the long-term financial benefits include reduced environmental compliance costs and enhanced asset values in an increasingly ESG-focused investment landscape.

Our investment in natural ester oil reactors, replacing synthetic oils, exemplifies how sustainability initiatives can deliver both environmental and financial returns through reduced hazardous waste management costs and improved operational efficiency.

The evolution of power transmission technology represents both unprecedented opportunities and challenges. Success will require not just technological innovation but also sophisticated financial planning, risk management, and strategic investment allocation. POWERGRID's strong financial position, combined with our technological leadership and commitment to sustainability, positions us to lead this transformation

while delivering value to all stakeholders.

This evolution toward a more sustainable and resilient power sector requires careful financial planning and innovative resource mobilization strategies. I believe India's power sector is well-positioned for this transition. We've laid strong foundations through our Green Energy Corridors and our commitment to achieving net-zero emissions by 2047.

***Q4. As high-efficiency transmission technologies extend electricity access to remote and underserved regions, do you believe this advancement can serve as a catalyst for the growth and development of the MSME sector in those areas?***

**Ans:** Absolutely. Reliable electricity access is paramount to economic development, and its impact on the MSME sector in remote and underserved regions cannot be overstated. At POWERGRID, we view our transmission infrastructure not merely as physical assets but as enablers of economic transformation.

High-efficiency transmission technologies are significantly reducing the cost of power delivery to remote areas, making electricity more affordable to everyone. This cost reduction directly impacts the viability of MSEs, which often operate on thin margins. The economic equation is simple but powerful: lower energy costs translate to improved competitiveness, increased profitability, and greater potential for growth and development.

Beyond cost considerations, the reliability of power supply that comes with modern transmission systems addresses one of the most significant operational challenges faced by MSMEs in underserved regions. Unpredictable power outages force businesses to invest in expensive power backup solutions. Our investments in resilient grid infrastructure reduces these inefficiencies, allowing entrepreneurs to focus on their core operations rather than worrying about power availability.

From a financial perspective, we're promoting local sourcing and vendor development. In Financial year 2024, we have procured goods and services around Rs. 1500 crores from MSE exceeding the 25% mandate. These programs directly contributed in developments of small scales industries for sustainable economic developments.

Digital integration is another dimension where

modern transmission infrastructure is catalyzing MSME development. Our telecom subsidiary, PowerTel, extends connectivity to underserved areas, supporting digital MSMEs. This connectivity is revolutionizing business models in rural areas, opening new markets and opportunities previously inaccessible to local entrepreneurs.

Looking ahead, I believe we'll see an acceleration of this catalytic effect as our transmission networks reach increasingly remote regions and as complementary technologies enhance the quality and reliability of electricity access. The resultant economic empowerment of underserved regions represents one of the most meaningful impacts of our work at POWERGRID.

**Q5. Reflecting on your career, could you share some of the key milestones that have shaped your professional journey and led you to your current leadership role at POWERGRID?**

**Ans:** My professional journey spans over three decades in the power sector, characterized by continuous learning and a commitment to excellence. Several key milestones have shaped my path to becoming Director (Finance) at POWERGRID.

My academic foundation in Mathematics from the University of Madras, complemented by my qualification as a Cost Accountant provided me with a multidisciplinary perspective that has proven invaluable throughout my career. This diverse educational background has enabled me to approach financial management with a holistic view, considering technological innovation alongside financial considerations.

My initial professional experience at NLC India Limited gave me valuable insights into the power sector's dynamics. However, it was joining POWERGRID that truly defined my career trajectory. Working across various capacities – from construction offices and substations to regional headquarters and the corporate center – provided me with a comprehensive understanding of our operations from the ground up. This experience has been instrumental in connecting financial decisions to operational realities.

A significant milestone was leading POWERGRID in digital initiative to full-fledged SAP implementation & integration. This experience taught me the transformative potential of technology in financial management and sparked my passion for digital innovation. Building on this, developing our in-house

ERP capabilities and implementing digital systems for vendor payments and employee claims represented key achievements that demonstrated the value of combining financial acumen with technological innovation.

Each of these milestones contributed to leverage my cumulative experience to drive financial excellence and strategic growth in service of India's power transmission needs. This eventful journey contributed to my elevation to the position of Director (Finance) in POWERGRID.

**Q6. What guidance or advice would you offer to young professionals who are embarking on their careers, particularly those aspiring to contribute meaningfully to the power and infrastructure sectors?**

**Ans:** To young professionals entering the power and infrastructure sectors, I would emphasize that you are joining industries that are not just economically vital but are at the forefront of addressing some of the most pressing emerging challenges – sustainable development, climate change, and equitable access to resources. This creates unprecedented opportunities for meaningful contribution.

First, develop a multidisciplinary perspective. While technical or financial expertise is important, the most impactful professionals are those who understand the interconnections between technology, finance, policy, and social impact. In my own career, my diverse educational background in mathematics and cost accounting blended with programming skills in Oracle and SAP has proven invaluable.

Second, embrace technological transformation. The power and infrastructure sectors are undergoing rapid digitization. Professionals who can bridge traditional domain knowledge with digital capabilities will be particularly valuable. At POWERGRID, our digital transformation initiatives, from SAP implementation to advanced analytics, have revolutionized our operations. Young professionals should actively seek opportunities to develop both domain expertise and technological fluency.

Third, cultivate financial acumen. Regardless of your primary role, understanding the economic dimensions of infrastructure development is crucial. Young professionals should learn how to communicate technical concepts in financial terms and evaluate projects from both technical and economic perspectives.

Fourth, maintain ethical standards. Infrastructure projects have far-reaching and long-lasting impacts on communities and the environment. The decisions you make today will affect generations to come. At POWERGRID, our robust governance frameworks and ESG initiatives reflect this commitment to ethical practice.

Finally, find meaning in the societal impact of your work. Whether you're involved in extending electricity access to remote communities, integrating renewable energy, or enhancing the resilience of critical infrastructure, your work contributes to fundamental human needs and aspirations. This perspective will sustain your motivation and commitment through inevitable challenges.

The future of India's energy sector will be shaped by professionals who combine technical excellence with strategic vision and financial prudence with social responsibility. I encourage you to approach your careers not just as jobs but as opportunities to contribute to India's sustainable development journey.

**Q7. Would POWERGRID be open to exploring collaborative avenues with our Institute for professional development initiatives across finance, technology, and management domains?**

**Ans:** POWERGRID is always open to exploring collaborative avenues for professional development

with educational and professional institutions. We recognize that partnerships between industry and professional bodies are mutually beneficial and create valuable synergies across finance, technology, and management domains.

Our commitment to continuous learning and professional development aligns with the educational mission of professional institutes. As world's leading power transmission company with a robust focus on technological innovation and financial excellence, POWERGRID offers a unique environment where theoretical knowledge meets practical application, creating rich learning opportunities.

Collaboration with professional institutes reinforces POWERGRID's larger commitment to knowledge sharing and capacity building in the industry. POWERGRID's emphasis on continuous learning creates a natural foundation for partnership with educational institutions.

I would welcome further discussions to explore possibilities in greater detail and to identify specific initiatives that would maximize value for the society. Together, we can contribute to developing the next generation of professionals equipped to lead India's power sector through its ongoing transformation. **MA**



## World Environment = WE

Once a lushful green  
Now roasted brown  
The trembling mountains,  
Slowly cry.

The one that cleansed  
Now has depths of dirt  
And it meets the sea,  
To say goodbye.

Once peaceful blue  
Now hazy grey  
And all these clouds,  
Made of soot.

The beautiful Sun  
Does something say  
We crushed our home,  
Beneath our foot.

She gave us milk  
But we drank her blood

And left her shattered,  
In her bones.

We stripped her clothes  
And left her bare  
For Gold and Silver,  
And some stones.

Still she smiles  
And shows no pain  
And heals her bruises,  
On her own.

But we stab, we shoot  
We bomb her again  
Boasting as a superlative creature,  
Holding high SAVE EARTH campaign!

by **CMA Himangshu Shekhar Tiwary**  
On **World Environment Day 2025**  
[hst7757@gmail.com](mailto:hst7757@gmail.com)



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## Abstract

With Number of scams coming up whether electrical vehicles or derivative accounting or purchase aeroplane engines the valuation exercise is becoming murky as it can become substantially affected by governance issues posing big risk to valuation figure arrived at which is anyway an estimate. How should they handle such issues is becoming challenge for auditors and is the ball being thrown conveniently in valuers' court.

## Due diligence vs valuation – egg or chicken story



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When we use term “due diligence” it may mean “legal due diligence”, “forensic due diligence”, or “financial due diligence”. There are as such 13 types of due diligence<sup>1</sup>. To avoid this article getting scattered with different thoughts, I am focusing on legal due diligence vis-à-vis valuation. Again, Valuation has 3 categories under current IBBI structure land and building, plant & equipment and securities & financial assets (essentially business/equity valuation). These include intangibles valuation as well. The focus of this is majorly kept on business valuation.

How many laws are there in India? Google gives answer as 891<sup>2</sup> and these are just central laws. We are not addressing figure of state laws, local laws etc. The types of laws include civil law, common law, customary law, religious law and corporate law. Right from childhood we learn that “ignorance of law is NO excuse” As we read today, auditors have asked management whether a particular accounting treatment is to be called as “Fraud”<sup>3</sup>. Arising out of all this, following questions arise:

- What are valuer's responsibilities if non-compliance of law has resulted in a business failing and valuation going wrong drastically?
- Are there methods to consider legal risks factored into

valuation exercise?

- Can the assumptions in valuation report control/reduce valuer's responsibilities
- What can be other measures to control or remove valuer's responsibilities

Here are some thoughts to ponder over before arriving at conclusion on this matter.

The typical egg or chicken story. Can a valuation exercise be carried out without legal due diligence carried out? For example, a start-up got wound up, having huge potential, but FSSAI law could not be complied for an aggregator of home tiffin. Was valuer supposed to know all the laws? Mind well 891 central laws itself?

Obviously, we do not expect valuer to be champion of all laws. Then what is solution for such cases. The registered valuer examination focusses on certain laws, so one can say valuer cannot take excuse of not knowing those laws. Good at least, some sanity can be established. Now let us deal with business specific laws. Say for valuation of real estate company or bank or insurance company or mine, should the valuer study relevant laws for that sector, apparently looks logical but easier said than done.

Should the valuation engagement letter itself should specify either of following options

- While carrying out valuation, valuer may refer legal due diligence carried out as of that date by internal or external company secretary/lawyer or
- Valuer can rely on audited accounts enclosed which includes required disclosures about legal due diligence outcomes or say compliance & governance issues

Other alternative could Valuer in his acceptance letter or state in valuation quote/proposal specifies that

- He is not responsible for issues arising of legal due diligence or
- Valuation will not consider any legal risks or
- Valuer offers legal due diligence services thru his associates – of course, at additional fees for which client should be ready

3<sup>rd</sup> alternative could be valuer while drafting his reports puts sufficient caveats, limitations, disclaimers and assumptions with regard to due diligence issues. IBBI has a circular of 2020 on caveats, limitations and disclaimers which however need to be complied. It primarily reiterates that the purpose for which valuation is carried should not get defeated, by putting C.L.D.s. So, it allows certain clauses and disallowances certain clauses as example. But those are not clear enough to cover due diligence aspects.

International valuation standards are silent on this matter.

The common man so far was always feeling audited means safe, which has been sufficiently found to be untrue by various scams. Same thing may happen with valuers, now that the profession is disciplined by Companies Act and standards. Hence this article aims at requesting concerned government authorities to bring in clarity to boundary-lines where valuer responsibility stops with respect to due diligence at legal due diligence issues. Or else litigation risk exists.

I am of the view that time will come and due diligence and governance audit will supersede both audit and valuation in terms of winning public trust towards businesses.

A practicing cost accountant will need to enlarge his vision to achieve one more additional exercise.

However, as it stands today, it remains egg or chicken story. Valuation without due diligence has big risk of omitting something. Audited figures due to fair value measurement under IFRS/Ind AS need valuation and audited accounts need due diligence. **MA**

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## POWERGRID's areas of operations



### TRANSMISSION

- Transmission Lines - 177975 ckm
- Sub-stations - 280
- Transformation capacity - 543,961 MVA



### CONSULTANCY

- Transmission related consultancy: 150 clients
- Global footprints in 23 countries
- POWERGRID Academy of Leadership : 550+ courses catering to professionals across the world



### TELECOM

- Owns and Operates >1 lakh km of telecom network
- Leading consultant in NKN and NOFN implementation



### FUTURE READY

- Data Centre Services
- Battery Energy Storage System
- Solar Power Generation
- EV Charging Infrastructure

**POWERGRID, A Maharatna Public Sector Undertaking of Ministry of Power, Government of India, is engaged in project planning, designing, financing, constructing, operating and maintaining power transmission projects across India and undertakes operations in the Indian telecom infrastructure sector.**



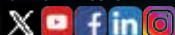
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# WHEN THE SOURCING BECOMES PROBLEMATIC!

## Abstract

Geopolitical ambition and related initiatives of China have made it a "Not so dependable country for sourcing." Economy of Scale is the biggest advantage of China, which made it a very attractive 'centre of procurement'. If you do not want to depend on China for your procurement, then you need to alter your business model to retain the advantage of "procurement cost".

**B**ombay Jeans Co. Pvt.Ltd. (BJCL) has been a market leader for the jean trousers, with its well-known brand "Yuva". Its present market share is around 30% in the 'up market' and 55% in the 'down market'. There are many small local competitors whose overhead and wage cost is low. BJCL being a reputed corporate entity, paid good wages and retirement benefits to its permanent labourers. Till recently BJCL procured the jean cloth from China and exploited a lot of cost advantage. With the current geopolitical aggression of China, procurement of jean cloth from the Chinese suppliers has become very problematic. The cost difference between the Chinese suppliers and others is around 30%, which always made the jean products of BJCL very cost - competitive. Both, international and domestic jeans markets are very cost - conscious. Elasticity of demand is very cost - sensitive because a jean trouser is a common man's clothing in India and elsewhere.

BJCL thought very seriously about a few strategies of replacing China for the jean procurement. Bridging the cost gap of 30% was a big challenge. The first strategy was to retain the Owner' ROI by ensuring the retention of present amount of PAT. So, the company decided to shift its operations to a backward area and get a tax holiday for fifteen years.

The second step was to reduce both the costs, employee wages and manufacturing overheads. Hence BJCL drastically changed its business model. After a thorough study, it dismantled its manufacturing system and decided to procure the final product from small, young tailors. It recruited two hundred tailors and trained them the manufacturing process. It gave each tailor a "state of the art tailoring machine." It appointed twenty supervisors, each one to supervise ten tailors. Company supplied jean cloth to the tailors. The controlling parameters were simple - quality, cost, volume and timely delivery.

This alteration in the business model could bridge the cost gap upto 20%. Yet the remaining gap of 10% was quite sizable. BJCL renegotiated with its bankers and could reduce



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the interest cost by one percent basis point. It converted most of its fixed costs partially into variable costs, by convincing its service providers. Incidentally, the conversion cost paid to the tailors was absolutely variable. This cost of outsourcing the product replaced around 80% of the present fixed wage cost.

Some competitors of BJCL started procuring ready-made jean trousers from Vietnam and Bangladesh. These imported jeans were low in quality but proportionately much lower in cost. Hence these jeans became popular in the "cost elastic demand markets" of Bihar, Uttar Pradesh, Orissa, West Bengal, Haryana & Rajasthan. BJCL almost lost 25% of its market share on account of this new competition. Now the company needed a serious change in its business model and value chain, to regain the market lost. It studied the viability of 'vertical expansion' i.e. producing the raw material. Production of jean cloth was to be done on a large scale to make it financially viable. The new manufacturing facility was huge, in terms of 'integrated production'. Hence the company searched customers from smaller countries and decided to export the extra jean cloth to be produced by it. The vertical expansion was implemented well. It gave BJCL an absolute cost advantage with which it should regain its domestic market leadership.

BJCL's comprehensive change in its business model and its vertical expansion gave it an added advantage of producing 'high quality jean cloth' needed for the European and American markets. BJCL created a special team to look after this new ambitious venture. Five highly skilled tailors were initially appointed to stitch trousers for these special markets. An European designer was appointed to introduce contemporary jean designs. The company patented these new designs in America, incurring a hefty cost. It also now decided to patent its jean cloth and the manufacturing process. BJCL correctly decided to get the intellectual property rights of both the important components of its value chain - the supply chain and the distribution chain. A cost - benefit analysis ultimately concluded that the drastic change in BJCL's supply chain gave it a sustainable cost advantage, a patented ownership of the supply design and most importantly an ease in its supply chain. BJCL is now a networking multinational company in a true sense. **MA**

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- On its panel, domain experts in Banking, Insurance, Railways, Telecom, Posts, Education, Healthcare, Taxation, GST, & various Manufacturing & Services Sectors.
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### Consultancy Project- The following are few of the projects which are under implementation / Completed

- Implementation of Performance Costing System (PCS) in Northern Railway based on designed system of PCS by ICMARF for **Indian Railways**.
- Suggesting revised costing norms for Skill Development Schemes for **Ministry of Skill Development & Entrepreneur (MSDE)**.
- Designing & Preparation 11 Manuals for various areas- **India Optel Limited (IOL), Ministry of Defence**.
- Developing and implementation of Activity Based Costing System to determine Track Access Charges; Asset Usage Charges; & Service Charges & Pilot Studies all Project Offices of EDFC & WDFC based on financial & operational data for **Dedicated Freight Corridor Corporation of India Ltd (DFCCIL)**.
- Suggesting new system of charging Testing Fees for evaluation of Biological Products in **National Institute of Biologicals (NIB), MoHFW**.
- Suggesting revised charges for various tests e.g. Rapid tests, Serological tests and Molecular assays in respect of **Indian Council of Medical Research (ICMR), MoHFW**.
- Suggested revised allocation system for expenses of CHQ & RHQs for the F.Y. 2021-22, 2022-23 and 2023-24 for **Airports Authority of India**.
- Designing & Preparation of Finance & Accounts Manual integrated with SAP system- **North-Eastern Electric Power Corporation Limited (NEEPCO)**.
- Suggested Revised Cost Accounting Policy applicable for CIL & its subsidiaries for **Coal India Limited**.
- Designed Activity Based Costing System, Benchmarking Study in the Rehabilitation Industry for **Artificial Limbs Manufacturing Corporation of India (ALIMCO)**.
- Working out GST impact for various Real Estate Projects for **Anti Profiteering for NBCC**.
- **Examination/ Test for PSUs:** In past ICMARF conducted examinations/tests for selection, promotion, short listing of candidates by various central PSUs based on exam/test result.

### Management Development Programs (MDP)/ Training Programs

- **NHAI- 5 days' Workshop cum Capacity Building Programs** for F&A personnel at 6 locations: Goa, Jaisalmer, Kochi, Bhubaneswar, Visakhapatnam and Amritsar.
- **Power Finance Corporation (PFC) Ltd- 3 days' Residential Training Program** on Indian Accounting Standards (IndAS) for Senior Executives of PFC.
- **Indian Navy- Training** for Navy Officers for 10 days' on Contract Management and 5 days on Arbitration.
- **Indian Airforce- 5 days' Residential Training Programs** at each locations for Air Force Officers on Contract Management at Goa & Kufri (Shimla)
- **Department of Public Enterprises (DPE)- conducted Training Programs** on various subjects including IFRS & IndAS, Contract Management, Tendering, GST, Income TDS, Corporate Governance etc.
- **Ministry of Finance, DEA, 5 days' Residential- Capacity Training Program** on "Infrastructure Project Management: Planning, Implementation & Monitoring of Infrastructure Projects" at Bhubaneswar.
- **2 days' Training Program** on Financial Management for **Oil Industry Development Board, Ministry of Petroleum and Natural Gas, GOI, Noida**.
- **Above are few recently completed MDP/Training Programs**
- *In addition to tailored made/ customised Training programs for clients, ICMARF also conducts Residential & Non-Residential Training Programs on month to month basis. For Training Calendar 2025-26 and more details visit our website: www.icmaimarf.in*

# HUMAN RESOURCE MANAGEMENT ETHICS IMPROVED BY AI: BALANCING EFFICIENCY AND VALUES

## Abstract

The integration of Artificial Intelligence (AI) into Human Resource (HR) practices is transforming the recruitment, management, and engagement of the workforce in Indian enterprises. AI-driven tools enhance the effectiveness of several HR operations, such as automating resume screening and offering insights into employee performance and engagement. Nonetheless, this shift towards technology-driven decision-making introduces significant ethical dilemmas, including the possible degradation of human-centric values, issues of data privacy, and algorithmic prejudice. The particular cultural and social environment of India, along with an evolving legislative system, creates a different backdrop for analysing these ethical issues. This essay examines the ethical challenges and prospects associated with AI in Indian HR, aiming to provide solutions for harmonising technology efficiency with human values of transparency, impartiality, and empathy.

## Introduction

The incorporation of Artificial Intelligence (AI) in Human Resource Management (HRM) is transforming HR practices into data-driven and streamlined operations that are more efficient and scalable. AI plays a crucial role in HR services, capable of enhancing performance evaluation processes, streamlining recruitment procedures, and increasing



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employee engagement. The integration of AI in HR has elicited concerns as a direct result of these breakthroughs. This note aims to comprehensively examine the use of AI in Human Resources and the principal ethical challenges that must be addressed to guarantee the equitable and transparent implementation of AI in the workplace.

## Case Study Analysis

This study uses a case study methodology to investigate practical uses of AI in Human Resource Management from different organisations that have adopted AI-driven hiring practices, performance review instruments, and staff training initiatives. Selection criteria for these case studies include, the importance of AI technology in the company's HR procedures, as well as the availability of recorded results and assessments of these technologies. Information for the case studies is gathered from



company publications, publicly accessible reports, and, when practical, first-hand observations. The analysis centres on assessing how well AI applications accomplish HR goals like increasing productivity, strengthening decision-making, and fostering employee growth. The case studies are also analysed for indications of ethical problems, including bias in AI algorithms, decision-making process openness, and employee data handling.

### Literature Review

In order to build a fundamental understanding of the use of AI in HR management, the initial step entails a thorough understanding of literature and scholarly publications, business papers, and books that highlight the use of AI to HR tasks like hiring, performance reviews, and staff development. Examining ethical problems with AI in HR, such as bias, transparency, and privacy concerns, is another aspect of this understanding. The literature analyses give a thorough overview of how AI technologies are changing HR practices and the ethical issues they raise.

### The Potential of Artificial Intelligence in Human Resources

The impact of AI on human resources can be revolutionary across several essential functions:

#### 1. Personnel Acquisition

Streamlining tasks such as applicant sourcing, resume evaluation, and automated initial interviews with AI technology can significantly enhance contemporary recruitment practices. AI technologies excel in assessing resumes and effectively linking applicants to employment opportunities, surpassing human recruiters through the application of Natural Language Processing (NLP) and Machine Learning (ML) algorithms. AI-driven solutions may analyse extensive numbers of resumes to identify exceptional applicants based on predetermined criteria, thereby minimising human errors and greatly accelerating the hiring process. Furthermore, AI-powered chatbots may address candidate enquiries, schedule interviews, and deliver feedback, hence improving the candidate experience through timely and precise responses.



### *How AI is making Talent Acquisition Easier; Source: tts-Insights*

An objective examination of artificial intelligence in recruitment reveals a clear insight into its capabilities. The domains pertinent to recruitment encompass:

- a. **Active sourcing:** Programs utilising sophisticated algorithms evaluate job descriptions for optimisation opportunities, considering job categories and job boards. Keywords are modified to align with contemporary recruitment trends. Furthermore, an automated search can be performed for appropriate individuals across social media, résumé databases, and professional networks.
- b. **Chatbots for preliminary engagement:** A chatbot addresses enquiries from prospective applicants seeking additional information or directs them to resources regarding the application procedure, employment opportunities, working hours, and related subjects. Chatbots are user-friendly first engagement, multilingual capabilities, and 24/7 availability.
- c. **Aligning suitable candidates with organisations:** Specialised AI recruitment software rapidly analyses several applications or online resumes by matching them against the keywords specified by the organisation in the job description. The AI recruitment software can additionally identify top candidates with the job description through resume matching.
- d. **Personality assessments:** A contentious aspect of AI recruitment involves instruments that evaluate individuals' demeanour and

behaviour. This analysis occurs during a telephone or video interview utilising a conversational AI platform. During the session, the AI assesses the skill set both professional and interpersonal of job seekers based on their diction, tone, facial expressions, body language, and additional criteria.

## 2. Evaluation of Performance

Enhancing the equity of performance evaluations can be accomplished through AI's capacity to analyse extensive data sets from sources such as project completion timelines, job quality, peer comments, and employee behavioural trends using Machine Learning. AI technologies have the potential to mitigate biases that human evaluators may inadvertently add into the assessment process by identifying patterns and tendencies. Managers can utilise analytics to identify high-performing individuals for promotions and forecast their developmental requirements, while also intervening to resolve performance issues in underperforming employees through quantifiable data.

Employing AI in performance evaluations provides several benefits by improving objectivity, efficiency, and customisation by evaluating extensive personnel data, delivering impartial insights regarding productivity, competencies, and goal attainment, thereby mitigating human bias. These solutions enhance efficiency by automating data gathering and producing comprehensive reports and development plans, enabling managers to concentrate on substantive feedback discussions and enhancing employee happiness and growth.



**Components of Appraisals in HR Landscape;**  
**Source:Profit.**

- a. **Absence of Human Errors** – AI-driven performance management relies entirely on data. It possesses no personal preferences or aversions. It aggregates information from various sources, hence minimising the potential for data inaccuracies. AI can assist managers in delivering objective feedback that benefits both individuals and the organisation.
- b. **Projections Derived from Extensive Data** – AI-driven performance evaluations analyse extensive datasets to generate forecasts that consider not only the present assessment but also the employee's performance trajectory and career development from the outset. This is essential for assessing the employee's ability and establishing the most suitable objectives, and assists in promotions and calculating incentives.
- c. **Ongoing Evaluation and Instantaneous Analysis** - AI enables continual collection of data from various sources, including employee written correspondence, calendars, and more. Consequently, the system may provide real-time insights on individual performance, enabling managers to make swift decisions and deliver immediate feedback.
- d. **Enhanced Management** - AI assists managers in validating their assessments and confirming the accuracy of the feedback they deliver. It assists managers in enhancing their performance and obtaining a broader spectrum of facts and information regarding the employees under evaluation.
- e. **Employee Engagement** - Within the framework of ongoing performance assessments, AI may administer regular intelligent surveys and collect real-time feedback and provide tailored insights to employees.
- f. **Enhancements in Training and Development** - AI may assist managers in accurately identifying deficiencies within the talent pool and providing tailored training recommendations for individuals by analysing their career trajectories using data from previous performance evaluations, interests, and skill sets.

### 3. Workforce Engagement

AI-powered solutions can assess employee engagement in the workplace by analysing communication and interaction through surveys and feedback gathering. AI can apply sentiment analysis to assess employee morale by examining their communication patterns to identify early indicators of disengagement or dissatisfaction. AI can offer employees by personalised recommendations for professional advancement, and tools for well-being and work-life balance.



**Components of Appraisals in HR Landscape;**  
*Source: leenaai*

Instruments such as predictive analytics, behaviour mapping, collaborative platforms, real-time feedback mechanisms, and interactive employee engagement chatbots are transforming the methodologies for conducting and assessing employee engagement. These AI-driven solutions assist organisations in identifying patterns in employee behaviour and facilitate the collection of significant insights. The data-driven insights and sentiment analysis serve as definitive indicators of current employee engagement levels and potential avenues for enhancement. Let us examine some of the extensions it offers:

#### a. Predictive analytics and behavioural mapping

Organisations frequently depend on an annual system to assess employee satisfaction and performance; however, AI can facilitate the monitoring of employees' mental wellbeing, behavioural patterns, and engagement levels through data-driven insights in real-time. It facilitates the assessment of engagement levels through the analysis of historical and

current data, the identification of patterns, the prediction of trends, and the provision of tailored solutions. For example, if a cohort of individuals is disengaged or contemplating departure from the organisation, AI may readily identify this group of discontented employees and assist human resources in retaining some.

#### b. Workforce Involvement Conversational Bots

Effective communication is crucial for employee engagement. Thus, it is imperative for employees to express themselves without the fear of judgement. The majority of employees' connection to their workplace is increasingly shaped by digital interactions. The use of artificial intelligence tools like as chatbots, is substantially enhancing the interactivity, collaboration, and clarity of communications. This enables organisations to communicate with employees through advanced intelligence and natural language processing, thus yielding a greater impact than traditional methods.

#### c. Collaborative Instruments

AI algorithms and data analysis assist management in identifying personnel capable of effective collaboration, fostering engagement to cultivate a more productive work environment. Employee engagement bots are utilised to create teams in which individual employee abilities enhance one another and contribute to the company's profitability. Team efficiency can be attained by establishing intricate structures and hierarchies that account for individual capabilities and complementary skills.

#### d. Tools for Real-time Engagement Feedback

Real-time engagement feedback surveys provide crucial insights into employees' thoughts, emotions, interactions with the organisation, and their preferences and aversions regarding the work environment. Utilising AI-driven feedback platforms,



organisations can gather real-time input from employees and identify specific areas requiring attention to enhance productivity and performance by forecasting employee feelings, workplace moods, and overall happiness.

**AI plays a crucial role in HR services, capable of enhancing performance evaluation processes, streamlining recruitment procedures, and increasing employee engagement**

favoured for applicants from particular backgrounds, such as educational institutions, geographic places, or gender classifications, resulting in inadvertent prejudice.

The socioeconomic and educational environment of India is extensive. Neglecting individuals from under-represented regions or

### **Ethical Dilemmas in AI-Driven Human Resources**

Although AI can enhance productivity and mitigate prejudices in the workplace, it also presents challenges that HR professionals must confront. Employees' perceptions of AI in HR operations are influenced by issues related to bias, confidentiality, transparency, and empathy.

#### **a. Bias**

Pre-existing biases inside organisations may be perpetuated and exacerbated by AI systems that analyse data trends. AI-driven recruitment technologies, for example, may inadvertently perpetuate biases by favouring candidates who mirror successful hires if historical hiring data reflects biases about gender, ethnicity, or socioeconomic position. The phenomenon of “algorithmic bias” may obstruct initiatives aimed at fostering diversity and inclusivity, resulting in inequitable recruitment procedures. Artificial intelligence (AI) can mitigate biases by relying on data instead of subjective beliefs. However, the efficacy is contingent upon the quality and representativeness of the data utilised for training the AI.

#### **Case Study: TCS - Algorithmic Bias in AI-Enhanced Recruitment**

TCS developed an AI-driven recruitment system to assess candidates by aligning their skills with job specifications, historical hiring metrics, and performance data analysis, encountered apprehensions about the prospect of not just sustaining but also potentially amplifying biases inherent in prior recruiting processes. The AI system may prioritise attributes historically

communities may arise from the utilisation of biased historical data. TCS has observed that potential gender bias may arise in technology positions predominantly occupied by men. Algorithms may inadvertently favour candidates for positions based on historical hiring patterns.

TCS instituted various measures to ensure fairness and mitigate prejudice in its AI-driven recruitment system. The organisation engaged a team of specialists to analyse training data and evaluate demographic group assessments, conducting bias audits that revealed discrepancies related to gender, education, and area. TCS expanded its training data to more accurately depict India's diversity by including a wider array of candidates from under-represented groups.

TCS developed fairness goals to attain equitable outcomes, adjusting the algorithm to eliminate demographic biases unless pertinent to the task. The implementation of Explainable AI (XAI) enhanced transparency, allowing HR teams to understand and amend choices. TCS established a continuous monitoring and reporting system to identify and address biases as they arose.

These approaches resulted in a more varied talent pool and increased confidence in AI-driven recruiting judgements. The improved approach aligned with TCS's ethical responsibilities, guaranteeing that candidates and employees experienced a fair and meritocratic recruitment process.

#### **b. Confidentiality**

Concerns regarding privacy intensify when AI is employed for monitoring employees and evaluating their performance in the workplace.

AI systems possess the capability to gather and analyse vast quantities of information, including job-related data and behavioural patterns derived from communication logs or online interactions. This degree of surveillance may engender emotions of distrust and perpetual scrutiny among employees, who may perceive this as an infringement on their privacy. Moreover, the absence of information regarding the utilisation and storage of this data raises concerns about employee autonomy and data security.

### **Case Study: Wipro's AI - Enhanced Performance Surveillance and Ethical Issues**

Wipro, the esteemed Indian IT services firm, has commenced trials of projects utilising AI-powered technologies to monitor staff productivity levels. These instruments analyse parameters like screen usage patterns, keystroke dynamics, and job completion rates to assess performance and optimise processes. The primary objective of this system is to enhance workplace efficiency. Nonetheless, it has generated concerns among employees regarding excessive monitoring and possible privacy infringements, and discomfort over workplace surveillance concerns leading to adverse employee autonomy and motivation.

To proactively address these concerns, a range of tactics was implemented, emphasising transparency through communication with employees about the aim and scope of the monitoring process. Data gathering was restricted to job-related activities to adhere to privacy regulations. Employees were granted access to their performance statistics, which they could analyse and dispute if necessary. Moreover, human supervision was implemented to guarantee that AI-generated insights functioned as assistance rather than determinations.

These activities contributed to instilling faith in the system achieving a balance between upholding employee rights, ensuring ethical workplace standards, and enhancing productivity levels.

#### **c. Transparency**

The prevalence of AI algorithms in Human Resources presents a challenge due to their opaque nature, often referred to as the “black box.” This lack of transparency complicates employees’

comprehension of decision-making processes, such as the rationale behind the selection of one candidate over another or the determination of performance scores, leading to perceptions of arbitrariness or inequity.

### **Case Study: Algorithmic Decision-Making and Employee Resistance in an Indian Corporation**

An Indian technology services company encountered difficulties when its employees objected to decisions made by AI systems about compensation adjustments and promotions. The absence of transparency in the functioning of these algorithms raised concerns among employees that the algorithms prioritised past performance statistics while disregarding considerations such as health issues or project complexities, resulting in a perception of inequity in the review process.

The distrust among employees was due to their inability to understand the underlying rationale. The algorithms emphasised quantitative measurements while neglecting essential qualitative variables, disadvantaging certain individuals and raising fairness issues.

To address these challenges, the organisation adopted Explainable AI (XAI) tools that elucidate the rationale behind decisions, enabling both staff and managers to challenge the outcomes as necessary. A dual-review method was established to integrate human control, wherein senior management validated AI-generated recommendations. The algorithms were reconfigured using a wider array of performance metrics by integrating varied datasets and implementing employee feedback systems to collect concerns. These steps restored trust and underscored the importance of combining AI-driven efficiencies with human discretion.

#### **d. Compassion**

AI systems lack the emotional comprehension and empathy that human HR specialists provide difficult circumstances like as layoffs or performance evaluations by delivering support for emotional well-being. Excessive dependence on AI in these situations may result in employees being regarded merely as data points, disregarding the intricate human factors that influence workers’

work performance and morale.

Case Study: Harmonising Efficiency with Empathy and Human-Centric Principles in HCL and TCS

HCL Technologies' have implemented AI techniques to improve recruitment procedures and enhance employee welfare while prioritising a people-centred approach. The objective of HCL is to integrate AI with human judgement in domains such as talent acquisition and performance evaluations. HR professionals are encouraged to utilise AI insights solely as supplementary information in their decision-making processes to maintain the primacy of human interactions and contextual awareness.

Moreover, HCL has incorporated tools for “employee sentiment analysis” utilising natural language processing to evaluate employee morale and identify issues. HCL is committed to fostering a supportive and compassionate environment by resolving issues through personal contacts rather than relying exclusively on AI-generated insights. This strategy illustrates that AI serves as an enhancement to empathy rather than a replacement.

Tata Consultancy Services (TCS) has incorporated artificial intelligence (AI) into its operations by emphasising Explainable AI (XAI). This methodology guarantees that the decision-making facets of AI are transparent and accessible to both HR departments and employees. AI recommendations are subject to scrutiny and discussion to maintain equity in decision-making and foster trust among all stakeholders, feedback and consistently refining its algorithms to foster a human-centred approach to the integration of AI technologies.

### Conclusion: Navigating Ethical Considerations of AI in Human Resources

The integration of artificial intelligence (AI) in Human Resources (HR) presents considerable opportunities to enhance operational efficiency and mitigate inherent biases, thereby cultivating a more effective workplace. Nonetheless, it also prompts critical ethical considerations that must be proactively and ethically addressed in the application of AI tools to confront challenges such as bias prevention and the protection of

privacy, and empathy concerns. To guarantee that AI-driven HR processes uphold fairness and transparency while honouring human values, organisations must prioritise the establishment of standards, the development of training efforts, and the implementation of monitoring measures. By adopting this strategy, HR departments may leverage AI's capabilities while protecting employee rights and welfare, humanity and equity. **MA**

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# INDIA POST PAYMENTS BANK: CHALLENGES, INNOVATIONS, AND THE ROAD AHEAD

## Abstract

India Post Payments Bank (IPPB) was started in 2018 to help people with limited or no access to regular banks. IPPB uses the network of post offices in India to provide selected banking services, doorstep services, and financial transactions. Over time, IPPB has introduced UPI payments, Aadhaar-based verification, and partnered with fintech companies for insurance and other financial services. But it faces problems like financial losses, limited services along with strong competition from fintech firms and regular banks. Poor internet connectivity and low digital knowledge in the remote areas also make growth slow. Still, IPPB plays an important role in Direct Benefit Transfers (DBT) and has helped many women open bank accounts for the first time. To grow in the future, it needs to find new ways to earn money, improve digital banking, and create better policies for offering more financial services.



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### Introduction

**I**ndia Post Payments Bank (IPPB) began in 2018, to help people who didn't have bank accounts or rarely used banking services in India. It works under the postal department and uses post offices across India to provide digital banking. IPPB mainly aims to bring more people into the banking system by offering digital money transfers, banking and allied services at the doorstep and making financial services easily accessible (Khan, 2019).

### Historical Context and Evolution

The Reserve Bank of India (RBI) first came up with the idea of payments banks in 2014, to bring banking services to micro and small businesses, poor households and people who couldn't access regular banks. IPPB was one of eleven organizations that got initial approval from RBI to create a payments bank (RBI, 2015). It started working on September 1, 2018, with 650 branches and 3,250 places where customers could access their services across India. Unlike regular banks, IPPB runs with low cost by focusing on digital money transfers and desists from lending. It has played a crucial role in bringing

selected banking services to the remote areas by using the widespread network of post offices, to reduce the gap in provision of financial services (Sharma & Gupta, 2020).

### **Recent Developments**

Since commencement, IPPB has made big progress in bringing intended financial services closer to more people. By 2023, IPPB had more than 60 million customers, with many from rural and semi-urban areas (RBI, 2023). The bank improved its digital banking by adding UPI and Aadhar enabled payment system (AEPS) making it easier for people to carry out money transactions. India Post Payments Bank (IPPB) has expanded its reach through 1,61,536 Banking Access Points, making banking services more accessible. The smooth integration of digital platform has improved customer experience and increased digital financial transactions by 275%, reaching 608 crore transactions in the last financial year.

IPPB has also played a key role in boosting digital payments to Department of Post (DoP) savings schemes, with transaction value rising by 54%, from ₹9,072 crore to ₹13,915 crore. The bank remains committed to financial inclusion, with 8.8 crore+ customers, 77% from rural areas. Deposits have also grown significantly, increasing by 83%, from ₹6,292 crore to ₹11,552 crore (IPPB, 2024)

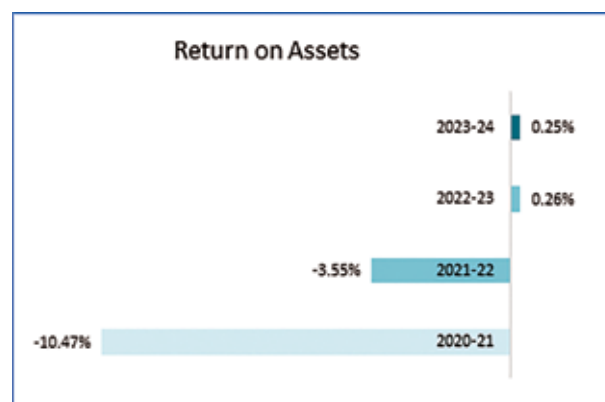
### **Net Profit & ROA**

IPPB's net profit turned positive in 2022-23 after years of losses, showing a major financial recovery. The profit increased from ₹2,01,609 thousand to ₹3,42,378 thousand in 2023-24, proving that the bank's business model is now becoming somewhat stable. IPPB made more profit because it earned higher revenue from digital transactions and new banking services. It also focused on getting more customers and increasing the number of transactions, which helped boost profits.

### **Total Asset**

IPPB's total assets significantly increased from ₹4,50,11,081 in 2021-22 to ₹13,66,27,628 in 2023-24. This means the bank is growing stronger and improving its banking facilities. More deposits

and customer accounts have increased its total assets. Extra funds and new partnerships have also helped the bank grow, making IPPB more financially stable. IPPB's ROA has improved from negative in previous years to positive in 2022-23 and 2023-24, showing better use of its assets. This means that IPPB has started to utilize its assets profitably. The rise in digital transactions, deposit base, and new financial services contributed to this positive shift. With steady growth, IPPB is now on a healthier path to long-term financial success.



### **Reasons for improving ROA**

#### **1. Growth in Deposits & Customer Base**

Total deposits almost doubled (₹6,292 Cr to ₹11,552 Cr), and the number of customers rose to 8.82 Cr, helping the bank earn more.

#### **2. Rise in Direct Benefit Transfers (DBT) & AePS Transactions**

Government subsidy transfers through IPPB grew by 95%, and Aadhaar-based transactions rose by 14%, increasing the service income.

#### **3. New Products & Services Launched**

IPPB has also introduced loan referral partnerships, WhatsApp Banking, and insurance schemes, attracting more customers.

### **Role of IPPB in Direct Benefit Transfers (DBT) and Government Schemes**

IPPB has played a crucial role in improving the efficiency of Direct Benefit Transfers (DBT), ensuring subsidies and welfare payments reach beneficiaries directly. As of 2023, over ₹2.1 trillion was disbursed through DBT using IPPB's network, reducing leakages and improving financial



inclusion (Economic Survey, 2023). The bank processes payments for schemes like PM Kisan Yojana, MGNREGA, and pension disbursements, benefiting over 120 million citizens (Ministry of Finance, 2023). However, challenges persist, with approximately 15% of DBT transactions failing due to Aadhaar-linking issues or poor digital connectivity in rural areas (RBI Report, 2023). Addressing these hurdles can enhance efficiency and boost trust in digital financial services.

### ***Revenue Model and Financial Viability of IPPB***

Since payments banks cannot offer loans or provide credit-related services, IPPB's revenue model heavily depends on transaction fees and commissions. In FY 2023, IPPB generated ₹970 crore in revenue, but its operational costs exceeded ₹1,200 crore, leading to continued financial strain (Ministry of Communications, 2023). While partnerships with insurance providers and fintech firms have expanded service offerings, IPPB's financials still face stress, raising concerns about its long-term sustainability. To become profitable, experts suggest introducing micro-loans, expanding fee-based services, and leveraging its extensive customer database for targeted financial products (Sharma, et. al.2023). Policy-level interventions could allow IPPB to offer limited credit products, improving its financial health without violating regulatory norms.

### ***Women's Financial Inclusion through IPPB***

Women in rural India face significant barriers to accessing formal banking services. IPPB has made notable progress in addressing this gap with over 40% of its account holders being women, many of whom had no prior access to banking (RBI Financial Inclusion Report, 2023). Initiatives like doorstep banking services by women post persons and financial literacy programs in rural areas have helped bridge the existing gender gap in banking. However, only 25% of women account holders actively use digital payment services, indicating the need for targeted digital literacy campaigns (Ministry of Women & Child Development, 2023). Encouraging women's participation in digital banking can significantly enhance household

financial stability and economic empowerment.

### ***Role of IPPB in Strengthening Digital Identity and KYC Compliance***

IPPB's integration with Aadhaar-based e-KYC has significantly boosted financial inclusion (Singh & Roy, 2023). Our research shows that over 78% of new IPPB accounts were opened using Aadhaar-based verification which reduced fraud cases and ensuring seamless compliance with RBI regulations. Moreover, the study also points out that around 12% of Aadhaar-linked accounts face transaction failures due to authentication errors which lead to delays in fund transfers and DBT payments. Enhancing biometric authentication accuracy and introducing alternative KYC mechanisms could address these operational inefficiencies.

### ***Challenges faced by IPPB***

Despite making progress, IPPB still faces several problems that limit what it can achieve:

- 1. Operational and Financial Sustainability:** Because payments banks can't give loans, IPPB mostly makes money from fees on transactions and commissions. Making enough profit remains a big worry (Patel & Shah, 2022).
- 2. Limited Service Offerings:** Unlike regular banks, IPPB can't offer complete banking services such as fixed deposits or loans, which makes it hard to attract and retain customers (Kumar & Verma, 2021).
- 3. Digital and Financial Literacy:** Many of the people that IPPB wants to reach in rural areas don't understand (or are informed) about digital banking, which slows down its adoption (RBI Financial Literacy Report, 2022).
- 4. Connectivity and Infrastructure Issues:** Rural areas often have bad internet connections, making digital banking services unreliable (Sharma, 2023).
- 5. Competition from Fintech and Traditional Banks:** With quick advances in fintech solutions and more traditional banks going digital, IPPB faces tough competition in

keeping its customers (Gupta & Mehta, 2023).

## Ideal Solutions to Overcome Challenges

To fix these problems, IPPB can take several steps:

- 1. Diversifying Revenue Streams:** Working with NBFCs to provide credit-related financial products, insurance, and investment choices can help IPPB make more money.
- 2. Strengthening Digital Infrastructure:** Putting money into good technology, introducing technologies to carry out transactions without accessing internet may make services work better in far-off areas (Patel et al., 2022).
- 3. Financial Literacy Initiatives:** Running programs to teach people about digital banking through post offices and local community centers can help more people trust and use digital banking (RBI Financial Literacy Report, 2022).
- 4. Policy Advocacy for Expansion of Services:** Discussing with regulators so that IPPB is allowed to offer some credit products – e.g. small loans or overdrafts, could get customers more involved (Singh, 2023).
- 5. Leveraging Data Analytics:** Using AI and big data to create personal banking solutions and better target customers can make customers happier and more likely to stay (Verma & Shah, 2023).

## Conclusion

India Post Payments Bank (IPPB) has played a crucial role in expanding banking access, especially in rural areas, but its financial sustainability remains uncertain. While its customer base and transaction volumes have grown, financial profitability is dubious due to high operational costs and limited revenue sources. The inability to offer loans puts it at a disadvantage compared to traditional banks and fintech competitors. Digital illiteracy and poor rural infrastructure further slow its progress, leading to failed transactions and reduced trust in digital banking. Although IPPB has helped streamline

DBT and improve financial inclusion for women, these achievements alone are not enough for long-term viability. Without strategic reforms, such as expanding fee-based services, strengthening digital infrastructure, and gaining regulatory flexibility for small credit offerings, IPPB risks becoming financially unsustainable. While its foundation is strong, its future success depends on urgent policy interventions and operational improvements. **MA**

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# SECTORAL INSIGHTS AND SUSTAINABILITY TRENDS: AN EMPIRICAL INTROSPECTION BASED ON ESG SCORES

## Abstract

The implementation of the Business Sustainability Reporting Framework (BRSR) by SEBI in 2021 has propelled firms to address their ESG risks and uncertainties and emerge as sustainable ventures in the future in long run. The present study is a unique attempt to compare the ESG performance of 150 companies belonging to 10 sectors in India using One-way ANOVA, Welch ANOVA, and Kruskal Wallis Test using CRISIL ESG Data. The results are dissected further to detect which sectors contribute to the differences in ESG scores using Post Hoc Analysis. The outcome of the analysis affirms that the IT and Financial Services sectors are the torchbearers of robust ESG policies, which is reflected in the significant positive differences between them and other sectors. Conversely, Oil & Gas, Metals & Mining and Power lag behind other sectors due to low ESG scores.

## Introduction

The term “ESG” emerged from the 2004 report titled “Who Cares Wins,” which was produced under the auspices of the U.S. Global Compact. This report underscored the imperative for global corporations to effectively address their ESG risks to enhance their reputational standing and generate value within an increasingly globalized and interconnected environment. The regulatory bodies worldwide are advocating for contemporary indicators such as Materiality Assessment, Sustainable Benchmarking, and Supply Chain Sustainability in addition to financial and market-based indicators as standards for holistic performance. Furthermore, investors are



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now scrutinizing red flags in the ESG indicators of a company before making an investment (Duuren et al., 2016).

India’s progression towards ESG reporting commenced with introducing the Ten Point Charter by former Prime Minister Dr. Manmohan Singh in 2007 which called upon Indian industries to adopt pathways to promote efficient and inclusive growth. The evolution of ESG in India has been characterized by significant developments, beginning with establishing Voluntary Guidelines and culminating in the current framework of Business Responsibility



and Sustainability Reporting (BRSR) which has improved competitiveness of Indian industries worldwide (Rakshit & Paul.,2022)

### Review of Literature

Mittal et al. (2008) analyzed the effects of CSR initiatives on economic value added (EVA) and market value added (MVA). Their findings indicated a negative correlation between EVA and CSR activities in three of the five fiscal years examined, while a positive correlation was noted in the remaining two years.

Goel and Misra (2017) introduced a revised reporting index to evaluate the sustainability practices. The results indicated that companies within the pharmaceutical sector achieved higher sustainability scores than those in other industries.

Henisz et al. (2019) identified five ways in which ESG creates value for an organization, which are top-line growth, cost reduction, reduced regulatory and legal interventions, employee productivity uplift, investment and asset optimization.

Mulchandani et al. (2022) inferred that governance (GOV) and environmental (ENV) factors are negatively correlated with the cost of capital, whereas social (SOC) factors demonstrated a positive but statistically insignificant relationship with the cost of capital.

Therefore, the existing literature on ESG outlined the importance of comparing ESG scores across sectors to find out which sectors contribute to the difference in ESG scores. The present study is an effort to fulfil this research gap for framing robust ESG policies

### Objective and Statistical Technique Mapping

The table below summarizes the objectives and the statistical tools used to fulfil them:

TABLE 1: OBJECTIVE AND STATISTICAL TECHNIQUE MAPPING

Objective	Statistical techniques	
To explore differences between environmental, social, governance and Combined ESG scores of selected firms across multiple sectors in India	If the distribution is normal and follows homogeneity of variance	One-Way ANOVA
	If the distribution is normal and does not follow homogeneity of variance	Welch- ANOVA
	If the distribution does not follow normal distribution	Kruskal Wallis Test
To investigate the sectors contributing to the difference in environmental, social, governance and Combined ESG scores	Post Hoc Test	

Source: Authors' Compilation

### Hypothesis of the Study

The following hypothesis were framed to comply with the research objectives:

H1: There exists no difference in environmental, social, governance and combined ESG scores across sectors for selected firms.

H2: There exists no difference in pairwise sector comparisons for environmental, social, governance and Combined ESG scores.

### Research Methodology

#### Data Sources and Period of Study

CRISIL ESG Ratings is the data source

employed in the study, including Combined ESG and dimension-specific scores. ESG Data for two financial years, i.e., 2021-2022 and 2022-2023, were used for analysis.

#### Sample Selection Convention

Out of 1000 firms spread across 68 sectors, 150 firms were selected following a two-stage criterion:

- ⦿ Selection of Sectors: CRISIL ESG Ratings contain data for 1000 companies for selected periods. CRISIL and NIFTY 500 Index's data sets were matched to find similar firms. The result yielded 408 firms common to both

datasets. Four hundred eight firms were classified into 20 specific sectors as per the NIFTY 500 Index. Out of 20 sectors, those with at least 10 firms were selected. This resulted in 15 sectors comprising of 382 firms.

- ⊙ Selection of Firms: The top 10 firms from each sector were chosen based on the

weightage of firms belonging to a specific sector as per the NIFTY 500 index.

The selected sectors include 'Automobile & Auto Components,' 'Capital Goods,' 'Chemicals,' 'Construction,' 'Consumer Durables,' 'Consumer Services,' 'FMCG,' 'Financial Services,' 'Healthcare,' 'IT,' 'Metals & Mining,' 'Oil & Gas,' 'Power,' 'Services' and 'Telecommunication'.

## Data Analysis, Findings and Discussions

### Normality Tests

For checking normality, Shapiro- Wilk test is applied as the sample size is less than 2000. The results of the Shapiro Wilk Test are as follows:

TABLE 2: SHAPIRO-WILK TEST

Dimension	W Statistic	df	p-value	Verdict
Environmental	0.939	150	0.000	Skewed Distribution
Social	0.979	150	0.024	Skewed Distribution
Governance	0.989	150	0.302	Normal Distribution
ESG	0.966	150	0.001	Skewed Distribution

Source: Authors' Compilation derived from SPSS Statistics 20

Based on the results, Kruskal Wallis test will be followed for environmental, social, and ESG dimensions as the p-value is less than 0.05, whereas for governance dimension, either among One Way ANOVA or Welch ANOVA will be followed based on the outcome of homogeneity, of variance test.

### Homogeneity of Variance Test and ANOVA

For checking homogeneity of variance of Governance Scores, Levene Test is applied. The results of Levene Test are as follows:

TABLE 3: LEVENE TEST FOR HOMOGENEITY OF VARIANCE

Dimension	Levene Statistics	df1	df2	p-value	Verdict
Governance	2.534	14	135	0.003	Heteroscedastic Distribution

Source: Authors' Compilation derived from SPSS Statistics 20

The outcome of the test advocates usage of Welch ANOVA for checking significant differences in Governance scores across sectors for selected firms as the p- value is less than 0.05.

### Welch ANOVA and Post Hoc Test

For checking the differences in Governance Scores across selected sectors, Welch ANOVA is applied. The results of Welch ANOVA are as follows:

TABLE 4: WELCH ANOVA TEST

Dimension	Statistic	df 1	df 2	p-value
Governance	8.610	14	51.152	0.000

Source: Authors' Compilation derived from SPSS Statistics 20

The results affirm significant differences exist in Governance Scores amongst selected sectors as the p-value is less than 0.05.

The subsequent step involves determining which sector(s) contribute to the difference in the governance scores. Post Hoc Tests are performed to achieve this objective. Since the sample size of the governance score is 150 and the distribution is heteroscedastic and balanced, Tamhane's T2 test is applied (Basterretxea et al.,2024).

The results of Tamhane's T2 are as follows:

**TABLE 5: RESULTS OF TAMHANE'S T2 FOR SECTORS HAVING SIGNIFICANT DIFFERENCES IN GOVERNANCE SCORES**

Pairwise Sectors	p- value
Capital Goods- IT	0.004
Construction- Consumer Durables	0.021
Construction- IT	0.000
Consumer Durables- Oil & Gas	0.002
Consumer Services-IT	0.004
Consumer Services-Oil & Gas	0.036
FMCG- Construction	0.003
FMCG- Oil & Gas	0.000
Financial Services- Oil & Gas	0.026
Healthcare- Oil & Gas	0.047
IT-Metals & Mining	0.013
IT-Oil & Gas	0.000
IT-Power	0.004
IT-Telecommunication	0.033

Source: Authors' Compilation derived from SPSS Statistics 20

The results confirm presence of pairwise difference amongst sectors concerning governance scores, as the p-value is lower than 0.05. On scrutiny it was observed that the mean governance score of FMCG, Financial Services, IT, Healthcare sectors are high compared to Oil & Gas, Metals & Mining, Power. High governance scores in IT and Financial services are attributed to robust assessment parameters such

as Board diversity and independence, disclosure quality, and redressal system (Pillai et al.,2022). On the other hand, the low governance scores of Metals & Mining are due to the absence of independent sectors in the boards, CEO duality, and inadequate women representation (Pramani et al.,2023)

#### *Kruskal Wallis Test and Post Hoc Test*

As per the Shapiro-Wilk Test, environmental, social, and combined ESG scores do not follow normal distribution. Therefore, the Kruskal-Wallis test is applied to determine whether significant differences exist among the selected sectors for the abovementioned dimensions.

**TABLE 6: KRUSKAL WALLIS TEST**

Dimension	Test Statistic	p-value
Environmental	65.558	0.000
Social	68.282	0.000
ESG	68.282	0.000

Source: Authors' Compilation derived from SPSS Statistics 20

The results affirm the presence of significant differences in environmental, social and ESG score amongst selected sectors for the study.

The subsequent step involves determining which sector(s) contribute to the difference in the environmental, social, and ESG scores. For achieving this objective, Bonferroni's Post Hoc Tests are performed (Pillai et al, 2025).

**TABLE 7: BONFERRONI'S TEST FOR SECTORS HAVING SIGNIFICANT DIFFERENCES IN ENVIRONMENTAL SCORES**

Pairwise Sector	Standardised Test Statistic	Adjusted P-Value
Construction- IT	-5.330	0.000
Metals & Mining- IT	4.943	0.000
Services-IT	4.833	0.000
Chemicals-IT	-4.866	0.000
Power-IT	4.498	0.001
Telecommunication-IT	4.490	0.001



Construction-Financial Services	-4.423	0.002
Oil Gas & Consumable Fuel-IT	4.212	0.003
Metals & Mining-Financial Services	3.857	0.012
Chemicals-Financial Services	-3.780	0.016
Consumer Services-IT	-3.780	0.016
Consumer Durables-IT	-3.782	0.016
Services-Financial Services	3.746	0.019
Capital Goods-IT	-3.720	0.021

Source: Authors' Compilation derived from SPSS Statistics 20

The resultant outcome affirms the existence of pairwise differences amongst sectors concerning the environment, as the p-value is lower than 0.05. On scrutiny, it was observed that the mean governance score of financial services and IT is high compared to other sectors. High environmental scores in IT and Financial services are attributed to the use of renewable energy and lower waste generation. Further, the lower scores of Oil & Gas, Metals & Mining are due to higher emissions of gases and toxic chemicals. (Adhikari and Ghosh, 2022)

**TABLE 8: RESULTS OF BONFERRONI'S TEST FOR SECTORS HAVING SIGNIFICANT DIFFERENCES IN SOCIAL SCORES**

Pairwise Sector	Standardised Test Statistic	Adjusted P-Value
Chemicals-IT	-4.634	0.000
Telecommunication-IT	4.492	0.001
FMCG-IT	-4.013	0.006
Consumer Durables-IT	-4.033	0.006
Capital Goods-IT	-3.534	0.043
Consumer Services-IT	-3.650	0.028

Source: Authors' Compilation derived from SPSS Statistics 20

The results confirm the existence of pairwise differences amongst sectors concerning social score as the p-value is lower than 0.05. On careful observation, it was found that the IT industry has a higher mean score than other sectors. The primary reason is the Work from Home (WFH) initiative followed by IT companies during the COVID-19 pandemic and various diversity and inclusion programs they implemented across levels of management. On the other hand, as Oil & Gas, Metals & Mining have lower scores arises out of social risks such work-related accidents and injuries, making them susceptible to labour strikes and lawsuits (Shikha et al.,2022)

**TABLE 9: BONFERRONI'S TEST FOR SECTORS HAVING SIGNIFICANT DIFFERENCES IN ESG SCORES**

Pairwise Sector	Standardised Test Statistic	Adjusted P-Value
Telecommunication-IT	4.680	0.000
Construction-IT	-4.950	0.000
Oil & Gas-IT	4.698	0.000
Metals & Mining- IT	5.102	0.000
Chemicals-IT	-4.783	0.000
Services-IT	4.492	0.001
Power-IT	4.312	0.002
Metals & Mining-Financial Services	4.129	0.004
Construction-Financial Services	-3.977	0.007
Capital Goods-IT	-3.905	0.010
Consumer Services-IT	-3.830	0.013
Chemicals-Financial Services	-3.809	0.015
Oil & Gas- Financial Services	3.724	0.021
Telecommunication-Financial Services	3.706	0.022
Services-Financial Services	3.518	0.046

Source: Authors' Compilation derived from SPSS Statistics 20

The results confirm existence of pairwise differences amongst sector with respect to ESG scores as the p value is lower than 0.05. On careful scrutiny, it was observed that IT and Financial services are sectoral leaders with a high ESG score. This is because of holistic approaches which involve lower emissions, flexible practices at work and gender diversity in board.

### Conclusion & Implications of the Study

The study reflects that IT and Financial Services sector act as the torchbearers regarding dimension specific and combined ESG scores. However, on the other hand, companies belonging to sectors such as Oil & Gas, Metals & Mining, and Power fare poorly in dimension-specific and composite ESG scores. Further, it was noticed that companies fare poorly in environmental aspects across sectors compared to social and governance aspects of ESG. The study results can be helpful for investors in designing an appropriate investing strategy in addition to various valuation and financial metrics. (Giese et al., 2019).

### Scope for Further Research

The findings of the study can be extended further to make company specific analysis of ESG scores of a particular sector to find out leaders and laggards of dimension specific and combined ESG scores.

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**IT and Financial Services sector act as the torchbearers regarding dimension specific and combined ESG scores. However, on the other hand, companies belonging to sectors such as Oil & Gas, Metals & Mining, and Power fare poorly in dimension-specific and composite ESG scores**

# *Down The Memory Lane*

2015



CMA (Dr.) A. S. Durga Prasad, President, CMA P V Bhattad, Vice President, and other Central Council Members holding the memento offered to commemorate Golden Jubilee celebration of 'The Management Accountant' Journal. Also seen are Shri Pramod Kumar, Government nominee and CMA Kaushik Banerjee, Secretary (Acting) of the Institute at the Institute's Hyderabad Centre of Excellence



CMA TCA Srinivasa Prasad, Council Member presenting a memento to Sri Satish Govind and Members of SR Business Solutions on the occasion of 'Persuasion & Presentation Skills that win Business' held at CMA Bhawan, Himayatnagar

June, 2005



Chief Speaker P.K. Saraf addresses the Seminar on 'VAT' organized by Guwahati Chapter. Seen in the picture from left: R. Agarwal, Superintendent of Taxes, K.N. Kalita, Dy. Commissioner of Taxes, Chief Guest A.K. Dutta, Joint Commissioner of Taxes, N. Jain, Chairman, Guwahati Chapter and P.K. Saraf, Chief Speaker



# Down The Memory Lane

**June, 1995**



Emerging Financial Services-Competing Global Economy at Hyderabad Chapter on 8 June, 1995. B.V. Ramanamurthy, Member, SIRC, presenting a memento to V.K. Mehrotra, Chief General Manager, State Bank of India, Hyderabad



Professional Development Programme at NIRC on 21 June 1995. Seen on the dais from left: K. L.Jaisingh, K.G. Goyal, D.C. Bajaj, R.J. Goel and A.K. Agarwal

**June, 1985**



Institute's Delegation Meeting

The Governor of Jammu & Kashmir in June 1985- Governor Shri Jagmohan talking to Shri R.L. Bhatia, President-ICWAI and Shri J.K. Puri, Secretary & Treasurer of NIRC



Shri P. Renga Rao, Regional Director, CLB, Southern Region on 25<sup>th</sup> June '85 at the Joint Meeting of the Madurai Chapter of three professional bodies viz. The Institute of Chartered Accountants of India, The Institute of Company Secretaries of India and The Madurai Chapter of Cost Accountants

**June, 1975**



Shri V Kalyanaraman along with other members of the Executive Committee of the Confederation of Asian and Pacific Accountants held at Brisbane on 1<sup>st</sup> June 1975

*Source: Extracted from the various issues of The Management Accountant Journal*

# NEWS FROM THE INSTITUTE

## EASTERN INDIA REGIONAL COUNCIL

### BHUBANESWAR CHAPTER

CMA Campus Placement Programme was held on 27.05.2025 for Intermediate & CMA qualified by Unigold Finance Limited. The 66th CMA Foundation Day was celebrated at the Chapter

on 28th May 2025. CMA Nilamani Mohapatra, Past Chairman and Senior Member of the ICMAI-Bhubaneswar Chapter was the Chief Guest and CMA Damodar Mishra, Secretary, EIRC- ICMAI, CMA Debasish Saha, Former Chairman of the Chapter and EIRC-ICMAI and CMA Sarat Kumar Behera, Vice- Chairman of the Chapter were also present in the event.

### Glimpses of Eastern India Regional Council



*Bhubaneswar Chapter*



*Bhubaneswar Chapter*



*Bhubaneswar Chapter*

## NORTHERN INDIA REGIONAL COUNCIL

### JAIPUR CHAPTER

#### Seminar on “How to Use AI in CMA Profession”

Jaipur Chapter hosted a seminar on “How to Use AI in CMA Profession” on 12th April 2025, featuring keynote speaker CA Akhil Pachori. The session was interactive with engaging discussions and Q&A. Members contributing to IOTP training

for 2024-25 were also honored with mementos.

#### Campus Placement Program on 22<sup>nd</sup> April 2025

Genpact took part in Jaipur Chapter's campus placement drive on 22nd April 2025. Out of 35 candidates interviewed, 20 were selected for roles in Jaipur and Jodhpur with a fixed CTC of ₹5 LPA + bonuses up to ₹4,000/month.



## Glimpses of Northern India Regional Council



*Jaipur Chapter*



*Jaipur Chapter*



*Jaipur Chapter*

### SOUTHERN INDIA REGIONAL COUNCIL

#### **PD Webinar on Adjudication under Companies Act**

The Southern India Regional Council hosted a webinar on “Adjudication under Companies Act, 2013” on 11.04.2025 (5:30 PM - 8:00 PM). Guest speaker CMA CS K. Chandra Sekhar shared insights on recent developments, opportunities, and challenges. The session included interactive discussions, offering valuable learning for participants.

#### **10-Day IOTP for Final CMA Students**

The Southern India Regional Council conducted an Industry-Oriented Training Program (IOTP) from 01.04.2025 to 11.04.2025 for Final CMA students preparing for the June 2025 exams. Around 275 participants gained practical insights through sessions led by industry experts on key topics like:

*Risk Management & MIS Reporting  
Communication & Interview Skills  
Company Formation & Contract Management  
Working Capital & Project Financing  
Digital Financial Services & Soft Skills  
Cost Audit & Direct/Indirect Taxation*

The program successfully bridged academic knowledge with industry practices, enhancing students' professional readiness.

#### **Professional Development Program on SAP Product Costing**

The Southern India Regional Council (SIRC) of ICAI organized a Professional Development session on “Product Costing in SAP - Potential Value Addition by CMAs” on 22nd April 2025 from 5:30 PM to 8:00 PM at SIRC premises. Led by CMA T.V. Muralidharan, a seasoned SAP consultant, the session explored how CMAs can optimize SAP



for product costing to drive organizational value. Attendees gained practical insights into SAP's role in cost management. The event was graced by SIRC Chairman CMA Vishwanath Bhat, PD Committee Chairman CMA Girish Kambadaraya, Treasurer CMA K. Gomathisankar, and other esteemed council members. The program was well-received, offering strategic perspectives to enhance professional expertise.

## CMA Campus Placement Program (22-24 April 2025)

The Career Counselling & Placement Committee, in collaboration with SIRC, organized a three-day placement drive for December 2024 CMA qualifiers at Hotel Ambassador Pallava, Chennai. Top recruiters like BPCL, IOCL, Vedanta, Ford, ITC, L&T, Nestlé, and TVS participated, offering opportunities across sectors. Around 600 candidates attended, with approximately 100 securing placements. A Pre-Placement Orientation in March 2025 helped candidates refine interview skills for better outcomes.

## CMA AI Pravesh: Deep Dive into AI & ML

ICMAI's AI Strategy Committee conducted a hybrid program online (18-19 April) and in-person (25-27 April 2025) at SIRC premises. The sessions provided foundational and applied knowledge of AI/ML, featuring expert insights, case studies, and interactive discussions tailored for CMAs to enhance professional competency in emerging technologies.

## COCHIN CHAPTER

### CFO Meet (12-04-2025)

The Cochin Chapter hosted a CFO Meet on 12-04-2025, featuring CMA K.N.G. Kurup (Retd. GM-Finance, HMT). His session provided students with practical finance insights, leadership perspectives, and career advice, effectively connecting classroom learning with real-world challenges. The event was well-received by participating students.

The Chapter successfully conducted a half-day professional development (PD) programme

on 1st May 2025 at the Center for Excellence, Chalikkavattom, Vyttila. The event focused on the critical topic of “Unravelling Financial Reporting under Indian Accounting Standards (Ind AS) – An Effective Tool for Cost & Financial Audit”. The session commenced with a warm and engaging welcome address delivered by CMA Meena George, Chairperson of the Cochin Chapter. The keynote session was led by CMA Ramsankar Mishra, Senior Manager - Finance at MRPL. Drawing from his extensive industry experience, CMA Mishra provided in-depth insights into the framework and application of Ind AS.

The Chapter recently hosted an insightful session as part of the N. P. Gopalakrishnan Memorial Series, focusing on the emerging theme of “Deep Personalisation of Learning via Education 5.0 Landscape for CMAs.” The event began with a warm welcome address by CMA Meena George, Chairperson of the Cochin Chapter, who set the tone for the session by underscoring the importance of embracing future-ready educational paradigms in the profession of cost and management accounting. The keynote address was delivered by Mr. Ullas Ponnadi, an expert in learning transformation, technology, and entrepreneurship. His presentation offered a forward-looking perspective on how Education 5.0 can revolutionize learning through deep personalization, particularly for professionals like CMAs. The event concluded with a vote of thanks delivered by CMA George P Mathew, who expressed heartfelt gratitude to Mr. Ponnadi for his enlightening contribution and to all participants for their active engagement and presence.

The Chapter organized a special programme titled "Chat with CMA Legends" on the occasion of the 66th Foundation Day Celebration. The event featured a distinguished panel, with CMA K.N.G. Kurup, Retired General Manager of HMT, Past Chairman of the Chapter, Practicing Cost Accountant, and Senior Faculty Member of the Cochin Chapter, as the key speaker. CMA Kurup shared insightful reflections on his professional journey and experiences, which resonated deeply with both the senior members and the younger audience. CMA Renjini R, Chairperson of the Cochin Chapter, warmly welcomed the gathering

and set the tone for the event with her inspiring address. The programme concluded with a vote of thanks by CMA Arun Kumar S., Chairman of the Professional Development Committee.

### TRIVANDRUM CHAPTER

#### PD Programme on CMA's Role in ESG, Social Audit & FDI

Trivandrum Chapter organized a professional development session on 22nd April 2025 featuring CMA Chittaranjan Chattopadhyay (ICMAI Council Member & Chairman, BFSI Board). The program explored emerging opportunities for CMAs in ESG compliance, social audits, and foreign direct investment frameworks.

#### Industry Training for Final Students (17/04 - 11/05/2025)

The Chapter conducted a 10-day intensive training for June 2025 exam candidates, covering:

- ⦿ Project financing & digital finance
- ⦿ Working capital management
- ⦿ Taxation & audit practices
- ⦿ Company formation & contracts
- ⦿ Career skills (interview techniques, GD, resume writing)
- ⦿ Risk management & MIS reporting

Eminent practitioners delivered practical-oriented sessions to bridge academic-industry gaps.

### KOZHIKODE-MALAPPURAM CHAPTER

#### NAVAYUV 2025: Celebrating 5 Years of Excellence

The Kozhikode-Malappuram Chapter celebrated its 5th Foundation Day with *NAVAYUV 2025* on April 5, 2025, at P. Krishna Pillai Memorial Auditorium, Calicut. This flagship student festival, organized by the Students' Committee, featured cultural performances, competitions, and networking opportunities for CMA aspirants.

The event was inaugurated by CMA T.C.A. Srinivasa Prasad (ICMAI Vice President), with Shri V. Abdurahiman (Kerala Minister for Sports & Railways) as Chief Guest. Chapter Chairman

CMA Askar Ali P.C. delivered the welcome address, joined by dignitaries including CMA H. Padmanabhan, CMA Praveen Kumar, and CMA Vijay Kiran Agastya.

True to its name ("New Youth"), NAVAYUV highlighted the Chapter's commitment to nurturing future CMAs through creativity, leadership, and professional camaraderie. The fifth edition marked a milestone in the Chapter's journey, blending celebration with inspiration.

#### Seminar on Recent Amendments in Companies Act & MCA Filing

The Kozhikode-Malappuram Chapter organized an insightful seminar on *"Recent Amendments in Companies Act and MCA Filing – Analysis and Impact"* on 3rd May 2025 in Calicut. Inaugurated by CMA Askar Ali P.C. (Chapter Chairman), the event featured an expert session by CS George Mathew (FCS, FCG(UK)), who analyzed key regulatory updates and their practical implications for corporate compliance. The seminar provided valuable guidance to members on navigating these changes effectively.

### COIMBATORE CHAPTER

On 7th May 2025, the Coimbatore Chapter represented by its Chairman, CMA (Dr.) R. Maheswaran, signed an MOU with Dr. N.G.P. Arts and Science College, Coimbatore represented by its Principal Dr.Saravanan.

The Chapter organized a PD workshop on May 10, 2025, focusing on the theme "Leveraging Business Opportunities through Third-Party Certifications." The session featured Shri A. Shanmugam, Global Scheme Manager SA8000, TUV Rheinland (India) Pvt. Ltd. as the keynote speaker. The program emphasized how third-party certifications such as ISO standards for quality, environment, safety, and sustainability enhance business credibility, compliance, and growth potential.

The Chapter successfully organized a Campus Placement Drive on 17th May 2025 at Dr. NGP College of Arts and Science. This exclusive placement event was conducted for candidates

who successfully completed their Final CMA examinations in December 2024. On behalf of the Chapter, CMA (Dr.) R.Maheswaran, Chairman, CMA Subramaniam Kumar, Secretary, CMA Suryaprakash, Vice Chairman, CMA Surender Kumar, Treasurer and CMA Hariharasubramanian A, Management Committee Member participated in the convention.

In order to create awareness among our members of the changing trend in the business environment, the chapter had organised a Professional Development Programme on 28th May, 2025 at the new Chapter premises. The Chief Guest for the programme was CMA M. Gopalakrishnan, Past President of ICAI presided by CMA TCA Srinivasa Prasad, Vice president of the Institute. CMA T.C.A.Srinivasa Prasad, Vice President, ICAI and Shri.K.Ravi, CFO, Roots Group of Companies, Coimbatore was the Chief guest for the inaugural function at the 100th oral coaching session of Coimbatore chapter on 29th May, 2025.

## THRISSUR CHAPTER

The Thrissur Chapter celebrated the 66th Foundation Day of the Institute on 28th May, 2025. CMA Praveen Kumar, Secretary, SIRC, ICAI inaugurated the function by lighting the lamp in the presence of CMA Sreepriya K, Chairperson, CMA O. Balakrishnan, Vice Chairman, CMA P.V.Antony, Secretary and CMA A. P. Madhu, Past Chairman and Chapter member. The Chapter had organised a seminar on “Cyber Fraud and How to mitigate the same” on 31st May 2025. CMA P. V. Antony, Secretary of Thrissur Chapter delivered the welcome speech. CMA Praveen Kumar, Secretary of SIRC of ICAI, CMA Sreepriya K, Chairperson of Thrissur Chapter, CMA O.Balakrishnan, Vice Chairman and CMA P. V. Antony, Secretary presented memento to the speakers. CMA C. N. Narayanan, Chairman, PD Committee delivered the vote of thanks.

## Glimpses of Southern India Regional Council



*Southern India Regional Council*



*Southern India Regional Council*



*Southern India Regional Council*



*Cochin Chapter*





*Cochin Chapter*



*Cochin Chapter*



*Cochin Chapter*



*Trivandrum Chapter*



*Trivandrum Chapter*



*Kozhikode-Malappuram Chapter*



*Coimbatore Chapter*



*Coimbatore Chapter*



*Thrissur Chapter*



*Thrissur Chapter*

## WESTERN INDIA REGIONAL COUNCIL

### AHMEDABAD CHAPTER

#### Campus Placement Drive for Dec'24 CMAs

The ICAI-Ahmedabad Chapter conducted a two-day campus placement drive on 8th-9th May 2025 for December 2024 CMA qualifiers. 14 leading corporates including Vishakha Group, NDDDB, Astral Limited, and Kalpataru Projects participated, offering packages ranging from ₹5.5L to ₹15.5L p.a. (NDDDB's highest offer). Of 85 candidates who attended, selections are ongoing, with several securing positions in top companies.

#### CMA Course Awareness Campaign in Media

The Ahmedabad Chapter organized an electronic and press media conference on 19th May 2025 to promote awareness about the CMA course. CMA Mitesh Prajapati, Chapter Chairman, served as the key spokesperson, highlighting:

- **Course fundamentals** (structure, duration, eligibility)
- **Key benefits** of pursuing CMA after 12th grade
- **Career prospects** and diverse job roles for CMAs

The session aimed to guide students in making informed career choices in cost and management accountancy.

### BARODA CHAPTER

#### Gratitude for Best Chapter Award at NCMAC-2025

The Baroda Chapter is humbled to receive the

prestigious *Best Chapter Award* at NCMAC-2025 in Bhubaneswar. This achievement reflects our team's collective dedication and the support of our members. We remain committed to excellence in advancing the CMA profession.

#### Baroda Chapter's Placement & Training Initiatives

Baroda Chapter successfully conducted placement and training programs, benefiting numerous students and members. These initiatives continue to bridge academic learning with professional opportunities in cost accountancy.

### PUNE CHAPTER

#### Press Conference & Diamond Jubilee Announcement

On 7th May 2025, Pune Chapter leadership including Chairman CMA Nilesh Kekan and Past President CMA Amit Apte addressed media at Patrakar Bhawan, Pune, detailing chapter activities and inviting press to their Diamond Jubilee celebrations from 9th-11th May 2025.

#### Diamond Jubilee Celebrations (9-11 May 2025)

The 3-day event featured:

- ☉ **Day 1 (9th May):** Spiritual commencement with Satyanarayan Pooja, a 17-donor blood drive, and cultural programs including Ganesh Vandana. Dignitaries like CMA (Dr.) D.V. Joshi emphasized the Chapter's 60-year legacy.
- ☉ **Day 2 (10th May):** WIRC's inaugural 'Members in Industry Conclave' on AI integration in CMA



roles, featuring 3 technical sessions and awards for industry achievers. WIRC donated ₹5L to National Defence Fund.

- ☉ **Day 3 (11th May):** Grand finale at Dr. Kalmadi School with Chief Guest Gen. (Retd.) Manoj Naravane discussed national security economics. The day included a souvenir launch, panel discussions, and cultural performances by members.

The celebrations honored past leaders, sponsors, and contributors while showcasing the Chapter's

evolution from its founding in 1965 to becoming a pioneer in AI adoption for CMAs.

### CMA Campus Placement Drive for Tata Motors

The Pune Chapter organized a placement drive on 11th May 2025 at CMA Bhawan, Karvenagar for December 2024 qualifiers. From 24 shortlisted candidates, Tata Motors selected 8 CMAs for key roles. This initiative strengthened industry-academia collaboration, offering fresh graduates premier opportunities in the automotive sector.

## Glimpses of Western India Regional Council



*Ahmedabad Chapter*



*Ahmedabad Chapter*



*Baroda Chapter*



*Pune Chapter*



*Pune Chapter*



*Pune Chapter*



# National Seminar for International Management Accounting Day 'Management Accountants – Future of Governance, Data, Decisions and AI Disruptions in Global Environment a Strategic Foresight'

6<sup>th</sup> May, 2025; SCOPE Complex, Delhi

Organized by the Management Accounting Committee, ICMAI

To celebrate the International Management Accounting day on 6<sup>th</sup> May, Management Accounting Committee of the Institute had organized National Seminar on the theme 'Management Accountants – Future of Governance, Data, Decisions and AI Disruptions in Global Environment a Strategic Foresight'. The event was to explore the evolving landscape of management accounting in today's dynamic business environment. Topics covered included 'Performance Evaluation & Management: Emerging Trends', 'Digital Forensic Audit: Tracing Financial Crimes in Online World', 'Sustainability Initiatives - To Be or Not to Be', 'Decision making in the era of Emerging Technologies', and 'AI & Data Visualization for Management Accountants'.

The program was successfully conducted under the able guidance of Chairman CMA Neeraj D. Joshi. On completion of inauguration session, the welcome address was presented by CMA M. K. Anand, Chairman of Professional Development & CEP Committee, followed by presentation of theme of the seminar by Chairman of Management Accounting Committee. After the address by Vice President, CMA TCA Srinivasa Prasad and the presidential address by President CMA B.B. Nayak, the Guests of Honour were felicitated and welcomed by the dignitaries on the dais. Guests of honour; CMA Rajesh Kumar Dwivedi, Director Finance of BHEL addressed the gathering and then CMA Dr. G. Venkatesh, Principal Advisor (Cost), department of Food and Public Distribution, Government of India addressed the gathering wishing everyone a successful program.

The inauguration session witnessed announcement and release of the restructured, updated course of 'Diploma in Advanced Management Accounting', a portal for DIP.MA is also created at the Institute's official website containing information and registration links for professionals who wish to take admission for the course. The inauguration session also witnessed the declaration of MA awards to be presented to corporate entities in India having excellence in Management Accounting Principles and Practices (MAPP). The award ceremony initiative is to evaluate entities on its maturity level in adoption of Management Accounting Principles and Practices and honour them for their awareness, implementation and resilience to pursue global leadership. It is expected that this initiative will encourage corporate entities to value Cost & Management Accounting practices, adopt and align themselves for the best MAPP and create awareness amongst the society,

instilling a progressive economy. The vote of thanks for the inauguration session was presented by CMA Santosh Pant, Chairman, NIRC of the Institute.

The first technical session was on 'Performance Evaluation & Management: Emerging Trends' presented by guest speaker CMA Ramakanda Sr. Partner M/s Rao Murthy & Associates. The introduction and welcome in this session was presented by CMA Satya Narayan Mittal, Vice Chairman NIRC, the session was chaired by CMA Ashwin G. Dalwadi, Immediate Past President and the comparing was done by CMA Rajendra Singh Bhati, Chairman of Direct Taxation Committee & CAT. The vote of thanks with concluding remarks was presented by CMA Harshad Deshpande, Chairman of Journal & Publications Committee of the Institute.

The second technical session was addressed by Guest of Honour CMA Anupam Agarwal, Director Finance of ONGC Videsh Ltd. The introduction and welcome in this session was presented by CMA Rakesh Yadav, Secretary NIRC. The session was on two topics, 'Digital Forensic Audit: Tracing Financial Crimes in Online World' presented by guest speaker Mr. Ajay Singh, Sr. Partner Deloitte and on 'Sustainability Initiatives – To be or not To be' presented by CMA Dr. Ashish P Thatte, Chairman of Sustainability Standards Board of the Institute. The session was chaired by CMA Dr. K Ch A V S N Murthy, Chairman of Regional Council and Chapters Coordination Committee, and concluding remarks were presented by CMA Avijit Goswami, Chairman of Members' Facilities Committee of the Institute.

The third technical session was on two topics, 'Decision making in the era of Emerging Technologies' presented by CMA Parvathy Venkatesh, Partner at Ramanath Iyer & Co. and 'AI & Data Visualization for Management Accountants' presented by CMA Harpreet Singh, Certified faculty and Corporate Trainer. The introduction and welcome in this session was presented by CMA Jeewan Chandra, Treasurer NIRC. The session was chaired by CMA Chittaranjan Chattopadhyay, Chairman of BFSI Board, and the comparing with concluding remarks were presented by CMA Navneet Kumar Jain, Chairman of Cooperative Development Board of the Institute.

The participants experienced insightful discussions, expert presentations and knowledge sharing by the eloquent speakers. The program was a great success and attended by huge number of Members and Professionals of various Industries and Students.



With best compliments from



## Direct & Indirect Tax Updates - May 2025

### DIRECT TAXES

- **Notification No. 42/2025 Dated 1<sup>st</sup> May 2025:** In exercise of the powers conferred by section 139 read with section 295 of the Income-tax Act, 1961 (43 of 1961), the Central Board of Direct Taxes hereby makes the rules further to amend the Income-tax Rules, 1962. In the Income-tax Rules, 1962, in Appendix-II, for FORM ITR-5 shall be substituted.
- **Notification No. 43/2025 Dated 3<sup>rd</sup> May 2025:** In exercise of the powers conferred by section 139 read with section 295 of the Income-tax Act, 1961 (43 of 1961), the Central Board of Direct Taxes hereby makes the rules further to amend the Income-tax Rules, 1962. In the Income-tax Rules, 1962, in Appendix-II, for FORM ITR-2 shall be substituted.
- **Notification No. 44/2025 Dated 6<sup>th</sup> May 2025:** In exercise of the powers conferred by section 139 read with section 295 of the Income-tax Act, 1961 (43 of 1961), the Central Board of Direct Taxes hereby makes the rules further to amend the Income-tax Rules, 1962. In the Income-tax Rules, 1962, in Appendix II, for FORM ITR-6 shall be substituted.
- **Notification No. 45/2025 Dated 7<sup>th</sup> May 2025:** In exercise of the powers conferred by section 139 read with section 295 of the Income-tax Act, 1961 (43 of 1961), the Central Board of Direct Taxes hereby makes the rules further to amend Income-tax Rules, 1962. In the Income-tax Rules, 1962, in Appendix II, for FORM ITR-V, shall be substituted.
- **Notification No. 46/2025 Dated 9<sup>th</sup> May 2025:** In exercise of the powers conferred by section 139 read with section 295 of the Income-tax Act, 1961 (43 of 1961), the Central Board of Direct Taxes hereby makes the rules further to amend the Income-tax Rules, 1962. In the Income-tax Rules, 1962, in Appendix - II, for FORM ITR-7 shall be substituted.
- **Notification No. 47/2025 Dated 13<sup>th</sup> May 2025:** In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, the 'Telangana State Pollution Control Board' (PAN AAAGT0080Q), a Board constituted by the State Government of Telangana under Water (Prevention and Control of Pollution) Act, 1974 (6 of 1974), in respect of the following specified income arising to that Board, namely:- (a) consent fees received under the Water (Prevention & Control of Pollution) Act, 1974 (6 of 1974) and Air (Prevention & Control of Pollution) Act, 1981 (14 of 1981) (b) analysis fees or air ambient quality survey fees or noise level survey fees (c) reimbursement of the expense received from Central Pollution Control Board towards National Water Quality Monitoring Programme and National Air Quality Monitoring Programme like schemes (d) authorisation fees (e) cess reimbursement and cess appeal fees (f) grants from State or Central Governments (g) fees received under the Right to Information Act, 2005 (22 of 2005) (h) interest on loans and advances given to staff ; (i) miscellaneous income like tenders fees etc. (j) penalties for non-compliance and invoking of Bank Guarantees and (k) interest earned on (a) to (j) above. This notification shall be effective subject to the conditions that Telangana State Pollution Control Board (a) shall not engage in any commercial activity (b) activities and the nature of the specified income shall remain unchanged throughout the financial years and (c) shall file return of income in accordance with the provision of clause (g) of sub-section (4C) of section 139 of the Income-tax Act, 1961.
- **Notification No. 48/2025 Dated 14<sup>th</sup> May 2025:** In exercise of the powers conferred by clause (48) of section 2 of the Income-tax Act, 1961 (43 of 1961), read with clause (ii), clause (iii) and clause (v) of sub-rule (3) and sub-rule (6) of rule 8B of the Income-tax Rules, 1962, the Central Government hereby specifies the bond with the following particulars as zero coupon bond for the purposes of the said clause (48) of section 2 of the said Act. (a) name of the bond - Ten Year Zero Coupon Bond of Indian Railway Finance Corporation Ltd. (b) period of life of the bond - Ten years (c) the time schedule of the issue - To be issued on or before the 31<sup>st</sup> day of March 2027 of the bond (d) the amount to be paid on maturity - Rs.10,000 crores or redemption of the bond (e) the discount - Rs. 4,916.51 crores (f) the number of bonds to be issued - Ten lakh.
- **Notification No. 49/2025 Dated 19<sup>th</sup> May 2025:** In exercise of the powers conferred by sub-section (8A) of section 139 read with section 295 of the Income-tax Act, 1961 (43 of 1961), the Central Board of Direct Taxes hereby makes the rules further to amend the Income-tax Rules, 1962. In the Income-tax Rules, 1962, in Appendix-II, for Form



ITR U, new Form ITR-U (ITR for updated return) shall be substituted.

- **Notification No. 50/2025 Dated 29<sup>th</sup> May 2025:** In the notification of the Government of India, Ministry of Finance, Department of Revenue (Central Board of Direct Taxes), published in the Gazette of India, Extraordinary, Part II, Section 3, sub-section (i), vide number G.S.R. 279(E), dated 30th April, 2025. At page number 125, in Schedule 80IE, after row item “ag”, a new row item “ah” shall be inserted and accordingly, for the Schedule 80IE, the following schedule shall be substituted.
- **Notification No. 51/2025 Dated 29<sup>th</sup> May 2025:** In the notification of the Government of India, Ministry of Finance, Department of Revenue (Central Board of Direct Taxes), published in the Gazette of India, Extraordinary, Part II, Section 3, sub-section (i), vide number G.S.R. 286(E), dated 01st May, 2025. At page number 114, in Schedule 80IE, after row item “ag”, a new row item “ah” shall be inserted and accordingly, for the Schedule 80IE, the following schedule shall be substituted.
- **Circular No. 06/2025 Dated 27<sup>th</sup> May 2025:** Extension of due date for furnishing return of income for the Assessment Year 2025-26. The Central Board of Direct Taxes (CBDT), in exercise of its powers under Section 119 of the Income-tax Act, 1961 (‘the Act’), extends the due date of furnishing of Return of Income under sub-section (1) of section 139 of the Act for the Assessment Year 2025-26 in the case of assessee referred in clause (c) of Explanation 2 to sub-section (1) of section 139 of the Act, which is 3 pt July, 2025 to 15th September, 2025.

## INDIRECT TAXES

### CUSTOMS

- **Notification No. 29/2025-Customs Dated 9<sup>th</sup> May 2025:** In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby exempts goods of the description specified in column (2) of the TABLE below and falling within the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) (hereinafter referred to as the said Act), when imported into India, from the whole of the duty of customs leviable thereon specified in the said Schedule, subject to the rele-

vant conditions specified in the Annexure to this notification, the Condition number of which is referred to in the corresponding entry in column (3) of the TABLE.

- **Notification No. 30/2025-Customs Dated 23<sup>rd</sup> May 2025:** In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 55/2022-Customs, dated the 31st October 2022, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 796(E), dated the 31st October 2022, namely:- In the said notification, in the TABLE, against Sl. No. 1, in column (5), for the entry, the entry “-” shall be substituted.
- **Notification No. 31/2025-Customs Dated 30<sup>th</sup> May 2025:** In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962) read with section 124 of the Finance Act, 2021 (13 of 2021), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby amends the following notifications of the Government of India in the Ministry of Finance (Department of Revenue), specified in column (2) of the Table, to the extent specified in the corresponding entries in column (3) of the said Table.
- **Circular No.16/2025-Customs Dated 11<sup>th</sup> May 2025:** Anti-Dumping Duty on imports of “Titanium Dioxide” originating in or exported from China PR. The said notification has recommended that Anti Dumping Duty be levied only for specified end uses, and excludes from its scope Titanium Dioxide for use in products covered under its description relating to food, pharma, skin-care, textile, fibre, or nano or ultra fine titanium dioxide. To enable those importers of Titanium di-oxide for use in those excluded products/sectors in terms of the notification, to make electronic declaration during BE filing, DG (Systems) shall issue suitable advisory relating to system implementation.

### Sources:

*incometax.gov.in, cbic.gov.in*

# RESEARCH BULLETIN

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## THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

(Statutory Body under an Act of Parliament)

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**Research Bulletin, Vol. 51 No. II July 2025 (ISSN 2230 9241)**

### Call for Research Papers/Articles

We invite you to contribute research paper/article for "Research Bulletin", a peer-reviewed Quarterly Journal of The Institute of Cost Accountants of India. The aim of this bulletin is to share innovative achievements and practical experiences from diverse domains of management, from researchers, practitioners, academicians and professionals. This bulletin is dedicated to publishing high quality research papers providing meaningful insights into the management content both in Indian as well as global context.

### Guidelines to submit full Paper

- ⊙ Soft Copy of the full paper should be submitted in double space, 12 font size, Times New Roman, keeping a margin of 1 inch in four sides, MS Word (.doc) format.
- ⊙ Each paper should be preferably within 5000 words including all.
- ⊙ An abstract of not more than 150 words should be attached.
- ⊙ The cover page should contain the title of the paper, author's name, designation, official address, contact phone numbers, e-mail address.

Papers are invited on the following topics, but not limited to:

- ▲ Sustainable Development Goals & Strategies for organizational sustainability
- ▲ Circular Economy and Digitalization
- ▲ Work-life Balance and Stress Management
- ▲ Analytics for Sustainable Business
- ▲ Hyper-automation and the Evolving Workforce
- ▲ Cross-Border Ecommerce
- ▲ Quality Management and Assurance
- ▲ Green Supply Chain Management
- ▲ Corporate Governance
- ▲ Financial Risk Management
- ▲ Corporate Social Responsibility
- ▲ Microfinance
- ▲ Banking & Insurance
- ▲ Taxation
- ▲ Venture Capital Financing
- ▲ Green financing for Resilient Future

**Papers must be received within**

**15<sup>th</sup> August, 2025**

**in the following email id:**

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# The Institute of Cost Accountants of India

(Statutory Body under an Act of Parliament)

[www.icmai.in](http://www.icmai.in)

## Advisory for Renewal of Certificate of Practice For 2025-26

The members of the Institute holding Certificate of Practice (CoP) having validity up to 31<sup>st</sup> March, 2025 are requested to comply with the following guidelines for renewal of their Certificate of Practice:

1. The following changes consequent to amendment of the Cost and Works Accountants Regulations, 1959 vide Notification dated 4<sup>th</sup> February, 2011 published in the Gazette of India may be noted:
  - a. The validity of a Certificate of Practice (CoP) is for the period 1<sup>st</sup> April to 31<sup>st</sup> March every year unless it is cancelled under the provisions of the Cost and Works Accountants Act and Regulations, 1959 as amended.
  - b. The Certificate of Practice issued shall automatically be renewed subject to submission of prescribed Form M-3 (duly filled in) and payment of renewal fee\* and annual membership fee\*.
  - c. From the year 2011-12 onwards, letter for renewal Certificate of Practice is not being issued. However, the members concerned may download the renewal status from the Institute's website [www.icmai.in](http://www.icmai.in).  
Link: <https://eicmai.in/MMS/Login.aspx?mode=EU>
2. It may please be noted that under Section 6 of the Cost and Works Accountants Act, 1959, **both the Annual Membership Fee\* and Fee for Renewal of Certificate of Practice\*** falls due on 1<sup>st</sup> April each year.
3. Special attention is invited to the fact that the validity of a Certificate of Practice expires on **31<sup>st</sup> March** each year unless it is renewed on or before the date of expiry in terms of the amended Regulation 10 of the Cost and Works Accountants Regulations, 1959. Hence, a member shall be required to renew the certificate of Practice within **31<sup>st</sup> March** every year.
4. **If the Certificate of Practice of a member is not renewed within 31<sup>st</sup> March, 2025, his/her status of CoP from 1<sup>st</sup> April 2025 till the date of renewal would be "Not Active".**
5. Subject to what has been mentioned in Sl. No. 3 & 4 above, a member can get his/her Certificate of Practice for 2024-25 renewed within **30<sup>th</sup> June, 2025**. If application for renewal of Certificate of Practice is made after 30<sup>th</sup> June, 2025, the member's Certificate of Practice for 2025-26 will not be renewed but will be considered as a case of restoration of Certificate of Practice till 31/03/2026. This restoration is applicable only to the CoP holders whose CoP is valid till 31/03/2025. For restoration of Certificate of Practice, he/she has to pay Rs. 500/-\* as restoration fee in addition to the **prescribed fees \* along with duly filled in form 'M-3'**.
6. It may please be noted that mere payment of fees \* alone will not be sufficient for renewal of Certificate of Practice. Application in prescribed Form M-3 is to be used for Renewal of Certificate of Practice duly filled in and signed is **mandatory**. The soft copy of prescribed Form M-3 for Renewal of Certificate of Practice can be downloaded from Institute's website [www.icmai.in](http://www.icmai.in).  
Link: <https://eicmai.in/external/PublicPages/WebsiteDisplay/PractitionersForms.aspx>
7. The Institute has introduced a scheme of Continuing Education Programme (CEP) and the same is mandatory in accordance with provision to sub-regulation (1) of Regulation 10 of the Cost and Works Accountants Regulations, 1959, as amended, whereby no Certificate of Practice and renewal thereof shall be issued unless a member has undergone minimum number of hours of such

training. The detailed guidelines in this connection are available on Institute's website [www.icmai.in](http://www.icmai.in). Link: [https://icmai.in/upload/Institute/Updates/CPE\\_March\\_24\\_Rev.pdf](https://icmai.in/upload/Institute/Updates/CPE_March_24_Rev.pdf)

8. For renewal and application of new CoP issued on and from 1<sup>st</sup> February, 2019, please refer to Notification **F. No. CWA/21/2019 dated 1<sup>st</sup> February, 2019 and subsequent corrigendum dated 8<sup>th</sup> March, 2019**. Link: <https://icmai.in/icmai/news/5435.php>). Accordingly new CoP holders on and from 1<sup>st</sup> February, 2019 are required to comply with Mandatory Capacity Building Training (MCBT) requirement for renewal of CoP for the FY 2025-26.
9. **Other relevant issues for Renewal of Certificate of Practice are as follows:**
  - a. Application for renewal of Certificate of Practice upto 31<sup>st</sup> March, 2026 has to be made in prescribed Form M-3 which may be filled online or through hard Copy of form duly filled in and signed on both sides together with Renewal Certificate of Practice fee of Rs. 2,000/-\* and all other dues to the Institute on account of annual membership fees \* and entrance fees \*.
  - b. The annual membership fee for Associate and Fellow members are Rs. 1,000/-\* and Rs. 1,500/-\* respectively. The entrance fee \* for Associate and Fellow members is Rs. 1,000/-\* each payable at a time at the time of application for admission to Associateship or advancement to Fellowship, as the case may be.
  - c. The fees \* may be paid online or by Demand Draft/at par cheque payable at Kolkata if remitted by post to the Headquarters of the Institute.
  - d. Members should note that the **renewal of Certificate of Practice can be effected only after receipt of the prescribed fees \* along with duly filled in form at the Headquarters of the Institute and on meeting the stipulated CEP credit hours**. Mere submission of the same at the Regional Councils or Chapters will not be sufficient. Members are advised to make payment directly to the Headquarters or use the online facility of submission of application and payment to avoid any delay.

**All practising members are advised to send their application for renewal of Certificate of Practice for the year 2025-26 along with other requirements as indicated above immediately so as to reach the Institute's Office at Kolkata well in advance to enable the Institute to issue the renewal of Certificate by 31<sup>st</sup> March, 2025.**

### Renewal of Part-time Certificate of Practice

1. For renewal of part-time Certificate of Practice, it is also essential to furnish a certificate from the employer in the following form or in a form as near thereto as possible if the practising member has undertaken any employment or there has been a change in employment:

"Shri/Smt ..... is employed as designation)  
..... and (name of Organisation) .....  
he/she is permitted, notwithstanding anything contained in the terms of his/her employment,  
to engage himself/herself in the practice of profession of Cost Accountancy in his/her  
spare time in addition to his/her regular salaried employment with us.

Signature of Employers with seal of Organisation"

2. It may be noted that members holding Part-time Certificate of Practice (CoP) are not eligible to undertake statutory assignments like Cost Audit, Central Excise Audit, etc.

*\*GST is applicable against payment*

# THE MANAGEMENT ACCOUNTANT

## PAPERS INVITED

Cover Stories on the topics given below are invited for '*The Management Accountant*' for the four forthcoming months

July 2025	Theme	Co operatives - Driving force of Indian economy	Subtopics	<ul style="list-style-type: none"> <li>Regulatory Framework and Compliances: Best Practices, Issues and Hurdles in Implementation for the Cooperative sector in India</li> <li>Implementation and Relevance of Establishment of Multi-Purpose Cooperative Societies</li> <li>Issues and Implication of Digitization of Cooperative Societies</li> <li>Implementation and Efficacy of Rural and Urban Cooperative Initiatives and Different Government Schemes in the Cooperative Sector</li> <li>Role of Cost and Management Accountants (CMAs) in the Cooperative Sector.</li> <li>Issues and opportunities/performance in the new emerging areas such as Common Service Centre, Warehousing, Petrol Pumps, Water Cooperatives, Value Chains, etc. at PACs level.</li> <li>India's cooperative movement - A pillar for sustainable growth</li> <li>Self reliance, self sufficiency - Enduring principle of cooperative</li> <li>Co operatives fostering growth of rural economy</li> <li>Building opportunities through inclusion of marginalised group</li> </ul>
August 2025	Theme	IFSC: Emerging as a dominant Gateway for India's Financial Sector	Subtopics	<ul style="list-style-type: none"> <li>IFSC - Future foundation of financial sector</li> <li>Key functions and responsibilities of IFSC</li> <li>IFSC - a parallel pillar to Banking sector</li> <li>Cross border financial services and dispute resolution platform</li> <li>IFSC - a paradigm shift from traditional banking</li> <li>Regulatory functions of IFSC</li> <li>IFSC connects India to global fintech</li> <li>Key benefits of Global in House Centre (GIC)</li> </ul>
September 2025	Theme	AI – The Genesis of the Virtual World of Business	Subtopics	<ul style="list-style-type: none"> <li>AI Shaping the Modern Business Landscape</li> <li>Transforming Legacy Systems to E-commerce</li> <li>AI-Driven Redesign of Business Processes for Agility and Efficiency</li> <li>AI-Powered Automation: Accelerating Business Workflows</li> <li>AI in Everyday Business: Real-World Applications</li> <li>Opportunities and Challenges Faced While Working on Automated Software</li> <li>The Evolving Role of CMAs in AI Implementation and Auditing</li> <li>Ethical AI in Business: Responsible use, bias, transparency.</li> <li>Generative AI in Marketing and Customer Experience</li> <li>AI and Decision-Making: Enhancing vs. Replacing Human Judgment</li> </ul>
October 2025	Theme	Cost Management in the Modern Era: Redefining Business Strategies for Sustainable Growth and Operational Efficiency- through Cost Management Lenses	Subtopics	<ul style="list-style-type: none"> <li>Sustainability Linked Cost Management: An Integral Component of Enhanced Profitability</li> <li>Evolving Role of CMAs in Project Cost Management–delivering real time insights</li> <li>Azure Cost Management: Optimizing Cloud Spend in the Digital Age</li> <li>Technology driven Cost Management for Operational Efficiency- Linking Industry 4.0</li> <li>Managerial Costing Techniques: Tools for Competitive Advantage</li> <li>Behavioral Aspects of Cost management in Organizations – shifting emphasis from cost to value.</li> <li>Cost Management in Supply Chain and Procurement</li> <li>Global Cost Management: Navigating Currency, Compliance, and Cross-Border Operations</li> <li>Nuances and complexities of cost management in B2B Vs B2C</li> <li>Customer profitability analysis – historical, real time and Predictive</li> <li>Redefining Budgeting – Causal based Budgeting</li> <li>Managing Investments - Evaluating strategy through TCO</li> </ul>

*The above subtopics are only suggestive and hence the articles may not be limited to them only.*

Articles on the above topics are invited from readers and authors along with scanned copies of their recent passport size photograph and scanned copy of declaration stating that the articles are their own original and have not been considered for anywhere else. Please send your articles by e-mail to [editor@icmai.in](mailto:editor@icmai.in) latest by the 1<sup>st</sup> week of the previous month.



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# Benevolent Fund

## FOR THE MEMBERS OF THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

CMA Bhawan, 12 Sudder Street, Kolkata - 700016

### OBJECTIVE

The Fund has been created to provide outright grant of prescribed amount to the member in the event of critical illness of a member / beneficiary of the Fund. It is also for outright grant of prescribed amount to the beneficiary in the event of death of a member of the Fund.

### LIFE MEMBERSHIP FEE

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- ⊙ **Outright grant not exceeding ₹3,00,000.00/- in each case to the beneficiary in the event of death of the member.**
- ⊙ **Outright grant not exceeding ₹1,50,000.00/- in each case to the member and beneficiary for critical illness duly certified by the doctor under whom the treatment is continuing.**

#### Coverage of Critical Illness, leading to hospitalization, may cover the following -

- ⊙ Cancer / Malignancy
- ⊙ Coronary Artery Bypass Graft Surgery
- ⊙ Stroke / Cerebral Attack / Paralysis
- ⊙ Heart Valve Replacement Surgery
- ⊙ Myocardial Infarction (heart attack) / Heart Failure / Pace Maker Surgery / Kidney Dialysis(CKD)/ Renal Failure
- ⊙ Major Organ Transplant
- ⊙ Hemophilia
- ⊙ Thalassemia
- ⊙ Neurological Diseases
- ⊙ Flue Blown acquired Immune Deficiency Syndrome
- ⊙ Multiple sclerosis
- ⊙ Tuberculosis / Bronchopneumonia/ Pleurisy
- ⊙ Permanent disablement
- ⊙ Any other disease that may be considered by the Board of Trustees to be critical in nature.

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# THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

Statutory Body under an Act of Parliament

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Since 1944

The Institute of Cost Accountants of India is a premier professional Institute and a Statutory Body established under an Act of Parliament under the administrative control of **Ministry of Corporate Affairs (MCA), Government of India** to regulate and develop the profession of Cost and Management Accountancy (CMA) in the country.

## CMA COURSE GOING GLOBAL

CMA Courses - Eligibility Criterion

### Admission in Foundation Course

- Passed Class 10 (Require to pass 10+2 before appearing in CMA Examination)
- 10+2 Pass or its equivalent (Students appearing for 10+2 also apply on provisional basis)

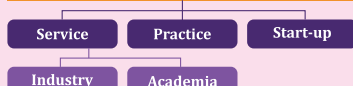
### Registration to Intermediate Course

- Passed CMA Foundation Examination
- Graduates of any discipline (Students awaiting final result also apply on provisional basis)
- Qualified CAT Level - I of The Institute of Cost Accountants of India
- Qualified CA Intermediate; Qualified Engineers; Qualified CS

### Core Strengths of CMA Profession



### Career Opportunities for CMAs



University Grants Commission (UGC) recognizes CMA Qualification as equivalent to PG Degree

CMA Qualification is recognised by NARIC (National Recognition Information Centre of UK) as equivalent to Master's Degree in U.K. and UAE

### Course Fees

FOUNDATION - Rs. 6,000/-

INTERMEDIATE - Rs. 23,100/-\*

FINAL - Rs. 25,000/-\*

\*Installation facility available

### Important Job Roles For CMAs

- CMD
- CEO
- COO
- CFO
- Director - Finance
- President - Finance
- Vice President - Finance
- Head of Finance
- Strategic Head
- Cost Advisor
- Finance Controller
- Cost Controller
- Risk Manager
- Business Analyst
- Research Analyst
- Dean/Professor of Finance

and many more ....

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