

Sameer Jain, Managing Director, Primus Partners & Munish Vaid, Vice President, Primus Partners

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## Why Empowering the MSME Sector is Key to Viksit Bharat



Authored by Outlook Business Desk

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### Article Content:

*India's commitment to net-zero emissions by 2070 has led to a surge in green initiatives. But MSMEs lag far behind larger enterprises when it comes to sustainable practices*

### Key Takeaways

- **MSME Minister** Jitan Ram Manjhi highlighted key platforms such as Udyam Registration and the Samadhan Portal for the sector
- **The objective** of these platforms is to streamline MSME registration, dispute resolution and increase access to financial support
- **India has as** many as 5.93 crore registered MSMEs that employ 25.18 crore individuals, according to the Udyam Portal, the minister added
- **The government** has provided Rs 8.34 lakh crore in loan guarantees for MSMEs as of January 31, 2025, Manjhi said

If India is to achieve its net-zero target by 2070, the millions of micro, small and medium-sized enterprises (MSMEs) across the country must align themselves with sustainable business practices.

But this is easier said than done. Take, for example, micro-entrepreneurs. Investments in sustainable practices make business sense when these measures help cut costs or give a competitive edge—a survival essential for MSMEs.

These were some of the ideas in circulation at the Outlook Planet C3—Climate Circularity Community—Summit & Awards, on March 10 and 11 in Delhi.

Over 2,000 delegates and guests, including industry stakeholders, policymakers, business

leaders and sector experts, held deliberations to come up with solutions to help MSMEs navigate opportunities and challenges in their sustainability journeys.

A ministerial address by Jitan Ram Manjhi, Union Minister for MSME and a fireside chat with actor Jitendra Kumar were among the highlights of the summit.

A series of masterclasses provided the toolkit for small businesses to make the most out of emerging opportunities in carbon markets, emissions accounting, use of technology and adoption of green ratings.

Sessions on the latest developments in the energy transition space, recycling and circularity in resource utilisation, raising of green finance and incentives offered by states in building green ecosystem were among the most sought after by delegates.

Recognition of best industry practices in segments such as energy conservation, waste management, green mobility, water conservation, reducing plastic and energy efficiency through the Outlook Planet C3 Awards were some of the features of Day 2.

### **Surjit Bhalla, ex-ED for India, IMF**

"India's industrial policy has structural issues, especially for MSMEs"

### **Sameer Jain, MD, Primus Partners**

"Not all MSMEs have access to the best of knowledge and solutions"

### **Neeraj Thakur, editor, Outlook Business**

"MSMEs shouldn't be left behind in the race to a sustainable future"

### **Key Takeaways**

- Nearly 83% of SMEs in the country are uninsured. This results in a loss of 2% of India's GDP and must be resolved for India to reach its Viksit Bharat vision, said Dr Tapan Singhel
- New financial instruments are a form of blended finance, said Manoj Mittal, and affordability coupled with best practices can help achieve positive results for the MSME sector

### **Key Takeaways**

- Standardisation of equipments, capacity-building of people and setting up viable business models are the primary challenges hindering the growth of MSMEs, said Ajay Mathur
- Directing renewable energy to key industries will fast-track India's energy transition and bring it closer to its 2047 goals, said Vishal Dhupar, adding that this convergence of technology and energy is crucial

### **Key Takeaways**

- Sustainability is no longer optional, as companies focus on low-carbon, recyclable and plant-based solutions while strengthening recycling infrastructure, said Juhi Gupta
- While large corporations are integrating sustainable supply chains, MSMEs are also stepping up, creating new opportunities by building recycling capacities, said Rajesh Ayapilla.

### **Key Takeaways**

- **India is the** "world's darling in energy transition" due to its achievements in the sector, said Pradeep Tharakan, but its success will require sustained growth and long-term ambitious planning

- **On financing**, Tharakan noted that while domestic and foreign equity investments are strong, "Most debt financing has been from banks and they are now reaching exposure limits."

### Masterclass

- Rohit Kumar, secretary general, Carbon Markets Association of India, said India requires \$10trn in capital investment to achieve its net-zero goal by 2070, adding that this is an opportunity for MSMEs to generate revenue by selling carbon credits to larger emitters "If India is to become a global superpower, our SMEs must be at the core of the development process, supported by a robust ecosystem"

### Dr Tapan Singhel

MD and CEO, Bajaj Allianz General Insurance & chairman, GI Council

"We must ensure that MSMEs are not only financially supported but also equipped to meet future environmental challenges"

### Ashwini Kumar Tewari

MD, corporate banking and subsidiaries, SBI

### Key Takeaways

- **Discussing net-zero** goals in the steel sector, Prakash said India was making efforts to set up clear guidelines through its green steel taxonomy
- **Five-star green** steel refers to steel with emissions below 1.6 tonnes per tonne of steel production, while four-star applies to emissions between 1.6 and 2.0 tonnes
- **Emissions between** 2.0 and 2.2 tonnes is classified as three-star and any steel emitting over 2.2 tonnes is not considered
- **Achieving net-zero** transformation in the steel sector requires adopting technologies like green hydrogen, scrap recycling and carbon capture and storage, Prakash said

### Masterclass

- **Arupendra Nath Mullick**, VP, The Energy and Resources Institute Council for Business Sustainability, said business objectives should align with sustainable goals for firms to get higher scores on ESG rankings. Mullick highlighted that sustainability initiatives should not be solely about fulfilling CSR targets

### Key Takeaways

- **MSMEs focus** on regulatory compliance rather than energy transition, said Raiyaan Shingati, adding that the green transition is mainly driven by customer push
- **India's energy** transition is split across 18 ministries, making coordination difficult, said Saurabh Kumar, pointing to the need for a national energy transition commission

### Masterclass

**Munish Vaid**, VP, Primus Partners, said that technological solutions would enable businesses to optimise resource management, reduce operational costs and meet sustainability goals effectively, while leveraging technology in sustainability efforts would benefit both the environment and business operations

### Key Takeaways

- **The government** is working to bring non-formal enterprises under the formal sector, enabling them to access various schemes and benefits

### Key Takeaways

- **MSMEs adopting** sustainable practices will enhance their competitiveness and access to global markets. The MSME ministry is focusing on energy-intensive clusters, aiming to reduce carbon emissions. Initiatives like the Zero Defect Zero Effect (ZED) certification have seen limited uptake, with less than 1% of MSMEs participating in it. To address this, the government plans to increase awareness through public-private partnerships and training programmes

### Key Takeaways

- **Expecting MSMEs** to go green for solely environmental reasons is unfair, said Ajay Shankar, as their primary focus is survival and revenue generation
- **MSMEs can expand** their reach by collaborating with industry associations, said Prashant Girbane
- **Government schemes** are crucial for promoting sustainability, said Rajiv Chawla, citing the example of Haryana linking MSME incentives to Z-certification

### Key Takeaways

- **The Maharashtra** government is promoting sustainable practices via multiple schemes, said Vimala R, which includes the state's free beekeeping programme that focuses on organic farming as part of efforts to ensure food security
- **Hoping to attract** industries to renewable energy, Arunachal Pradesh has planned multiple incentives, said Saugat Biswas, such as a 50% subsidy and pollution control devices. The state's new industrial policy comes into force on April 1

### Masterclass

- **N Muthusezhiyan**, deputy executive director, CII, highlighted groundwater conservation, waste management and recycling as key strategies for SMEs to achieve sustainability. He also discussed CII's GreenCo Rating System, launched in 2011, which evaluates companies on 10 key performance areas

### Key Takeaways

- **Good storytelling** can spark conversations around sustainability, said Jitendra Kumar, pointing out that films can subconsciously influence people's choices
- **An episode of** Panchayat featuring a solar-powered light sparked his brother's interest in solar energy, Kumar recall

**Chief Minister Sukhvinder Singh Sukhu** highlighted Himachal Pradesh's sustainability efforts in SMEs. The state is also advancing green energy, circular economy practices, and aims to be a green energy state by March, 2026.

**Chief Minister Bhupendrabhai Rajnikant Patel** said Gujarat has been a hub of trade and commerce since over 5,000 years. Today, driven by the entrepreneurial Gujarati spirit, the state acts as the world's gateway to opportunities in India.

**Climate change** is urgent, but green financing still feels out of reach for many. Individuals and industries—especially MSMEs—often struggle to access the right support and resources. We're building a platform to change that, making green financing simpler, more accessible and truly impactful. It's about giving people and businesses the tools they need to go sustainable without feeling lost in the process. Their voices matter, and we're here to make sure they're heard.