

# Government initiatives and digital Innovation for Atma Nirbhar MSMEs/SMEs: To Achieve Sustainable and Inclusive Economic Growth

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## Government initiatives and digital Innovation for Atma Nirbhar MSMEs/SMEs: To Achieve Sustainable and Inclusive Economic Growth

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### ABSTRACT

**Purpose:** The Government Schemes and policies along with Digital innovation are accelerating the growth and opportunities for MSMEs for inclusive economic growth and Sustainability through Entrepreneurship for transforming MSMEs/SMEs both in rural areas and urban areas, the innovations are catalysts for social, and economic development with associations such as NITI Aayag, FICCI, CII, ONDC, OCEN, NDEAR NPCI-peer to peer lending. PMMY, ASPIRE, the Pharmaceutical Technology upgradation assistance Scheme (PTUAS), CGSSD-(Credit Guarantee Scheme for Subordinate Debt), Self-reliant India Fund for equity infusion through Fund of Funds (FoF), Skill India, Startup India, Make in India, FDI norms, Ease doing Business(EodB), FinTech Digital lending, Udyam, CLCS - [Credit Linked Capital Subsidy for technology up-gradation], Mudra, Coir Board, Khadi and Village Commission, Khadi e-market portal for the vocal to local, E-marketplace(GeM),The New Logistics Policy, and zero defect and zero effect revision of MSME Classification, PMEGP, Atma-Nirbhar Bharat Abhiyan (ANBA) packages for The MSME/SME sector too contributes extensive employment opportunities, industrial production, exports, contributing to GDP, SHGs programmes under the startup village Entrepreneurship Programme (SVEP), PMKVY, National Skill India Mission GST exemption for SHG with support of NABARD, SIDBI, the backbone for MSMEs in financing Green sectors like renewable energy (RE) Industries, Health Products, Agriculture and electric vehicles (EVs), Technology Centers(TCs) in policy framework promotes the sustainable Development Goals(SDGs), Atma Nirbhar MSMEs and to achieve 5 trillion dollar economy.

**Design/ Methodology/Approach:** The research is based on secondary data collected from the annual report, Newspaper articles, news, website and published data of the Ministry of MSMEs and both the conceptual and empirical studies have been reviewed.

**Findings/Result:** This paper analyses economic growth through various schemes such as ECLGS, startup India SAMRIDH, Startup India Seed Fund scheme to SME, MSME, and Atmanibhar Bharat contribution towards MSME and SME. It also focused on the importance of ONDC, OCEN, and NDEA to enhance the productivity, fintech, and smooth functioning of E-Commerce and also create functions and opportunities for a job which leads to uplifting the economy of the country.

**Originality /Value:** *BDEF* approach, i.e., Better customer experience, Decision making, Empowerment and entrepreneurial competence, and Facilitating speedy execution of business processes are the main key factors to achieve MSMEs /SMEs for sustainable and Inclusive Economic Growth.

**Social Impact:** *This research is expected to provide the impact of government Schemes and digital frameworks to build and strengthen the MSMEs for sustainable development, global trend and social changes.*

**Paper Type:** *Viewpoint*

**Keywords:** MSMEs, Atma Nirbhar Bharat, Digital Lending, SIDBI, Government Schemes, FinTech, ONDC, SHGs, SDGs.

## 1. INTRODUCTION :

The Economic Survey 2022, MSMEs is a prime sector for economic, social and Sustainable development, MSMEs contribute 45% total manufacturing output, 40% of exports and 30% of the national GDP, and second after agriculture in terms of providing employment, government initiative towards inclusive development by boosting retail and wholesale trading on the MSMEs category along with dissipation banking and E-commerce and support from the government in the form of various schemes and policies Such as Pradhan Mantri Kaushal Vikas Yojana (PMKVY) focus on skilling the workforce, ONDC e-Commerce platform integrating with MSMEs, RBI initiative on digital lending, innovative programmes, new digital entrepreneur to boost the MSMEs in the digitalized and globalized world for more sustainable growth (Cueto, L. J., Frisnedi, A. F. D., Collera, R. B., Batac, K. I. T., & Agaton, C. B. 2022) [1] innovation provides the competitiveness, reduce the cost and hence the productivities and delivery systems and contribute to GDP per capital (Khurana, S., Haleem, A., & Mannan, B. 2019) [2]. The government of India has recently notified new criteria to classify the MSMEs/SMEs in the Micro, Small, and Medium Enterprises Development Act, 2006. Based on investment in plant and machinery/Equipment and introduce the Udyam registration to availing benefits under MSME Development Act, and to get a certificate on Zero Defect & Zero effect (ZED) to make SMEs more competitive, sustainable and transformative them National and International champions, it is a pioneering steps towards digital connective ecosystem to integrate and connote to transformation from entrepreneur identification, Delivery of schemes, creditworthiness, access to market right skills (Buteau, S. 2021) [3], the government implemented several reforms Startup India, Make in India, Ease doing business, Digital India, Budget and Production Linked Incentive (PLI) have provided new wave of Digitalization, automation and innovation and also created for a favourable business environment and efforts out of for sustainable development goals (SDGs) Decent Work and Economic Growth, Industry, innovation and Infrastructure, Climate Action, Skills Entrepreneurial culture to build sustainable Industrialization and to make Atmanirbhar Bharat MSMEs to rural and urban under skill India Programme to entrepreneurship, Equity infusion for MSMEs through Fund of Funds, Production-Linked Incentive (PLI) Scheme, Guaranteed Emergency Credit Line (GECIL) Scheme and every central Ministry has to procurement form MSME service produced or rendered and Government initiative under Atmanirbhar Bharat to MSMEs in the area of technology, market access, digitalization, women enterprises, export and competitiveness. The Government has an open Network for Digital E-commerce (ONDC) and digital transformation enables rural E-commerce can lift and improve the economy and Entrepreneurship of rural areas and sustainability, the government extends both economic and social infrastructure (Huang, L., Huang, Y., Huang, R., Xie, G., & Cai, W. 2022) [4] e-commerce is bringing more beneficial for Self-Help group produced products due to the GST Council decision on exemption of compulsory registration along with some of the top electric scooter manufacturers are using E-commerce platform to get state subsidies. E-commerce provides platforms for have Indian community to the global outlook and government-owned websites e-Marketplace (GeM) for procuring materials for PSUs, it enables MSMEs business to earn revenues, access to new markets and enhance customer experience with much investments, it initiated the Vocal for Local promotes locally produced products on the marketplace to make Atmanirbhar MSMEs are contributing inclusive economic growth and 100% - FDI is allowed through automatic routes and Government route in the E-marketplace model B2B, B2C, Retail of e-commerce and merging infrastructure Bharat Net with government collaboration is to provide end to end solution (Nougarahiya, S., Shetty, G., & Mandloi, D. 2021) [5] the products and services could be automobiles, pet, fashion insurance form the e-commerce sites for transforming the MSMEs. FDI Policy on Multi Brand Retail Trading provides at least 30% of value procured from MSME village and Cottage Industries artisans and craftsmen in all sectors.

### 1.1 Digital Startups:

Digital Startups (Jain, S. 2016) [6] have played an important role in integrating Artificial Intelligence, Machine learning Internet of Things and, Platform-as-a-Service(PaaS) in the development of new products, process services, payments, credit access, and connectivity, communication, productivity, and revenue, through automation and digitalization for scaling up of Micro, Small and medium business for benefits Institutional and Government Scheme The startup India Seed Fund Scheme (TFS). India has emerged as the third largest startup entrepreneurial ecosystem in the world due to “Increasing awareness of government initiatives and incentives, credit disbursement to priority sectors, promoting outreach and network benefits to Tier 2 and Tier 3 cities, as well as simplifying investment opportunities and taxation rules for foreign and domestic investors could improve opportunities for startups in India (David, D., Gopalan, S., & Ramachandran, S. 2021)” [7] Indian MSMEs are rapidly growing and adapting digital payment mode as per India Brand Equity Foundation report states that 72% payment done through digital mode compared to 28% cash, Digital Banks can ensure credit penetration to underserved MSMEs and retail customers as suggested by the NITI Aayog it boosts the further growth of the sector. The Reserve Bank and National Payment Corporation of India have made digital benefits to MSMEs and turn after value-added services to customers through BHIM UPI, QP, Simple EMIs, billing Payments, wallets, and Net Banks.

MSMEs are an engine of Economic growth, it contribute to Employment generation in both rural and urban, RBI measures on lending by the bank, NBFC, SFB, RRB, and New Fintech startups, and favourable government measures in form of Change in the definition Equity infusion through MSME Funds of Funds (SRI Funds), subordinated debt for stressed MSMEs, CLCGS, Udyam,e-Sharm, Exposer to both domestic and International market for the product produced by Khodi Village and Coir industries, National career Service (NCS), Aatmanirbhar skilled Employee- Employer Mapping (ASEEM), Electronic platform for Trade Receivable Discounting System (TReDS) with a joint venture between SIDBI and NSE, Credit Guarantee Trust Fund for Micro & Small Enterprises (CGTMSE) and integration of Indian MSMEs with Global Value Chains (GVCs),(Sheikh, C. A., & Saxena, P. 2020)[8] MSME delayed payment monitoring System MSME Samadhan, Libearalised FDI policies, schemes to Pharmaceutical Sector and Medical Devices Promotional and Development Scheme(PMPDS),Mahila Udyam Nidhi Scheme, The Trade Telated Entrepreneurship Assistance and Development (TREAD), Annalpurna Yojana, Bhartiya Mahila Bank Business Loan, Samarth Scheme for Skill Development, Micro Small Enterprise Cluster Development Programmed(MSECDP),Scheme of Fund for Regeneration of Traditional Industries (SFURTI) for enabling IT Ecosystem due to this measures MSME sector gained and it significant contribution to Gross Domestic Product (GDP). “Khadi Sector is also Promoted by Government and empowering rural areas, socially sustainable and has shared in Indian Economy and it respected movement for self-reliance” (Bhandari, V., & Arya, N. 2019) [9].

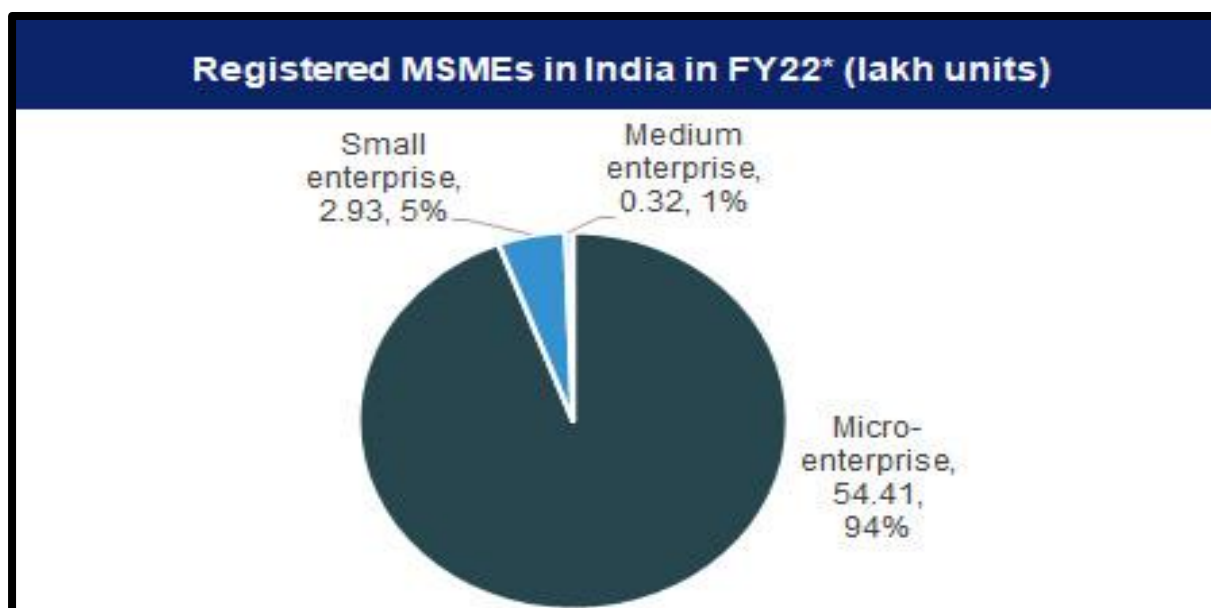


Fig. 1: Registered MSMEs in India Sources: India Brand Equity Foundation

The table 1 shows the Micro Small and Medium enterprises classifications composite criteria- Investment and Annual Turnover.

**Table 1:** Revised MSME classification

Classification	Micro	Small	Medium
Manufacturing and Services	Investment less than 1 core and Turnover less than 5 core	Investments less than 10 core and 50 core	Investment less than 20 core and Turnover less than 100 core

Source: Statista

**Pradhan Mantri MUDRA Yojana** and Ease doing Business to support and encourage women Entrepreneurs to start a small business along with edit Guarantee Fund Trust for Micro and Small enterprises (CGTMSE) jointly set up e Ministry of MSME and SIDBI to strengthen its delivery system for MSMEs for SHGs and re il trade for upscaling, commercialization of innovative technology. In Budget2021Finance Minister revamped required funds to encourage start-ups for inclusive growth. SIDBI has launched the Green Finance Scheme to support green projects renewable energy, Electric Vehicle charging Stations, Waste Management Projects, Cannabigerol (CBG), and Battery Swap sectors of the MSMEs. the SIDBI is an accredited agency of the Green Climate Fund. FinTech is providing Green Finance and the reduced credit gap in the SME/MSMEs by using Blockchain, Machine Learning algorithms, Brand and g data through Apps, online platforms, Netbanks, and Micro Finance has reduced the cost of capital.

### 1.2 Digital Innovation for MSMEs:

- E-Commerce Platform MSMEs B2B, D2C
- Integrated E-Commerce for GST
- MSMEs online Registration portal-Udyam and with Common Service Centre
- ASEEM for Skill Portal management
- FinTech and Payment Platform
- Digital Literacy

### Some of the Major Schemes for SMEs/MSMEs:

**Government Policies:** To bring more facilitation to Agro-Tech, Fintech, Ed-tech, Healthcare& Hospitality, Infrastructure, Tourism, Pharmaceuticals Startup SMEs sustainability and the standard of living, the welfare of all sections of society for Economic growth, the government has launched schemes and programs to make country self-reliant (Jain, P. K. 2021[10]) and to promote MSMEs/SM as more sustainable. The Schemes are for the sustainable flow of credit from FDI, Financial Institutions, entrepreneurship skills, Export, Technology adaptation, and modernization and for providing innovative products and services. Digital Framework for MSMEs. The India Stack framework like The Open Network for Digital Commerce (ONDC), Unified Payments Interface (UPI), Open Credit Enablement Network (OCEN) and National Digital Education Architecture for learning and upskilling. To provide a big push for digitization and sustainable use of economic growth made- in -India 5G technology. The 5G technology has high speed and desires to connect to IoT devices and it’s a catalyst for economic growth and social progress, it provides digital solutions to Entertainment, automobiles, education, healthcare, transportation and logistics, sports and events farming, infrastructure, manufacturing are the growth driver for technology adoption.

### 1.3 Production Linked Incentive Scheme:

The scheme is open to both MSME and non-MSME companies to Increase Investment, Production, and Expand ports to make Atmanirbhar Bharat, IT Hardware, LED Products, Automotives, Medical Devices, Solar Cells, Energy Storage, etc with any of nodal agencies, i.e., SIDBI and NABARD and provided by all scheduled commercial banks, scheduled cooperative banks including urban cooperative banks co-opted by SIDBI under TUFs of Ministry of Textiles, RRBs, SFCs and NEDFi. The scheme

stipulates a minimum investment threshold of Rs 10 Crore for MSMEs. In the Budget to make sustainable manufacturing Additional allocation of Rs. 19,500 crores for Production Linked Incentive for the manufacture of high-efficiency solar modules to meet the goal of 280 GW of installed solar power by 2030.

**Emergency Credit Linked Guarantee Scheme:** During the COVID-19 crisis guarantee coverage to links and NBFC this scheme covered extent to the 130 lakh MSMEs with provided additional credit under Emergency Credit Linked Guarantee Scheme (ECLGS) and ECLGS to be extended up to March 2023 to meet additional term loan and working capital. As per the Ministry of Finance, as of 24/9/ 2021, loans sanctioned have crossed Rs. 2.86 lakh crore under the scheme. Out of the total guarantee issue, about 95% of the guarantees issued are for loans sanctioned to Micro, Small, and Medium Enterprises. There are 3 sub Schemes are extended under ECLGS namely ECLGS1.0, ECLGS2.0 & ECLGS 3.0, and ECLGS 4.0 This Scheme was announced as of the Atma Nirbhar Bharat Package.

#### **Scheme Objectives**

**ECLGS 1.0:** Provide Rs 3 lakh crore worth of collateral-free, government-guaranteed loans to MSMEs across the country to mitigate COVID-induced distress.

**ECLGS 2.0:** The Rs 3 lakh crore scheme was extended to support 26 stressed sectors, and it was valid till March 31, 2021.

**ECLGS 3.0:** On March 31, 2020, the scheme was extended to cover the hospitality, travel and tourism, leisure, and sporting sectors. Also, the government extended the ECLGS 1.0 and ECLGS 2.0 by another three months, along with ECLGS 3.0, to June 30, 2021. To support MSMEs Rs 4.5 lakh crore are issued under the scheme.

**ECLGS 4.0:** Hospitals/Nursing Homes/Clinics, Medical Colleges, units engaged in manufacturing of liquid oxygen.

**Startup India:** To promote the culture of entrepreneurship and innovation, the State startup India scheme was launched year2016 and in the rural area startup India has been named Deen Dayal Upadhyay Swaniyajana Yojana. The Department for Promotion of Industry and Internal Trade has ordained the Startup India initiative. To Provide Financial assistance to startups through Startup India Seed Fund Scheme (SISFS), Funds of Funds for Startups (FFS) Scheme, and Alternative Investment Funds (AIFS) to make SMEs more Sustainable and Economic growth.

#### **Startup Accelerators for Product Innovation, Development and Growth (SAMRIDH) Scheme:**

**This scheme** was launched in the year 2021 to scale up Startups and assistance is provided in the form of Cash Support, skill sets and mentorship, connections with Investors, customers, and international market for Startup entrepreneurship.

**Startup India Seed Fund Scheme to SMEs /MSMEs Sustainable Growth:** Banks, Indian FinTech Firms, and NBFCs are driving the digital transformation in e Payments, digital lending, neo-banking, Insurance tech, wealth management, consumer lending through P2P lending, BNPL (buy now, pay later),co-lending, balance sheet lending filing a tax return, credit the cores at a less cost and quick processing to SMEs. FinTech is innovative, affordable innovation and better customer experience and they e collaborating with NBFCs and Banks to reduce the FinaGap of the SMEs and boost economic growth. “The two markets of payment Fintech are (1) consumer and retail payment and (2) wholesale and corporate payment (Baporikar, N. 2021)” [11]. The Fintech Startups are the key players in providing micro-credit MSMEs with extensive usage of AI, Algorithm technology. FinTech startups are providing Crowdfunding. FinTech makes financial transactions easier for both individuals and businesses, boosting accessibility and frequently reducing the cost of transactions by using AI, Bigdata, encrypted blockchain technology, Machine Learning (ML) algorithms, and image processing capabilities to enhance the credit flow to the industry and growth of the economy.

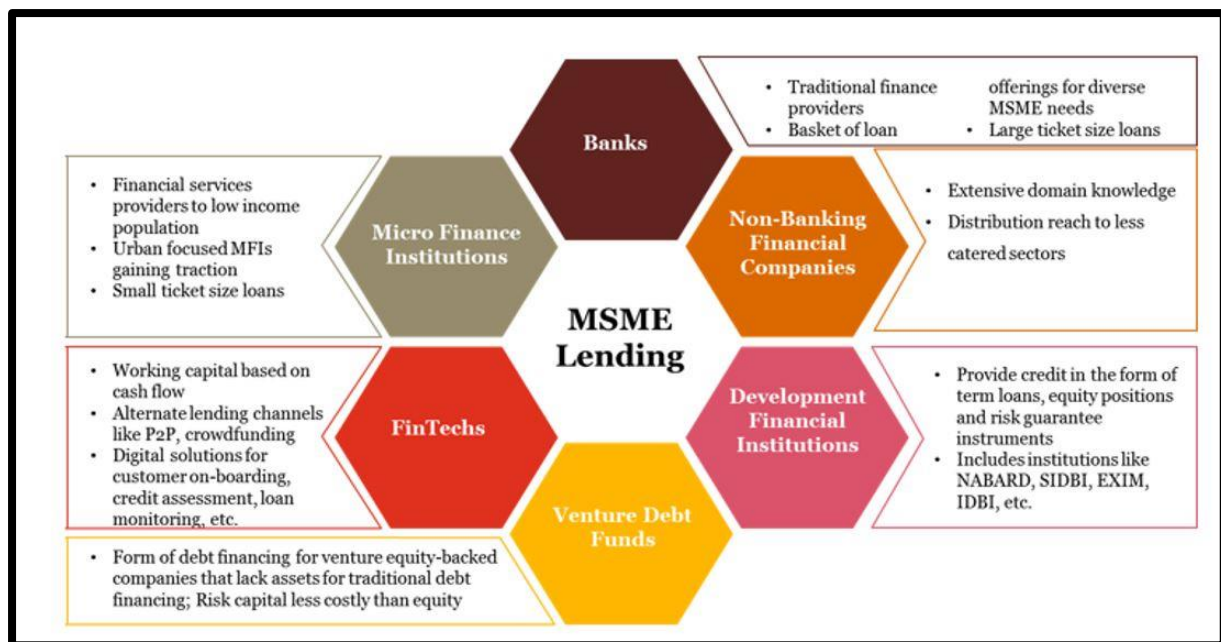


Fig. 2: MSME Lending strategies. Source: World Bank

**SMEs Startup Sector and its Innovation:** Indian SMEs Startups are creating innovative products and services, Sources of (FDI) foreign direct Investment, adoption of digital services, entrepreneurial spirit, creation of jobs, global economic development, GDP and making life easier by providing innovative ideas in the form of virtual learning, digital wallets, e-Commerce and reduced gap between Urban and Rural area. According to the report in the year 2022, is a rise of Unicorns, worth a total of \$18.9 billion and they are providing products and services in a rapidly changing environment. Cooperation between Startups and SMEs has provided opportunities for innovation and resources (Niever, M., Scholz, I. M., & Hahn, C. 2021 [12]) Startup as a temporary organization in search of scalable repeatable and profitable business model (Blank, S., & Dorf, B. 2020 [13]) & (Rompho, N. 2018 [14]).

**The Indian Venture Capital (VC) and Private equity (PE) for Sustainability of the SMEs/MSMEs:** Private Equity Venture capital catalyst for SMEs sustainable in the early stage, with high growth potential and gives professional Structure, brings transparency, enhances growth, it enhances the competitive edge in the domestic market as well as international market and also reduce the Finance Gap of the SMEs. The VC & PE provides Funding at the initial capital in the form of the Seed Phase and Product development at the startup phase VC financing for SMEs with high potential for growth and the technical skills the fund managers come along with to support the VC-backed firms blossom the entrepreneurship ecosystem (Kato, A. 2021, page 3) [15].

Players in VC & PE investment:

**Institutions and the Name of VC Fund**

- SIDBI - SIDBI Venture Capital Funds Limited (SVCL)
- IFCI - IFCI Venture Capital Funds Limited (IVCF)
- SBI - SBI Capital Market Limited
- ICICI - ICICI Banks SME Venture Capital Fund
- IDBI Banks - IDBI Banks SME Venture Capital Fund
- Accel India - Accel India Venture Fund

MSMEs/SMEs plays an important role in reducing regional imbalance and provides opportunities to both the rural and urban in developing Startups providing more job either in the manufacturing or Services sectors by contributing to Export and Economic growth with the support of government infrastructure and Schemes and policies help them in securing a better livelihood and also it creates economies of scale emerge as a global manufacturing hub for SMEs.

## 2. REVIEW OF LITERATURE :

The relevant work of MSME ONDC, DBS etc. and researchers opinions are shown in the table

S. No.	Area	Focus	Reference
1	Sustainable Development Goals and MSMEs	MSME Sector has huge potential to fulfilling DG by generating more Employment, reducing the regional imbalance, and promoting quality, Entrepreneurial ability and it requires institutional credit, more awareness campaigns, government support, skilled manpower and providing more fracture requirements.	Verma, T. L. (2019). [16]
2	Digital Technology, Government Policy and India's MSMEs	Digital Ecosystem provides end-to-end solutions to the MSMEs in the form of finance access, payments and skilling. Digital media platforms like WhatsApp and Facebook have enhanced the sustainability of the Products and services in e-commerce ONDC, E-marketing place (GeM) along with Fintech and Capacity building Schemes by the government, Udyam registration, GST portal, MSME Samadhan.	Buteau, S. (2021). [17]
3	Digital Banking Services to rural MSMEs	The author analysis that Digital Banking Services focus more on rural MSMEs and custom-made products and services will hence the DBS in rural areas, government should educate more on DBS in rural and reduce the tax burden to push the cash-less economy for the sustainability of SMEs in the rural areas.	Ahmed, S., & Sur, S. (2021). [18]
4	Policy and regulatory changes for Startups and India MSMEs	The working paper emphasizes Start-up Action Plan (SAP) a regulatory burden and short-term training programmes for startup entrepreneurs in the area of Financing, ease of doing business, marketing, Government Schemes framework, incubation, the role of State Government, and PE funding.	Singh, V. K. (2021). [19]

## 3. RESEARCH METHODOLOGY :

Data Collection: secondary data are collected from Journals, the Internet, and Magazines, annual report of SIDBI and MSME/SME Will be used for this study.

## 4. NEED OF THE STUDY :

- It is necessary to understand the financial stability of the country through the digital revolution.
- It enables to create of awareness about various government digital innovative schemes such as Atmanirbhar Bharat, makes in India, ECLGS, startup India, etc.,
- It also gives a detailed picture regarding financial support through a digital ecosystem through easy credit accessibility in the form of working capital for MSMEs and SMEs.

## 5. RESEARCH GAP :

Through many reviews, it is stated that digital innovation is very essential for the social economic growth of the country and also provides it information about digital banking services and digital ecosystem challenges of MSME in digital media platforms. But this research paper identifies the extent of government digital initiatives like Atmanirbhar Bharat, production linked incentive scheme, ECLGS, etc. that build an s sustainable financial system in India.

## 6. OBJECTIVE OF STUDY :

(1) The core focus of the research is to know the efficiency of digital transactions and government digital innovative schemes for the sustainable development of MSMEs and SMEs.



(2) To understand the credit lending schemes by various Financial Institutions and banks for small and medium enterprises that contribute to various sectors like manufacturing, service, export and also to the GDP of the Country.

(3) It also emphasizes the importance of digital startups in developing new products rendering services payment credit accessibility.

(4) To view the role of Indian venture capital and private equity in the sustainability of MSMEs and MSEs.

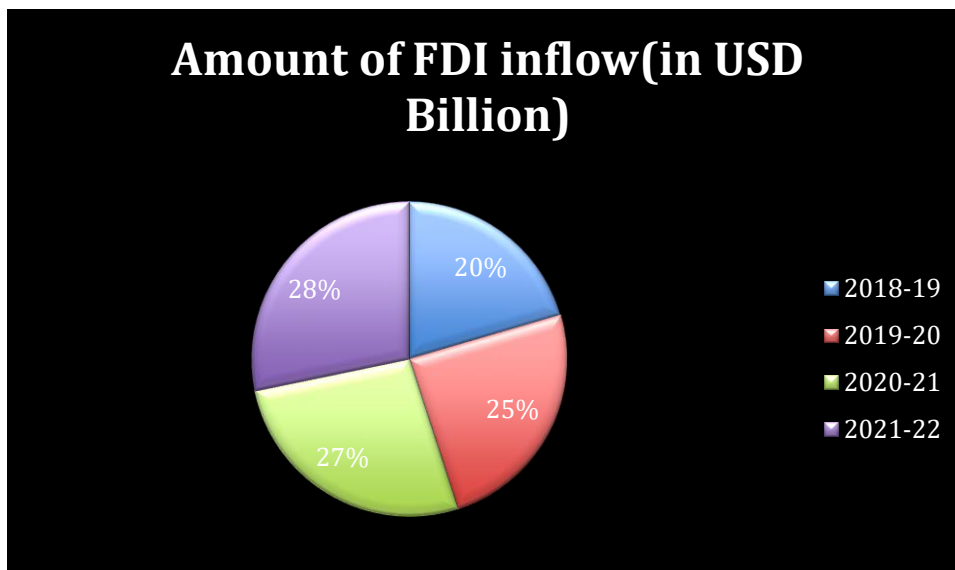
**Data analysis:**

The amount of Foreign direct investment inflow in manufacturing sectors from 2018-19 to 2021-22.

**Table 2:** FDI equity Inflow in manufacturing sectors

FA year	Amount of FDI inflow(in USD Billion)
2018-19	62.00
2019-20	74.39
2020-21	81.00
2021-22	85.57

Source: SME street 23<sup>rd</sup> November 2022



**Fig. 3:** FDI equity Inflow in manufacturing sectors

The micro, small, and medium entrepreneurs from 2019 to 2022 are shown below. There is a positive growth in Micro and Small sectors entrepreneurs but in medium sector shows decreasing trend. So, there is a requirement in the medium sector w.r.t improve the fund and resource supply.

**Table 3:** No of Women MSMEs Entrepreneurs as of 2-3-22

Date & Year	Micro	Small	Medium	Total
1-4-2019 to 31-3-20	498635	50738	1366	550739
1-4-20 to 31-6-20	152512	28237	1073	181822
1-7-20 to 31-3-21	473333	16663	1073	491069
1-4-21 to 2-2-22	692034	15989	633	708656

Source: Pid.gov.in & Udyam Sakhi Portal

From 2018 to 2021 4G subscribers are increasing. It shows the adoption of 4G will give scope for ONDC activities and all digital initiatives of GOI.

**Table 4:** 4G and 2G/3G Subscribers (in millions)

Year	4G Subscribers	2G/3G Subscribers	Total Subscribers
2018	432	744	1,176
2019	598	553	1,151
2020	702	451	1,153
2021	742	412	1,154

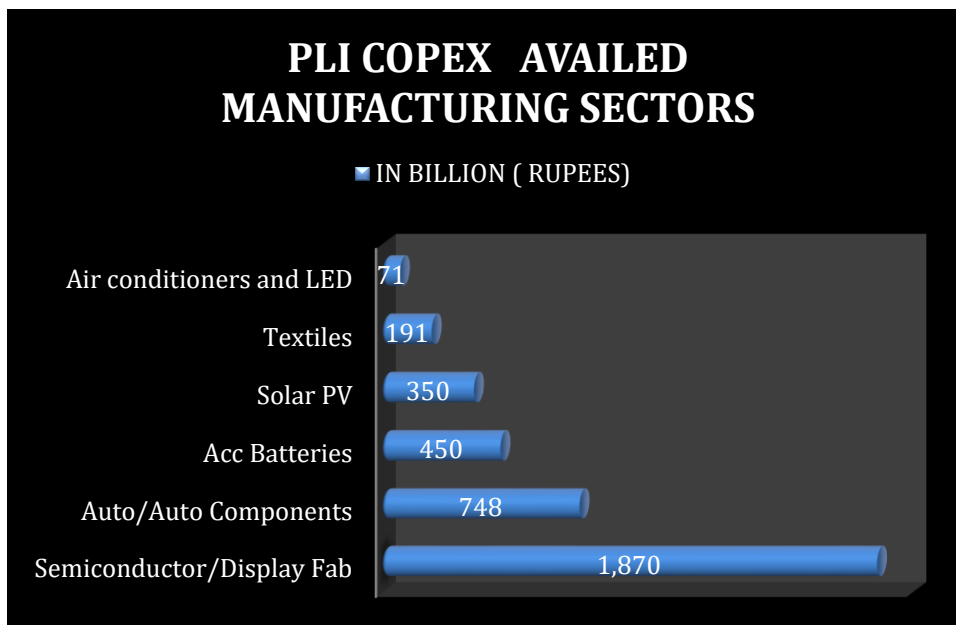
Source: Business Standard 15, October 2022

In manufacturing sectors, PLI COPEX is supported in various domains shown below (Table 5).

**Table 5:** PLI COPEX AVAILED MANUFACTURING SECTORS

SECTORS	IN BILLION ( RUPEES)
Semiconductor/Display Fab	1,870
Auto/Auto Components	748
Acc Batteries	450
Solar PV	350
Textiles	191
Air conditioners and LED	71

Source: Business Standard 15, October 2022 (page 2)



**Fig 4:** PLI COPEX AVAILED MANUFACTURING SECTORS

Total funding from 2014 to 2021 through the Indian startup ecosystem (Table 6).

**Table 6:** Indian Startup Eco System

Particulars	Amount
Total Funding 2014-to2021	\$112
Funding CAGR-2014 to 2021	49%
Unicorns	105

Source: Inc 42 page 2 November 23<sup>rd</sup> 2022

MSMEs contribute towards the development of the economy (Table 7).

**Table 7:** SMEs/MSMEs and Atmanirbhar Bharat

MSMEs Contribution	Percentage and Crore
MSME contribution to GDP	33.4
MSMEs Share Export	45%
Inclusive growth Employing unskilled workers	11 Crore
MSME Manufacturing Sectors	37%
MSME Service	33%
No of Micro Industries	63.05 Million
No Small Industries	0.33 Million
No of Medium	5000

Source: SAP India- Feb 23 2022

Digital Framework for MSMEs, ONDC, Open Credit Enablement Network (OCEN), and National Digital Education Architecture for learning and upskilling online. The New Logistic Policy is to reduce the cost to the GDP and to help the small farmer, MSMEs and it creates more jobs with the Digital interface platform Ease of Logistics Services or eLOGS to speed the movement of goods in EXIM Logistic to make inclusive of regional to the global value chain and make more competitive as well as make India in the Top Logistic Performance Index by 2030.

**Table 8:** Logistics Model Mix in India

Mode of Logistics	Percentage of Share
Road	60 (global25%)
Railways	30% (Global 60%)
Waterways	5

Source: The Economic Times 22 September 2022

## 7. ABCD ANALYSIS :

ABCD analysis gives the total picture of the concept i.e., Government initiatives, digital innovations, MSMEs, etc [20 - 25].

### **7.1 Advantages:**

- (1) Government Schemes like, make in India, Digital leading, and Ease of Doing Business has created a favorable environment for sustainable growth.
- (2) GST compulsory exemption for small online businesses will enhance the MSMEs including SHG in the digital fold and earning potential.
- (3) Sustainable MSMEs mitigate the migration of the local population by creating local jobs and reducing the regional imbalance.
- (4) RBI and NPCI initiative have made easy credit accessibility to tier2&3 cities and created a digital ecosystem.
- (5) The police initiative on bank credit to MSMEs in the form of working capital and term loan requirements for sustainable MSMEs.
- (6) Digital has reduced transaction costs and allowed MSMEs to access the global market through the digital India movement.

### **7.2 Benefits:**

- (1) Digital innovation in 5G Spectrum action for network capacity building, hence the sustainability business.
  - (2) Digital initiated by NPCI in terms of payment merchant transactions beneficiary and reducing the turnover threshold GST invoicing for B2B transactions and Small Businesses for digitalizing transactions.
  - (3) Banking stack infrastructure and neo banks startups solve the financial challenges of small and medium enterprises.
  - (4) Schemes like Emergency Credit Line Guarantee Schemes (ECLGS) have provided more funds to MSMEs through the digital lending process.
  - (5) National Institute for Micro, small and medium Enterprise (ni-MSME) provides the skill requirements for name growth.
  - (6) E-COMMERCE ONDC, UPI provide us with a distinctive and extraordinary opportunity for SMEs/MSMEs in sustainable development.
- Total ECLGS disbursements FY21-Rs8 lakh crore and 10.6 lakh core in FY 22 Total MSME borrowers 7 million as match 2022 Total MSMEs credit for FY22-23.12 lakh.

### **7.3 Constraint:**

- (1) As per a report published by promoting entrepreneurship GAME - {Global Alliance for Mass Entrepreneurship} and analytics company Dun & Bradstreet (D&B) for the financial year 2022-23, the pending amount is Rs 2,311 crore as of July 27 by the public and private enterprises to postpone supplier payments to micro and small businesses due to this problem they not getting the bank finance at reasonable rates.
- (2) NPA of MSMEs is raising and it restricts the Private Banks, PSB, and NBFCs in landing. Process.
- (3) Technology transformation is very rapid and it's emphasizing skilling, upskilling, and reskilling initiatives to name more competitive, and efficient in the era of digital innovation.
- (4) MSMEs in India are still more dependent on manual operations and more short-term training schemes on new technology to reduce the skill gap and create a digitized environment.

### **7.4 Disadvantages:**

- (1) Government has to focus on the introduction of the Act for integrating MSMEs with the other large firm to reap the benefit of effectiveness and efficiency.
- (2) The complex labour laws have discouraged the FDI in MSME and examination of sectors.
- (3) Recently MSME minister quoted that 2870 MSMEs registered in the Udyam portal have shut, and the government has to strengthen the Schemes like ECLGS.
- (4) To make Atmanirbhar MSME and achieve sustainable Development Goals more importance to be given to Skilling through Schemes.
- (5) Technical know-how and digital literacy are in efficiently utilizing digital technologies.

## 8. BDEF APPROACH :

This approach has four components:



Fig. 5: BDEF Approach

### **Better customer experience:**

Digital innovation will give scope for enhancement and inclusive economic growth in the digital Era customers are more comfortable in digital platforms for their commerce activities, and better customer experience. MSMEs and MSMEs need to achieve goals towards inclusive growth.

### **Decision making:**

Decision-making is important for all economic activity of the business. The government took a good decision regarding attaining Atmanirbhar Bharat, MSME, and involves Niti Aayog in decision-making. For government initiatives and digital innovation models to achieve sustainable economic growth in all major sectors, decision-making plays a key role.

### **Empowerment and entrepreneurial competence:**

Empowerment and entrepreneurial competence have a direct relationship with skills enhancement MSME sector and startup required entrepreneurial development that will happen through empowerment in all the sectors. Proper training through skill India, Startup India, and make-in-India programmers for sustainable development of the country.

### **Facilitating speedy execution of business process:**

Through digital innovations, government schemes like Make in India, Digital India., etc will give scope to the speedy execution of business processes. Startup India scheme also gives more boost in this regard. When interlink between business and fintech services leads to easy transactions. Open network digital commerce is the new platform to perform and research business goals. All these facilities are helps to achieve the common economic goals of the country.

## 9. CONCLUSION :

The digital revolution plays a prominent role in small and medium enterprises facing financial challenges. Different fintech innovative schemes help to build systematic financial infrastructure for the sustainable development of the country's economy. This paper analyses economic growth through various schemes such as ECLGS, startup India SAMRIDH, Startup India Seed Fund scheme to SME, MSME, and Atmanibhar Bharat contribution towards MSME and SMEs. It also focused on the importance of ONDC, OCEN, and NDEA to enhance the productivity, and smooth functioning of E-Commerce and also create functions opportunities for a job which leads to uplifting the economy of the country.

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