



CONCEPT NOTE ON ENTERPRISE DEVELOPMENT

MSME and Informal Employment in Urban Landscape



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1. Context

Enterprises play a significant role in job creation, inclusive growth and poverty alleviation.¹ The importance of enterprises, particularly self-employment opportunities, as a source of jobs in urban areas is well recognised. Therefore, creation of an enterprise culture in a country or society, by promoting awareness among young people about the opportunities and challenges of entrepreneurship and self-employment, has a significant role in shaping their future and that of their country's economic and social development.

Due to their considerable number, and contributions to growth and employment, enterprises, particularly micro enterprises have a pivotal role to play in India's developmental trajectory. The national vision of Viksit Bharat 2047 is associated with transformation in all facets of life. Enterprises have significant potential to contribute to the goal of building developed and progressive India by 2047, by bringing changes to the lives of all marginalised groups, including women, and traditional craftspeople. Moreover, micro enterprises are often complementary to large industries as ancillary units and this sector contributes significantly through its employment and income multiplier effects in the inclusive development of the country.

2. Existing Scenario

India's enterprise landscape is dominated by micro enterprises. According to Annual Survey of Unincorporated Sector Enterprises (ASUSE) in 2022-23, there were about 65 million non-agriculture enterprises in the country. At the same time, till date, there are about 28.5 million 'Udyam' registered micro, small and medium enterprises (MSMEs) and another 20 million on Udyam Assist Platform (UAP).² Thus, there is a sizeable number of relatively small-sized enterprises that exist in this country.

These enterprises contribute significantly to growth, employment and exports. According to estimates, MSMEs contribute around 30% of India's GDP, over 45% of India's exports. They are the second largest employment provider after agriculture. In 2022-23, the non-agriculture, unincorporated enterprises employed about 110 million people, of which more than 50% have been employed in urban areas.³ Udyam and UAP registered enterprises report to employ more than 200 million people as of date. Notably, relatively small-sized enterprises are making significant employment impact and have substantial employment generating potential.

Despite their importance, significant productivity gap exists between small and large firms and a majority of the enterprises in India are micro in size. On average, as compared to larger enterprises, labour productivity, or value added per worker, is nearly half in case of smaller enterprises.⁴ The lower productivity of small enterprises is often attributed to the fact that they are unable to take advantage of economies of scale. Data on Udyam shows that nearly 83% of the MSMEs in India have a turnover value of less than INR2.5 million and more than 90% have an investment value of less than INR 1 million. Moreover, nearly 90% of the persons

¹ Evolution of definition of MSMEs is presented in Table A1 Annexure 1.

² <https://udyamregistration.gov.in/Government-India/Ministry-MSME-registration.htm>

³ Period: October 2022-September 2023; ASUSE, 2022-23 report.

⁴ OECD, accessible at <https://www.oecd-ilibrary.org/docserver/92fce2ff-en.pdf?expires=1724231265&id=id&accname=guest&checksum=B2FA0C50F06367E68B55EEE550DAEE3A;> SME Finance Forum, accessible at <https://www.smefinanceforum.org/post/a-microscope-on-small-businesses>

are employed in micro enterprises. It therefore becomes important to provide additional support to foster development and growth of enterprises for them to scale up.

Promoting entrepreneurship and enterprise development is an important component for harnessing employment potential of India's demographic dividend. It becomes increasingly important in the Indian context given the large size of the informal sector. Enterprise development is the process of nurturing enterprises to help them grow, scale and improve their operations. It entails a) creating enabling environments focused on improving the policy and regulatory frameworks; b) promoting entrepreneurial culture and business development; and c) building sustainable and responsible workplaces, through focused programs and enterprise-level practices.⁵ There are several definitions highlighting the different components of enterprise development (see Box 1). The main goal of enterprise development is to create sustainable businesses that grow and lead to job creation, which, in turn, contributes to economic growth. For this, there is a need to address challenges and provide an enabling environment to foster growth and development of enterprises.

Box 1: Definitions of Enterprise Development

“Sustainable enterprises should innovate, adopt appropriate environmentally friendly technologies, develop skills and human resources, and enhance productivity to remain competitive in national and international markets”. ILO-Labour Conference, 2007.

“Enterprise development is the act of investing time and capital to help people establish, expand or improve business. Enterprise development helps people earn a living or find a way out of poverty, and leads to long-term economic growth for themselves, their families and their communities.” University of Stellenbosch Business School, 2013.

“Enterprise Development is the process of increasing the capacity of individuals, families, groups and organizations to supply useful goods and services profitably to the market. It supports the development of essential business skills, enabling individuals to adapt to changing market conditions, and maintain business growth. Support may be directed at *improving services for entrepreneurs*, such as savings and credit; management training; marketing linkages; and technology transfer - or *improving the policy, regulatory or operating environment* that enables business to thrive.” Department for International Development (DFID), 2000.

This concept paper discusses the key challenges faced by enterprises in India, proposes some solutions to address those challenges and brings out some good practices from states, sectors and schemes. It specifically discusses the challenges faced by an individual in her/his journey to becoming an entrepreneur and establishing an enterprise, starting from challenges that may arise in establishing an enterprise, to scaling it up and to creating a more sustainable enterprise that contributes to long-term and sustainable employment generation and growth.

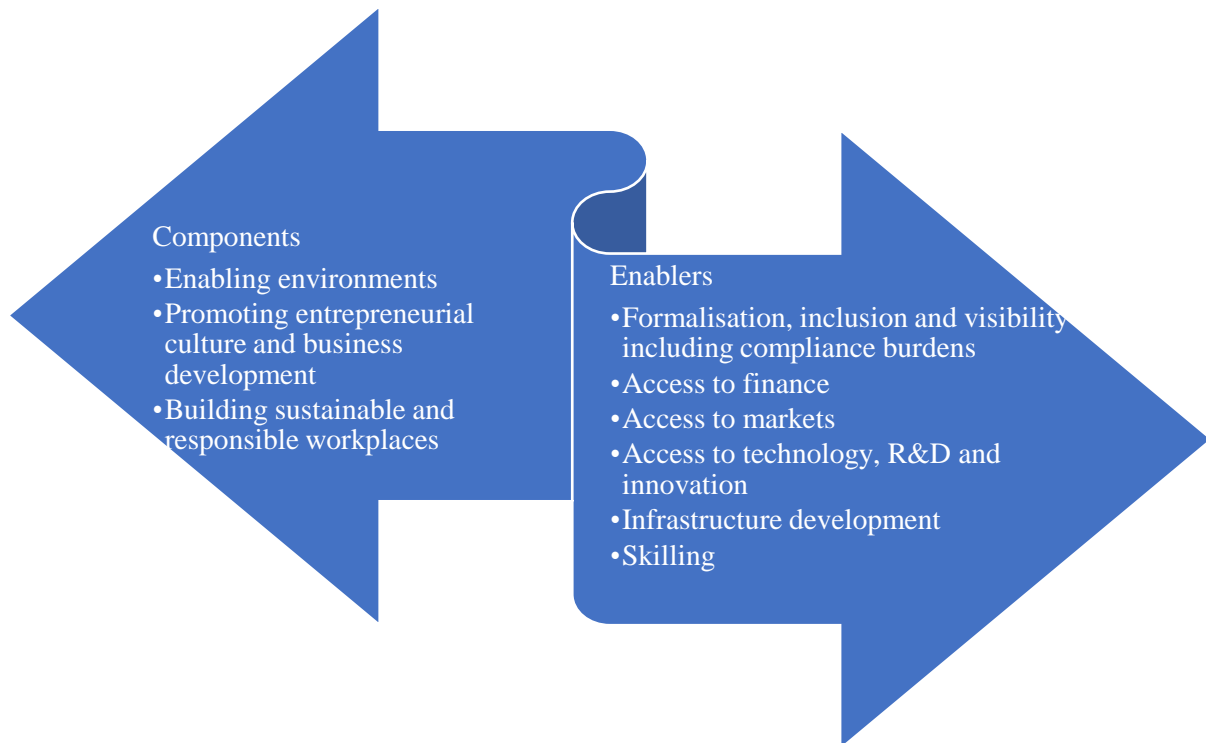
3. Challenges faced by Entrepreneurs and in Enterprise Development

Existing studies highlight that enterprises in India face multiple challenges. These can be categorised in six key challenges, namely (i) formalization, inclusion and visibility, including compliance burden (ii) access to finance, (iii) access to market, (iv) access to technology,

⁵ International Labour Organization (ILO), accessible at <https://www.ilo.org/resource/enterprise-development>

research and development (R&D) and innovation, (v) infrastructural bottlenecks and (vi) inadequate skilling/ re-skilling.

Figure 1: Components of Enablers of Enterprise Development



3.1. Formalisation, Inclusion and Visibility

One of the biggest challenges facing enterprise development in India is the large size of the informal sector, which accounts for half of India’s economic output and more than three-fourth of employment. As per the latest estimates, unincorporated enterprises accounted for gross value added of nearly INR 15 trillion in 2022-23.⁶ The informal sector is associated with low productivity, poor retainment of skilled manpower, poor governance, regulatory compliances, as well as poverty and income inequality. To address the challenges related to formalisation and inclusion of enterprises, particularly micro units, there are three interventions. One, identification of enterprises; two, creating representation and identity and these enterprises and three, improving visibility by fostering the right linkages.

The Udyam registration portal, launched on 1st July 2020 has been a pathbreaking step in the formalization of enterprises, which has also helped in identification of enterprises.⁷ Within the time period of four years, more than 49 million enterprises have registered on the portal.⁸ Moreover, the Udyam Assist Platform (UAP) has been instrumental in formalization of close to two million informal micro enterprises. While such initiatives have been successful in formalisation of enterprises, identity for enterprises can be further strengthened through platforms, like PM SVANidhi and Start-up India initiative, which create a gateway for

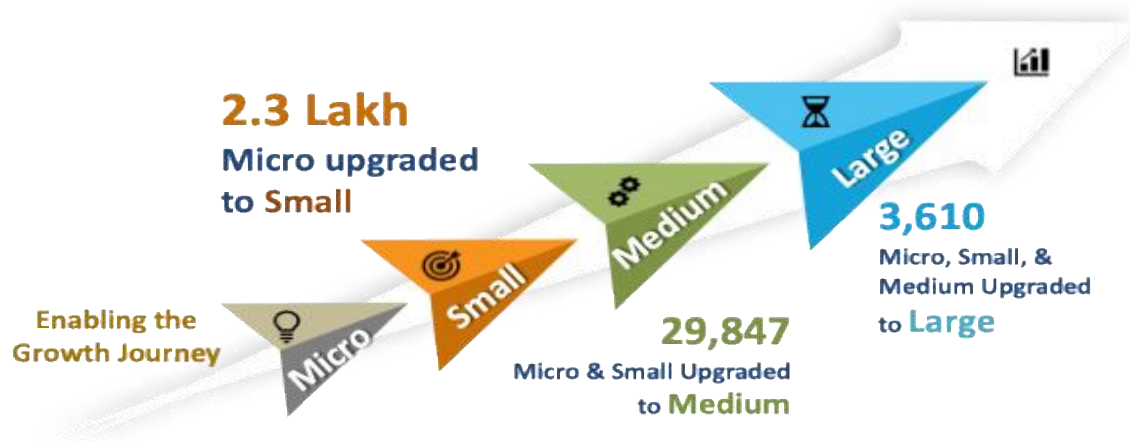
⁶ ASUSE 2022-23.

⁷ It was launched on 1st July 2020. Total number of Udyam registered enterprises are listed in Figure A1 in Annexure 1.

⁸ This includes both Udyam and Udyam Assist Platform (UAP) registration. The UAP was launched in 2023 to support informal sector enterprises in their journey to formal registration.

enterprises to access the schemes designed for them. For saturation, the process needs to be strengthened with greater impetus by states.

Figure 2: Enabling Growth Journey of MSMEs through Formalisation (2020-23)



Source: Ministry of Micro, Small & Medium Enterprises

Strengthening representation and identity of enterprises, particularly MSMEs is important to create a more equitable space for enterprises. Every state can establish its own dedicated MSME Ministry. Currently, Gujarat has a Commissionerate for MSMEs, while states like Odisha, Tamil Nadu, Madhya Pradesh, Haryana, West Bengal, and Uttar Pradesh operate through MSME departments which are located in different ministries. Every state has MSME-Development Facilitation Offices (DFOs) as a part of the Central government and supported by District Industrial Centre (DIC) at the state level. Establishing a separate MSME Ministry in every state would ensure focused attention on the unique challenges and opportunities faced by MSMEs and would also ensure dedicated resources for the purpose.

Due to the small size and large number, creating visibility for enterprises through recognition, fostering linkages and capacity building at state and sector level and is important. This requires three-step intervention. One, mapping focused urban sectors for focused intervention, particularly for start-ups, women-led and services enterprises. For instance, in the north east, tourism, food processing, handloom and handicraft sectors can be recognised and promoted. Two, strengthening the existing linkages of entrepreneurs in various sectors between industrial clusters, industry associations and various financial and technical stakeholders. For e.g. pharma, electronics clusters in Maharashtra; automobile, leather in Tamil Nadu and engineering, pharma in Gujarat have relatively active industry associations having strong linkages. Three, setting-up region/state wise panel of experts; who can be mentors to guide existing and potential entrepreneurs.

A common multilingual support desk for enterprises and aspiring entrepreneurs. As the regulatory and compliance ecosystem for enterprises can be quite cumbersome at times, it is quite logical to provide a 7 day-a-week support mechanism for enterprises to navigate the right path of formalisation and also benefit from the government support systems, while being system compliant. It will boost the confidence of the enterprises and also sensitise them on government initiatives. It is further desirable that physical extensions of this system are established across the country.

3.2. Access to Finance

Access to finance remains an intractable problem for enterprise development. There are both supply side and demand side issues. On the supply side, stringent lending criteria, perceived risk and limited understanding of their unique needs within the banking sector, which render it unprofitable for commercial banks to focus on such enterprises as their main debt clientele. Additionally, new dimensions such as lack of standards and credit enablement for small and micro-enterprises hindering green financing options have emerged. On the demand side, poor financial literacy, lack of adequate collateral and lack of awareness of schemes and policies are additional challenges that lead to low credit access for enterprises. The following measures may be considered for better access to finance for enterprises.

There is a need for tailored financing products for first-time, new to credit enterprises. As each enterprise is unique, its credit needs are also distinct. However, our financial system lacks tailored financial products. To address this issue, commercial banks and non-banking financial companies (NBFCs) in association with fin-techs can be leveraged to offer solutions by providing customized financial services that address the unique needs of these businesses. Through personalized lending solutions, digital payment systems, supply chain financing, and alternative credit scoring, fin-tech enables new enterprises to access more relevant and flexible financing.

Working capital Financial support/ credit for aspiring entrepreneurs and new and micro enterprises for capex and Pre-opex will provide a head start to their entrepreneurial journey. Making the way to enterprise development a more attractive one, as a step forward from schemes like PM Vishwakarma, SVANidhi and Mudra, a one-time working capital/credit support to unique Micro-enterprises may be extended as grant or a soft loan, without additional security which may be repaid over a period of 3-5 years. It will be a big boost for first generation entrepreneurs particularly coming from weaker sections of the society. In some cases, a 'last mile funding' may be provided to enable the startups or micro enterprises to complete the stressed and/or stalled projects.

There is a need to enhance targets of priority sector loans for micro enterprises. To facilitate dedicated flow of funds from the banks, the existing priority sector lending (PSL) target of 7.5% of adjusted net bank credit (ANBC) or credit equivalent to Micro Enterprises need to be increased to around 10% for Commercial banks and Small Finance Banks. Further, there is no target for Foreign Banks with less than 20 branches in India, which need to be reviewed and a target in the range of 3-5% may be fixed for such banks under PSL targets. A sub-target for priority sector loans for micro enterprises or women-headed enterprises or startups may also be fixed, as a measure to promote such enterprises and to strengthen start up ecosystem.

Strengthening capacity of Banks and NBFCs to be sensitive to the requirements and terms of credit for new and micro enterprises. Aligning with the Union Budget 2024-25, it is crucial to strengthen the capacity of banks and NBFCs to evaluate proposals of micro enterprises effectively, reducing the over-reliance on collateral security, especially under schemes like CGTSME where Banks seem to ask for collateral security in the form of a mortgage or Personal Guarantee even though the loan is covered under the CGTSME scheme. This is a definite deterrent to the micro-enterprises.

Establishing robust green financing mechanism for long-term economic sustainability and environmental responsibility. The recent Union Budgets advocate mobilizing resources through green financing mechanisms such as green bonds, green loans.⁹ For a sustainability perspective, raising funds by enterprises, particularly micro enterprises, through a robust green bond market would provide long-term capital as well as would offer stability and long-term returns to the investors. However, to raise resources through this route would require credit worthiness rating of the micro enterprises, which could be explored through credit enhancement mechanism such as Partial Credit Guarantee Scheme or an alternate credit rating framework for micro enterprises like the Finance, Income and Trade (FIT) ranking developed by CRISIL, Online PSB loans Ltd (OPL) and SIDBI. The private commercial banks shall also be mandated to fund the micro enterprises on such alternate frameworks.

There are existing programmes, which are contributing to enterprise development and promotion of entrepreneurship, especially among vulnerable groups. Prime Minister Employment Guarantee Programme (PMEGP) is a major credit-linked subsidy programme aimed at generating self-employment opportunities through establishment of micro-enterprises in the non-farm sector by assisting traditional artisans and unemployed youth in rural as well as urban areas. Under the Scheme, during FY 2023-24, 89,118 micro units have been assisted with Margin Money subsidy of approximately INR 30 billion, generating estimated employment for around more than 0.7 million persons. This scheme has done particularly well in supporting women-led enterprises and there are interesting cases of success from states like Jammu and Kashmir.¹⁰ There are other initiatives that support enterprise development, particularly in the urban areas, including PM SVANidhi, Deendayal Antyodaya Yojana-National Urban Livelihoods Mission (DAY-NULM), Self-Reliant India (SRI) Fund and PM Rozgar Yojana, among others.

There is a case for mandating domestic financial institutions and banks for earmarking certain percentage of their lending portfolio for micro enterprise lending. For ensuring competitive terms of finance in terms of cheaper interest rate and longer repayment period, this could be done by using corporate social responsibility (CSR) funds. There is a need for bringing in private finance from big private corporate sectors for micro enterprise funding with affordable terms of finance. Towards this, appropriate incentive packages may be developed. As indicated in the union budget, there is a need to creating a new assessment model for new and emerging enterprises, particularly micro enterprises, that takes into account business practices and digital footprint of enterprises for assessing their credit worthiness.

For enabling collateral free loans, innovative solutions need to be formulated. For instance, through digital public infrastructure (DPI) and open banking mechanisms such as Account Aggregator (AA) framework, information collateral can be used to replace physical collateral. The first phase of the AA rollout (April 2022–January 2023) in India has resulted in early positive benefits to the MSME sector. Out of the total loans disbursed during the period, about 38% of the unsecured business loans were disbursed to MSMEs.¹¹ There are also dedicated programmes like the Start-up Village Entrepreneurship Programme (SVEP) under MoRD aimed at supporting entrepreneurship in rural areas in the non-farm sector. There is a need for similar initiatives in urban areas, with the strategy is to promote knowledge about business feasibility, create a community and provide access to loan finance for start-up as well as

⁹ India is one of the top 10 countries in green bond issuance and the Securities Exchange Board of India (SEBI) has come out with detailed regulations on Green Bonds among others, which include definition, external review, tracking of proceeds, and disclosure requirements.

¹⁰ <https://www.deccanherald.com/india/jammu-and-kashmir/jammu-kashmir-takes-lead-in-job-creation-under-pmegp-2934277>; <https://www.deccanherald.com/india/jammu-and-kashmir/women-entrepreneurs-redefining-success-in-kashmir-2814664>

¹¹ For details see <https://icrier.org/pdf/adbi-open-banking-systems-enhancing-financial-access-micro-small-and-medium-sized-enterprises-case.pdf>

scaling-up the existing enterprise. Other programmes like the Women Enterprise Acceleration Fund of INR 12.25 billion, aided by the World Bank supports individual and group enterprises for credit guarantee, interest subvention, prompt repayment and collateral support. About 15-20% of the new entrepreneurs are able to get bank loan through these programmes. More such initiatives should be launched in partnership with multilateral development banks and international financial institutions.

There is a need to improve financial literacy and business skills. Often entrepreneurs struggle with routine protocols of banking. Bringing uniformity in application formats for all the banks and disseminating information on ratios and parameters in easy to understand formats (including infographics, videos, etc.) will improve understanding. High school and graduate-level courses and training programmes on preparing business plans for diversification, expansion by focusing on new products, services and new markets may be introduced. Financial literacy should also become an essential component of higher education curriculum, focusing on practical issues related to banking and finance.

Additionally, platforms for crowdfunding and global market access provide alternative funding sources, while financial management tools aid in better planning and decision-making.

3.3. Access to Markets

Inability to adequately access both domestic and international markets is a crucial challenge impeding growth and development of enterprises. This is because smaller enterprises often do not have relevant information on markets, and market trends, product standards and requirements and other business opportunities. For this, there is a need to provide support to enterprises to address the market access challenges.

To improve access to markets and information, state capacity can be expanded by empowering institutional structures through chambers of commerce/ industry associations, positioning them as key outreach partners. Business membership organizations (BMOs) and associations have a significant role to play in improving enterprises' access to markets. By leveraging these local organizations, the government can ensure better dissemination of information related to markets, schemes and other initiatives like outreach and trade promotion programmes. The BMOs which are engaged in technology development, capacity building, marketing support, export documentation, consortia approach and other collective measures for promotion and development of enterprises should be encouraged through right incentives.

The cost of information is higher for small-sized enterprises. It is both costly and difficult for micro and small enterprises to conduct market research, therefore the government may publish research/studies stating the market trends in emerging sectors and various product categories in different regions of India and also offshore markets. This should be available on the public platform through which new entrepreneurs may gain knowledge to be applied in their existing/new ventures.

There is also a need to disseminate more information and provide onboarding support to enterprises for platforms like the Government e-Marketplace (GeM) and Open Network for Digital Commerce (ONDC). Micro enterprises find it challenging to navigate through these portals. There is a need to simplify these portals from the perspective of micro and small enterprises.

Digitalization is rapidly transforming market access for businesses, but micro enterprises could be at a disadvantage without affordable, equitable and fair access to technology.

When enterprises have limited access to, or understanding of, these technologies, their prospects of acquiring and utilizing these for their benefit is reduced. Small size is a constraint on key inputs requiring specialized knowledge such as technology and skills.¹² Enterprises need to adopt digitalization and online presence (developing their websites) to increase the visibility and recognition. Capacity building initiatives and programmes should be launched to assist firms in accessing wider markets through right use of digital technologies.

3.4. Access to Technology, Research and Development (R&D) and Innovation

It is important to note that micro enterprises cannot innovate or develop in the new and technology intensive sectors on their own. They need special design support, initialization in manufacturing by common facility centres, mentoring and financial support. The sectors need to be identified more so to integrate the enterprises, particularly micro enterprises to global value chains (GVC) in the light of industry 4.0.

There is a need for identifying priority sectors, for sector-specific interventions that contribute in diversifying value chains, improve value added component in trade and promote Make in India initiative. Some of the sectors are solar, carbon fibre manufacturing, biodegradable plastic materials, various paper products, technical textiles, electronics system design and manufacturing (ESDM) sector, mechatronics, low cost automation printed circuit board (PCB) manufacturing, Advanced machining, high-speed power looms. Etc. Similarly there are huge scope in defence production, service sector, medical tourism, event management, etc. The sector specific interventions need to be designed to include enterprises to enable seamless technology transfer between large industry and micro enterprises. Integration of enterprise clusters with industrial corridors can be a case in point.

Additionally, connecting MSEs and startups can be promoted for a win-win partnership by establishing platforms that can facilitate networking and collaboration. MSEs often have a deep understanding of market needs but may lack the resources for research and development (R&D). Startups can fill this gap by providing innovative solutions or by working together on R&D projects. Startups can partner with MSMEs to leverage their established market presence, customer base, and supply chains, while MSMEs can benefit from the innovative solutions, technology, and agility that startups offer. For this, startups can become suppliers or service providers to MSEs, offering cutting-edge technologies, software, or products that MSMEs can integrate into their operations. MSMEs can also help startups scale their production and operations by providing manufacturing, distribution, or logistical support. Startups can pilot their innovations with MSMEs and receive valuable feedback and a market-ready platform for testing.

3.5. Infrastructural Bottlenecks

Major infrastructure challenges include access to physical and digital infrastructure in the country. A majority of the industrial clusters were developed decades ago and need to be upgraded for better connectivity. This is particularly true to cluster in semi-urban areas. Additionally, facilities like power, road connectivity and water connectivity remain unreliable or poor. Additionally, with sustainability requirement, there is a need for waste management facilities, among other things.

To address these issues, first, there is a need for infrastructure mapping. There should be detailed information on all industrial clusters, with the number of units and available facilities.

¹² ABD-ADBI (2015). Integrating SMEs into Global Value Chains: Challenges and Policy Actions in Asia.

This will enable ascertaining status quo. These clusters can then be upgraded in a phased manner.

There are cluster development initiatives such as the Micro & Small Enterprises Cluster Development Programme (MSE-CDP) scheme for development and upgradation of infrastructure. Cluster development is a key strategy for enhancing the productivity and competitiveness of MSE. One of the purposes is to create/ upgrade infrastructure facilities in new/existing clusters for MSEs. Additionally, the objective is to set up Common Facility Centres (for testing, training, raw material depot, effluent treatment, complementing production processes, etc) and enable units switch to sustainable and green production processes and products. There is dedicated intervention for MSEs in Sikkim and north-east region. The effective governance of such infrastructure to the benefit of enterprises should be ensured through awareness, capacity building, exposure and continued support to the members of the clusters.

3.6.Skill Development

Lack of adequate skills is a crucial challenge that requires all round intervention. Programmes specifically designed for enterprise growth and development, sustainable practices, financial literacy and technology adoption and usage are required for sustainable enterprise development. This issue is discussed in detail in the 2nd sub-group on skilling.

Apart from these six major challenges, enterprises faced other issues, operational and regulatory barriers, that often hinder their growth and development. Some of these emerge due to lack of adequate information and knowledge on policies, while others require more systematic interventions like single-window systems and support in establishing and closing businesses, among others things.

Minimum/No compliance requirement for micro enterprises for first 3 years of commencement. Regulatory hurdles lead to significant mortality rate among micro enterprises, which are generally constrained with resources and time. It would be more inviting for new entrepreneurs to set-up enterprises if they are not stuck in the regulatory affairs. They may be encouraged to provide self-declaration while being assisted/handheld to formalise themselves over the period.

It is important to emphasise that the above-mentioned challenges pose far more severe obstacles for enterprises owned by women as compared to men. In addition, there are some obstacles that are faced exclusively by women (women-exclusive challenges). Predominant amongst them are the cultural and social norms that disadvantage women and their entrepreneurial ventures in the labour market. These norms prescribe what is socially acceptable of women's behaviour and what choices are available to them. They tend to result in limited endowments (education, asset ownership, networks), discrimination (legal and financial) and other restrictions (mobility, location, family responsibilities) for women, thereby exacerbating the challenges faced by them in operating their businesses. Box 2 discusses the challenges and way forward specifically for women-led enterprises.

Box 2: Women-led Enterprises – Challenges and the Way Forward

Women-led enterprises are crucial for achieving inclusive economic growth and sustainable development in India. Empowering Women-Led Enterprises aligns with the vision of **Viksit Bharat 2047**, which aims for a developed and prosperous India. There are approximately 15.7 million women-run enterprises in India, constituting about 22% of the overall entrepreneurial landscape. This number has the potential to rise to 30 million with further support¹. Women entrepreneurs are becoming increasingly prominent in India's startup ecosystem, which is the third largest globally. The percentage of startups led by women has grown from 10% in 2017 to 18% recently, highlighting a significant shift in the entrepreneurial landscape.

The current scenario of women-led entrepreneurship in India is a mix of progress and challenges. Women entrepreneurs or women-led enterprises face challenges from both the demand and supply sides when accessing credit. On the demand side, the lack of documentation means there is no recorded evidence of the credit demand from women entrepreneurs. Many women hesitate to seek credit due to fear of denial or initial difficulties securing loans from Self-Help Groups (SHGs) or formal banks. They often rely heavily on personal funds or borrow from relatives and friends, showing a reluctance to increase household debt. Additionally, there are information gaps, as many women lack knowledge about the right credit sources or products. In cases of household emergencies, assets acquired by women-led enterprises are often the first to be liquidated.

On the supply side, women face challenges in accessing credit from financial institutions. Many women entrepreneurs are first-time borrowers with no recorded credit history, and they often cannot offer meaningful collateral. Their business or financial information is often incomplete or under-reported, making it difficult to assess their creditworthiness. Long processing times by the financial institutions often lead entrepreneurs to abandon their plans. Loan amounts are often insufficient, and lending terms do not align with actual business cycles, leading to enterprise failure. To overcome these hurdles, it is essential to identify potential entrepreneurs among self-help group members, capture their credit requirements accurately, and match this demand with appropriate credit supply sources.

A five-point strategy is suggested to address some of these challenges.

1. **Promoting Community Engagement**, involving local communities in identifying potential women entrepreneurs. Awareness programs can also be conducted to highlight the benefits of women-led enterprises.
2. **Building Capacity and Providing Handholding Support**, for skill development and entrepreneurship training at the grassroots level. Local mentorship networks can also be established to support women entrepreneurs.
3. **Improving Access to Finance**, by facilitate access to microfinance and low-interest loans for women entrepreneurs and encouraging the formation of Self-Help Groups (SHGs) to provide collective financial support.
4. **Fostering Market Linkages**, by creating platforms for women entrepreneurs to showcase and sell their products and establishing partnerships with local businesses and e-commerce platforms.
5. **Implementing Public Procurement Policy under MSME effectively**, for promotion and development MSEs by supporting them in marketing of products produced and services rendered by them. Out of the total annual procurement from Micro and Small Enterprises, 3 per cent from within the 25 per cent target shall be earmarked for procurement from Micro and Small Enterprises owned by women. It is required to emphasize the need for effective implementation of the policy to benefit women entrepreneurs

Additionally, establishing dedicated manufacturing enclaves for women-led businesses in every state and creating hubs for women entrepreneurs in the service sector in every district will contribute significantly towards promoting entrepreneurship and enterprise development amongst women.

By implementing these state-specific interventions and leveraging central government schemes, we can create a supportive ecosystem for women-led enterprises, contributing to the overall vision of Viksit Bharat and the achievement of SDG goals. There are several existing schemes and programs both at central and state-level aimed at promoting women-led enterprise. These are listed in Annexure 2.

4. The Way Forward

Enterprise development and entrepreneurship, with focus on micro enterprises are key components for realising the Viksit Bharat 2047 vision of the country. Enterprises, majority of who are MSMEs, have a significant role in growth (30% of GDP) , employment generation (more than 110 million) and export (~45% of the total exports). These enterprises have the potential to become the engine of development for the country. At present, enterprises face several bottlenecks including large size of informal sector, issues with access to finance, market and technology, infrastructural bottlenecks and lack of requisite skills. In addressing each of these challenges, states have a significant role to play.

This paper proposes discussions, deliberations and thereupon actions on-

1. Increased formalisation

Udyam registrations and UAP has yielded immense benefits increasing the coverage of beneficiaries of Government schemes, in context of MSMEs. There is a need to strengthen the existing mechanism with a more integrated approach – linkages with other government platforms and initiatives and greater impetus at state-level. To leverage the potential of MSMEs in terms of contribution to growth, exports and employment, each state may consider a dedicated ministry focussed on these enterprises (MSMEs).

2. Increased access to financial capital

For addressing the financial access issue, a more widespread approach involving centre, states and the private sector is required, along with right technological interventions. Use cases and success stories should be shared, especially in local languages to understand what worked in certain cases, particularly at the state-level. Importantly, there is a need to improve financial literacy, through interventions at the state-level. States should also leverage the bill discounting platforms like TReDS for their departments and PSUs to ensure that MSMEs do not face delayed payments from these entities.

3. Increased Market Access

To expand and grow, enterprises need better market access – both domestically and integrating in international markets. There is a need for creating better linkages, particularly through industry bodies for flow of market information. There is a need for creating better linkages, particularly through industry bodies for flow of market information. New and upcoming enterprises must make better use of digital technologies, for improving market access. There is also need for support to onboard on existing platforms like GeM and ONDC.

4. Reduced Infrastructural bottlenecks

There is a need to address infrastructural bottlenecks, by first mapping the infrastructure and then identifying gaps and problem areas. Many of the new enterprises, especially manufacturing ones are based in industrial zones in peri-urban areas that require better, speedy access and ‘reliable and affordable’ energy. States may take initiatives to remove these bottlenecks. There is merit in connecting start-ups and MSMEs for a win-win outcome.

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manufacturing ones are based in industrial zones in peri-urban areas that require better, speedy access and 'reliable and affordable' energy. States may take initiatives to remove these bottlenecks.

5. Increased participation in global supply chains

To ensure that Indian enterprises are part of the global supply chain, they need to be aware of environmental sustainability and practice it's all possible aspects. By leveraging various initiatives on this front by the Union Government and especially the GIFT and SPICE schemes of the Ministry of MSME, GoI, the states may promote clusters of enterprises that aspire to achieve environmental sustainability.

6. Increased level of Women led enterprises.

Finally, enterprise development is deficient without focus on women-led enterprises. States may focus on creating dedicated manufacturing clusters for women led businesses. Also each district headquarter may have at least one urban hub for women led services businesses that provide not only the co-working space but also a set of shared services that facilitate setting up and running business. There are some successful models of such clusters in Andhra Pradesh, Bihar, Maharashtra among other states.

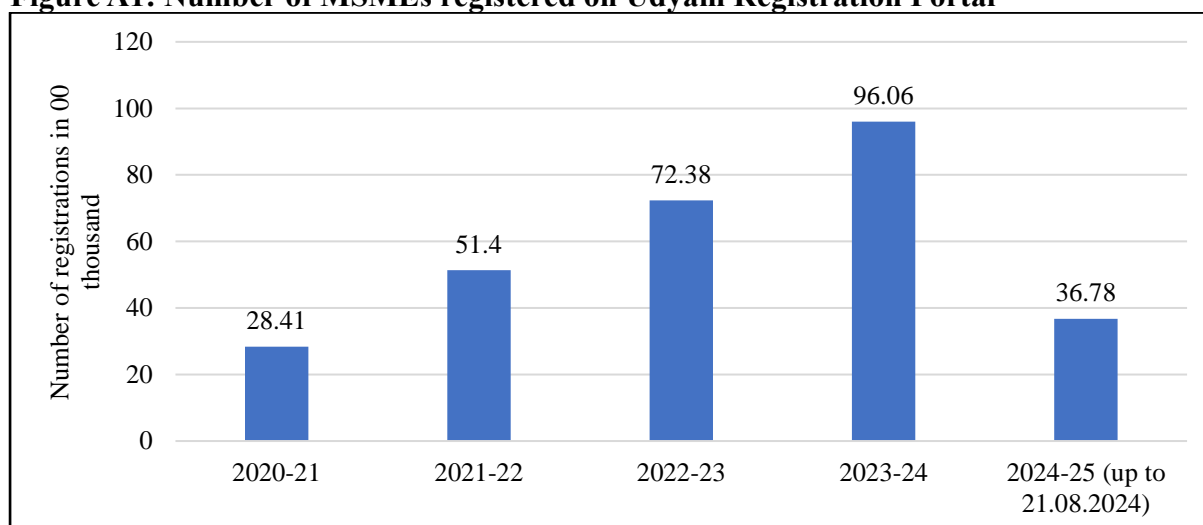
Annexure I: Evolution of MSMEs in India

Table A1: Definitions of MSMEs in 2006 and 2020
Definition as per MSME Act 2006

Enterprise	Investment in Plant and Machinery (Manufacturing)	Investment in Equipment (Services)
Micro	Up to Rs.25 lakh	Up to Rs.10 lakh
Small	Above Rs.25 lakh up to Rs.5 crore	Above Rs.10 lakh up to Rs.2 crore
Medium	Above Rs.5 crore up to Rs.10 crore	Above Rs.2 crore up to Rs.5 crore
Revised definition in 2020		
Enterprise (Both Manufacturing and Services)	Investment in Plant and Machinery or Equipment	Turnover
Micro	Not exceeding Rs. 1 crore	Not exceeding Rs. 5 crore
Small	Not exceeding Rs. 10crore	Not exceeding Rs. 50 crore
Medium	Not exceeding Rs. 50crore	Not exceeding Rs. 250crore

Subsequent to the amendment, Ministry of MSME has launched Udyam Registration Portal on 01.07.2020 where MSME may register themselves for accessing the benefit of the scheme. As on 21.08.2024, total registrations on the portal have reached 2.85 crore with an employment of 18.71 crore. Among the total registrations, 97.25% belong to micro category, 2.51% belong to small category and 0.23% belong to medium category. The year wise registrations are given below in Figure A1.

Figure A1: Number of MSMEs registered on Udyam Registration Portal



Source: Udyam Portal.

Annexure 2: List of Schemes and Initiatives Support Women Entrepreneurs and MSMEs

Government Schemes supporting Women Entrepreneurs

Government of India has various schemes for the women entrepreneurs supporting both tech enabled and non-tech startups like those in the manufacturing or non-IT services sectors. Some of those schemes include-

1. Deendayal Antyodaya Yojana-National Urban Livelihoods Mission (DAY-NULM) aims to bolster Women-Led Enterprises in India through the SHG ecosystem.
2. Ministry of MSME has taken several steps to support women owned enterprises. They include-
 - a. Special drives for registration of women owned MSMEs under Udyam Registration Portal have been undertaken.
 - b. Various fiscal incentives are provided to women entrepreneurs under the Credit Guarantee Scheme for Micro and Small Enterprises.
 - c. ‘Skill Upgradation & Mahila Coir Yojana’ under Coir Vikas Yojana, which is an exclusive training program aimed at skill development of women artisans engaged in the Coir sector.
 - d. The Ministry also implements Prime Minister’s Employment Generation Programme (PMEGP). Under this scheme, women are provided higher subsidy vis-à-vis non special category.
 - e. Participation of women entrepreneurs in trade fairs under Procurement & Marketing Support Scheme is subsidized.

Equally importantly, several state governments in India have launched various initiatives to promote women-led enterprises, aiming to empower women economically and socially. Here are a few notable examples:

1. **Maharashtra:** The state has introduced the “Tejaswini Rural Women Empowerment Programme,” which focuses on enhancing the entrepreneurial skills of rural women through training and financial support.
2. **Tamil Nadu:** The “Amma Two Wheeler Scheme” provides subsidized loans to women to purchase two-wheelers, facilitating their mobility and enabling them to engage in entrepreneurial activities.
3. **Karnataka:** The “Udyogini Scheme” offers financial assistance to women entrepreneurs, particularly those from economically weaker sections, to start and expand their businesses.
4. **Kerala:** The “Kudumbashree Mission” is a prominent initiative that supports women through micro-enterprises, self-help groups, and skill development programs, significantly contributing to women’s economic empowerment in the state.
5. **Rajasthan:** The “Rajasthan Mahila Nidhi” scheme provides microfinance to women entrepreneurs, helping them to start and grow their businesses.
6. **Andhra Pradesh:** The state offers the “YSR Cheyutha” scheme, which provides financial assistance to women entrepreneurs from marginalized communities to start and expand their businesses.
7. **Gujarat:** The “Mission Mangalam” initiative supports women entrepreneurs through self-help groups (SHGs), offering training, financial aid, and market linkages.

संघ राज्य प्रशासन, लद्दाख



THE ADMINISTRATION OF
UNION TERRITORY OF LADAKH

सामान्य प्रशासन विभाग

GENERAL ADMINISTRATION
DEPARTMENT

F.No: A / 91 / 2021 - GAD SEC-Part (1)

ई-मेल/email:
gad.utladakh@ladakh.gov.in

यूटी सचिवालय/UT Secretariat
लेह/Leh, Dated: 18 . 09. 2024

Subject: Submission of Feedback Notes for the 4th National Conference of Chief Secretaries...reg.

Order: 433 - LA (GAD) of 2024

Dated: 18. 09. 2024

TIME
BOUND

The following Officers of the Administration of Union Territory of Ladakh have been nominated for the submission of feedback (concept notes enclosed) on the sub-themes listed below for the 4th National Conference of Chief Secretaries:

A. Creating Enabling Ecosystem – Focus on Tier 2,3 Cities - Manufacturing

1. Mr. Laltinkhuma Franklin, IAS – Commissioner / Secretary PD&MD
2. Mr. Vikram Singh Malik, IAS - Administrative Secretary Tourism & Culture
3. Mr. Mohd Nazir Sheikh, JKAS - Regional Transport Officer Ladakh
4. Mr. Tahir Hussain, JKAS - Director FCS&CA
5. Mr. Swaran Singh, JKAS - Additional Secretary FCS&CA
6. Mr. Sajjad Qadri, JKAS – Director Rural Development / Additional Registrar Cooperative Societies
7. Mr. Ghulam Mohd, JKAS - Additional Deputy Commissioner Leh
8. Mr. Suhail Ahmed, JKAS - Additional Deputy Commissioner Kargil
9. Ms. Kaneez Fatima, JKAS - Tehsildar Khalsti with charge of SDM Khaltsi
10. Mr. Kacho Ali Asgar Khan - Tehsildar Nyoma with charge of SDM Nyoma
11. Mr. Ghulam Mohi-ud-din Wani, JKAS - General Manager DIC Leh

12. Mr. Tsewang Dorjey - Chief Accounts Officer

Fandey

B. Creating Enabling Ecosystem – Focus on Tier 2,3 Cities - Services

1. Ms. Padma Angmo, IIS – Commissioner / Secretary Higher Education
2. Mr. Santosh Kumar Sukhadev, IAS - Deputy Commissioner Leh
3. Ms. Kunzes Angmo, JKAS - Director Tourism
4. Ms. Zahida Bano, JKAS - Special Secretary Health & Medical Education
5. Mr. Zakir Hussain, JKAS - Deputy Secretary
6. Mr. Sonam Norboo, JKAS - Additional District Development Commissioner Leh
7. Mr. Imtiyaz Kachoo, JKAS - Joint Director Information
8. Mr. Shabir Hussain, JKAS - Assistant Commissioner Revenue
9. Ms. Nargis Banoo, JKAS - Programme Officer ICDS
10. Mr. Vishal Atri, JKAS - Tehsildar Drass with charge of SDM Drass
11. Mr. Fesal Iqbal Tantray, JKAS - Assistant Commissioner State Taxes
12. Ms. Kaneez Fatima - Chief Accounts Officer

C. MSME & Information Employment Rural – Non-Farm

1. Mr. Vasanthakumar Namasivayam, IAS – Commissioner / Secretary Health
2. Mr. Shrikant Balasaheb Suse, IAS - Deputy Commissioner Kargil
3. Mr. Mohd Nazir Sheikh, JKAS - Director Industries & Commerce
4. Ms. Tashi Dolma, JKAS - Director Social & Tribal Welfare
5. Mr. A. G Zargar, JKAS - ACD / Project Officer Wage & Employment
6. Mr. Abdul Majid Tantray, JKAS - Deputy Secretary
7. Ms. Sumera Shafi, JKAS - Under Secretary
8. Mr. Sandeep Singh, JKAS - Under Secretary
9. Mr. Mohd Ismail Ganie, JKAS - Tehsildar Durbuk with charge of SDM Durbuk
10. Mr. Sonam Dorje - Tehsildar Kharu with charge of SDM Kharu
11. Mr. Dorjay Gailson, JKAS - Tehsildar Leh
12. Mr. Mohmad Hussain - Deputy Director Planning

Gandey

D. MSME & Informal Employment - Urban

1. Mr. Sanjeev Khirwar, IAS - Principal Secretary Industries & Commerce
2. Mr. Moses Kunzes, JKAS - Director Housing & Urban Development Department
3. Mr. Rigzin Spalgon, JKAS - Additional Secretary
4. Mr. Shashi Kant Bhagat - Additional Secretary Law & Justice Department
5. Mr. Sonam Chhosdon, JKAS - Deputy Resident Commissioner, New Delhi
6. Ms. Padma Angmo, JKAS - ACD / Project Officer Wage & Employment Kargil
7. Mr. Akshay Sharma, JKAS - Under Secretary
8. Mr. Atul Singh Mankotia, JKAS - Under Secretary
9. Mr. Waseem Ramzan, JKAS - Tehsildar Sankoo
10. Mr. Sanjat Bhardwaj, JKAS - Tehsildar Shakar Chiktan with charge of SDM Shakar Chiktan
11. Ms. Arifa Iqbal, JKAS - HQA to DC Kargil
12. Mr. Tsering Angdus - Deputy Director Planning

E. Opportunities in Green Energy - Renewable Energy

1. Mr. Yetinder Marlarkar, IAS - Administrative Secretary FCS&CA
2. Mr. Romil Singh Donk, IAS - SDM Zanskar
3. Mr. Tsering Paldan, JKAS - Director School Education
4. Mr. Mohd Taqi, JKAS - Under Secretary
5. Ms. Dechan Chondol, JKAS - Under Secretary
6. Ms. Rigzin Yangdo, JKAS - Under Secretary
7. Mr. Mohit Sharma, JKAS - Under Secretary
8. Mr. Amir Suhial, JKAS - Under Secretary
9. Mr. Anjil Singh, JKAS - Assistant Director Handicrafts
10. Mr. Imtisaal Rasool, JKAS - Assistant Director Handloom
11. Mr. Aijaz Hussain - Chief Accounts Officer
12. Mr. Stanzin Rabgias - Executive Officer MC Leh

Handwritten signature

F. Opportunities in Green Economy - Circular Economy

1. Mr. Micheal M. D'Souza, IAS - Administrative Secretary GAD, PWD
2. Mr. Safdar Ali, IRS - Additional Secretary Finance
3. Mr. Junaid Amin Bhat, JKAS - Assistant Labour Commissioner Leh
4. Mr. Stanzin Donsal - Chief Accounts Officer
5. Mr. Nilza Angmo, JKAS - District Social Welfare Officer Leh
6. Ms. Padma Angmo, JKAS - District Social Welfare Officer Kargil
7. Mr. Rehmatullah Bhat, JKAS - District Panchayat Officer Kargil
8. Mr. Sarwar Shahzad, JKAS - BDO Pashkum
9. Mr. Khanzada Mohd Usman, JKAS - Assistant Director FCS&CA Kargil
10. Mr. Inzar Rana, JKAS - Assistant Regional Transport Officer Leh
11. Mr. Tufail Iqbal, JKAS - Tehsildar Nubra with Charge of SDM Nubra
12. Mr. Konchok Gyaltson - Deputy Director Planning

The designated officers are requested to submit their feedback notes in the prescribed format (soft copy enclosed) mentioning their name, designation, service, and batch. All feedback notes must reach the respective UT Level Nodal Officer designated vide OM dated 20.08.2024 by or before **23rd September 2024**.

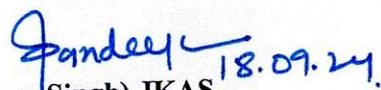
By Order of Competent Authority.

Sd/-
(Michael M. D'Souza) IAS
Administrative Secretary
General Administration Department

Copy to all above officers

Copy also to:

1. *All Administrative Secretaries, UT of Ladakh.*
2. *Deputy Commissioner/CEO, LAHDC, Leh & Kargil.*
3. *All Directors / HODs / Chief Engineers, UT of Ladakh.*
4. *Director, NIC Ladakh.*
5. *Concerned Officers.*
6. *OSD to Hon'ble Lt. Governor, UT of Ladakh for information of HLG.*
7. *Private Secretary to Advisor to Hon'ble Lt. Governor, UT of Ladakh for information of Advisor.*


(Sandeep Singh) JKAS 18.09.24
Under Secretary to the Administration

Annexure - 'I'

बी. वी. आर. सुब्रह्मण्यम
B.V.R. Subrahmanyam
मुख्य कार्यकारी अधिकारी
Chief Executive Officer



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Tel. : 23096576, 23096574
E-mail : ceo-niti@gov.in

D.O. No. M-12017/2/2024-NCSCD

29th July, 2024

Sub: Preparation for the 4th Chief Secretaries' Conference – appointment of Nodal officer and other activities

The theme for the 4th National Conference of Chief Secretaries has been finalised and will be '*Promoting Entrepreneurship, Employment & Skilling - Leveraging the Demographic Dividend*'. Under this theme, there will be 6 sub-themes, grouped under 3 pillars. The details of these and the Nodal Ministries/Departments in the Central Government are given at *Annexure - I*.

2. This was brought to your notice and discussed in the virtual meeting chaired by Cabinet Secretary on 15 July 2024.
3. Preparations for the Chief Secretaries' Conference are quite extensive and begin 5 months in advance. Active involvement and participation of States/UTs with inputs from officers at all levels in States/UTs is essential for developing a blueprint for each of the sub-themes. The concerned nodal Ministries/Departments of Government of India will circulate Concept Notes by 13 August, 2024 for each of the sub-themes and will also hold Workshops on their respective sub-themes with States/UTs during August, 2024.
4. Based on the Concept Notes and the Workshops, States/UTs would be required to provide their inputs for each sub-theme in the form of (1) **Feedback Notes**; and (2) **State Specific Notes**. These notes will serve as inputs from States/UTs for the central nodal Ministries/Departments to prepare a consolidated Background Note on their respective sub-themes. The details regarding the Feedback Note and State Specific Note along with the timelines and templates are at *Annexure - II*.
5. To ensure that this exercise is completed smoothly, with maximum participation in your State/UT and within given timelines, you are requested to ensure the following:
 - a) **Appoint a nodal officer** (Name/designation/email/mobile) of the rank of Additional Secretary from your State/UT.
 - b) Details of the above nodal officer may kindly be communicated to NITI Aayog on the email as-nitiaayog@gov.in by 2nd August, 2024.
 - c) The Nodal officer shall be responsible for ensuring State Specific Notes and Feedback Notes for all 6 sub-themes are prepared by your State/UT and uploaded on the portal as per the timelines (<https://ncsconf.gov.in>).
6. I look forward to your utmost attention and cooperation to make this conference a success.

Yours sincerely,

S/d

(B.V.R. Subrahmanyam)

Encl: As above

To: All Chief Secretaries/Advisors to LGs/Administrators

Copy to:

1. Ms. Leena Nandan, Secretary, M/o Environment Forest and Climate Change.
2. Shri Rajesh Kumar Singh, Secretary, D/o Promotion of Industry and Internal Trade.
3. Shri S. Krishnan, Secretary, M/o Electronics & IT.
4. Shri Bhupinder Singh Bhalla, Secretary, M/o New and Renewable Energy.
5. Shri Shailesh Kumar Singh, Secretary, D/o Rural Development.
6. Shri S.C.L. Das, Secretary, M/o Micro, Small & Medium Enterprises.
7. Shri Ashutosh Jindal, Additional Secretary, Cabinet Secretariat.



BVR
29/7
ok (B.V.R. Subrahmanyam)

Annexure - "I"

Annexure - I

4th National Conference of Chief Secretaries

Theme: Promoting Entrepreneurship, Employment & Skilling - Leveraging the Demographic Dividend

Overall Nodal: Department of Economic Affairs

Pillar No.	Pillar	Sub-theme No.	Sub-theme	Nodal Ministry/ Department
I	Creating enabling Ecosystem - focus on Tier 2, 3 cities	(1)	Manufacturing	Department for Promotion of Industry and Internal Trade
		(2)	Services	Ministry of Electronics & Information Technology
II	MSME & Informal Employment	(3)	Rural Non-farm	Department of Rural Development
		(4)	Urban	Ministry of Micro, Small & Medium Enterprises with Ministry of Housing and Urban Affairs
III	Opportunities in Green Economy	(5)	Renewable Energy	Ministry of New and Renewable Energy
		(6)	Circular Economy	Ministry of Environment, Forest and Climate Change

Annexure - "I"

Annexure - II

Notes to be prepared by States/UTs for 4th National Conference of Chief Secretaries

Sl. No.	Note to be prepared by State/UT	To be shared with	Timeline
1.	Consolidated Feedback Notes on each of the 6 sub-themes above	(1) Respective Central Nodal Ministry; & (2) Upload on the web portal	Latest by 5th October, 2024
2.	State Specific Note on each of the 6 sub-themes above (to be derived from feedback notes) (~5 Pages)	(1) Respective Central Nodal Ministry; & (2) Upload on the web portal	Latest by 15th October, 2024

Note:

Feedback Notes by States/UTs:

- (i) States/UTs to seek inputs in the form of Feedback Notes from officers at all levels including field level functionaries in States/UTs and collate the same and upload on web portal.
- (ii) Individual officers from State/UT must write on minimum 1 sub-theme based on their experience (~2 pages).
- (iii) Example: Andhra Pradesh uploaded consolidated Feedback Notes from ~ 1900 officers for the 3rd National Conference of Chief Secretaries.

Annexure - "II"



संघ राज्य प्रशासन, लद्दाख

सत्यमेव जयते

THE ADMINISTRATION OF
UNION TERRITORY OF LADAKH

सामान्य प्रशासन विभाग

GENERAL ADMINISTRATION
DEPARTMENT

F.No: A / 91 / 2021 - GAD SEC - Part (1)

ई-मेल/email:

gad.utladakh@ladakh.gov.in

यूटी सचिवालय/UT Secretariat

लेह/Leh, Dated: 20/08/2024

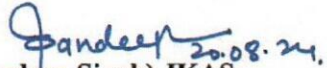
OFFICE MEMORANDUM

Subject: Preparation for 4th Conference of Chief Secretaries-Appointment of Nodal Officer thereof.

Refe: DO Letter No. M-12017/2/2024-NCSCD dated: 29th July, 2024 from NITI Ayog GoI.

The undersigned is directed to enclose herewith a copy of self-explanatory DO letter dated 29th July 2024, received from NITI Aayog, Parliament Street, regarding the above-captioned subject. The commission has informed that the 4th National Conference of Chief Secretaries has been finalized and will be themed "Promoting Entrepreneurship, Employment & Skilling: Leveraging the Demographic Dividend." Under this theme, there will be six sub-themes, grouped under three pillars. The details are provided in Annexure-II.

Active involvement and participation of States/UTs, with inputs from officers at all levels, is essential for developing a blueprint for each of the sub-themes. Based on the Concept Notes and the Workshops, States / UTs would be required to provide their inputs for each sub-theme in the form of (1) Feedback Notes: and State Specific Notes. In this regard, the concerned Administrative Secretaries listed in Annexure I are requested for preparation of the Union territory Specific Notes and Feedback Notes for the respective sub-themes and their uploading on the designated portal as per timelines.


(Sandeep Singh) JKAS

Under Secretary to the Administration

Copy to the:

1. Sh. B.V.R Subrahmanyam, CEO, NITI Ayog, GoI.
2. All Administrative Secretaries, Union territory of Ladakh.
3. Sh. Rigzin Spalgon, JKAS, Additional Secretary, Home Department, UT of Ladakh.
4. Private Secretary to Advisor to Hon'ble Lt. Governor for information of Advisor to Hon'ble Lt. Governor, Ladakh

Annexure - "II"

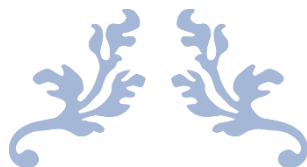
Annexure "II"

Sr. No	Pillar	Sub-theme No.	Sub-theme	Nodal Ministry	UT Level Nodal officer
I.	Creating Enabling Ecosystem- Focus on Tier 2,3 cities	1)	<i>Manufacturing</i>	Department of Promotion of Industry and Internal Trade	Administrative Secretary, Industries & Commerce Department
		2)	<i>Services</i>	Ministry of Electronics & Information Technology	Administrative Secretary, Information Technology Department
II.	MSME & Informal Employment	3)	<i>Rural Non-Farm</i>	Department of Rural Development	Administrative Secretary, Rural Development & Panchayati Raj Department
		4)	<i>Urban</i>	Ministry of MSME with Ministry of Housing & Urban Affairs	Administrative Secretary, Housing & Urban Development Department
III.	Opportunities in Green Economy	5)	<i>Renewal Energy</i>	Ministry of New & Renewable Energy	Administrative Secretary, Power Development & New & Renewable Energy
		6)	<i>Circular Energy Economy</i>	Ministry of Environment, Forest & Climate Change	Administrative Secretary, Forest, Ecology & Environment Department

Sandeep 20.08.24

(Sandeep Singh) JKAS

Under Secretary to the Administration



CONCEPT NOTE ON ENTERPRISE DEVELOPMENT

MSME and Informal Employment in Urban Landscape



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1. Context

Enterprises play a significant role in job creation, inclusive growth and poverty alleviation.¹ The importance of enterprises, particularly self-employment opportunities, as a source of jobs in urban areas is well recognised. Therefore, creation of an enterprise culture in a country or society, by promoting awareness among young people about the opportunities and challenges of entrepreneurship and self-employment, has a significant role in shaping their future and that of their country's economic and social development.

Due to their considerable number, and contributions to growth and employment, enterprises, particularly micro enterprises have a pivotal role to play in India's developmental trajectory. The national vision of Viksit Bharat 2047 is associated with transformation in all facets of life. Enterprises have significant potential to contribute to the goal of building developed and progressive India by 2047, by bringing changes to the lives of all marginalised groups, including women, and traditional craftspeople. Moreover, micro enterprises are often complementary to large industries as ancillary units and this sector contributes significantly through its employment and income multiplier effects in the inclusive development of the country.

2. Existing Scenario

India's enterprise landscape is dominated by micro enterprises. According to Annual Survey of Unincorporated Sector Enterprises (ASUSE) in 2022-23, there were about 65 million non-agriculture enterprises in the country. At the same time, till date, there are about 28.5 million 'Udyam' registered micro, small and medium enterprises (MSMEs) and another 20 million on Udyam Assist Platform (UAP).² Thus, there is a sizeable number of relatively small-sized enterprises that exist in this country.

These enterprises contribute significantly to growth, employment and exports. According to estimates, MSMEs contribute around 30% of India's GDP, over 45% of India's exports. They are the second largest employment provider after agriculture. In 2022-23, the non-agriculture, unincorporated enterprises employed about 110 million people, of which more than 50% have been employed in urban areas.³ Udyam and UAP registered enterprises report to employ more than 200 million people as of date. Notably, relatively small-sized enterprises are making significant employment impact and have substantial employment generating potential.

Despite their importance, significant productivity gap exists between small and large firms and a majority of the enterprises in India are micro in size. On average, as compared to larger enterprises, labour productivity, or value added per worker, is nearly half in case of smaller enterprises.⁴ The lower productivity of small enterprises is often attributed to the fact that they are unable to take advantage of economies of scale. Data on Udyam shows that nearly 83% of the MSMEs in India have a turnover value of less than INR2.5 million and more than 90% have an investment value of less than INR 1 million. Moreover, nearly 90% of the persons

¹ Evolution of definition of MSMEs is presented in Table A1 Annexure 1.

² <https://udyamregistration.gov.in/Government-India/Ministry-MSME-registration.htm>

³ Period: October 2022-September 2023; ASUSE, 2022-23 report.

⁴ OECD, accessible at <https://www.oecd-ilibrary.org/docserver/92fce2ff-en.pdf?expires=1724231265&id=id&accname=guest&checksum=B2FA0C50F06367E68B55EEE550DAEE3A;> SME Finance Forum, accessible at <https://www.smefinanceforum.org/post/a-microscope-on-small-businesses>

are employed in micro enterprises. It therefore becomes important to provide additional support to foster development and growth of enterprises for them to scale up.

Promoting entrepreneurship and enterprise development is an important component for harnessing employment potential of India's demographic dividend. It becomes increasingly important in the Indian context given the large size of the informal sector. Enterprise development is the process of nurturing enterprises to help them grow, scale and improve their operations. It entails a) creating enabling environments focused on improving the policy and regulatory frameworks; b) promoting entrepreneurial culture and business development; and c) building sustainable and responsible workplaces, through focused programs and enterprise-level practices.⁵ There are several definitions highlighting the different components of enterprise development (see Box 1). The main goal of enterprise development is to create sustainable businesses that grow and lead to job creation, which, in turn, contributes to economic growth. For this, there is a need to address challenges and provide an enabling environment to foster growth and development of enterprises.

Box 1: Definitions of Enterprise Development

“Sustainable enterprises should innovate, adopt appropriate environmentally friendly technologies, develop skills and human resources, and enhance productivity to remain competitive in national and international markets”. ILO-Labour Conference, 2007.

“Enterprise development is the act of investing time and capital to help people establish, expand or improve business. Enterprise development helps people earn a living or find a way out of poverty, and leads to long-term economic growth for themselves, their families and their communities.” University of Stellenbosch Business School, 2013.

“Enterprise Development is the process of increasing the capacity of individuals, families, groups and organizations to supply useful goods and services profitably to the market. It supports the development of essential business skills, enabling individuals to adapt to changing market conditions, and maintain business growth. Support may be directed at *improving services for entrepreneurs*, such as savings and credit; management training; marketing linkages; and technology transfer - or *improving the policy, regulatory or operating environment* that enables business to thrive.” Department for International Development (DFID), 2000.

This concept paper discusses the key challenges faced by enterprises in India, proposes some solutions to address those challenges and brings out some good practices from states, sectors and schemes. It specifically discusses the challenges faced by an individual in her/his journey to becoming an entrepreneur and establishing an enterprise, starting from challenges that may arise in establishing an enterprise, to scaling it up and to creating a more sustainable enterprise that contributes to long-term and sustainable employment generation and growth.

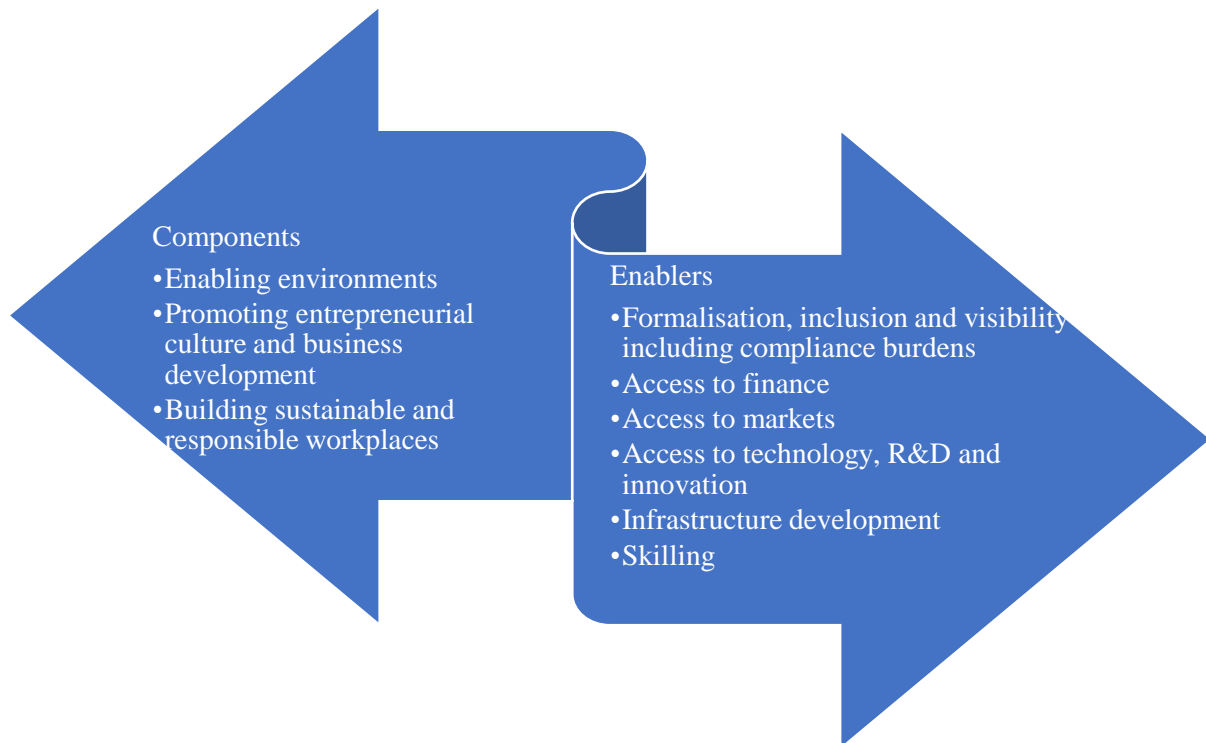
3. Challenges faced by Entrepreneurs and in Enterprise Development

Existing studies highlight that enterprises in India face multiple challenges. These can be categorised in six key challenges, namely (i) formalization, inclusion and visibility, including compliance burden (ii) access to finance, (iii) access to market, (iv) access to technology,

⁵ International Labour Organization (ILO), accessible at <https://www.ilo.org/resource/enterprise-development>

research and development (R&D) and innovation, (v) infrastructural bottlenecks and (vi) inadequate skilling/ re-skilling.

Figure 1: Components of Enablers of Enterprise Development



3.1. Formalisation, Inclusion and Visibility

One of the biggest challenges facing enterprise development in India is the large size of the informal sector, which accounts for half of India’s economic output and more than three-fourth of employment. As per the latest estimates, unincorporated enterprises accounted for gross value added of nearly INR 15 trillion in 2022-23.⁶ The informal sector is associated with low productivity, poor retainment of skilled manpower, poor governance, regulatory compliances, as well as poverty and income inequality. To address the challenges related to formalisation and inclusion of enterprises, particularly micro units, there are three interventions. One, identification of enterprises; two, creating representation and identity and these enterprises and three, improving visibility by fostering the right linkages.

The Udyam registration portal, launched on 1st July 2020 has been a pathbreaking step in the formalization of enterprises, which has also helped in identification of enterprises.⁷ Within the time period of four years, more than 49 million enterprises have registered on the portal.⁸ Moreover, the Udyam Assist Platform (UAP) has been instrumental in formalization of close to two million informal micro enterprises. While such initiatives have been successful in formalisation of enterprises, identity for enterprises can be further strengthened through platforms, like PM SVANidhi and Start-up India initiative, which create a gateway for

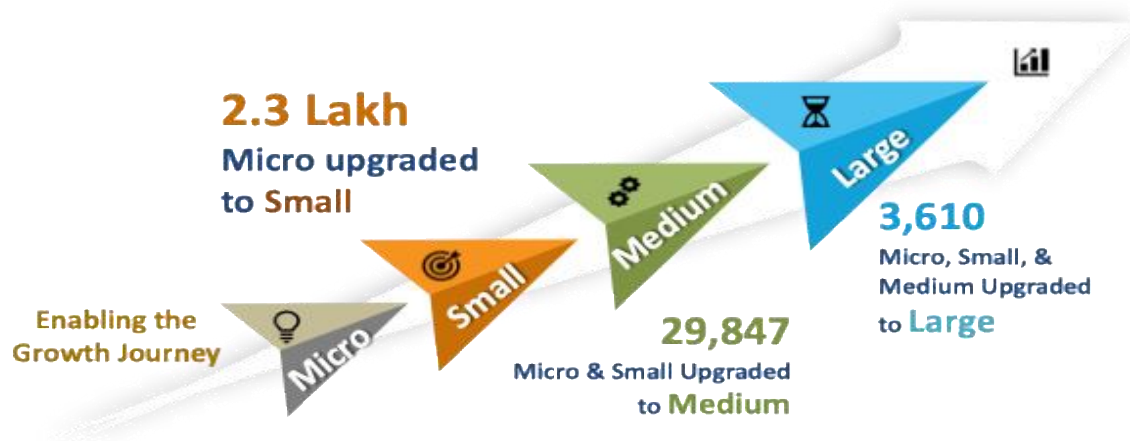
⁶ ASUSE 2022-23.

⁷ It was launched on 1st July 2020. Total number of Udyam registered enterprises are listed in Figure A1 in Annexure 1.

⁸ This includes both Udyam and Udyam Assist Platform (UAP) registration. The UAP was launched in 2023 to support informal sector enterprises in their journey to formal registration.

enterprises to access the schemes designed for them. For saturation, the process needs to be strengthened with greater impetus by states.

Figure 2: Enabling Growth Journey of MSMEs through Formalisation (2020-23)



Source: Ministry of Micro, Small & Medium Enterprises

Strengthening representation and identity of enterprises, particularly MSMEs is important to create a more equitable space for enterprises. Every state can establish its own dedicated MSME Ministry. Currently, Gujarat has a Commissionerate for MSMEs, while states like Odisha, Tamil Nadu, Madhya Pradesh, Haryana, West Bengal, and Uttar Pradesh operate through MSME departments which are located in different ministries. Every state has MSME-Development Facilitation Offices (DFOs) as a part of the Central government and supported by District Industrial Centre (DIC) at the state level. Establishing a separate MSME Ministry in every state would ensure focused attention on the unique challenges and opportunities faced by MSMEs and would also ensure dedicated resources for the purpose.

Due to the small size and large number, creating visibility for enterprises through recognition, fostering linkages and capacity building at state and sector level and is important. This requires three-step intervention. One, mapping focused urban sectors for focused intervention, particularly for start-ups, women-led and services enterprises. For instance, in the north east, tourism, food processing, handloom and handicraft sectors can be recognised and promoted. Two, strengthening the existing linkages of entrepreneurs in various sectors between industrial clusters, industry associations and various financial and technical stakeholders. For e.g. pharma, electronics clusters in Maharashtra; automobile, leather in Tamil Nadu and engineering, pharma in Gujarat have relatively active industry associations having strong linkages. Three, setting-up region/state wise panel of experts; who can be mentors to guide existing and potential entrepreneurs.

A common multilingual support desk for enterprises and aspiring entrepreneurs. As the regulatory and compliance ecosystem for enterprises can be quite cumbersome at times, it is quite logical to provide a 7 day-a-week support mechanism for enterprises to navigate the right path of formalisation and also benefit from the government support systems, while being system compliant. It will boost the confidence of the enterprises and also sensitise them on government initiatives. It is further desirable that physical extensions of this system are established across the country.

3.2. Access to Finance

Access to finance remains an intractable problem for enterprise development. There are both supply side and demand side issues. On the supply side, stringent lending criteria, perceived risk and limited understanding of their unique needs within the banking sector, which render it unprofitable for commercial banks to focus on such enterprises as their main debt clientele. Additionally, new dimensions such as lack of standards and credit enablement for small and micro-enterprises hindering green financing options have emerged. On the demand side, poor financial literacy, lack of adequate collateral and lack of awareness of schemes and policies are additional challenges that lead to low credit access for enterprises. The following measures may be considered for better access to finance for enterprises.

There is a need for tailored financing products for first-time, new to credit enterprises. As each enterprise is unique, its credit needs are also distinct. However, our financial system lacks tailored financial products. To address this issue, commercial banks and non-banking financial companies (NBFCs) in association with fin-techs can be leveraged to offer solutions by providing customized financial services that address the unique needs of these businesses. Through personalized lending solutions, digital payment systems, supply chain financing, and alternative credit scoring, fin-tech enables new enterprises to access more relevant and flexible financing.

Working capital Financial support/ credit for aspiring entrepreneurs and new and micro enterprises for capex and Pre-opex will provide a head start to their entrepreneurial journey. Making the way to enterprise development a more attractive one, as a step forward from schemes like PM Vishwakarma, SVANidhi and Mudra, a one-time working capital/credit support to unique Micro-enterprises may be extended as grant or a soft loan, without additional security which may be repaid over a period of 3-5 years. It will be a big boost for first generation entrepreneurs particularly coming from weaker sections of the society. In some cases, a 'last mile funding' may be provided to enable the startups or micro enterprises to complete the stressed and/or stalled projects.

There is a need to enhance targets of priority sector loans for micro enterprises. To facilitate dedicated flow of funds from the banks, the existing priority sector lending (PSL) target of 7.5% of adjusted net bank credit (ANBC) or credit equivalent to Micro Enterprises need to be increased to around 10% for Commercial banks and Small Finance Banks. Further, there is no target for Foreign Banks with less than 20 branches in India, which need to be reviewed and a target in the range of 3-5% may be fixed for such banks under PSL targets. A sub-target for priority sector loans for micro enterprises or women-headed enterprises or startups may also be fixed, as a measure to promote such enterprises and to strengthen start up ecosystem.

Strengthening capacity of Banks and NBFCs to be sensitive to the requirements and terms of credit for new and micro enterprises. Aligning with the Union Budget 2024-25, it is crucial to strengthen the capacity of banks and NBFCs to evaluate proposals of micro enterprises effectively, reducing the over-reliance on collateral security, especially under schemes like CGTSME where Banks seem to ask for collateral security in the form of a mortgage or Personal Guarantee even though the loan is covered under the CGTSME scheme. This is a definite deterrent to the micro-enterprises.

Establishing robust green financing mechanism for long-term economic sustainability and environmental responsibility. The recent Union Budgets advocate mobilizing resources through green financing mechanisms such as green bonds, green loans.⁹ For a sustainability perspective, raising funds by enterprises, particularly micro enterprises, through a robust green bond market would provide long-term capital as well as would offer stability and long-term returns to the investors. However, to raise resources through this route would require credit worthiness rating of the micro enterprises, which could be explored through credit enhancement mechanism such as Partial Credit Guarantee Scheme or an alternate credit rating framework for micro enterprises like the Finance, Income and Trade (FIT) ranking developed by CRISIL, Online PSB loans Ltd (OPL) and SIDBI. The private commercial banks shall also be mandated to fund the micro enterprises on such alternate frameworks.

There are existing programmes, which are contributing to enterprise development and promotion of entrepreneurship, especially among vulnerable groups. Prime Minister Employment Guarantee Programme (PMEGP) is a major credit-linked subsidy programme aimed at generating self-employment opportunities through establishment of micro-enterprises in the non-farm sector by assisting traditional artisans and unemployed youth in rural as well as urban areas. Under the Scheme, during FY 2023-24, 89,118 micro units have been assisted with Margin Money subsidy of approximately INR 30 billion, generating estimated employment for around more than 0.7 million persons. This scheme has done particularly well in supporting women-led enterprises and there are interesting cases of success from states like Jammu and Kashmir.¹⁰ There are other initiatives that support enterprise development, particularly in the urban areas, including PM SVANidhi, Deendayal Antyodaya Yojana-National Urban Livelihoods Mission (DAY-NULM), Self-Reliant India (SRI) Fund and PM Rozgar Yojana, among others.

There is a case for mandating domestic financial institutions and banks for earmarking certain percentage of their lending portfolio for micro enterprise lending. For ensuring competitive terms of finance in terms of cheaper interest rate and longer repayment period, this could be done by using corporate social responsibility (CSR) funds. There is a need for bringing in private finance from big private corporate sectors for micro enterprise funding with affordable terms of finance. Towards this, appropriate incentive packages may be developed. As indicated in the union budget, there is a need to creating a new assessment model for new and emerging enterprises, particularly micro enterprises, that takes into account business practices and digital footprint of enterprises for assessing their credit worthiness.

For enabling collateral free loans, innovative solutions need to be formulated. For instance, through digital public infrastructure (DPI) and open banking mechanisms such as Account Aggregator (AA) framework, information collateral can be used to replace physical collateral. The first phase of the AA rollout (April 2022–January 2023) in India has resulted in early positive benefits to the MSME sector. Out of the total loans disbursed during the period, about 38% of the unsecured business loans were disbursed to MSMEs.¹¹ There are also dedicated programmes like the Start-up Village Entrepreneurship Programme (SVEP) under MoRD aimed at supporting entrepreneurship in rural areas in the non-farm sector. There is a need for similar initiatives in urban areas, with the strategy is to promote knowledge about business feasibility, create a community and provide access to loan finance for start-up as well as

⁹ India is one of the top 10 countries in green bond issuance and the Securities Exchange Board of India (SEBI) has come out with detailed regulations on Green Bonds among others, which include definition, external review, tracking of proceeds, and disclosure requirements.

¹⁰ <https://www.deccanherald.com/india/jammu-and-kashmir/jammu-kashmir-takes-lead-in-job-creation-under-pmegp-2934277>; <https://www.deccanherald.com/india/jammu-and-kashmir/women-entrepreneurs-redefining-success-in-kashmir-2814664>

¹¹ For details see <https://icrier.org/pdf/adbi-open-banking-systems-enhancing-financial-access-micro-small-and-medium-sized-enterprises-case.pdf>

scaling-up the existing enterprise. Other programmes like the Women Enterprise Acceleration Fund of INR 12.25 billion, aided by the World Bank supports individual and group enterprises for credit guarantee, interest subvention, prompt repayment and collateral support. About 15-20% of the new entrepreneurs are able to get bank loan through these programmes. More such initiatives should be launched in partnership with multilateral development banks and international financial institutions.

There is a need to improve financial literacy and business skills. Often entrepreneurs struggle with routine protocols of banking. Bringing uniformity in application formats for all the banks and disseminating information on ratios and parameters in easy to understand formats (including infographics, videos, etc.) will improve understanding. High school and graduate-level courses and training programmes on preparing business plans for diversification, expansion by focusing on new products, services and new markets may be introduced. Financial literacy should also become an essential component of higher education curriculum, focusing on practical issues related to banking and finance.

Additionally, platforms for crowdfunding and global market access provide alternative funding sources, while financial management tools aid in better planning and decision-making.

3.3. Access to Markets

Inability to adequately access both domestic and international markets is a crucial challenge impeding growth and development of enterprises. This is because smaller enterprises often do not have relevant information on markets, and market trends, product standards and requirements and other business opportunities. For this, there is a need to provide support to enterprises to address the market access challenges.

To improve access to markets and information, state capacity can be expanded by empowering institutional structures through chambers of commerce/ industry associations, positioning them as key outreach partners. Business membership organizations (BMOs) and associations have a significant role to play in improving enterprises' access to markets. By leveraging these local organizations, the government can ensure better dissemination of information related to markets, schemes and other initiatives like outreach and trade promotion programmes. The BMOs which are engaged in technology development, capacity building, marketing support, export documentation, consortia approach and other collective measures for promotion and development of enterprises should be encouraged through right incentives.

The cost of information is higher for small-sized enterprises. It is both costly and difficult for micro and small enterprises to conduct market research, therefore the government may publish research/studies stating the market trends in emerging sectors and various product categories in different regions of India and also offshore markets. This should be available on the public platform through which new entrepreneurs may gain knowledge to be applied in their existing/new ventures.

There is also a need to disseminate more information and provide onboarding support to enterprises for platforms like the Government e-Marketplace (GeM) and Open Network for Digital Commerce (ONDC). Micro enterprises find it challenging to navigate through these portals. There is a need to simplify these portals from the perspective of micro and small enterprises.

Digitalization is rapidly transforming market access for businesses, but micro enterprises could be at a disadvantage without affordable, equitable and fair access to technology.

When enterprises have limited access to, or understanding of, these technologies, their prospects of acquiring and utilizing these for their benefit is reduced. Small size is a constraint on key inputs requiring specialized knowledge such as technology and skills.¹² Enterprises need to adopt digitalization and online presence (developing their websites) to increase the visibility and recognition. Capacity building initiatives and programmes should be launched to assist firms in accessing wider markets through right use of digital technologies.

3.4. Access to Technology, Research and Development (R&D) and Innovation

It is important to note that micro enterprises cannot innovate or develop in the new and technology intensive sectors on their own. They need special design support, initialization in manufacturing by common facility centres, mentoring and financial support. The sectors need to be identified more so to integrate the enterprises, particularly micro enterprises to global value chains (GVC) in the light of industry 4.0.

There is a need for identifying priority sectors, for sector-specific interventions that contribute in diversifying value chains, improve value added component in trade and promote Make in India initiative. Some of the sectors are solar, carbon fibre manufacturing, biodegradable plastic materials, various paper products, technical textiles, electronics system design and manufacturing (ESDM) sector, mechatronics, low cost automation printed circuit board (PCB) manufacturing, Advanced machining, high-speed power looms. Etc. Similarly there are huge scope in defence production, service sector, medical tourism, event management, etc. The sector specific interventions need to be designed to include enterprises to enable seamless technology transfer between large industry and micro enterprises. Integration of enterprise clusters with industrial corridors can be a case in point.

Additionally, connecting MSEs and startups can be promoted for a win-win partnership by establishing platforms that can facilitate networking and collaboration. MSEs often have a deep understanding of market needs but may lack the resources for research and development (R&D). Startups can fill this gap by providing innovative solutions or by working together on R&D projects. Startups can partner with MSMEs to leverage their established market presence, customer base, and supply chains, while MSMEs can benefit from the innovative solutions, technology, and agility that startups offer. For this, startups can become suppliers or service providers to MSEs, offering cutting-edge technologies, software, or products that MSMEs can integrate into their operations. MSMEs can also help startups scale their production and operations by providing manufacturing, distribution, or logistical support. Startups can pilot their innovations with MSMEs and receive valuable feedback and a market-ready platform for testing.

3.5. Infrastructural Bottlenecks

Major infrastructure challenges include access to physical and digital infrastructure in the country. A majority of the industrial clusters were developed decades ago and need to be upgraded for better connectivity. This is particularly true to cluster in semi-urban areas. Additionally, facilities like power, road connectivity and water connectivity remain unreliable or poor. Additionally, with sustainability requirement, there is a need for waste management facilities, among other things.

To address these issues, first, there is a need for infrastructure mapping. There should be detailed information on all industrial clusters, with the number of units and available facilities.

¹² ABD-ADBI (2015). Integrating SMEs into Global Value Chains: Challenges and Policy Actions in Asia.

This will enable ascertaining status quo. These clusters can then be upgraded in a phased manner.

There are cluster development initiatives such as the Micro & Small Enterprises Cluster Development Programme (MSE-CDP) scheme for development and upgradation of infrastructure. Cluster development is a key strategy for enhancing the productivity and competitiveness of MSE. One of the purposes is to create/ upgrade infrastructure facilities in new/existing clusters for MSEs. Additionally, the objective is to set up Common Facility Centres (for testing, training, raw material depot, effluent treatment, complementing production processes, etc) and enable units switch to sustainable and green production processes and products. There is dedicated intervention for MSEs in Sikkim and north-east region. The effective governance of such infrastructure to the benefit of enterprises should be ensured through awareness, capacity building, exposure and continued support to the members of the clusters.

3.6.Skill Development

Lack of adequate skills is a crucial challenge that requires all round intervention. Programmes specifically designed for enterprise growth and development, sustainable practices, financial literacy and technology adoption and usage are required for sustainable enterprise development. This issue is discussed in detail in the 2nd sub-group on skilling.

Apart from these six major challenges, enterprises faced other issues, operational and regulatory barriers, that often hinder their growth and development. Some of these emerge due to lack of adequate information and knowledge on policies, while others require more systematic interventions like single-window systems and support in establishing and closing businesses, among others things.

Minimum/No compliance requirement for micro enterprises for first 3 years of commencement. Regulatory hurdles lead to significant mortality rate among micro enterprises, which are generally constrained with resources and time. It would be more inviting for new entrepreneurs to set-up enterprises if they are not stuck in the regulatory affairs. They may be encouraged to provide self-declaration while being assisted/handheld to formalise themselves over the period.

It is important to emphasise that the above-mentioned challenges pose far more severe obstacles for enterprises owned by women as compared to men. In addition, there are some obstacles that are faced exclusively by women (women-exclusive challenges). Predominant amongst them are the cultural and social norms that disadvantage women and their entrepreneurial ventures in the labour market. These norms prescribe what is socially acceptable of women's behaviour and what choices are available to them. They tend to result in limited endowments (education, asset ownership, networks), discrimination (legal and financial) and other restrictions (mobility, location, family responsibilities) for women, thereby exacerbating the challenges faced by them in operating their businesses. Box 2 discusses the challenges and way forward specifically for women-led enterprises.

Box 2: Women-led Enterprises – Challenges and the Way Forward

Women-led enterprises are crucial for achieving inclusive economic growth and sustainable development in India. Empowering Women-Led Enterprises aligns with the vision of **Viksit Bharat 2047**, which aims for a developed and prosperous India. There are approximately 15.7 million women-run enterprises in India, constituting about 22% of the overall entrepreneurial landscape. This number has the potential to rise to 30 million with further support¹. Women entrepreneurs are becoming increasingly prominent in India's startup ecosystem, which is the third largest globally. The percentage of startups led by women has grown from 10% in 2017 to 18% recently, highlighting a significant shift in the entrepreneurial landscape.

The current scenario of women-led entrepreneurship in India is a mix of progress and challenges. Women entrepreneurs or women-led enterprises face challenges from both the demand and supply sides when accessing credit. On the demand side, the lack of documentation means there is no recorded evidence of the credit demand from women entrepreneurs. Many women hesitate to seek credit due to fear of denial or initial difficulties securing loans from Self-Help Groups (SHGs) or formal banks. They often rely heavily on personal funds or borrow from relatives and friends, showing a reluctance to increase household debt. Additionally, there are information gaps, as many women lack knowledge about the right credit sources or products. In cases of household emergencies, assets acquired by women-led enterprises are often the first to be liquidated.

On the supply side, women face challenges in accessing credit from financial institutions. Many women entrepreneurs are first-time borrowers with no recorded credit history, and they often cannot offer meaningful collateral. Their business or financial information is often incomplete or under-reported, making it difficult to assess their creditworthiness. Long processing times by the financial institutions often lead entrepreneurs to abandon their plans. Loan amounts are often insufficient, and lending terms do not align with actual business cycles, leading to enterprise failure. To overcome these hurdles, it is essential to identify potential entrepreneurs among self-help group members, capture their credit requirements accurately, and match this demand with appropriate credit supply sources.

A five-point strategy is suggested to address some of these challenges.

1. **Promoting Community Engagement**, involving local communities in identifying potential women entrepreneurs. Awareness programs can also be conducted to highlight the benefits of women-led enterprises.
2. **Building Capacity and Providing Handholding Support**, for skill development and entrepreneurship training at the grassroots level. Local mentorship networks can also be established to support women entrepreneurs.
3. **Improving Access to Finance**, by facilitate access to microfinance and low-interest loans for women entrepreneurs and encouraging the formation of Self-Help Groups (SHGs) to provide collective financial support.
4. **Fostering Market Linkages**, by creating platforms for women entrepreneurs to showcase and sell their products and establishing partnerships with local businesses and e-commerce platforms.
5. **Implementing Public Procurement Policy under MSME effectively**, for promotion and development MSEs by supporting them in marketing of products produced and services rendered by them. Out of the total annual procurement from Micro and Small Enterprises, 3 per cent from within the 25 per cent target shall be earmarked for procurement from Micro and Small Enterprises owned by women. It is required to emphasize the need for effective implementation of the policy to benefit women entrepreneurs

Additionally, establishing dedicated manufacturing enclaves for women-led businesses in every state and creating hubs for women entrepreneurs in the service sector in every district will contribute significantly towards promoting entrepreneurship and enterprise development amongst women.

By implementing these state-specific interventions and leveraging central government schemes, we can create a supportive ecosystem for women-led enterprises, contributing to the overall vision of Viksit Bharat and the achievement of SDG goals. There are several existing schemes and programs both at central and state-level aimed at promoting women-led enterprise. These are listed in Annexure 2.

4. The Way Forward

Enterprise development and entrepreneurship, with focus on micro enterprises are key components for realising the Viksit Bharat 2047 vision of the country. Enterprises, majority of who are MSMEs, have a significant role in growth (30% of GDP) , employment generation (more than 110 million) and export (~45% of the total exports). These enterprises have the potential to become the engine of development for the country. At present, enterprises face several bottlenecks including large size of informal sector, issues with access to finance, market and technology, infrastructural bottlenecks and lack of requisite skills. In addressing each of these challenges, states have a significant role to play.

This paper proposes discussions, deliberations and thereupon actions on-

1. Increased formalisation

Udyam registrations and UAP has yielded immense benefits increasing the coverage of beneficiaries of Government schemes, in context of MSMEs. There is a need to strengthen the existing mechanism with a more integrated approach – linkages with other government platforms and initiatives and greater impetus at state-level. To leverage the potential of MSMEs in terms of contribution to growth, exports and employment, each state may consider a dedicated ministry focussed on these enterprises (MSMEs).

2. Increased access to financial capital

For addressing the financial access issue, a more widespread approach involving centre, states and the private sector is required, along with right technological interventions. Use cases and success stories should be shared, especially in local languages to understand what worked in certain cases, particularly at the state-level. Importantly, there is a need to improve financial literacy, through interventions at the state-level. States should also leverage the bill discounting platforms like TReDS for their departments and PSUs to ensure that MSMEs do not face delayed payments from these entities.

3. Increased Market Access

To expand and grow, enterprises need better market access – both domestically and integrating in international markets. There is a need for creating better linkages, particularly through industry bodies for flow of market information. There is a need for creating better linkages, particularly through industry bodies for flow of market information. New and upcoming enterprises must make better use of digital technologies, for improving market access. There is also need for support to onboard on existing platforms like GeM and ONDC.

4. Reduced Infrastructural bottlenecks

There is a need to address infrastructural bottlenecks, by first mapping the infrastructure and then identifying gaps and problem areas. Many of the new enterprises, especially manufacturing ones are based in industrial zones in peri-urban areas that require better, speedy access and ‘reliable and affordable’ energy. States may take initiatives to remove these bottlenecks. There is merit in connecting start-ups and MSMEs for a win-win outcome.

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manufacturing ones are based in industrial zones in peri-urban areas that require better, speedy access and 'reliable and affordable' energy. States may take initiatives to remove these bottlenecks.

5. Increased participation in global supply chains

To ensure that Indian enterprises are part of the global supply chain, they need to be aware of environmental sustainability and practice it's all possible aspects. By leveraging various initiatives on this front by the Union Government and especially the GIFT and SPICE schemes of the Ministry of MSME, GoI, the states may promote clusters of enterprises that aspire to achieve environmental sustainability.

6. Increased level of Women led enterprises.

Finally, enterprise development is deficient without focus on women-led enterprises. States may focus on creating dedicated manufacturing clusters for women led businesses. Also each district headquarter may have at least one urban hub for women led services businesses that provide not only the co-working space but also a set of shared services that facilitate setting up and running business. There are some successful models of such clusters in Andhra Pradesh, Bihar, Maharashtra among other states.

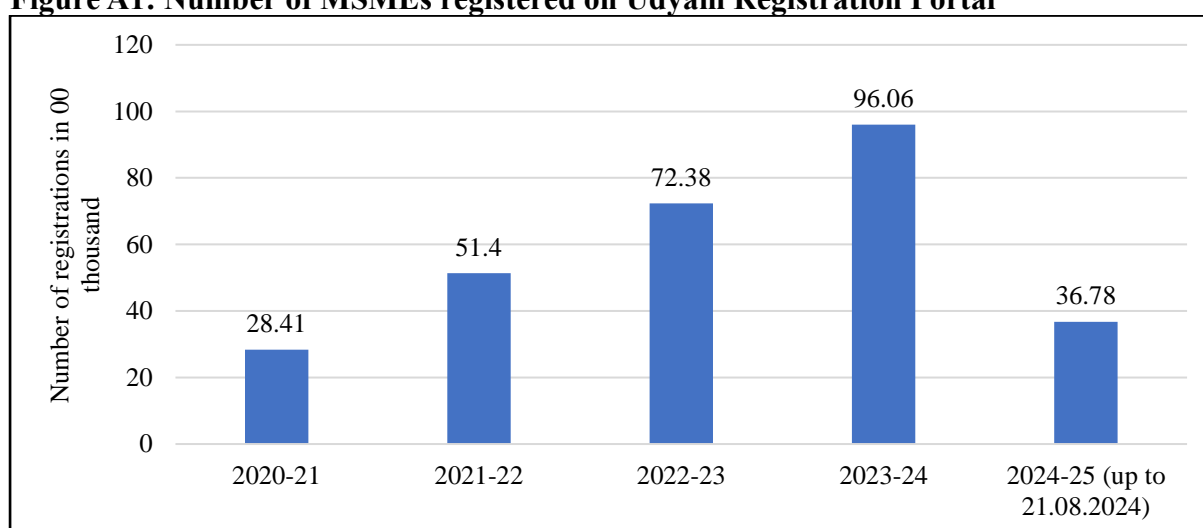
Annexure I: Evolution of MSMEs in India

Table A1: Definitions of MSMEs in 2006 and 2020
Definition as per MSME Act 2006

Enterprise	Investment in Plant and Machinery (Manufacturing)	Investment in Equipment (Services)
Micro	Up to Rs.25 lakh	Up to Rs.10 lakh
Small	Above Rs.25 lakh up to Rs.5 crore	Above Rs.10 lakh up to Rs.2 crore
Medium	Above Rs.5 crore up to Rs.10 crore	Above Rs.2 crore up to Rs.5 crore
Revised definition in 2020		
Enterprise (Both Manufacturing and Services)	Investment in Plant and Machinery or Equipment	Turnover
Micro	Not exceeding Rs. 1 crore	Not exceeding Rs. 5 crore
Small	Not exceeding Rs. 10crore	Not exceeding Rs. 50 crore
Medium	Not exceeding Rs. 50crore	Not exceeding Rs. 250crore

Subsequent to the amendment, Ministry of MSME has launched Udyam Registration Portal on 01.07.2020 where MSME may register themselves for accessing the benefit of the scheme. As on 21.08.2024, total registrations on the portal have reached 2.85 crore with an employment of 18.71 crore. Among the total registrations, 97.25% belong to micro category, 2.51% belong to small category and 0.23% belong to medium category. The year wise registrations are given below in Figure A1.

Figure A1: Number of MSMEs registered on Udyam Registration Portal



Source: Udyam Portal.

Annexure 2: List of Schemes and Initiatives Support Women Entrepreneurs and MSMEs

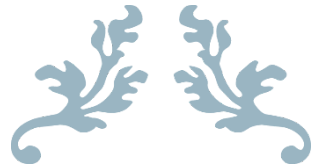
Government Schemes supporting Women Entrepreneurs

Government of India has various schemes for the women entrepreneurs supporting both tech enabled and non-tech startups like those in the manufacturing or non-IT services sectors. Some of those schemes include-

1. Deendayal Antyodaya Yojana-National Urban Livelihoods Mission (DAY-NULM) aims to bolster Women-Led Enterprises in India through the SHG ecosystem.
2. Ministry of MSME has taken several steps to support women owned enterprises. They include-
 - a. Special drives for registration of women owned MSMEs under Udyam Registration Portal have been undertaken.
 - b. Various fiscal incentives are provided to women entrepreneurs under the Credit Guarantee Scheme for Micro and Small Enterprises.
 - c. ‘Skill Upgradation & Mahila Coir Yojana’ under Coir Vikas Yojana, which is an exclusive training program aimed at skill development of women artisans engaged in the Coir sector.
 - d. The Ministry also implements Prime Minister’s Employment Generation Programme (PMEGP). Under this scheme, women are provided higher subsidy vis-à-vis non special category.
 - e. Participation of women entrepreneurs in trade fairs under Procurement & Marketing Support Scheme is subsidized.

Equally importantly, several state governments in India have launched various initiatives to promote women-led enterprises, aiming to empower women economically and socially. Here are a few notable examples:

1. **Maharashtra:** The state has introduced the “Tejaswini Rural Women Empowerment Programme,” which focuses on enhancing the entrepreneurial skills of rural women through training and financial support.
2. **Tamil Nadu:** The “Amma Two Wheeler Scheme” provides subsidized loans to women to purchase two-wheelers, facilitating their mobility and enabling them to engage in entrepreneurial activities.
3. **Karnataka:** The “Udyogini Scheme” offers financial assistance to women entrepreneurs, particularly those from economically weaker sections, to start and expand their businesses.
4. **Kerala:** The “Kudumbashree Mission” is a prominent initiative that supports women through micro-enterprises, self-help groups, and skill development programs, significantly contributing to women’s economic empowerment in the state.
5. **Rajasthan:** The “Rajasthan Mahila Nidhi” scheme provides microfinance to women entrepreneurs, helping them to start and grow their businesses.
6. **Andhra Pradesh:** The state offers the “YSR Cheyutha” scheme, which provides financial assistance to women entrepreneurs from marginalized communities to start and expand their businesses.
7. **Gujarat:** The “Mission Mangalam” initiative supports women entrepreneurs through self-help groups (SHGs), offering training, financial aid, and market linkages.



CONCEPT NOTE ON GIG ECONOMY IN URBAN LANDSCAPE

MSME and Informal Employment



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1. Context Appreciation

The growth of the Gig Economy, whose subset is Platform Economy, opens up a distinctive opportunity to foster entrepreneurial and livelihood generation among India's young and energetic population. This taps into the country's demographic strength, which is expected to be about 65% (working age group 15-59 years) by the year 2036¹. A substantial portion of the working age group might be drawn to the prospects available in the gig economy, which offers flexible work opportunities. Additionally, increased use of e-commerce platforms coupled with growing availability of smartphones and affordable data has spurred platforms to offer goods and services, while giving gig and platform workers sustainable means of livelihood. As per the RIGHTS (Respect and Integrity of Gig Workers: Humanity and Trust in Service) survey report, a staggering 85 percent of platform workers are working for more than 8 hours a day as riders/drivers². Simultaneously, a large number of non-platform gig jobs are undergoing rapid digitalization across occupations and industries, prompting governments to adopt innovative and sustainable approaches to govern the growth of this sector and welfare of new-age workers.

2. Objectives

The Objective of this concept note on Gig economy is as follows:

- Identify gaps and challenges in the current livelihood, entrepreneurship, and skilling ecosystem in the urban landscape for the Gig economy.
- Study the existing policies and programs of the central and state governments.
- Identify global and domestic best practices.
- Develop frameworks, strategies and implementation plans to promote employment, and skilling in urban India, with a focus on gig economy (including Platform economy) through policy action and program formulation.

3. Existing Scenario

In September 2020, India became the first country in the world to recognise and define new-age labour such as gig and platform work, and guarantee social protection for all workers regardless of their association with the job creator. The landmark legislation, the Code on Social Security (CoSS) 2020³ defines a gig worker as “*a person who performs work or participates in a work arrangement and earns from such activities outside of traditional employer-employee relationship*”. It further defines ‘platform work’ and ‘platform worker’ as follows.

- *"platform work" means a work arrangement outside of a traditional employer-employee relationship in which organisations or individuals use an online platform to access other organisations or individuals to solve specific problems or to provide specific services or any such other activities which may be notified by the Central Government, in exchange for payment*
- *"platform worker" means a person engaged in or undertaking platform work*

Thus, a gig worker is any freelance worker in the country operating outside traditional employer-employee arrangements, and a platform worker is a subset of a gig economy. Non-platform gig workers are generally casual wage workers and own account workers, working part-time or full

¹ Ministry of Statistics & Programme Implementation. National Statistical Office Social Statistics Division. (2024). [Women and Men in India 2023](#).

² Vasudevan. V., Alam, M.M. and Kumar, Dharmendra (2024). The RIGHTS Survey – Report on a nationwide survey of platform workers in India. Janpahal. New Delhi. https://www.janpahal.com/_files/ugd/1cfdd7_1309a368933c45409312422ed732700f.pdf

³ Ministry of Labour and Employment. (2020, September). [The Code on Social Security, 2020. \(No. 36 of 2020\)](#).

time. The gig economy is expansive and undefined and can include a variety of workers outside of a traditional worker definition.

NITI Aayog, in its 2022 report⁴ estimates the size of the platform-based gig workforce as follows.

1. The study estimates that in 2020-21, 77 lakh (7.7 million) workers were engaged in the platform economy and it is expected to expand to 2.35 crore (23.5 million) workers by 2029-30.
2. At present about forty-seven percent of the platform work is in medium skilled jobs, about 22% in high skilled, and about 31% in low skilled jobs.
3. Trend shows the concentration of workers in medium skills is gradually declining and that of the low skilled and high skilled is increasing. It may be expected that while the domination of medium skills would continue till 2030, platform work with other skills will emerge.
4. Platform work is expanding in all sectors:
 - a. In terms of industrial classification, about 26.6 lakh (2.7 million) platform workers were involved in retail trade and sales, and about 13 lakh (1.3 million) were in the transportation sector.
 - b. About 6.2 lakhs (0.6 million) were in manufacturing and another 6.3 lakhs (0.6 million) in the finance and insurance activities.
5. There are 21 Occupations and 15 Industries with high concentration and potential for high growth of platform work.

4. Current Initiatives & Outcomes

Through a series of legislative measures, digital initiatives, and skill development programs, the government is creating a robust framework to support and protect gig workers, ensuring they contribute meaningfully to India's economic growth and benefit from its prosperity.

A. Government Initiatives

I. Legislative Framework

At the Central Level

1. Code on Social Security, 2020⁵: This legislation includes provisions for suitable welfare schemes for gig and platform workers. It further envisages the creation of a centralised welfare corpus, a National Social Security Fund, to which contributions may be collected from central and state governments, platform businesses or aggregators (i.e. job creators), and workers. This fund aims to provide benefits such as life and disability cover, health insurance and maternity benefits, old age protection, education and any other benefit for gig and platform workers that may be determined. State governments are envisioned to formulate and notify from time to time, suitable welfare schemes for unorganised workers including schemes relating to provident fund, employment injury benefit, housing, educational schemes for children, skill upgradation of workers, funeral assistance, and old age homes.

2. Code on Wages, 2019⁶: This code establishes a universal minimum wage that applies to all workers, including those in the gig economy. It aims to ensure fair pay across different sectors.

3. Motor Vehicle Aggregator Guidelines, 2020⁷: It provides a guiding framework to the States and UTs to consider for issuance of licences as well as regulating the business of aggregators in

⁴ NITI Aayog (2022). [India's Booming Gig and Platform Economy: Perspectives and Recommendations on the Future of Work](#).

⁵ [The Code on Social Security, 2020](#)

⁶ [The Code on Wages, 2019](#)

⁷ [Motor Vehicle Aggregator Guidelines, 2020](#)

passenger mobility (transport) and hyperlocal delivery sector. These guidelines offer direction to the states and union territories to formulate their own rules and regulations under the respective State Motor Vehicles Act. The Central Guidelines recommend aggregators to provide health insurance and term insurance to their workers. Some states have replicated this in their state-specific rules.

At the State Level:

1. **Rajasthan Platform-Based Gig Workers (Registration and Welfare) Act, 2023**⁸: Key features include mandatory registration of gig workers, access to social security schemes such as health insurance and accident coverage, and the establishment of a Welfare Board to oversee their rights. The Act also introduces a grievance redressal mechanism, and a welfare fund financed by aggregators, with penalties for non-compliance to ensure timely support for gig workers.
2. The **Governments of Karnataka**⁹ and **Jharkhand**¹⁰ have published the draft bills.
3. The Governments of **Kerala, Haryana, Telangana, and Chhattisgarh** are drafting bills for the welfare and social security of the platform and gig workers.
4. **Tamil Nadu Manual Workers (Regulation of Employment and Conditions of Work) Act, 1982**¹¹. State government amended¹² section twenty three of this act, and added “Employment in platform based gig works” as seventy first type of employment to the list. This act is yet to be implemented.

II. Digital Platforms

e-SHRAM Portal: The e-SHRAM portal, launched by the Ministry of Labour and Employment in August 2021, is a national database aimed at enhancing access to social security benefits for unorganized workers and new-age gig and platform workers. With over twenty-nine crore individuals registered, including migrant workers, construction workers, and gig workers, the portal provides formal recognition through a universal account number (UAN). It facilitates access to current government welfare schemes, and integrates with programs like National Career Service (NCS), Skill India Digital Hub (SIDH) and PM-SYM. By capturing essential worker details, the portal can support the government in addressing the needs of the gig economy effectively.

III. Digital Literacy, Skill Development, and Access to Finance and Market

1. **Digital India Initiative:** The government's Digital India campaign has indirectly supported platform-based gig workers by promoting digital literacy and internet connectivity, enabling more individuals to participate in the gig economy.
2. **Skill India Mission:** The government's Skill India Mission offers a range of skill building programs through various councils and institutions for enhancing the employability and entrepreneurship of youth, and making our youth future-ready.
3. **Pradhan Mantri Kaushal Vikas Yojana (PMKVY):** This flagship initiative offers short-term training and upskilling programs designed to help youth acquire industry-relevant skills
4. **PM Street Vendor's AtmaNirbhar Nidhi (PM SVANidhi):** This is a Special Micro-Credit Facility for providing affordable loans to street vendors. This facilitates collateral free Working Capital loans of up to Rs 10,000 for one year tenure. Delivery platforms have signed MoUs with the government to facilitate access of market to street vendors¹³.

⁸ [Rajasthan Platform-Based Gig Workers \(Registration and Welfare\) Act, 2023](#)

⁹ [The Karnataka Platform based Gig Workers \(Social Security and Welfare\) Bill, 2024](#)

¹⁰ [The Jharkhand Platform-Based Gig Workers \(Registration and Welfare\) Bill, 2024](#)

¹¹ [Tamil Nadu Manual Workers \(Regulation of Employment and Conditions of Work\) Act, 1982](#)

¹² [Tamil Nadu - Amendment to Notification - Gig-Platform-Manual Workers 2023](#)

¹³ Ministry of Housing & Urban Affairs. (2021) [MoHUA Joins Hands Take Street Food Vendors Online](#)

5. Deendayal Antyodaya Yojana-National Urban Livelihoods Mission (DAY-NULM): The flagship program focuses on improving the livelihoods of the urban poor. The Self-Employment Program (SEP) component of the mission enables access to loans to both individuals and groups for gainful self-employment ventures/ micro-enterprises. Individual loans up to INR 2 lakh and group loans up to INR 10 lakh are made accessible under this component¹⁴.

B. Private Sector Initiatives

I. Social Security Benefits provided by Platform Businesses to Platform Workers

An overview of the benefits offered by four categories of location-based platform aggregators - Passenger mobility (ride-Hailing or ridesharing), Hyperlocal Delivery, Personal Services, and E-Commerce - can be found in [Annexure II](#). Notably, aggregators in all sectors provide accidental coverage, including death and disability. Medical benefits vary, offering free online OPDs, discounted medicines, diagnostic tests, health insurance, and eye tests. Other social security benefits include upskilling opportunities, education for workers' children, and mobile phone insurance. All platforms facilitate access to government social security schemes, though eligibility is often limited by wage ceilings or vehicle ownership. Social security schemes are primarily financed by platform businesses, but comprehensive health cover requires worker contributions, making it increasingly costly. Despite some health coverage, old age pensions are absent, and low worker awareness and preference for higher take-home pay hinder demand for social security.

II. Securing Income and Livelihoods of Gig Workers and Small Businesses

Some rideshare aggregators and e-commerce platforms have established funds to support auto-rickshaw, cab/taxi drivers, and restaurant owners and MSMEs during economic downturns, providing immediate cash access to eligible platform worker families to help manage household expenses, and platform fee exemptions for businesses¹⁵.

III. Basic Amenities

A delivery aggregator has launched a shelter project to create rest points for delivery partners. These facilities will provide essential amenities such as clean drinking water, phone-charging stations, washrooms, high-speed internet, and first-aid support, ensuring that gig workers have a comfortable place to rest between deliveries.

The Government of Kerala in Thiruvananthapuram is establishing designated rest areas and essential facilities, such as restrooms, to enhance the working conditions of gig and platform workers for whom the urban areas in their entirety form the workplace.¹⁶

IV. Women-Centric Initiatives

Several platform businesses, i.e. aggregators, and civil society organisations have introduced a series of measures to enhance the participation of women in the workforce. These range from dedicated skilling and entrepreneurship programmes, access to cash flow-based loans and other forms of formal credit, asset (phones or vehicles) sharing programmes, maternity insurance, menstrual leaves, hygiene kits, contactless deliveries, self-defence training, 24x7 helpline with SOS (emergency) button, and enhanced support from restaurants and community, etc.¹⁷

¹⁴ [Deendayal Antyodaya Yojana-National Urban Livelihoods Mission \(DAY-NULM\)](#)

¹⁵ NITI Aayog (2022). [India's Booming Gig and Platform Economy: Perspectives and Recommendations on the Future of Work](#).

¹⁶ The New Indian Express. (2024). [Thiruvananthapuram gig workers to get rest centres](#).

¹⁷ OMI and CIFF. (2021). [Women in the Platform Economy: Breaking Barriers and Driving Inclusive Growth](#).

C. Global Initiatives¹⁸

Governments worldwide, on their part, are adopting varied policy approaches to provide social protection for platform workers, often influenced by the level of informality in their economies¹⁹.

1. In advanced economies like the US and UK, where the informal sector is less than 20% of the workforce, policymakers are seeking to treat platform work as formal employment. As a result, existing social protection systems for formal workers are and can be extended to platform workers.
2. However, in countries with a substantial informal workforce, these approaches may not be practical.
 - a. Thus, countries like Indonesia and Uruguay are extending benefits available for informal workers to platform workers, and leveraging technology to expand coverage.
 - b. Other countries like Rwanda have introduced micro-pensions with flexible contribution options by workers suitable for informal workers as well as gig workers who earn on a daily or weekly basis.
3. India is exploring alternative strategies, such as recognising platform workers as a distinct category under CoSS 2020, thereby breaking away from the formal-informal dichotomy. This approach allows for the design of social protection systems that are better suited to the unique needs of platform workers and the characteristics of the platform economy in the country.

An overview of the approaches of different countries - a combination of advanced and emerging economies - is presented in [Annexure III](#).

¹⁸ [Platform workers and social protection: International developments | International Social Security Association \(ISSA\)](#)

¹⁹ OMI Foundation. (2024). [Social Protection in India's Platform Economy: Unpacking Supply Dynamics](#).

5. Key Issues, Proposed Interventions/Recommendations and Way forward

No.	Issues	Identified Gaps	Proposed Interventions/ Recommendations
1.	Identification and Visibility of Gig workers	<ul style="list-style-type: none"> - Reliable data on gig and platform workers is not readily available to design suitable policies and regulations. - Apparent absence of coordination between the Centre and State in reference to the registration of platform workers. State-specific registrations also do not cater to the needs of migrant workers in the country. Potential future link to benefits will be challenging for Central Schemes if states create their own unique id. - While platform-based gig workers are well defined and easy to identify, non-platform gig workers are hard to define, and therefore identify, and enumerate. 	<ul style="list-style-type: none"> - eShram portal to be leveraged for having reliable data of Gig and Platform Workers. If eShram UAN (Universal Account Number) is made mandatory for Platform Aggregators, they'll be required to integrate their registration system with eShram for verification of UAN. This will enable eShram to have quality data of Platform Workers. eShram APIs can facilitate the required data exchange. - States may ensure mandatory registration at eShram and the reference to eShram UAN number when generating Unique ID as envisaged in their bills/acts. In the case of states where platform workers have been registered, amendment for inclusion of UAN number may be made mandatory. - Aggregators need to connect to eShram as one point of data integration and registration of platform workers. - Workers - both platform-based gig workers and non-platform gig workers - may be incentivised to register on eShram portal by offering benefits of select social security schemes by default upon joining the eShram portal. - PLFS, NSSO, and other surveys including the Census may capture data on gig and platform workers as well as platform aggregators, ONDC-powered organisations etc. <p>(Action: Ministry of Labour and Employment (MoLE), Ministry of Statistics and Programme Implementation (MoSPI), State Governments, and Platform Aggregators)</p>
2.	Access to Finance	<ul style="list-style-type: none"> - Limited access to affordable credit and financial services for gig and platform workers 	<ul style="list-style-type: none"> - MUDRA Yojana²⁰ (Micro Units Development and Refinance Agency) offers microfinance loans to small and micro-enterprises, including individual entrepreneurs. - Promote affordable microfinance and micro-insurance schemes for gig workers. - Develop financial instruments customized for gig workers such as cash flow-based loans as against collateral-based loans, since gig workers may be first-time asset owners.

²⁰ [Mudra - Micro Units Development & Refinance Agency Ltd.](#)

No.	Issues	Identified Gaps	Proposed Interventions/ Recommendations
			<ul style="list-style-type: none"> - Develop easy mechanisms to provide loan/subsidy and leasing or sharing models for assets necessary for livelihood generation such as smartphones, motor vehicles (two-wheelers, three-wheelers, four-wheelers, etc. - including electric variants) - Platform-based gig workers have earnings history due to their affiliation to digital platforms. Using this, new-age fintech companies offer cash flow-based loans directly to platform workers or in partnership with platform aggregators, thereby creating a new class of asset owners²¹. - Gig workers can be linked to the Self-Employment Programme Component under DAY-NULM. <p>(Action: Ministry of Housing and Urban Affairs (MoHUA), Ministry of Micro, Small and Medium Enterprises (MSME), Department of Financial Services (DFS), Ministry of Finance, RBI, State Governments, Platform Aggregators, FinTech, NBFCs)</p>
3.	Access to Resources	<ul style="list-style-type: none"> - The city, town or village in its entirety is the workplace of new-age gig and platform workers. Safety, security, and accessibility of the urban area have to be strengthened. - Inadequate infrastructure and technological resources. - Many gig work opportunities are seasonal leading to income insecurity for workers. 	<ul style="list-style-type: none"> - Flexibility should be the key for enabling the gig economy. Both Central and State Government may encourage and ensure flexibility in Gig economy. - Common shelter/rest places, accessible and functional toilets, etc. may be made available by city authorities, platform aggregators, civil society, etc. in close partnership with each other. - Aggregators should bring transparency in their algorithms for the benefit of both workers as well as end users. <p>(Action: MoUHA, MSME, MoLE, State Governments and Platform aggregators)</p>
4.	Skill Development	<ul style="list-style-type: none"> - Mismatch between the skills provided by educational institutions and industry requirements. 	<ul style="list-style-type: none"> - The Skill India initiative and Pradhan Mantri Kaushal Vikas Yojana (PMKVY)²² could be expanded to include specific training programs tailored to the gig economy.

²¹ World Bank. CGAP. [Gig Platforms and Financial Inclusion](#).

²² [Pradhan Mantri Kaushal Vikas Yojana \(PMKVY\)](#)

No.	Issues	Identified Gaps	Proposed Interventions/ Recommendations
			<ul style="list-style-type: none"> - Dual system of training or learn-while-you-earn opportunities where industry and institutes collaborate should be promoted. - Introduce dedicated digital learning platforms or make special provision on Skill India Digital Hub (SIDH) to offer free or subsidised skill development courses that cater to gig workers. This would allow workers to upskill or reskill, improving their earning potential and job security in an increasingly digital economy. - Government, industry, and civil society can partner to measure on-the-job skills of platform workers through their life cycle, and issue ‘skill passports’ or ‘skill badges’. This has the potential to ensure transferability and transplantation of crucial long-term skills. <p>(Action: Ministry of Skill Development and Entrepreneurship (MSDE), State Governments, and Platform aggregators)</p>
5.	Social Security	<ul style="list-style-type: none"> - Absence of comprehensive social security measures for gig economy workers. - Limited awareness and coverage of existing social welfare schemes - Lack of clarity in reference to nodal authority for collection of contributions from platform aggregators with potential outcome of dual contributions by job creators. 	<ul style="list-style-type: none"> - Expedite implementation of the Code on Social Security 2020. - Launch targeted awareness campaigns and digital literacy programs to educate gig workers about existing social welfare schemes, such as the Pradhan Mantri Suraksha Bima Yojana²³, Pradhan Mantri Jeevan Jyoti Bima Yojana²⁴, Atal Pension Yojna, P-SYM etc. <ul style="list-style-type: none"> o Government, civil society, and platform aggregators may undertake such awareness and registration campaigns jointly. - Extend existing social security schemes to gig and platform workers as a bundle of benefits linked to their eShram UAN. Example below. <ul style="list-style-type: none"> o PM Shram Yogi Maan-dhan Yojana (Pension) o PM Suraksha Bima Yojana (Accidental Insurance) o PM Jeevan Jyoti Beema Yojana (Term-life cover)

²³ [Pradhan Mantri Suraksha Bima Yojana \(PMSBY\) | Department of Financial Services | Ministry of Finance | Government of India](#)

²⁴ [Pradhan Mantri Jeevan Jyoti Bima Yojana \(PMJJBY\) | Department of Financial Services | Ministry of Finance | Government of India](#)

No.	Issues	Identified Gaps	Proposed Interventions/ Recommendations
			<ul style="list-style-type: none"> ○ Ayushman Bharat (Health Insurance) [relaxing exclusion criteria of vehicle ownership] <p>(Action: Ministry of Health and Family Welfare (MoHFW), MoLE, State Governments, Platform Aggregators)</p>

Other Issues and Proposed Interventions

Issues	Identified Gaps	Proposed Interventions/ Recommendations
Representation and Identity	<ul style="list-style-type: none"> - Informal sector workers lack collective bargaining power due to the absence of associations and community institutions - Absence of Employer-Employee relationship is making gig workers feel insecure. - Grievance redressal mechanism is not robust 	<ul style="list-style-type: none"> - Unions have been formed in the states and some unions are working as registered societies. - There are other innovative approaches too such as platform cooperatives, ONDC-led worker platforms etc. where workers have a greater say in the operations and business of platform economy. Such models may be promoted. - Grievance Redressal mechanism for gig workers needs to be strengthened. - States could appoint grievance redressal officers for the gig and platform economy sector, and sub-sectors within²⁵. - States can also develop mechanisms to protect and strengthen the contracts of the platform workers with platform aggregators, and thereby protect workers from income instability and insecurity²⁵. - States could also promote innovative mediation-style, third-party-led stakeholder dialogues involving platform workers, platform businesses, government, and civil society²⁶. - Eligible and interested persons may be federated into SHGs/ CIGs/ other community-led institutions. <p>(Action: State Governments, ONDC and Platform Aggregators)</p>

²⁵ As seen in Karnataka draft legislation

²⁶ As seen in innovative approaches adopted by rideshare/ passenger mobility platforms: [Driver Advisory Council](#)

<p>Digital Public Infrastructure, and Access to Markets for Gig Economy</p>	<ul style="list-style-type: none"> - Entry barriers to becoming a gig and platform worker, and gaining market access through digital platforms - small or large alike - continue to limit the growth of the gig and platform economy 	<ul style="list-style-type: none"> - Digital Public Infrastructure (DPI) has played a pivotal role in fostering livelihood generation, and democratizing access to economic opportunities. Protocols like ONDC have not only revolutionized the e-commerce market, but have also positively impacted the gig-work by democratizing the market and lowering barriers to entry. More such DPIs can be developed to mitigate the challenges faced by gig workers, and promote the growth of MSMEs. - Accelerate digitalisation or platformization of job roles and MSMEs - Develop partnerships between financial institutions and DPIs to offer tailored financial products such as micro-loans, insurance, and savings plans to gig workers. Leveraging Aadhaar and UAN integration can help workers access credit based on their earnings data from platform work - DPIs can be expanded to include health and wellness services that provide gig workers with access to telemedicine, mental health support, and affordable healthcare plans. - Encourage the development of localised digital platforms that connect gig workers with small businesses and MSMEs in their communities. This can help create hyperlocal economies, reduce dependence on large platforms, and increase economic resilience at the grassroots level. <p>(Action: MSME, MoHUA, Ministry of Electronics and Information Technology (MeitY) and State Government)</p>
<p>Women-led development, and Inclusivity in the Gig and Platform Economy</p>	<ul style="list-style-type: none"> - Women in the gig economy face unique challenges like limited access to toilets and rest shelters, safety concerns, lack of reporting mechanisms, discrimination and stereotyping, etc. - Persons with disabilities too may benefit from flexibility of labour offered by the platform economy, and their challenges, needs and aspirations too can be factored in. 	<ul style="list-style-type: none"> - Government, civil society, and industry may jointly enhance the safety, security, and accessibility of cities by creating and maintaining rest areas, toilets, etc. Swachh Bharat Mission - SBM Urban 2.0 - too could be suitably modified to achieve this goal. - The government, civil society, and industry may join forces to provide gender and disability sensitisation of all public-facing personnel from toll booth operators to police and gig and platform workers themselves. - Platform aggregators may implement safety features like real time tracking and emergency buttons, harassment reporting mechanism, grievance redressal mechanisms, and gender-inclusive communication, etc. - The government, civil society, and industry may enhance asset ownership, access to finance, and skilling and entrepreneurial opportunities of women through necessary fiscal and non-fiscal measures.

		(Action: MoHUA, Ministry of Women and Child Development (MoWCD), Ministry of Social Justice and Empowerment (MoSJE), and State Governments)
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To develop frameworks and programs to harness the potential of Gig Economy a joint effort of Nodal Ministries, States/UTs and other Stakeholders will be required. Based on the preliminary findings presented in this report, it is expected that the States/UTs and other Stakeholders may conduct further brainstorming/deliberations and present their viewpoints during the virtual meetings planned ahead.

Annexure I: Matrix of Platform-Based Gig Jobs in India

The ecosystem of platform work is broad and diverse. It spans across a spectrum—location-based versus global, low-complexity to high-complexity jobs, as seen in Table 1.

Type of Work	Global Reach	Local Reach
Sales	Websites that advertise and sell handmade/ artisanal goods etc.	e-commerce platforms that host homegrown labels and brands
Lower complexity; on-demand services	Online microwork platform like data entry, survey administration etc.	Location-based platform services like passenger mobility, food delivery
Higher complexity; scheduled services	Online freelancing consultations like design, copy-editing, creative, legal and compliance advisory	Location-based staffing that require on-site presence like home improvement, wellness, logistics

Annexure II: Social Protection by Platform Businesses/ Aggregators for Platform Workers

OMI Foundation undertook a comprehensive study on the supply side of social protection in India’s platform economy²⁸. They enumerated and analysed social security benefits provided by the 10 biggest aggregators (also known as platform businesses) in India across four key sectors, viz., Passenger mobility (ride-Hailing or ridesharing), Hyperlocal Delivery, Personal Services, and E-Commerce, as shown in Table 2.

Social protection benefit/ initiative	Category of Platforms			
	Passenger mobility	Hyperlocal delivery	Home services	E-Commerce
Accident cover (including disability, and death)	✓	✓	✓	✓
Health and medical support	✓	✓	✓	✓
Term life cover			✓	✓
Old age protection				
Education support for children	✓	✓	✓	✓
Skilling/ skill upgradation	✓	✓	✓	✓

²⁷ Ramachandran, S. & Raman, A. (2021). [Unlocking Jobs in the Platform Economy: Propelling India's Post-Covid Recovery](#). OMI.

²⁸ OMI Foundation. (2024). [Social Protection in India's Platform Economy: Unpacking Supply Dynamics](#).

Access to credit	✓		✓	
Facilitating access to government schemes	✓	✓		
Maternity cover		✓		
Affirmative action for improving women's participation		✓		
Any other benefits	✓	✓	✓	✓

Note 1: A social protection benefits or initiative is marked with a check (✓) if at least one platform business within the category provides it.

Note 2: 'Any other benefits' in the table above refer to miscellaneous benefits that vary across platform businesses. These include insurance of mobile phones, loan protection in case of accidental death, damage to helmets, assistance for vehicle repair through partnerships, assistance for fueling the vehicle, etc.

Annexure III: Diverse Approaches taken by Countries Around the World

Part A: Proportion of Informal Workforce

Table 3: Informal labour as a percentage of total employment in developed and developing countries in different regions across the world		
Region	Developed Countries	Developing Countries
Asia and Pacific	21.7%	71.4%
Americas	19.4%	53.8%
Europe and Central Asia	15.6%	36.8%
Africa	NA	85.8%
Arab States	NA	68.6%
Total	18.3%	69.3%

Source: ILO, 2018²⁹

Part B: Social Protection Approaches by Various Countries

Argentina

- Statute for Platform Workers: Developing a new statute (Estatuto del Trabajador de Plataformas Digitales Bajo Demanda) that provides full social security coverage.
- Social Security Coverage for Self-Employed: Provides a level of social protection comparable to that of employees.
- Simplified Registration and Contribution Payment: Developed mechanisms to improve the social security coverage of self-employed and small entrepreneurs.

Belgium

²⁹ International Labour Organization. (2018). [Women and Men in the Informal Economy: A Statistical Picture](#).

- Labour and Social Framework for Platform Workers: Developed a framework inspired by the EU's draft directive, including work injury insurance for the self-employed.
- Legislative Measures for Employment Relationship: Introduced measures to clarify the criteria for determining employment relationships on digital platforms.

China

- Intermediate Worker Category: Introduced a third, intermediate category of workers entitled to basic labour and social protection rights.

Colombia

- Mandatory Work Injury Insurance: Ensured mandatory work injury insurance for self-employed workers.

Indonesia

- Indonesia has designed a contributor model of social security for gig and platform workers. The government has collaborated with aggregators for enrolling workers in the contributory programme in which contribution from aggregators is optional. The programme by BPJS Ketenagakerjaan, i.e. government social security agency, is extremely successful³⁰.

Rwanda

- Rwanda has introduced micro-pensions for informal workers with flexible contribution options by such workers. Rwanda has recognised that a fixed monthly contribution is not compatible with the earnings of the informal workers who get paid on a daily or weekly basis. Hence, Rwanda has designed a completely flexible micro-pension policy called Ejo-Heja in which workers can pay any small amount that can be deducted at a flexible frequency from their bank accounts³¹.

Singapore

- Work Injury and Death Benefits: Focused on the coverage of work injury and death benefits for ride-hailing workers and assisting workers through government-funded training programmes focuses on lifelong learning and skill upgradation.
- Singapore has tabled a bill for enactment to provide for the rights and obligations of platform operators and platform workers, to register and recognise platform work associations and provide for matters connected therewith, and to make consequential and related amendments to certain other Acts.³²

United Kingdom (U.K.)

- In the UK, gig workers are classified into three categories: self-employed, employees, and a middle category known as "worker."
- This classification addresses the disparity in benefits between gig workers and regular employees.
- While self-employed individuals receive minimal benefits and employees are entitled to full employment benefits such as parental leave, the "worker" category ensures that gig workers receive essential benefits including a minimum wage, paid vacation, and pension contributions.³³

³⁰ [Policy_Brief_India's_Booming_Gig_and_Platform_Economy_27062022.pdf \(niti.gov.in\)](#)

³¹ [Rwanda - The Promise of Ejo Heja - World Bank](#)

³² [Platform Workers Bill - Singapore](#)

³³ [Gender and the Gig Economy: A qualitative study of Gig platforms for women workers \(orfonline.org\)](#)



Fourth National Chief Secretary Conference Feedback Note

Feedback Note (by all IAS officers / State Department Officers)

Section 1: Officer Name and Details:

- Name :
- Designation :
- Batch :
- Current Posting :

Section 2: Feedback for Fourth National Chief Secretaries' Conference

1. Name of the topic

(Choose from the topics of the conference)

2. Policy Gaps and Challenges

(Current policy challenges, administrative and implementing challenges with respect to the topic selected)

3. Potential Solutions

(Can potentially highlight new technology solutions, scope for convergence with other schemes/ programmes etc.)



Fourth National Chief Secretary Conference Feedback Note

4. Best Practices

(Highlights the practices, which are sustainable, replicable, scalable, monitorable etc. Can also highlights the block/district/ State level practices)

Instructions for filing feedback note:

1. References :
 - In-text citing as well as the listing of all the references used for compiling the data and information.
 - Hyperlinks can be added in the document
2. Documentation style:
 - Microsoft Word - Paper Size A4 with one inch margin from all four sides
 - Font: Times New Roman
 - Font Size: Title 14 pt; Section Heading - 12 pt; Body Text 11 Pt ;
 - Line Spacing : 1.25
 - Use additional spacing for section heading with spacing (After) - 6 pt