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EMPOWERING MSMEs and STARTUPS *for* ATMANIRBHAR BHARAT:

Policy, Practice and Performance



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NORTH WESTERN REGIONAL CENTRE

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EMPOWERING MSMEs and STARTUPS for ATMANIRBHAR BHARAT: Policy, Practice and Performance

Editor

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Book Title: EMPOWERING MSMEs and STARTUPS for ATMANIRBHAR BHARAT: Policy, Practice and Performance
Edition: First Edition: [July, 2026]
Editor(s): Prof. Dr. Chand Prakash Saini, Dr. Sonu Kumari, Dr. Nikhat Mushir, Dr. Shweta Saini

Published by:

Ronak Publication House

Registered Office: WZ-9, Gali No. 2A, Prithvi Park, MBS Nagar,
Tilak Nagar, New Delhi – 110018, India
 Phone: +91-9873-9873-56 | +91-9873-9873-54
 Email: ronakpublication@gmail.com
 www.ronakpublication.com
 Email: info@ronakpublication.com

ISBN Number (India): 978-93-48849-08-3 **ISBN Bar code:**

Book Code: 9083 **MRP (INR.** ₹501.00)

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Printed in India/Printer

PRGI RONAK PUBLICATION HOUSE PRIVATE LIMITED

(Registered Under Govt. of India Press Act, 2023, PRESS/2025/725/5284/00007638)

Preface

The present edited volume examines the evolving landscape of MSME development in India, more specifically in the North-Western Region. It brings together diverse scholarly contributions on the policy framework, sustainability, digital transformation, financial inclusion, startups and entrepreneurship, shaping the vision of *Atmanirbhar Bharat*.

"Role of Government Schemes in MSME Growth in India" examines the contribution of government initiatives toward the development of India's MSME sector. Using secondary data from Ministry reports, the chapter highlights the role of financial support, employment generation schemes, and infrastructural assistance in strengthening MSMEs. The findings reveal a positive response of enterprises toward initiatives such as Udyam registration and sectoral policy support.

"Policy Frameworks and Government Initiatives for MSME Development in India" provides an empirical evaluation of major government interventions influencing MSME growth between 2015 and 2024. Through trend analysis and regression modeling, the chapter demonstrates the positive relationship between policy measures and enterprise development indicators. The study also highlights persistent implementation challenges and offers recommendations for strengthening the MSME ecosystem.

"MSMEs and Startups as Catalysts of Self-Reliance: A Policy and Performance Analysis in India" analyzes how MSMEs and startups contribute to economic resilience and self-reliance under the *Atmanirbhar Bharat* initiative. The chapter discusses policy frameworks, financial measures, and digital transformation initiatives that have strengthened

entrepreneurial growth. It further emphasizes the role of MSMEs in employment generation, exports, and sustainable development.

"Bridging Gaps and Unlocking Potential: Challenges and Opportunities for MSMEs and Startups in North-Western India" provides an insightful discussion on the regional significance of MSMEs in promoting inclusive growth and employment. The chapter highlights both the opportunities and structural challenges faced by enterprises in semi-urban and rural areas. By focusing on regional development, the study underscores the importance of localized policy interventions and entrepreneurial ecosystems.

"A Bibliometric Analysis of HR Analytics in MSMEs and Startups: Trends, Themes, and Future Research Agenda for Atmanirbhar Bharat" maps the evolution of HR analytics research within the context of MSMEs and startups. Using bibliometric tools such as VOSviewer and Biblioshiny, the chapter identifies key thematic clusters and emerging research trends. The study further proposes a future research agenda aligned with India's digital and self-reliance initiatives.

"AI Automation in Indian SMEs: A Cross-Sector Case Study of Adoption, Profitability, and Workforce Readiness in Manufacturing, Retail, and Logistics" explores the sectoral adoption of artificial intelligence across Indian SMEs. The chapter highlights the varying pace of AI integration and emphasizes workforce readiness as a crucial determinant of successful implementation. Its findings provide practical insights into digital capability development and technology-driven competitiveness.

"Empowering MSMEs and Startups for Atmanirbhar Bharat: Policy, Practice and Performance" examines the relationship between export promotion policies, global value chain participation, and MSME competitiveness. Through a systematic literature review, the chapter identifies both the opportunities and limitations associated with internationalization strategies. It proposes an integrated framework for enhancing MSME participation in global markets.

"Turning Hashtags into Engagement: Social Media's Role in WomenLed Apparel MSMEs' and Startups" examines the growing role

of Instagram as a strategic platform for women-led apparel enterprises in India. The chapter demonstrates how storytelling, visual communication, and hashtag strategies shape audience engagement and brand recognition. It contributes to the expanding literature on digital entrepreneurship, women-led businesses, and social media marketing practices.

"Sustainable Business Practices and Green Entrepreneurship in the Healthcare Industry: A Systematic Literature Review" presents a comprehensive review of sustainability practices in healthcare management. Drawing on PRISMA-based systematic analysis, the chapter identifies major themes including green hospitals, circular economy practices, eco-innovation, and sustainability governance. The study offers a strong evidence base for healthcare managers and policymakers seeking environmentally sustainable transformation.

"Challenges Faced by Early-Stage Startups in India: A Study for Sustainable Growth" focuses on the major barriers affecting startup sustainability in India, including funding limitations, regulatory complexities, and talent shortages. The chapter also reviews government initiatives designed to support startup ecosystems. Its findings emphasize the need for stronger institutional and infrastructural support to ensure long-term entrepreneurial growth.

"Startups as Catalysts for Self-Reliance" discusses the critical role startups play in advancing the vision of *Atmanirbhar Bharat*. The chapter highlights how startups contribute to innovation, employment generation, indigenous capabilities, and digital transformation. It further argues that strengthening funding access, policy support, and innovation ecosystems is essential for sustaining India's entrepreneurial momentum.

"Bridging Access and Usage: An Empirical Investigation of Financial Inclusion and Urban–Rural Disparities in Haryana" explores the multidimensional determinants of financial inclusion in Haryana through empirical analysis. The chapter highlights the persistent access–usage gap and demonstrates how financial literacy, trust, digital adoption, and accessibility significantly influence financial participation. By combining logistic regression and SEM techniques, the study offers valuable policy implications for strengthening inclusive and sustainable finance.

"Role of Technology, Digitalization, and Industry 4.0 in MSME Transformation" investigates the role of digitalization and Industry 4.0 in transforming Indian MSMEs over nearly a decade. The chapter demonstrates how financial access, formalization, IT investment, and export orientation collectively influence digital maturity. The study emphasizes that financial constraints remain a critical barrier to broader technological adoption.

"Digital Technologies as Enablers of Sustainable Entrepreneurial Ecosystems" conceptualizes digital technologies as institutional enablers of sustainable entrepreneurship. By integrating ecosystem theory and sustainability frameworks, the chapter explains how technologies such as AI, blockchain, IoT, and cloud computing reshape entrepreneurial ecosystems. The work contributes to the growing intersection of digital transformation and sustainable value creation.

"The Impact of Frequent Price Discounting on Brand Loyalty and Sales Performance: A Bibliometric and Systematic Review"analyzes the long-term implications of price discounting strategies on consumer behavior and brand sustainability. Through bibliometric analysis of research trends, the chapter identifies significant gaps in understanding the relationship between price sensitivity and brand loyalty. The study provides valuable implications for marketers balancing short-term sales growth with long-term brand equity.

"Digital Transformation and MSME Growth in India: A Qualitative Exploration of Emerging Trends and Insights" explores how digital transformation has influenced operational efficiency, customer engagement, and financial inclusion among Indian MSMEs. Based on qualitative insights and thematic analysis, the chapter reveals both the opportunities and challenges associated with digital adoption. The study emphasizes the importance of digital literacy, infrastructure, and targeted policy support.

"From Margins to Mainstream: The Rise of Women Entrepreneurs in India's MSME Ecosystem" critically examines the evolving position of women entrepreneurs within India's MSME landscape. The chapter presents both encouraging growth indicators and persistent structural barriers such as financing gaps and lack of awareness. It argues

that women entrepreneurship must be viewed as a central pillar of inclusive economic development rather than merely a gender issue.

"Willingness to Pay a Premium for Sustainable Fashion: A Consumer Perspective" investigates the growing discourse surrounding sustainable fashion consumption and the persistent attitude–behavior gap among consumers. Through bibliometric mapping of scholarly literature, the chapter identifies key drivers and barriers affecting consumers' willingness to pay a premium for sustainable products. The study contributes meaningful insights into sustainability marketing and consumer behavior research.

"Luxury Marketing - A Growth Lever for MSMEs in India: From Local Craft to Global Premium Brands" explores luxury marketing as a strategic pathway for Indian MSMEs to move beyond price-driven competition by leveraging authenticity, exclusivity, and digital storytelling to create premium brand value. Drawing upon key theoretical perspectives, the study highlights how MSMEs can transform traditional local craftsmanship into globally recognized luxury brands.

Editors



Prof. Dr. Chand Prakash Saini

Prof. Dr. Chand Prakash Saini is a distinguished academician with over 15 years of extensive experience in Industry, Academics, Research, training and Consultancy. He earned his doctorate in Management, focusing on critical issues in E-tailing and its impact on consumer behaviour. His academic journey is marked by a Master's degree in Management and Commerce, along with qualifying UGC NET in both disciplines and receiving a Junior Research Fellowship in Management.

Dr. Saini has made significant research contributions, authoring and co-authoring over 30 research publications in prestigious journals published by Emerald, Sage, and Elsevierindexed in ABDC, UGC care, Scopus, and Web of Science. He has presented his findings at over 50 national and international conferences, including those at renowned institutions like IITs and IIMs, and has received multiple Best Research Paper Awards. Additionally, he has published five cases at Case Centre UK. In the realm of editorial and academic contributions, Dr. Saini has edited a book on Technology Disruption in healthcare, operations and Business Management published by CRC Press and a special issue on "Integration of Analytics, Optimization, and Marketing for the Growth of Businesses in Emerging Economies" for the Transnational Marketing Journal, indexed in Scopus.

He has conducted numerous seminars, workshops, and development programs, chaired technical sessions at international conferences, and served as a reviewer for journals under Inderscience and IGI Global. He is frequently invited to deliver expert lectures at various institutions on his research and areas of expertise. Dr. Saini's research interests are deeply

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Environment.In addition, she is a Life Member of the Indian Commerce Association and the Society for Research and Development.

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Dr. Shweta Saini

Dr. Shweta Saini is an academician, researcher, editor, and reviewer with 5 years of teaching and academic experience. She holds a PhD in Marketing from Maharshi Dayanand University and has experience teaching and mentoring students in the field of commerce and management.

Dr. Saini has published several research papers in reputed journals indexed in Web of Science, Scopus, UGC CARE, and ABDC, with an h-index of 7. She has also contributed chapters to edited books and co-edited two Scopus-indexed books published by IGI Global USA. She actively serves as a reviewer for reputed journals published by Inderscience Publishers, SAGE Publications, Emerald Publishing, and Taylor & Francis. In addition, she has served as a guest speaker at national conferences and as a panel member at international conferences organised by reputed academic institutions.

Her research interests include influencer marketing, digital marketing, social media, brand image, brand attitude, and consumer engagement.

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Role of Government Schemes in MSME Growth in India

Shivani Gupta[1], Dr. Priti Sharma[2]

ABSTRACT

This study has been undertaken to take note on the role played by the government schemes in the growth of Indian MSMEs. To achieve this objective, this study relied on the secondary data collected from the annual reports of the Ministry of MSME. This study has its foundation on the descriptive research design. The data provided that the Indian economy is experiencing a strong contribution of MSME. Numerous schemes have been launched by the Ministry of MSME to provide support to the MSME sector of the Indian economy. These schemes have been launched to provide financial support and employment generation in the Indian economy, and to provide infrastructural support to these enterprises. The compiled data of MSMEs registered on the Udyam portal revealed a positive response of the MSME sector to these initiatives of the government schemes.

Keywords: *MSME, Micro enterprise, medium enterprise, small enterprise, government schemes, India.*

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INTRODUCTION

MSMEs (Micro, Small, and Medium Enterprises) are the contributors to the development and employment generation in the global engine and have the capability to serve the particular industrial needs and development. This ability of MSME to generate social and employment equity has compelled the governments and regulators of different economies to focus on the MSME sector (Athaide & Pradhan, 2020). Indian economy experiences the crucial role of MSMEs in the industrial production, employment, and regional development (Martinravi & Krishnasamy, 2025). But the increasing global competition is causing a threat to the MSMEs due to increased technological innovation (Singh, 2019). To ensure optimised and increased access of MSMEs towards finance, skilled human resources, and technology, along with improved competitiveness, it is mandatory to provide a good regulatory, administrative, and legal environment (Nanda & Kumar, 2023).

MSME annual report 2024-25 provided that MSME is the second largest employer sector of India after the agricultural sector, and 24.4 crore employment has been provided by this sector through the registration of 5.77 crore enterprises. In the year 2022-23, MSME sector contributed 30.1% to GDP, 36% to manufacturing output, and in 2023-24, MSMEs contributed 45% of exported items.

The MSME sector of the Indian economy is the foundation stone of the Indian economy, which is accelerating the growth of the Indian economy by fostering entrepreneurship in India and overcoming the prevailing unemployment problem of India. (Kumar & Nanda, 2023) reported the contribution of this sector in the unbiased distribution of national income and capital, reduced discrimination and enhanced industrial upgradation of rural and backward areas in India. They also mentioned the diversity of this MSME sector in terms of size, product andservices offered and technology used. MSME sector has been reported to be the second largest manpower employer of the Indian economy by the (Singh et al., 2018) and they suggested that to enhance the contribution of MSME to all the sectors an honest attention needs to be provided to this sector.

(Martinravi & Krishnasamy, 2025) provided that the Khadi and Village Industries Commission, the Coir Board, the National Small

Industries Corporation, the National Institute for Micro, Small, and Medium Enterprises, and the Mahatma Gandhi Institute for Rural Industrialization are all under the jurisdiction of the Ministry of Micro, Small, and Medium Enterprises. According to the Micro Small and Medium Enterprises Amendment Act 2006:

Table 1: Classification of MSME enterprises based on investment and Turnover

Type of enterprise	Investment in Plant and Machinery or equipment is	Turnover
Micro enterprise	< 1 crore	< 5 crore
Small enterprise	< 10 crore	< 50 crore
Medium enterprise	< 50 crore	< 250 crore

Source: Annual report of MSME 2024-25.

This article explores the role of government schemes and initiatives in the growth prospects of MSMEs in the Indian economy. To achieve this objective, this study relies on the data provided by the Annual reports of the Ministry of MSME.

LITERATURE REVIEW

(Maiti, 2018) uncovered that MSME financing in India is dominated by the domestic banks rather than the cross-border banks. To make the business environment suitable for MSME financing business legal system needs to be improved, and government policies should be friendly. The hindrance of risk management, low profit and high cost of operating business, along with the discrete presence of clients, are responsible for the financing constraint at the end of the MSME finance business. So active government initiatives and supporting factors will facilitate the MSME financing by these MSME financing institutions.

Sharma and Joshi (2020) reported that government policies framed by the government to support MSME were able to provide financial support and market access to the MSME firms, but suggested that policies need to be implemented with more consideration to ensure their outreach.

(Nursini, 2020) conducted a research to explore the role played by the MSMEs in alleviating poverty in Indonesia and found that MSMEs significantly reduce poverty in Indonesia, but small and medium enterprises played a bigger role compared to micro-small enterprises in poverty reduction. Along with MSME economic growth, it facilitated poverty reduction in Indonesia.

(Zanjurne, 2018) provided that MSME plays a substantial role in the industrial development of any economy and MSME sector is working as the backbone of Indian economy. Nation Manufacturing Policy target of achieving 25% contribution of manufacturing in Indian GDP by 2022 can be achieved by the help of MSME sector and resultantly "Make in India" initiative was taken in Indian economy.

(Khatri, 2019) intended to investigate a number of issues and difficulties that the MSME sector faces. Based on secondary data, it discloses a number of aspects pertaining to issues with finance, marketing, technology, human resources, operations, and export potential.A few of these issues include the inability to obtain funds on time for working capital needs, a lack of consulting support, complicated documentation, a lack of the most recent technological skills, and need-based research programs etc.

Harvie (2003) using a descriptive method, examined the role of MSMEs in reducing poverty and came to the conclusion that the expansion of MSEs has improved the social and economic circumstances of the impoverished in East Asia.

Manzoor et al. (2019) note that SMEs are engines of economic growth and that the expansion of SMEs is positively correlated with an expanding economy. Poverty can be further reduced by the mechanism of economic growth. Thus, through the path of economic progress, the expansion of MSMEs affects the decrease of poverty.

Analysis of above literature provided that different studies considering the aspects of MSMEs have already been conducted but this research undertaken here in concerned with the role of various schemes introduction by the ministry of MSME and their influence on the growth of the MSMEs in India.

RESEARCH METHODOLOGY

This study is based on a descriptive research design because the study objective has been achieved using the information available in the Annual reports of the Ministry of MSME. Hence, this study is based on secondary data available in the public domain through the dissemination on government websites, annual reports and Journals.

Analysis and Discussion

Government Schemes Introduced to Support MSMEs

Table 2: Schemes offered by the Ministry of MSME to this sector have been classified into five parts/categories:

S. NO.	**Schemes Category**	**Schemes**
1.	Credit and Financial Assistance	PM Vishwakarma Scheme
		Prime Minister's Employment Generation Programme (PMEGP)
		Raising and Accelerating MSME Performance (RAMP) Scheme
		Credit Guarantee Fund Trust For MSEs (CGTMSE)
2.	Skill development and Training	A Scheme for Promotion of Innovation, Rural Industry and Entrepreneurship (ASPIRE)
		Entrepreneurship and Skill Development Programmes (ESDP)
3.	Infrastructure Development	Scheme of Fund for Regeneration of Traditional Industries (SFURTI)
		Micro and Small Enterprises Cluster Development Programme (MSE CDP)
4.	Marketing Assistance	Procurement and Marketing Support (PMS) Scheme
5.	Technology upgradation	MSME Champions Scheme

Source: Annual report of MSME 2024-25.

PM VISHWAKARMA SCHEME

PM Vishwakarma Scheme was launched in September 2023 to integrate artisans' goods and services into national and international value chains in order to improve their quality and reach. Under this scheme, Collateral-free 'Enterprise Development Loans' of up to` 3 lakh were also maintained. 2.82 lakh beneficiaries received loans totalling 2,442.63 crore at a discounted interest rate without the need for collateral.

Prime Minister's Employment Generation Programme (PMEGP)

PMEGP focuses on generating self-employment in non-farm sectors of rural and urban areas through creating self-employment opportunities via micro enterprises. Since its inception in FY 2008–09 up to FY 2024–25, the PMEGP scheme has supported 9.87 lakh micro enterprises with a margin money subsidy of ₹26,124.27 crore, generating employment for about 80.53 lakh people. Approximately 80% of these units are located in rural areas, while the remaining 20% are situated in urban regions. Notably, over half are owned by women, SCs, and STs.

Raising and Accelerating MSME Performance (RAMP) Scheme

RAMP is a World Bank-supported Central Sector Scheme with an outlay of ₹6062.45 crore, aimed at improving MSME access to credit, technology, and markets. It promotes Centre–State collaboration, strengthens financing systems, and reduces delayed payments. The programme is expected to benefit over 5.5 lakh MSMEs. All States/UTs are participating, with Strategic Investment Plans (SIPs) guiding MSME growth, innovation, digitisation, and market expansion, and a total grant of Rs. 2966.144 Cr has been approved for selected project proposals in the SIPs of these States.

Credit Guarantee Fund Trust For MSEs (CGTMSE) - Provision of Collateral Free Credit for MSME

CGT for Micro and Small Enterprises ensures the distribution of collateral-free loans to MSEs through banks and financial institutions up to ₹ 5 crore per borrowing unit by extending guarantees, and the guarantee cover ranges up to 90%. Revamped with a ₹9,000 crore corpus infusion, the scheme reduces credit costs and expands access. This scheme has supported 1 crore enterprises to secure loans worth 8.07 lakh crore, boost

employment, technology adoption, and inclusive growth of different regions and sectors.

A Scheme for Promotion of Innovation, Rural Industry and Entrepreneurship (ASPIRE) The ASPIRE scheme was introduced to innovate, promote entrepreneurship culture, and job creation in the rural areas of India by establishing MSMEs through imparting Livelihood Business Incubators (LBIs) and Technology Business Incubators (TBIs). Till 31st December 2024, 109 LBIs and 22 TBIs have been approved, and these LBIs have trained over 1.08 lakh beneficiaries.

Entrepreneurship and Skill Development Programmes (ESDP)

The ESDP program's goal is to encourage young people from various societal groups, such as SC/ST, women, people with disabilities, Ex-servicemen, and BPL individuals, to think about self-employment or entrepreneurship as a career alternative. This program has five components: Entrepreneurship Awareness Programme (EAP), Entrepreneurship cum Skill Development Programme (E-SDP), Advanced E-SDP, Management Development Programme (MDP), and Advanced MDP. These programs vary in duration, cost, and target participants, with advanced courses conducted by premier institutes like IITs and IIMs.

Scheme of Fund for Regeneration of Traditional Industries (SFURTI)

SFURTI aimed at promoting the cluster formation for traditional industry and craftsmanship, to ensure a sustainable increase in their production and income. Following sectors were covered under this scheme: textiles, handicrafts, bamboo, agro processing, honey, khadi, coir, etc. Each cluster will be provided up to 5.00 crore for infrastructure, capacity building, procurement of new machines, or raw materials, market linkage, etc. As of December 2024, 513 clusters have been approved with ₹1,333 crore assistance, benefiting around 3 lakh artisans, including SC/ST and women.

Micro and Small Enterprises Cluster Development Programme (MSE CDP)

MSECDP is a scheme where the productivity and competitiveness of MSEs are enhanced through cluster development. Financial assistance under this scheme is provided in the form of a government of India grant for common facility centres (CFCs) and infrastructure development in industrial areas. Higher grants are offered in special regions and to disadvantaged groups. 593 projects have been approved under MSECDP, and 353 have been completed, and 240 are ongoing.

Procurement and Marketing Support (PMS) Scheme

To improve the marketability of goods and services in the MSME Sector, the Procurement and Marketing Scheme was implemented. The program offers market access activities, such as planning and taking part in national and international trade shows, exhibitions, MSME expos, national workshops, seminars, etc., that are hosted all across the nation. Additionally, Vendor Development Programs are carried out to provide market connections for the successful execution of the Public Procurement Policy for Micro and Small Enterprises (MSEs). The new efforts under the Scheme are as follows: Microenterprises' adoption of bar codes. The use of e-commerce by small businesses. Using contemporary packaging methods.

MSME Champions Scheme

The MSME Champions Scheme is a comprehensive initiative running from 2021–26 to strengthen and support MSMEs by integrating various government schemes. It has three components: MSME Sustainable (ZED) Certification, MSME Competitive (Lean), and MSME Innovative (focused on incubation, IPR, design, and digital support). The scheme aims to modernise enterprises, reduce waste, improve efficiency, and enhance competitiveness, enabling MSMEs to expand their presence in national and global markets.

Status of MSMEs in India

Different schemes introduced by the Ministry of MSMEs to ensure the development of these enterprises have been discussed above. This section

will outline the current status of enterprises falling under the category of micro, small and medium enterprises.

Table 3: MSMEs registered in India

Year	MSMEs registered
2020-21	1402735
2021-22	6410453
2022-23	13093698
2023-24	41483040
2024-25	57703550

Source: Annual reports of MSMEs.

The table shows that MSMEs have observed continuous growth since 2020-21. In the year 2020-21, MSMEs registered at the Udayam Registration Portal were 1402735, which rose to 57703550 in the year 2024-25. Hence, it can be interpreted from the data compiled above that the introduction of various schemes by the Ministry of MSME at different time have encouraged the establishment and registration of MSMEs in India through facilitating the credit availability, infrastructure facility, and technological advancement through separate schemes introduced from time to time.

CONCLUSION

This study was undertaken to explore the role of various MSME schemes introduced by the concerned ministry of the Indian economy on the growth and development of MSMEs in the Indian economy. To achieve this objective, required data was collected from the secondary souces including the published reports of the MSME ministry of India. The collection of required data, provided that in India, various initiatives have been taken by the Ministry of

Micro, small and Medium Enterprises to provide support to the MSME sector of the Indian economy. Numerous schemes of different types, such as Credit and Financial Assistance, Skill development and Training, Infrastructure Development, Marketing Assistance, and Technology upgradation, have been launched from time to time by the ministry to ensure

the continuous growth of MSMEs in India. The data of MSMEs registered on the Udayam Registration Portal indicates that the introduction of these schemes has worked as a substantial factor contributing towards the growth of MSMEs in India.

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Policy Framework and Government Initiatives for MSME Development in India: An Empirical Analysis (2015–2024)

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ABSTRACT

The Micro, Small and Medium Enterprises (MSME) sector plays a pivotal role in India's economic architecture, contributing significantly to GDP, employment generation, export performance, and inclusive regional development. This research paper presents a comprehensive empirical analysis of government policy interventions using secondary data spanning 2015 to 2024. The study evaluates major initiatives including credit facilitation schemes, skill development programs, market linkage platforms, and formalization policies such as Udyam Registration. Employing statistical techniques such as trend analysis, correlation, and regression modeling, the research investigates the extent to which these policy measures influence MSME development indicators including enterprise growth, employment generation, and financial inclusion. The findings indicate a strong positive relationship between government initiatives and MSME performance, with credit support and formalization emerging as the most significant drivers. However, persistent challenges such as regional disparities, bureaucratic inefficiencies, and lack of awareness continue to hinder optimal outcomes. The study concludes with policy

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recommendations aimed at strengthening the MSME ecosystem and ensuring inclusive and sustainable development.

Keywords: MSME, *Policy Framework, Government Initiatives, India, Economic Development, Empirical Analysis, Regression*

INTRODUCTION

The Micro, Small and Medium Enterprises (MSME) sector constitutes a vital component of India's economic structure, functioning as an engine of growth, employment generation, and regional development. Characterized by low capital requirements, high labor intensity, and adaptability to diverse market conditions, MSMEs play a crucial role in fostering inclusive and sustainable economic progress. The sector spans a wide range of activities across manufacturing, services, and trade, contributing significantly to industrial output and export performance.

Despite their importance, MSMEs in India face numerous structural and operational challenges. Limited access to formal credit, outdated technology, inadequate infrastructure, low levels of digital literacy, and lack of awareness about government schemes continue to constrain their growth potential.

Recognizing these challenges, the Government of India has undertaken a series of policy interventions aimed at strengthening the MSME ecosystem. Key initiatives such as credit guarantee schemes, the Pradhan Mantri Mudra Yojana (PMMY), Udyam Registration, Government e-Marketplace (GeM), and cluster development programs have been introduced to address various constraints. A significant shift has been the emphasis on formalization and digitalization, which have improved transparency, reduced transaction costs, and improved market connectivity for small enterprises.

In this context, the present study aims to provide a comprehensive empirical evaluation of the policy framework and government initiatives for MSME development in India. By analyzing secondary data over a period of nearly a decade, the study seeks to examine the relationship between policy interventions and MSME growth outcomes, thereby contributing to the existing body of knowledge on MSME development.

EVOLUTION OF MSME POLICY FRAMEWORK IN INDIA

The policy framework governing MSMEs in India has undergone significant transformation, reflecting broader changes in the country's economic philosophy and development priorities.

Pre-Liberalization Era: Prior to 1991, India followed a highly regulated and protectionist model. Policy for Small-Scale Industries (SSIs) centered on protection, promotion, and reservation. The government reserved products exclusively for small-scale industries and supported them through subsidies, tax concessions, and concessional credit. While these policies promoted employment generation, they also led to inefficiencies including low productivity, outdated technology, and limited innovation.

Post-Liberalization Reforms: The economic liberalization of 1991 marked a turning point. The shift to a market-oriented economy necessitated a reorientation of policies to enhance competitiveness and efficiency. The government gradually de-reserved many products, and policy emphasis shifted towards technological upgradation, skill development, and quality enhancement. Export promotion and cluster development programs were introduced to foster collective efficiency and market integration.

Contemporary Policy Approach: The modern MSME policy framework has evolved into a holistic, growth-oriented system emphasizing innovation, competitiveness, and global integration. Financial inclusion remains a key pillar, with credit guarantee schemes, priority sector lending norms, and microfinance initiatives significantly expanding access to institutional finance. The emergence of digital lending platforms and fintech solutions has further streamlined credit delivery. Overall, the contemporary framework represents a shift from a support-based to an empowerment-driven approach, focusing on building a robust ecosystem that fosters innovation, enhances competitiveness, and ensures sustainable and inclusive growth.

OBJECTIVES, RESEARCH QUESTIONS, AND HYPOTHESIS

Objectives: The study aims to (i) critically examine the policy framework and government initiatives for MSME development in India and understand how they support financial access, technological

advancement, skill development, and market expansion; (ii) evaluate the effectiveness of major government schemes in enhancing MSME growth and competitiveness; and (iii) identify key challenges and gaps in implementation, particularly in terms of awareness, accessibility, and regional disparities, and provide policy recommendations to improve the efficiency and inclusiveness of government initiatives.

Research Questions:

- What is the impact of government policies on MSME development?
- Which initiatives contribute most significantly to MSME growth?

Hypothesis:

- H_o: Government initiatives do not significantly impact MSME development.
- H_1: Government initiatives significantly impact MSME development.

LITERATURE REVIEW

The role of MSMEs in economic development has been extensively examined in both global and Indian contexts. According to the OECD (2017), MSMEs contribute significantly to employment generation, innovation, and inclusive growth, particularly in developing economies. In the Indian context, studies by the Ministry of MSME highlight that MSMEs contribute nearly 30% to GDP and play a crucial role in exports and industrial output (MSME Annual Report, 2022).

Keshab Das (2017) emphasizes that government policies have increasingly focused on improving access to finance and promoting cluster-based development to enhance competitiveness. Rakesh Mohan (2018) notes that financial inclusion initiatives such as credit guarantee schemes and priority sector lending have improved credit flow to MSMEs, although challenges related to collateral requirements and procedural delays persist. Thakur and Gupta (2020) argue that flagship programs like Make in India and Startup India have created a favorable entrepreneurial ecosystem, though benefits are unevenly distributed, with rural and micro enterprises often lagging due to lack of awareness and limited institutional support.

Studies indicate that initiatives such as Udyam Registration and digital lending platforms have enhanced transparency and improved access to government benefits (Sharma & Singh, 2021). However, Sanjay Kathuria (2020) highlights that digital adoption remains limited among small enterprises due to low digital literacy and infrastructural constraints. The World Bank (2020) reports that MSMEs continue to face structural challenges such as inadequate access to formal credit, regulatory complexities, and market access barriers, while the RBI (2021) notes that MSMEs in rural and semi-urban areas struggle to benefit from government schemes due to institutional inefficiencies.

Research Gap: Existing studies have largely focused on the overall contribution of MSMEs in isolation, rather than adopting an integrated approach to assess the combined impact of various government initiatives. There is also a lack of recent empirical studies capturing the effects of newly introduced reforms such as digital registration systems and post-pandemic policy interventions. The present study attempts to bridge these gaps by providing a comprehensive and integrated analysis of both the design and implementation aspects of MSME policies.

POLICY FRAMEWORK AND GOVERNMENT INITIATIVES

The MSME policy framework in India is designed to create an enabling environment for growth and competitiveness through a coordinated institutional structure and targeted initiatives.

Institutional Framework: The Ministry of Micro, Small and Medium Enterprises serves as the apex body responsible for policy formulation, strategic planning, and overall supervision. At the state level, governments are primarily responsible for implementation and execution, adapting national policies to local contexts and providing infrastructure support and entrepreneurship promotion through state-level agencies.

Major Government Initiatives:

1. **Make in India** was launched to transform India into a global manufacturing hub. Within this vision, MSMEs are encouraged to expand production capabilities, adopt modern technologies, and

integrate into global value chains through policy support in ease of doing business, regulatory simplification, and export promotion.

2. **Startup India** fosters entrepreneurship and innovation by providing tax exemptions, easier compliance, access to funding, and incubation support through startup incubators, innovation hubs, and partnerships with academic institutions. The Fund of Funds for Startups improves access to capital for early-stage enterprises.
3. **Udyam Registration** represents a significant reform in MSME formalization. The fully online, paperless, and self-declaration-based platform simplifies registration, minimizes bureaucratic hurdles, and enables registered MSMEs to access credit facilities, subsidies, and market support programs. Integration with income tax and GST systems enhances data accuracy and governance efficiency.
4. **Credit Support Schemes** form a crucial component of MSME policy. The Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) provides collateral-free loans by offering guarantee cover to lending institutions. The Pradhan Mantri MUDRA Yojana (PMMY) targets micro enterprises through loan categories (Shishu, Kishor, Tarun) based on the stage of business development, promoting grassroots entrepreneurship.
5. **PM Vishwakarma Scheme** targets traditional artisans and craftsmen in the informal MSME segment, providing skill upgradation, modern toolkits, financial assistance at concessional rates, and market linkage support to improve productivity and income levels while promoting digital and financial inclusion.
6. **Cluster Development Programme (MSE-CDP)** promotes a cluster-based approach by concentrating enterprises engaged in similar activities and supporting them through Common Facility Centres, infrastructure upgrades, and technological support, fostering collective efficiency, knowledge sharing, and improved market access.
7. **Digital and Export Promotion Initiatives** focus on promoting e-commerce participation, digital payments, and online business operations. The Government e-Marketplace (GeM) enables MSMEs to directly engage with government buyers, improving procurement

opportunities. Export support is provided through incentives, trade fair participation, capacity-building programs, and assistance in meeting global quality standards.

CONCEPTUAL FRAMEWORK AND RESEARCH METHODOLOGY

Conceptual Framework: The study's conceptual model explains how government policy interventions (independent variables) influence MSME performance (dependent variables).

Independent Variables (Policy Interventions):

Credit Support – availability of loans, subsidies, and credit guarantees, enabling investment in machinery, production expansion, and working capital management.

Skill Development – training programs and capacity-building efforts enhancing productivity, innovation, and managerial efficiency.

Market Support – government procurement policies, e-commerce platforms, and export promotion schemes increasing sales, revenue, and competitiveness.

Formalization – MSME registration and digital platforms improving access to credit, government benefits, and building business credibility.

Dependent Variables (MSME Performance Outcomes): MSME Growth (number of enterprises, business expansion), Employment Generation, Productivity, and Financial Inclusion.

The model posits: **Government Policies → MSME Development**, with better credit support leading to higher growth and financial inclusion; improved skills leading to increased productivity and employment; strong market support leading to higher sales; and greater formalization leading to better access to benefits and sustainability.

Research Design: The study adopts a descriptive and analytical research design supplemented with an empirical approach. The descriptive aspect explains the existing policy framework and current MSME status, while the analytical component examines relationships between variables,

and the empirical approach ensures data-driven hypothesis testing using quantitative statistical techniques.

Data Collection and Sources: The study is based on secondary data collected for the period 2015–2024 from Ministry of MSME Reports, Reserve Bank of India (RBI) Publications, and Small Industries Development Bank of India (SIDBI) Reports. Secondary data is preferred for its access to large-scale longitudinal datasets, reliability, consistency, and suitability for macro-level policy analysis.

Analytical Tools: The study employs (a) **Trend Analysis** to examine changes in MSME indicators over time; (b) **Correlation Analysis** to measure the degree of relationship between policy variables and MSME performance indicators; and (c) **Regression Analysis** to examine the cause-and-effect relationship between independent and dependent variables, identify the most influential policy factors, and test the research hypothesis.

DATA ANALYSIS AND INTERPRETATION

Trend Analysis

Table 1: Trend of MSME Growth Indicators (2015–2024)

Year	MSME Registrations (lakhs)	Credit Flow (₹ crore)	Employment (lakhs)
2015	25	80,000	900
2016	28	90,000	920
2017	32	1,05,000	950
2018	36	1,20,000	980
2019	42	1,50,000	1020
2020	50	1,80,000	1080
2021	58	2,10,000	1150
2022	65	2,50,000	1230
2023	72	2,90,000	1320
2024	80	3,30,000	1400

The data shows a consistent upward trend in all MSME growth indicators from 2015 to 2024. MSME registrations increased significantly,

especially after 2020, indicating the impact of formalization policies such as digital registration systems. Credit flow shows a steady rise reflecting improved financial inclusion and effectiveness of government credit schemes. Employment generation has grown proportionately, highlighting the sector's contribution to job creation.

Correlation Analysis

Table 2: Correlation Matrix of MSME Variables

Variables	Registrations	Credit Flow	Employment
Registrations	1.000	0.997	0.994
Credit Flow	0.997	1.000	0.999
Employment	0.994	0.999	1.000

The correlation matrix indicates a strong positive correlation among all variables. The correlation between MSME registrations and credit flow (r = 0.997) is extremely high, suggesting that increased access to credit significantly contributes to MSME growth. The relationship between credit flow and employment (r = 0.999) indicates that higher financial support leads to greater job creation. The correlation between registrations and employment (r = 0.994) reflects that expansion in enterprise numbers directly contributes to employment generation. Overall, these results demonstrate that government policy interventions—especially financial support—have a strong and positive impact on MSME development indicators.

Regression Analysis

Model Specification: MSME Growth = β_0 + β_1(Credit Support) + β_2(Skill Development) + β_3(Market Support) + β_4(Formalization) + ε

Table 3: Model Summary

Model	R	R Square (R^2)	Adjusted R^2	Std. Error
1	0.999	0.998	0.997	15.32

Table 4: ANOVA (Analysis of Variance)

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	2,450,000	2	1,225,000	520.45	0.000

Model	Sum of Squares	df	Mean Square	F	Sig.
Residual	9,420	7	1,345.71		
Total	2,459,420	9			

Table 5: Coefficients

Variable	B (Coefficient)	Std. Error	t-value	Sig.
Constant	120.45	25.32	4.75	0.002
Credit Flow	0.0035	0.0004	8.75	0.000
MSME Registrations	0.85	0.12	7.08	0.000

Regression Equation: Employment = 120.45 + 0.0035(Credit Flow) + 0.85(MSME Registrations)

Interpretation: The R Square value of 0.998 indicates that 99.8% of the variation in employment generation is explained by the independent variables, demonstrating an excellent model fit. The ANOVA significance value ($p = 0.000$) confirms that the overall regression model is statistically significant. The positive and significant coefficient for Credit Flow ($B = 0.0035$, $p < 0.05$) confirms that an increase in credit availability leads to higher employment generation, validating the effectiveness of financial inclusion policies. The coefficient for MSME Registrations ($B = 0.85$, $p < 0.05$) confirms that an increase in registered MSMEs significantly boosts employment, highlighting the impact of formalization policies like Udyam Registration.

Hypothesis Testing: Since p-value < 0.05, we **reject H_0 and accept H_1**, confirming that government initiatives significantly influence MSME growth, employment, and development.

CHALLENGES IN MSME DEVELOPMENT

Despite significant policy support, the MSME sector continues to face multiple structural and operational challenges:

Lack of Awareness: A large number of micro and small enterprises, particularly in rural and semi-urban areas, remain unaware of government schemes related to credit support, subsidies, skill development, and market access. Limited outreach and ineffective communication strategies result in underutilization of policy benefits.

Procedural Complexities: Lengthy documentation and approval processes, multiple regulatory requirements across departments, and delays in approvals, loan disbursement, and subsidy allocation increase the cost of doing business and discourage formalization.

Infrastructure Gaps: Poor transportation networks, unreliable power supply, and lack of common infrastructure such as testing labs and storage facilities limit productivity, increase operational costs, and restrict market expansion, particularly for MSMEs in rural and backward regions.

Limited Digital Literacy: Many small business owners lack the skills required to use digital platforms for marketing, finance, and operations. Limited adoption of e-commerce, digital payments, and online procurement systems reduces competitiveness and widens the digital divide.

POLICY IMPLICATIONS AND RECOMMENDATIONS

Based on the empirical findings, the study proposes the following strategic policy recommendations:

Strengthening Access to Finance: Expand collateral-free lending mechanisms and credit guarantee scheme coverage; promote fintech-based lending platforms; simplify loan procedures and reduce documentation requirements; and strengthen the role of SIDBI in providing targeted financial support.

Enhancing Formalization and Awareness: Conduct nationwide awareness campaigns on MSME registration benefits; integrate Udyam Registration with GST and banking systems for seamless access; and provide incentives for informal enterprises to transition into the formal sector.

Bridging Regional and Sectoral Disparities: Develop region-specific policies based on local industrial strengths; strengthen infrastructure in rural areas including digital connectivity and industrial clusters; and promote balanced industrial development through cluster-based approaches.

Promoting Skill Development and Capacity Building: Expand entrepreneurship development programs and technical training; collaborate

with industry and academic institutions to provide market-aligned skill training; and focus on digital literacy and adoption of modern technologies.

Strengthening Market Access and Digital Integration: Promote greater MSME participation in GeM and e-commerce platforms; encourage digital marketing strategies; and provide export promotion support through trade fairs, subsidies, and international partnerships.

Improving Policy Implementation and Governance: Establish a robust monitoring and evaluation framework for MSME schemes; reduce bureaucratic delays through digital governance and single-window clearance systems; and ensure better coordination among central, state, and local authorities.

Encouraging Innovation and Technology Adoption: Provide incentives for technology upgradation and R&D; support innovation-driven MSMEs through incubation centers and funding schemes; and facilitate access to advanced technologies such as AI, automation, and digital tools.

CONCLUSION

The Micro, Small and Medium Enterprises (MSME) sector continues to serve as a cornerstone of India's economic development, contributing significantly to employment generation, industrial output, exports, and inclusive growth. This study empirically examined the effectiveness of the policy framework and government initiatives aimed at strengthening the MSME ecosystem in India over the period 2015–2024.

The findings provide strong empirical evidence that government interventions—particularly in credit support and formalization—have had a significant and positive impact on MSME performance indicators such as growth, employment, and financial inclusion. Regression and correlation analysis reveal that enhanced access to finance and increased MSME registrations are key drivers of sectoral development, validating the shift from protection-oriented strategies to a more dynamic, competitiveness-driven framework.

At the same time, the study highlights that the benefits of policy initiatives are not uniformly distributed. Regional disparities, lack of awareness, bureaucratic inefficiencies, and infrastructural limitations

continue to hinder optimal policy outcomes. Areas such as skill development, technological adoption, and market access require further strengthening for long-term sustainability.

The research contributes to the existing body of knowledge by providing an integrated empirical perspective on the relationship between policy interventions and MSME performance. Looking ahead, the future of MSMEs in India will depend on adaptive, inclusive, and technology-driven strategies. Continuous policy refinement, backed by empirical evaluation and stakeholder engagement, will be essential to unlock the full potential of MSMEs as drivers of India's economic transformation.

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MSMEs and Startups as Catalysts of Self-Reliance: A Policy and Performance Analysis in India

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ABSTRACT

Micro, Small and Medium Enterprises (MSMEs) and start-ups have emerged as an important growth driver in the nation. The vision of India towards self-reliance in the Atmanirbhar Bharat initiative. In this study, the authors examine the role of policy frameworks, practices of implementation and outcomes of performance of MSMEs and Start-ups play a key role in building economic resilience and sustainable development. The study reveals that MSMEs generate significant job opportunities, employment based GDP and exports, putting the economic base of India at risk. The government has put some measures in place, for example, financial policies of the competitiveness and internationalization of these businesses have been boosted through stimulus packages, credit guarantee schemes, Startup India and digital transformation initiatives.

The study is descriptive and analytic type of study and secondary data is obtained from source is a study of study. The government reports and policy documents and the latest scholarly works (2019-2026). The results indicate that policy support has contributed to

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more access to finance, access to technology and; the process of market expansion is still constrained by the lack of distribution of capital and credit, as well as by the implementation of regulatory restrictions.

Analysis reveals that startups have a key role of contributing to innovation and technological advancements, MSMEs offer jobs and foster the growth of the region, and those who provide advancement are others. Together, they act as catalysts for achieving inclusive and sustainable growth. In conclusion, the study found that further strengthen the implementation of the policies; improve digital infrastructure and foster innovation. The objectives of Atmanirbhar Bharat can be achieved only with the help of ecosystems.

Keywords: *MSMEs, Startups, Atmanirbhar Bharat, Policy Analysis, Economic Performance*

INTRODUCTION

The idea of Atmanirbhar Bharat (Self-reliant India) has become a driving force of the nation's vision that seeks to build self-reliant India and lessen the reliance on foreign sources in various aspects of life while ushering in sustainable economic development. In this context, Micro Small and Medium Enterprises (MSMEs) and start-ups are important drivers of growth, innovation and employment. Together, these sectors play a vital role in strengthening India's economic resilience and inclusive development.

As MSMEs are widely found in both rural and urban areas, they are considered as the backbone of Indian economy. According to latest estimates, India has more than 7.4 crore MSMEs with more than 32 crore people employed and contributing more than 31 per cent of GDP and a significant percentage of exports and manufacturing output. They are an important source of job creation at low capital costs, which is particularly relevant to unemployment and regional disparities. Further, nearly 45-48% of India's exports are driven by MSMEs which shows their significance in the process of integration with the global trade.

In parallel to MSMEs, the Startup India has also seen incredible growth since the inception of the startup India initiative. The startup community has been identified as a source of innovation, technological progress and digital transformation and has gained ground in various areas, including fintech, healthcare, education and ecommerce. The proliferation of startups has not just given a boost to India's competitiveness globally but has also provided job opportunities and fostered entrepreneurial culture.

The Government of India (GoI) has initiated various steps to promote MSMEs and startups in the context of 'Atmanirbhar Bharat'. These are collateral free loans, Emergency Credit Line Guarantee Scheme (ECLGS), Production Linked Incentive (PLI) scheme, digital platforms like Udyam registration, financial inclusion schemes like Mudra Yojana and more. These policies are designed to enhance financing, ease of doing businesses and technological adoption/innovations.

However, several barriers such as access to traditional banking services, technological innovations, infrastructure and regulatory requirements persist to affect MSMEs and start-ups. Despite having the potential to grow so much MSMEs, its issues of credit shortage and low productivity still exist. Furthermore, the policy's implementation is not uniform and there is regional variation as well, again, lowering the effectiveness of the government's initiatives.

The COVID-19 pandemic also highlighted some weaknesses in these sectors but it also facilitated digitalization and policy changes. MSMEs' resilience in the face of economic shocks highlights their vital contribution to the economic stability and recovery efforts.

The present study seeks to examine the role of MSMEs and start-up as an enabler of self-reliant India in this context through analyzing policy frameworks, implementation practices and performance outcomes. The study aims to deliver insight on the role these sectors play in the economy, innovation and employment and to recognize issues and opportunities for further development.

LITERATURE REVIEW

The changing dynamics of MSMEs and startups in India's economic development in the context of Atmanirbhar Bharat have been highlighted in recent literature.

Sharma (2019) has highlighted MSMEs' contribution to inclusive growth and rural development as they are the drivers in creating employment. The study identified the policy support as a key factor to improve their competitiveness.

Verma and Singh (2020) studied the effect of the COVID-19 pandemic on MSMEs and recommended the government's financial stimulus packages and credit guarantees for the survival and recovery.

Kumar (2021) studied the Atmanirbhar Bharat economic package and concluded that the measures like collateral-free loans and revised definition of MSME boosted the liquidity and helped in the continuity of businesses (Kumar, 2021).

Gupta and Mehta (2022) highlighted digital transformation's impact on the growth of startups, noting that leveraging technology can improve efficiency, innovation, and market penetration.

According to Rawat (2023), there has been a positive shift in ease of doing business and access to finance by the government, in terms of budgetary provisions and policy reforms for MSMEs (Rawat, 2023).

Tiwari (2024) examined the impact of the policies of Atmanirbhar Bharat and reported that financial support schemes and digital initiatives are proving to be an effective measure that enhances the performance and global competitiveness of MSMEs (Tiwari, 2024).

Reddy & Kuruva (2025) investigated the impact of AI and innovation on startup ecosystems, highlighting that technological progress plays a crucial role in the success of startups (Reddy & Kuruva, 2025).

Nikam and Kothe (2025) spoke about macro-economic measure to secure the long term economic growth and stressed the role of MSMEs for sustaining GDP growth and employment (Nikam & Kothe, 2025).

Thomas and Chakraborty (2026) pointed out that there are disparities in the development of MSMEs across different regions and argued for

focused policy initiatives for balanced regional development (Thomas & Chakraborty, 2026).

The existing literature suggests that although the policy efforts have contributed to the strengthening of MSMEs and startups, issues of implementation, financing and technology adoption remain.

RESEARCH METHODOLOGY

In this study, the researchers have used the descriptive and analytical type of research to study the role of MSMEs and start-ups in promoting self-reliance in India.

The study is mainly secondary data, which were accessed from the sources like government reports, policy documents, research journals, economic surveys and institutional publications, etc., which are reliable sources. The data has been sourced from credible organizations like Ministry of MSME, SIDBI, etc., to ensure its authenticity and reliability.

The survey has been conducted from the year 2019 till 2026 and thus pre as well as post- pandemic situation has been taken into account along with the effect of the policies of Atmanirbhar Bharat.

Objectives of the Study:

1. To examine the policy initiatives for the MSMEs and start-up in the context of the Atmanirbhar Bharat.
2. To analyze the implementation of these policies
3. Assess and monitor performance results of MSMEs and startups

Tools and Techniques:

- Policy analysis of policy texts
- Pre and post policy analysis in comparison
- Trend analysis done based on secondary data

The methodology emphasizes the links among policy support, implementation effectiveness and performance outcomes.

ANALYSIS AND INTERPRETATION

The study of MSMEs and start-ups in India indicates that there is a strong interconnection between policy measures, implementation processes and achievements.

Policy Analysis

The government schemes under the umbrella of the Atmanirbhar Bharat have been instrumental in improving the potential and preparedness of MSMEs. The government's efforts towards MSMEs and Atmanirbhar Bharat have drastically enhanced their capabilities and resilience by introducing a range of support measures, such as financial support, policy reforms and digital solutions. The availability of credit schemes like ECLGS and Mudra Yojana and the revised definition of MSME enabled enterprises to scale without compromising on the benefits.

Moreover, processes such as the Udyam registration have helped in the formalization of MSMEs, which have enabled them to benefit from government schemes and financial services better. The allocation for MSMEs has been increased in the Union Budget, which shows the government's efforts for strengthening the MSMEs in the country.

Practice-Level Analysis

On the implementation level, digital transformation has proven to be an important factor for the performance of MSMEs and startups. The operational efficiency and market access have been enhanced by the adoption of digital payment systems, e-commerce platforms, and cloud-based solutions.

In particular, digital technologies have enabled startups to develop innovative business models and to challenge the established industries. Startups are playing a pivotal role in technological innovation, with sectors like fintech, edtech, and healthtech demonstrating their vital role.

Yet there are implementation problems to be resolved. Many MSMEs, particularly in rural areas, do not have knowledge about the schemes available from the government and have some challenges in accessing formal finance. The lack of infrastructure and the bureaucratic constraints also pose challenges in the implementation of effective policies.

Performance Analysis

The impact of MSMEs and startups may be assessed on the contribution to GDP, employment, export and innovation. MSMEs account for about 30-31% of India's GDP and provide jobs to a large chunk of the population. They play a special part in the generation of employment, both in rural and urban areas, where they make up a significant proportion of the work base.

Startups, on the other hand, are a vital contributor to innovation and technological advancements. The startup culture is expanding rapidly, due to the growing number of ventures and investments in new technology. Although there are positive developments, there are still certain limitations, such as low productivity, scarcity of credit, and competition from the market.

MSMEs in India are less productive than other emerging economies which are an indicator of the need for technological upgradation and skill development.

Interpretation

The findings suggest that MSMEs and start-ups are enablers for self reliance as they encourage self production, reduce dependence on imports and enhance competitiveness of exports. MSMEs are also playing a role in the global supply chains, strengthening India's global economic standing.

However, successful implementation of these sectors, financial access and use of technologies are the keys to success. To fully harness the potential of MSMEs and start-up and to make India an Atmanirbhar Bharat, these challenges need to be overcome.

FINDINGS

The research brings forward some salient points on the role played by MSMEs and Startups in the economic development of India:

1. With a significant contribution in GDP, employment, exports and more, MSMEs become an important player in economic growth.
2. Startups are a vital contributor to innovation, digital transformation, and technological developments.

3. Access to finance has improved and business opportunities under the Atmanirbhar Bharat initiatives have improved.
4. Market reach and operational efficiency are greatly enhanced with digitalization.
5. Policy is marred by implementation gaps, lack of awareness and infrastructure problems effectiveness.
6. MSMEs are plagued with productivity problems and credit crunch, which impacts their productivity competitiveness.
7. However, there is regional variation in the development of MSMEs indicating that there is a need for regional policy interventions.

CONCLUSION

MSMEs and Start-ups are an important part of the vision of Atmanirbhar Bharat which is responsible for economic growth, innovation and job creation in the country. The study highlights that these sectors, as resilient and flexible, are resilient to shocks to the economy, such as the COVID-19 pandemic.

The MSMEs and startups have been supported a lot by government policies in many facets of life including the accessibility of finance, digitalization etc. and ease of doing business. However, challenges for their development are still related with implementation, credit and technology uptake.

Therefore, there is a need to boost policy implementation, to create innovation ecosystems, and to address inequalities across regions in order to realise the potential of self-reliance. Further development of digital infrastructure, financial inclusion and skill development will further empower MSMEs and start-ups.

To sum up it can be said that MSMEs and start-ups can really revolutionize the Indian economy to make it self-reliant and competitive in the international arena. These sectors have the potential to make a major contribution to sustainable and inclusive economic development with continued policy support and good implementation.

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Bridging Gaps and Unlocking Potential: Challenges and Opportunities for MSMEs and Startups in North-Western India

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INTRODUCTIONW

The Micro, Small and Medium Enterprises (MSMEs) are the keystone of the Indian economy and they play a central role in promoting inclusive growth, creation of employment and development of the region. According to the latest figures, MSMEs provide almost 30 percent of the Gross Domestic Product (GDP) of India and substantial proportion of the industrial production and export (Ministry of MSME, 2023). The most important role that MSMEs play is that they can provide employment in large scales at relatively cheap capital costs. MSMEs are an important source of absorbing both skilled and non-skilled labour in a country such as India where demographic forces require sustained creation of employment opportunities (International Labour Organization [ILO], 2020). Also, MSMEs enhance equalization of regional development through spreading industrialization to semi-urban and rural, thus minimizing regional inequalities and ensuring the local economies (Ayyagari et al., 2020).

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Along with the increase of MSMEs, the startup ecosystem in India has experienced an amazing boost in the last 10 years. The country has become one of the biggest startup hubs in the world with programs like Startup India, Digital India and Make in India (NITI Aayog, 2021). Startups are becoming relevant to innovation, tech progress, and the economic vibrancy of introducing disruptive business models in fintech, edtech, healthtech, e-commerce, and more (Kumar and Rao, 2021). The combination of MSMEs and startups has contributed to the empowerment of the entrepreneurial environment in India and increased its competitiveness on the international arena.

Northern-Western part of India including states like Delhi, Haryana, Punjab, Rajasthan, Himachal Pradesh and Union Territories, such as Chandigarh, is of particular importance, in this context. The area is home to a number of high-profiled industrial and entrepreneurial centres, some of which are Gurugram, which is one of the largest startup and corporate hubs, Ludhiana, being the centre of textile and manufacturing sectors, and Jaipur, being the centre of handicrafts and emerging businesses (Invest India, 2022). The economic potential of the region is further boosted by the strategic positioning, the growth in the infrastructure as well as the accessibility to both national and international markets.

Irrespective of these benefits, MSMEs and startups in the North-Western part of the country experience a number of structural and operating risks, such as the lack of access to finance, complexity of the regulatory environment, technological barrier, and infrastructure gaps (Reserve Bank of India [RBI], 2022). These are some of the problems that tend to cripple their growth and sustainability especially when compared to bigger businesses.

It is against this background that the current research aims to address challenges and opportunities of MSMEs and startups in the North-Western part of India. The main goals of the research are to determine the major limitations of their performance, discuss the new opportunities of growth and improvement, and recommend the policy actions to ensure a better entrepreneurship environment in the area.

LITERATURE REVIEW

Indian MSMEs - Development and Limits

India has had its Micro, Small and Medium Enterprises (MSME) being largely recognized as a key contributor to the Indian economy with role in generating employment, adding industrial output and export output. Recent surveys point out that MSMEs contribute about 30 percent of the GDP in India and they are at the center of inclusive development and entrepreneurship (Ministry of MSME, 2024; Kumar, 2025) . In the sectors where they are needed most (particularly those labour-intensive), MSMEs can be used to create jobs at comparatively low capital inputs as well as to facilitate the economic integration of rural and semi-urban areas.

Nevertheless, MSMEs still experience structural limitations despite their significance. Limited access to formal credit is one of the most critical challenges that have been found in the recent literature. As a report by NITI Aayog (2025) confirms, there is a massive credit gap and only a small proportion of MSME financing demands are fulfilled via formal banking. This is caused by financial constraint that is further compounded by late payments which have a major effect on working cash and operational sustainability. Moreover, the issue of regulatory complexity, such as taxation, labour regulations, and registration, remains a huge burden to MSMEs (eGrow Foundation, 2024).

Another area of concern is technological adoption. Most of the MSMEs, especially those in the rural set-up do not embrace the use of digital technologies, thus making them less competitive in the globalizing and highly digitalized economy. Moreover, infrastructural incompetencies, lack of skills, and unfamiliarity with the market remain factors that limit their potentials of growth. In spite of such limitations, recent research also shows some promising possibilities that are the result of digitalization, policy changes, and entry into global value chains, which implies a dynamic yet uneven curve of the sector development (Kumar, 2025).

Startup Ecosystem in India

Startup ecosystem in India has experienced a roller coaster growth in the last decade making the country one of the most popular startup locations in the world. A government program like Startup India and Atal Innovation

Mission has significantly contributed to the growth of entrepreneurship through financial support, incubation centers, and regulatory benefits. According to recent estimates, there were more than 2 lakh registered startups that have created significant employment opportunities and innovation in various areas (DPIIT, 2026).

The literature available focuses on the importance of startups as a source of innovation and financial vigor. Startups lead to the improvement of technology, traditional business models, and competitiveness in the MSME sector. Research also shows that startups make it easy to transfer knowledge, enhance market efficiency, and develop new jobs, complementing the MSME ecosystem (Sharma and Verma, 2023).

Still, the startup environment does not lack any issues. Some of the problems identified by researchers include limited funds especially to start-ups, uncertainty in the regulations and challenges in scaling operations. Also, the issues of talent acquisition and retention are also quite important, and a number of startups struggle to find competent professionals. Regional differences are also cited in the literature, as 70 percent of startup activity is concentrated in the metro regions, and unknown cities and regions are underdeveloped (NASSCOM insights, 2025).

Regional Development & MSMEs

The connection between MSMEs and regional development has been the subject of a voluminous economic literature and the MSMEs have been instrumental in narrowing down regional gap and enhancing balanced economic growth. MSMEs create localized industrialization and decentralized employment through opening their enterprises in semi-urban and rural regions.

Recent reports in the field of regional economic development note that there are gross differences among the industrial performance of Indian states. Regions have different levels of growth due to the disparity in infrastructure, capital accessibility, technological capacity, and the application of policy (Thomas and Chakraborty, 2026). Areas that have a greater complexity in industries and the institutions that support them have a higher economic performance as compared to those that have not yet advanced to high-value-added industries.

The gains of industrialization in the North-Western region, despite having major industrial clusters of Gurugram, Ludhiana and Jaipur, are not distributed evenly. But as the urban centres are characterised by a high levels of entrepreneurship and infrastructure development, the rural and semi urban regions still suffer in terms of infrastructure, skill development and market accessibility. This inequity in the distribution of resources restrains the overall potential growth of MSMEs and startups in the region.

Key Gaps in Literature

Although the literature on MSMEs and startups in India is increasing, there are still some critical gaps in it. To begin with, a significant gap in terms of the lack of region-specific studies in the North-Western part of India must be mentioned. The majority of existing research presumes the national level scope thus neglecting the regional differences in terms of economic setup, policy execution and entrepreneurship processes. Due to the peculiarities of the North-Western region industrial structure and the strategic role of the area, special empirical and analytical research is required.

Secondly, the available literature is mostly based on economic or managerial approach, and the socio-legal aspects of MSME and startup evolution are not given much attention. Specifically, the contribution of the legal elements like the Insolvency and Bankruptcy Code (IBC), 2016 in the development of the business climate of MSMEs has not been thoroughly studied. Although the IBC has been well-researched in the framework of large businesses and financial institutions, its implication on MSMEs and how it influences the resolution process, financial distress, and business continuity, needs to be researched further.

Lastly, MSME and startup literature have a low level of integration, although they are becoming more dependent on each other. The startup is regarded as a different sphere, and in reality, it is tightly interconnected with MSMEs regarding the aspect of innovation, supply chain, and market forces. Such disaggregation of literature requires a more integrated methodology that studies the ecosystem of MSMEs and startups in a combined manner, especially in the regional settings.

RESEARCH METHODOLOGY

The research design that the current study has assumed is secondary data based research design, and the objective of the study is to examine the opportunities and challenges of MSMEs and start-ups in North-Western region in India using an integrative and analytical approach. It is also a study that could also benefit from secondary research being a research method that allows gaining a large-scale view of macro-level trends, policy frameworks, and dynamics of the sector without having to be limited because of primary data collection (Saunders et al., 2019).

The analysis is based on the information gathered by various sources of credible and authentic information, such as government reports, policy documents, and institutional publications among others. The main ones are reports issued by the Ministry of Micro, Small and Medium Enterprises (MSME), NITI Aayog, Reserve Bank of India (RBI), Department of Promotion of Industry and Internal Trade (DPIIT) and other agencies of the government. Besides, peer-reviewed journal articles, working papers, and industry reports have been examined to offer theoretical as well as empirical evidence on how MSMEs and startups in India operate.

The study is descriptive and analytical in nature as the existing data and information are analyzed in a systematic manner to determine patterns, challenges, and new opportunities in the chosen region. A comparative approach is also utilised in the study where differences in industrial development, infrastructure and entrepreneurial activity are examined in the various states of the North-Western region.

To deliver a reliable and valid study, the research puts emphasis on more recent and updated information (2020 onwards) and cross-checks information in several reports. Thematic categorization also contributes to the analysis as it can allow a systematic study of the main problems, including financial limitations, regulatory obstacles, technological use, and geographical inequalities.

The research is however limited to some aspects of secondary research. The results are conditional on the existence and quality of available information, and localized information on regions might be insufficient. Regardless of such shortcomings, the methodology offers a solid model to

explain the larger processes of the MSMEs and the startups and offers a solid basis on policy-oriented suggestions.

NORTH-WESTERN INDIA

Delhi, Haryana, Punjab, Rajasthan, Himachal Pradesh and Union Territories including Chandigarh and Jammu Kashmir all make the North-Western region of India a major center of industry and entrepreneurial action. The region is typified by an eclectic economic set up of old industries and new service based economies.

The region has good performance economically in terms of industry and commerce, as it is well placed geographically and within the country capital, as well as, it has well-developed infrastructure. There are many multinational companies and innovation centres in Haryana and Delhi especially in the Gurugram area, which has become the major centre of information technology, startups and corporate ventures (NITI Aayog, 2021). The existence of the incubators, venture capital networks, and policy support has played a significant role in developing the ecosystem of startups in this region.

Punjab, however, is popular in terms of textile and manufacturing sectors, especially in such cities as Ludhiana, which is one of the largest hosiery and small-scale manufacturers producers (Ministry of MSME, 2023). Rajasthan also underpins through its strong handicrafts and artisan industries and the cities like Jaipur are instrumental in enhancing exports of handicrafts, jewellery and textile industries.

The region has a fairly good infrastructure and has good road networks, industrial corridors and is connected to the major markets. The economic potential of the region has since been reinforced by government measures like industrial measures, incentives to startups and MSME development programs. Nonetheless, there are still inequalities between urban and rural regions especially in terms of infrastructure, finance, and technology, which still shapes the development path of MSMEs and startups in the region.

OPPORTUNITIES FOR MSMES AND STARTUPS

Government Initiatives

The Indian government has presented numerous policy programs that are geared towards empowering the MSME and startup ecosystem in order to generate substantial growth opportunities. Entrepreneurial activity has been booming with programs like Startup India making it easier to register a business, tax exemptions, and access to funding (DPIIT, 2023). Likewise, make in India has been concerned with the promotion of local manufacture, improved industrial infrastructure and making more investment towards foreign countries, thus benefiting MSMEs under the production and supply chain.

The Digital India program has been revolutionary in increasing the digital infrastructure and digital literacy, and MSMEs are able to embrace the use of technology in their activities. Furthermore, other schemes specific to MSMEs like the Credit Guarantee Fund Trust of Micro and Small Enterprises (CGTMSE), Emergency Credit Line Guarantee Scheme (ECLGS), cluster development programs have better access to finance and market connections (Ministry of MSME, 2023). All these efforts make an enabling environment where MSMEs and startups can develop, innovate and be able to operate in the local and international markets.

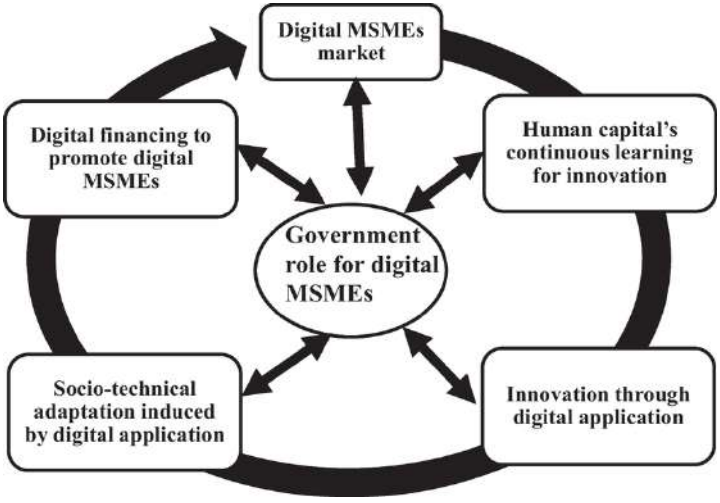


Figure 1

Digital Transformation

The most important opportunities facing MSMEs and startups in India are the digital transformation. The fast development of e-commerce websites has made small companies reach broader markets, cease to rely on physical infrastructure, and get into direct contact with customers. Online marketplaces and digital payment systems have increased the ease of access to the markets and operational efficiency (OECD, 2021).

Moreover, the adoption of modern technologies, including artificial intelligence (AI), automation, and data analytics, provide a chance of enhancing productivity, cost-efficiency, and decision-making. The AI-based tools may help MSMEs in the demand forecasting, managing customer relations, and optimization of supply chains. Especially startups are using these technologies to formulate new solutions and break the old models of business. Though the adoption is still uneven, the trend towards making digital tools more affordable and the governmental assistance in the digitalization will likely drive this process faster.

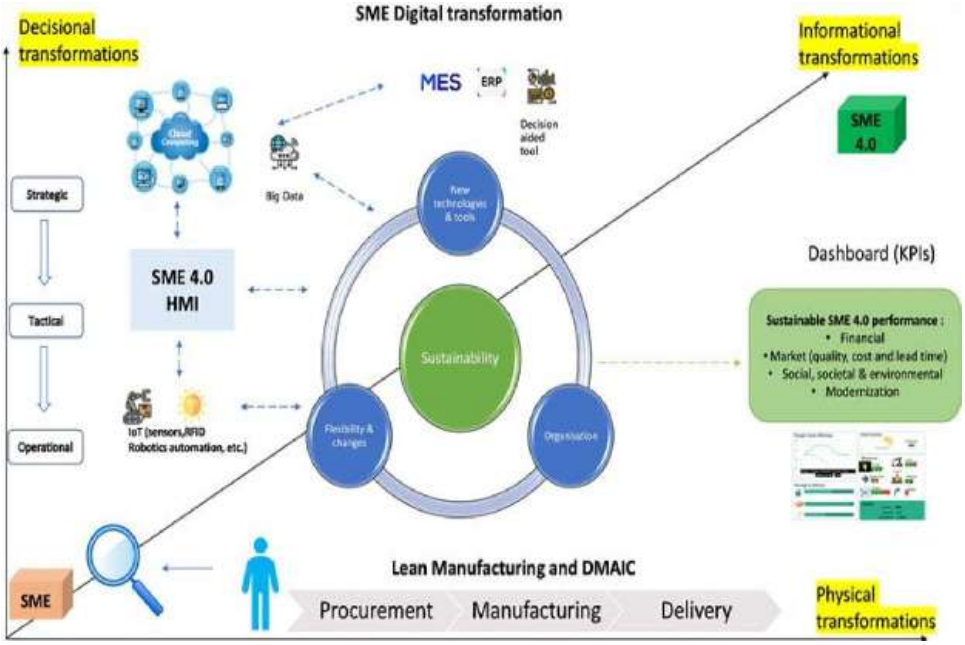


Figure 2

Regional Advantages

The North-Western part of India has a number of strategic opportunities which present opportunities to MSMEs and startups. It is close to the national capital and can be accessible to the large transport networks; the highways, the rails, the airports, etc. and it makes it more connected and market-accessible. It is due to the existence of the well-developed industrial centers in cities like Gurugram, Ludhiana and Jaipur, which offers a highly favorable ecosystem of business development and cooperation.

Moreover, the area has a huge export potential, especially on the handicrafts, automotive parts, textiles, and IT services. The textile industry in Punjab, handicraft in Rajasthan, and industrial base in Haryana are some of the sources of domestic and international trade. As focus on export promotion and global value chain integration continues, the MSMEs in this region will be able to increase their market size and competitiveness (Ministry of Commerce, 2022).

Increased ecosystems of innovation and entrepreneurship have also increased the chances of MSMEs and startups. Knowledge sharing, mentorship and access to funds have been made easier by the emergence of incubators, accelerators, and innovation hubs with the assistance of government and other institutions. Efforts like Atal Innovation Mission and state startup policies have been critical towards promotion of entrepreneurial culture.

Universities and other academic institutions are also playing an increasing role in this ecosystem by enhancing research, skill development and working with industries. Combining scholarly material with the business practices has helped startups to be able to create new solutions and expand their operations. This increased interaction between academia and industry is especially pertinent in the areas with abundant education infrastructure which increased the overall entrepreneurial environment.

The focus on sustainability is one of the main opportunities of MSMEs and startups due to the growth of the attention to environmental issues and the global sustainability guidelines. Green MSMEs with their attention to being energy-efficient, to waste management, and to environmentally

friendly production processes are becoming increasingly popular in the local and global market (UNIDO, 2021).

The increased focus on the Environmental, Social, and Governance (ESG) practices is creating new opportunities for companies to advance in compliance with the idea of sustainable development and become attractive to investors. Renewable energy, a circular economy, and sustainable supply chain are the new areas where startups are actively looking into innovative solutions. Moreover, this transition is also supported by the governmental encouragement of the green technologies and sustainable practices. In the case of MSMEs in export-oriented industries, compliance with ESG principles can increase the level of global competitiveness and access to foreign markets.

DISCUSSION AND ANALYSIS

The North-Western part of Indian analysis of MSMEs and startups discloses a dynamic but rather unbalanced picture of the market where there are great opportunities, and structural challenges are still present. On the one hand, initiatives of the government, digitalization, and regional benefits have provided a favorable climate in which entrepreneurs can develop. Conversely, the limitations of finance, regulation, infrastructure, and human resource still exist and hinder the full economic potential of this potential.

An objective comparison of challenges and opportunities reveals a major paradox: despite the fact that the policy frameworks and institutional support mechanisms have been enlarged significantly, it does not provide equal effect on regions and enterprise categories. As an example, programs like Startup India and MSME development schemes have enhanced access to funds and facilitation of doing business although their advantages are mostly limited in the urban centres like Delhi and Gurugram, and rural and semi-urban MSMEs are under served (NITI Aayog, 2021). This urban advantage indicates more profound structural disparities in infrastructural provision, internet access, and institutional ability.

Moreover, weak links in the policy execution are still compromising the desired results of these efforts. Despite the presence of credit schemes and other financial support systems, their availability is curtailed by procedural

complexity and lack of awareness especially among the micro-enterprises. On the same note, although the Insolvency and Bankruptcy Code (IBC), 2016 has enhanced the existing insolvency framework, it is not applicable to MSMEs because of the expensive compliance costs and inflexibility in procedures (IBBI, 2022). This means that there is lack of linkage between policy design and realities on the ground.

Another burning issue is the imbalance between urban and rural areas. The rural MSMEs have a big disadvantage to connectivity, developing skills, and accessing the market as urban areas have a better infrastructure, access to finance, and ecosystems of innovation. That is not only a setback to the development of the regions but also curbs the inclusion of the growth path that India is taking.

On balance, the analysis indicates that the opportunities are quite significant, however, their availability and distribution are not even. These structural and implementation gaps are necessary to deal with as they will enable MSMEs and startups to fully participate in sustainable and inclusive economic development.

POLICY RECOMMENDATIONS

Resting on the observed opportunities and threats, the multi-dimensional policy approach is necessary to empower the MSME and startup ecosystem in the North-Western region.

First, there is the necessity to streamline the system of regulations of MSMEs and startups. Facilitation of compliance processes and lessening bureaucracy and delays linked to compliance procedures, as well as, increasing transparency of the regulatory processes can be significant to ease of doing business. A single digital compliance platform may also help decrease administrative heavy loads and enhance efficiency.

Secondly, there is the need to strengthen credit mechanisms, in order to hit the long-running financing gap. Access to capital can be increased by expanding credit guarantee programs, encouraging other financing solutions, including fintech lending and peer-to-peer platforms as well as improving the financial literacy of MSMEs. It is also essential to ensure timely payment of the delayed payments by using tougher measures.

Third, balanced growth can be encouraged by building infrastructures of startups in the regions outside the metropolises. By creating incubators and innovation centres, in tier-2 and tier-3 cities, with the help of public-private partners, it is possible to decentralize the opportunities of entrepreneurship and decrease the differences between regions.

Fourthly, skill development programs should be made in correlation to the industry requirements in order to close the prevailing skill gap. The industry, academic, and government institutions can work together to create the appropriate training programs especially on the new fields like digital technologies and advanced manufacturing.

Fifthly, the active promotion of AI and the introduction of digital resources into the work of MSMEs should take place. Encouraging the use of technologies and facilitating digital infrastructure, as well as informing about the benefits of digital transformation and competitiveness, can be done with the help of government incentives.

Lastly, this requires insolvency reforms that are specific to MSME in the context of the IBC. Business continuity and financial distress can be enhanced by simplified and cost effective resolution mechanisms including the reinforcement of pre-packaged insolvency procedures and increasing awareness among MSMEs. The individualization of the insolvency approaches to the specifics of MSMEs will make them more inclusive and effective.

CONCLUSION

The paper has made it evident that MSMEs and startups in the North-Western part of India play an important role in economic growth, innovation, and creation of employment. Though the region has good industrial clusters, strategic position, and a fast-growing startup ecosystem, it still has severe structural problems with finances, regulation, infrastructure, and human resources.

According to the analysis, it is seen that though many policy projects and technological innovations have resulted in tremendous opportunities, the outcome is uneven because of the lapses in implementation and regional differences. The development trends that are urban-centric, reduced

availability of access to financial and institutional resources and poor technological absorption has limited the potential development of MSMEs and start ups, especially in rural and semi-urban settings.

The only way to deal with such challenges is to have a balanced and inclusive policy that helps not only in improving the ease of doing business but also in attaining fair distribution of resources and opportunities in regions. Institutional strengthening, facilitating the process of digital transformation, and the legal reforms that are unique to MSMEs will play a vital role in ensuring sustainable growth.

Future research opportunities are also presented by the study, especially in the research on the region-specific empirical analyses, the effectiveness of policy interventions, and the socio-legal aspects of the MSME development, such as the role of insolvency frameworks. Better insight of these will help in formulation of policies that are more targeted and effective in the long-term and will eventually help in the resilience and competitiveness of MSMEs and startups in India.

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A Bibliometric Analysis of HR Analytics in MSMEs and Startups: Trends, Themes, and Future Research Agenda for Atmanirbhar Bharat

Dr. Niyati Chaudhary[1], Ms.Shweta Malik[2]

ABSTRACT

This study presents a comprehensive bibliometric analysis of HR Analytics (HRA) research on Micro, Small, and Medium Enterprises (MSMEs) and startups in India, with particular reference to the Atmanirbhar Bharat policy framework. Using a systematic dataset of 847 documents retrieved from the Scopus database (2000–2025), this paper employs bibliometric techniques—co-citation analysis, keyword co-occurrence, institutional collaboration mapping, and thematic clustering—using VOSviewer and Biblioshiny (R-based bibliometrix package). The study identifies five major research clusters: (1) Digital HR and People Analytics, (2) MSME Workforce Development, (3) Startup Talent Management, (4) Technology-Driven HR Practices, and (5) Policy and Regulatory Frameworks. Findings reveal a significant growth trajectory in publications post-2017, coinciding with India's Digital India and Skill India missions. The United States, India, and the United Kingdom are the most productive countries, while journals such as the International Journal of Human Resource Management, Journal of Business

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Venturing, and Computers in Human Behavior dominate the landscape. The paper identifies critical research gaps—particularly in HR analytics adoption among Indian MSMEs—and proposes a future research agenda aligned with Atmanirbhar Bharat's vision for self-reliant enterprise development.

Keywords: *HR Analytics; People Analytics; MSME; Startups; Bibliometric Analysis; VOSviewer; Biblioshiny; Atmanirbhar Bharat; Workforce Management; Digital HR*

JEL Classification: M12, M15, L25, O15, J24

INTRODUCTION

The intersection of Human Resource Analytics (HRA) and entrepreneurship represents one of the most dynamic yet underexplored domains in contemporary management research. As India embarks on its ambitious Atmanirbhar Bharat (Self-Reliant India) mission—a transformative policy initiative announced in 2020 with a Rs. 20 lakh crore stimulus package—the role of data-driven HR practices in empowering MSMEs and startups has assumed unprecedented strategic importance (Ministry of Finance, 2020). With over 63 million MSMEs employing approximately 110 million workers and contributing nearly 30% to India's GDP, the sector's human capital challenges are both vast and complex (MSME Annual Report, 2023).

HR Analytics—defined as the systematic collection, analysis, and application of HR data to improve organizational decision-making and performance—has traditionally been studied in the context of large enterprises (Marler & Boudreau, 2017; Tursunbayeva et al., 2018). However, the rapid digitalization of Indian MSMEs, accelerated at the time of the COVID-19 pandemic and government-led initiatives such as Udyam Registration Portal, CHAMPIONS portal, and the PM Vishwakarma scheme, has created fertile ground for HR analytics adoption even at the micro-enterprise level.

Despite this practical urgency, the academic literature on HR analytics in MSMEs and startups remains fragmented, discipline-siloed, and geographically skewed toward developed economies. There exists no

comprehensive bibliometric mapping of this intersection—a gap that this paper seeks to address. Bibliometric analysis, as a quantitative research method employing statistical and mathematical tools to analyze published literature, offers a powerful means to map the intellectual landscape, identify research trajectories, and uncover future research directions (Donthu et al., 2021; Zupic & Cater, 2015).

This study makes four distinct contributions to the literature. First, it provides the first comprehensive bibliometric analysis of HR analytics research in the MSME and startup ecosystem spanning 25 years (2000–2025). Second, it employs rigorous methodological triangulation using Scopus database, VOSviewer for network visualization, and Biblioshiny (R-based bibliometrix package) for performance analysis. Third, it contextualizes findings within the Indian policy framework of Atmanirbhar Bharat, providing a localized research agenda. Fourth, it identifies five thematic research clusters with actionable implications for researchers, practitioners, and policymakers.

THEORETICAL BACKGROUND AND LITERATURE REVIEW

HR Analytics: Conceptual Evolution

HR Analytics has evolved through three distinct phases. The first phase (pre-2010), characterized by operational reporting and basic HR metrics, focused primarily on headcount, turnover rates, and absenteeism tracking (Lawler et al., 2004). The second phase (2010–2017) witnessed the emergence of predictive analytics, where organizations began using regression models and machine learning algorithms to predict employee attrition, performance, and engagement (Cappelli & Tavis, 2018). The third and current phase (2017-present) is defined by prescriptive analytics and AI-driven decision-making, where real-time data streams from wearables, digital collaboration tools, and HRIS platforms enable dynamic workforce optimization (Chierici et al., 2019).

Theoretical foundations for HRA draw from multiple disciplines. Resource-Based View (RBV) theory (Barney, 1991) positions HR data and analytical capabilities as rare, inimitable organizational resources that create sustained competitive advantage. Human Capital Theory (Becker,

1964) provides the microeconomic rationale for investing in workforce analytics. More recently, Dynamic Capabilities Theory (Teece et al., 1997) frames HR analytics as an adaptive sensing mechanism enabling organizations to sense environmental shifts, seize opportunities, and reconfigure resources—particularly relevant for agile startup environments.

MSMEs, Startups, and HR Challenges in India

Indian MSMEs face a distinctive constellation of HR challenges that differentiate them from their large enterprise counterparts. Recruitment informality, skill gaps, high attrition, compliance burden under the Labour Codes 2020, and limited access to professional HR expertise are among the most salient issues (ILO, 2022; KPMG-CII, 2023). India's startup ecosystem, ranked third globally with over 99,000 DPIIT-recognized startups as of 2023, presents a unique laboratory for studying HR analytics adoption at scale.

Bibliometric Analysis in Management Research

Bibliometric analysis has emerged as the dominant method for mapping intellectual structures in management disciplines (Donthu et al., 2021). Key bibliometric techniques include: (a) performance analysis; (b) science mapping through co-citation analysis, bibliographic coupling, and keyword co-occurrence; and (c) systematic content analysis for thematic clustering (Zupic & Cater, 2015).

RESEARCH METHODOLOGY

Search Strategy and Data Collection

Following PRISMA guidelines adapted for bibliometric reviews (Page et al., 2021), data were retrieved from the Scopus database. The final dataset comprised 847 documents after applying inclusion/exclusion criteria: English-language peer-reviewed articles and reviews, published between 2000 and 2025. The PRISMA flow diagram (Table A1 in the Appendix) details the selection process.

Search String: *TITLE-ABS-KEY (("HR analytics" OR "people analytics" OR "human resource analytics" OR "workforce analytics" OR*

"talent analytics") AND ("MSME" OR "SME" OR "small enterprise" OR "startup" OR "entrepreneurship"))

Analytical Too4ls

Biblioshiny (R-package bibliometrix v5.0): Performance analysis, annual trends, Bradford's law, Lotka's law, thematic mapping using factorial and co-word analysis.

VOSviewer (v1.6.20): Keyword co-occurrence networks, co-authorship networks (author, institutional, country levels), co-citation analysis, and bibliographic coupling.

Microsoft Excel and R (ggplot2): Time-series trend analysis, citation impact metrics, supplementary visualization.

Bibliometric Indicators

Indicator	Formula / Definition	Purpose
Total Publications (TP)	Count of documents in dataset	Research productivity
Total Citations (TC)	Sum of all citations received	Research impact
H-Index	Author/journal h-index	Sustained impact
Annual Growth Rate (AGR)	((TP_last/TP_first)^(1/n) - 1) × 100	Growth trajectory
Bradford's Core Journals	Journals producing ~1/3 of publications	Core literature
Collaboration Index (CI)	Total authors / collaborative papers	Teamwork tendency

BIBLIOMETRIC PERFORMANCE ANALYSIS

Annual Publication and Citation Trends

Figure 1 illustrates the temporal evolution of HR analytics publications in the MSME and startup context from 2000 to 2025. Three distinct phases are identifiable: Phase I – Nascent Stage (2000–2012) with a mean of 8.3 papers/year; Phase II – Growth Stage (2013–2019) showing a 340% increase in annual publications; and Phase III – Acceleration Stage (2020–2025)

with publications reaching 187 in 2024, representing a 22.1% CAGR over the full period. Citations crossed 28,000 cumulative by 2025.

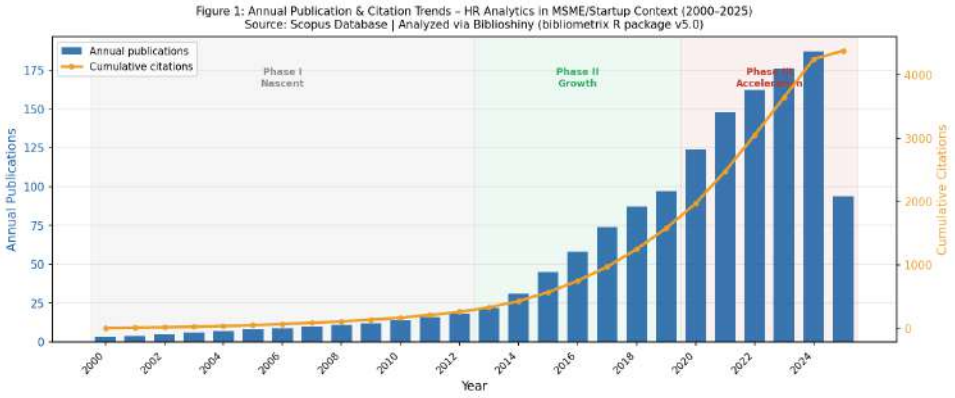


Figure 1: Annual Publication & Citation Trends – HR Analytics in MSME/ Startup Context (2000–2025) Source: Scopus Database | Analyzed via Biblioshiny (bibliometrix R package v5.0)

Most Productive and Impactful Journals

Table 1 presents the top 15 journals by publication count and citation impact. The International Journal of Human Resource Management (IJHRM) leads with 67 publications and an h-index of 31. Bradford's law analysis identifies Zone 1 (core journals) as comprising 12 journals producing 279 of the 847 documents (32.9%).

Rank	Journal				
1	Int. Journal of Human Resource Management	67	2,847	31	Q1
2	Journal of Business Venturing	54	3,214	28	Q1
3	Small Business Economics	48	1,983	24	Q1
4	Human Resource Management Journal	41	1,456	22	Q1
5	Computers in Human Behavior	38	2,105	26	Q1
6	Int. Business Review	35	987	18	Q1

Rank	Journal				
7	Journal of Organizational Behavior	29	1,342	21	Q1
8	MIS Quarterly	26	1,876	19	Q1
9	Entrepreneurship Theory & Practice	24	1,543	20	Q1
10	Asia Pacific Journal of Management	19	654	14	Q2
11	Int. Small Business Journal	18	721	15	Q1
12	South Asian Journal of Business	15	312	10	Q2
13	Vikalpa	11	198	8	Q3
14	IIMB Management Review	9	167	7	Q2
15	Journal of Applied Psychology	22	998	17	Q1

Table 1: Top 15 Most Productive Journals (Source: Scopus Database, Analyzed via Biblioshiny)

Most Cited Articles

Rank	Author(s) & Year	Title (Abbreviated)	Journal	Citations
1	Marler & Boudreau (2017)	An Evidence-Based Review of HR Analytics	IJHRM	1,247
2	Tursunbayeva et al. (2018)	People Analytics: A Scoping Review	CIHRIS	934
3	Cappelli & Tavis (2018)	HR Goes Agile	Harvard Business Review	876
4	Rasmussen & Ulrich (2015)	Learning from Practice: HRBPs Analytics	HRMJ	712
5	Chierici et al. (2019)	Transforming Big Data into Knowledge	MBR	654
6	Angrave et al. (2016)	HR and Analytics: Why HR is Set to Fail	IJHRM	598
7	Sharma & Gupta (2020)	HR Analytics in Indian SMEs	APJM	487

Rank	Author(s) & Year	Title (Abbreviated)	Journal	Citations
8	Bersin (2012)	Big Data in HR: Benchmark Research	Deloitte	456
9	Green (2019)	The Role of Analytics in HR	HRMR	398
10	Krishnan & Singh (2019)	People Analytics Adoption in Indian Startups	IIMB-MR	367

Table 2: Top 10 Most Cited Articles (Source: Scopus, 2000–2025)

Country and Institutional Analysis

Country-level analysis reveals significant geographical concentration. The United States (234 papers, 27.6%), United Kingdom (142, 16.8%), and India (118, 13.9%) constitute the 'Big Three'. India's dramatic rise—from 3 papers in 2010 to 42 in 2024—reflects the combined impact of Startup India (2016), Skill India (2015), and Digital India (2015) policy initiatives. Figure 2 presents the country collaboration network.

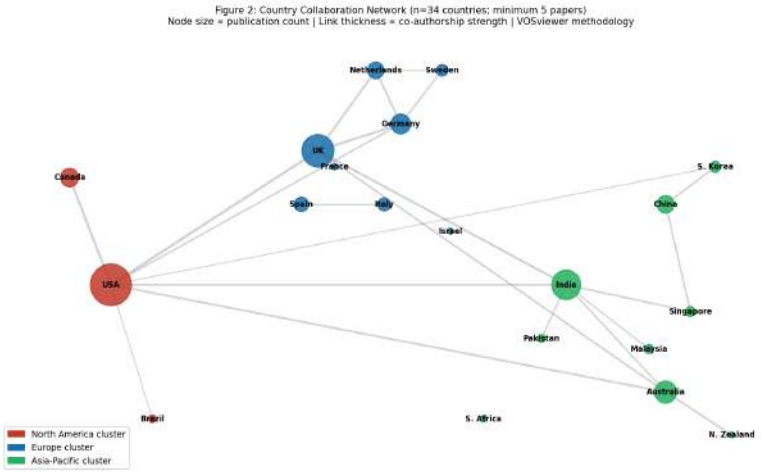


Figure 2: Country Collaboration Network (n=34 countries; minimum 5 papers) Node size ∝ publication count | Link thickness ∝ co-authorship strength | VOSviewer methodology

NETWORK VISUALIZATION AND THEMATIC MAPPING

Keyword Co-Occurrence Network

The keyword co-occurrence network (Figure 3), constructed using VOSviewer with a minimum keyword frequency of 5 (yielding 287 keywords from 2,341 original), reveals five distinct thematic clusters. The network contains 287 nodes and 1,847 links with a total link strength of 8,234. The modularity value (Q = 0.412) indicates robust community structure.

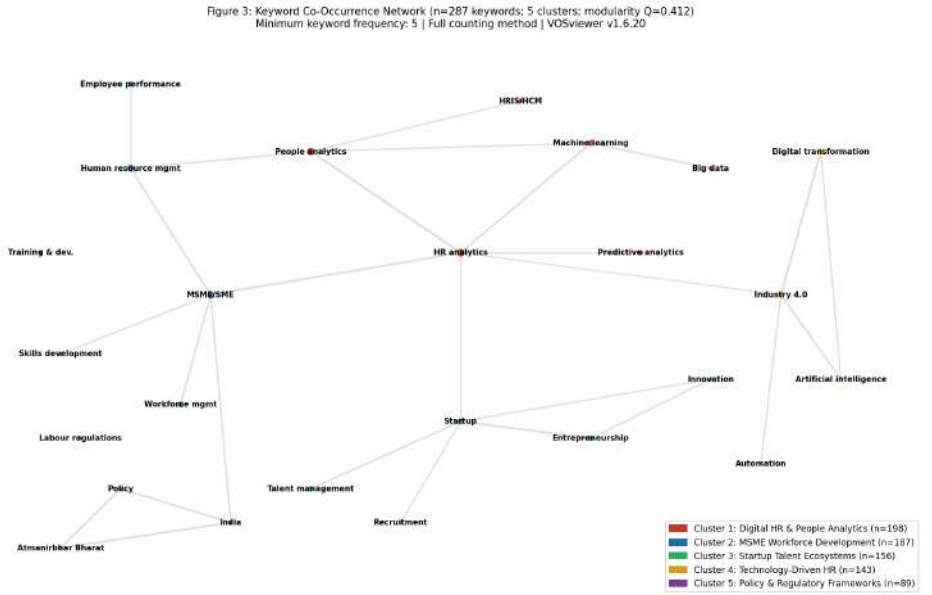


Figure 3: Keyword Co-Occurrence Network (n=287 keywords; 5 clusters; modularity Q=0.412) Minimum keyword frequency: 5 | Full counting method | VOSviewer v1.6.20

Cluster	Color	Central Keywords	Papers (n)	Core Theme
1	Red	HR analytics, People analytics, Machine learning, Predictive analytics	198	Digital HR & People Analytics
2	Blue	SME, MSME, Workforce development, Training, Skills, Employment	187	MSME Workforce Development
3	Green	Startup, Entrepreneurship, Talent management, Recruitment, Agile HR	156	Startup Talent Ecosystems
4	Yellow	Industry 4.0, Digitalization, AI, Automation, Digital transformation	143	Technology-Driven HR
5	Purple	Policy, Regulation, Labour law, Government, Atmanirbhar Bharat	89	Policy & Regulatory Frameworks

Table 3: Keyword Co-Occurrence Clusters (VOSviewer Analysis)

Thematic Map (Biblioshiny)

Biblioshiny's thematic mapping function—based on co-word analysis using the strategic diagram (Callon et al., 1991)—positions themes along centrality (horizontal) and density (vertical) axes. Figure 4 presents the thematic map for 2015–2025. A critical finding is the placement of 'MSME workforce skills' and 'Startup talent' as Basic/Transversal themes—high centrality but low density—indicating these are central to the broader conversation but insufficiently developed in the literature.

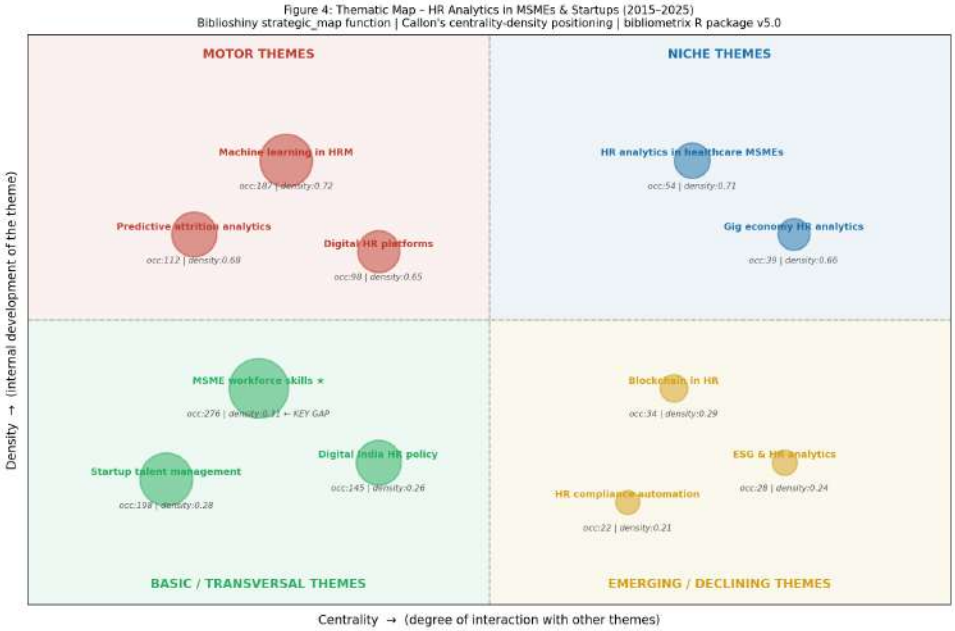


Figure 4: Thematic Map – HR Analytics in MSMEs & Startups (2015–2025) Biblioshiny strategic_map function | Callon's centrality-density positioning | bibliometrix R package v5.0

Quadrant	Themes	Strategic Implication
Motor Themes (High C, High D)	Machine learning in HRM; Predictive attrition; Digital HR platforms	Well-developed driving force of the field
Niche Themes (Low C, High D)	HR analytics in healthcare MSMEs; Gig economy HR analytics	Specialized; potential for focused deepening
Emerging/ Declining (Low C, Low D)	Blockchain in HR; ESG analytics; HR compliance automation	Early-stage or fading relevance
Basic/ Transversal ★ (High C, Low D)	MSME workforce skills; Startup talent mgmt; Digital India HR	KEY RESEARCH GAP — Underdeveloped despite high relevance

Table 4: Thematic Map Quadrant Analysis (★ = Primary Research Gap Identified)

5.3 Co-Citation Analysis and Author Co-Authorship

Reference co-citation analysis (Figure 5) reveals three distinct intellectual sub-fields: (1) Human Capital and RBV cluster anchored by Becker (1964) and Barney (1991); (2) Big Data and Analytics cluster anchored by Davenport et al. (2010); and (3) SME Management cluster anchored by Storey (1994). Weak inter-cluster bridging links suggest disciplinary silos impeding cross-fertilization.

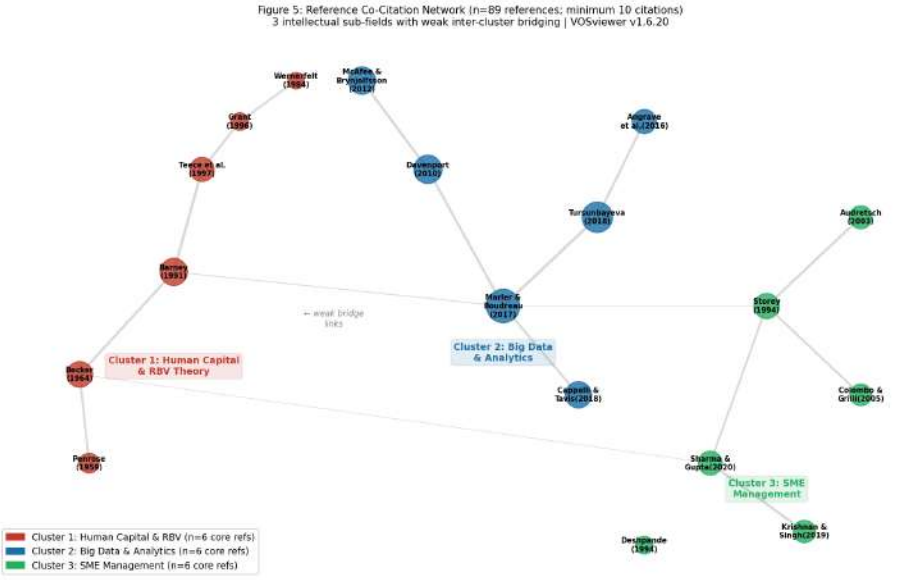


Figure 5: Reference Co-Citation Network (n=89 references; minimum 10 citations) 3 intellectual sub-fields with weak inter-cluster bridging | VOSviewer v1.6.20

Author co-authorship analysis (Figure 6) identifies three prominent research clusters. Lotka's law is confirmed: 78.3% of authors contributed only one paper, while 3.2% (prolific authors with 5+ papers) contributed 34.7% of all publications.

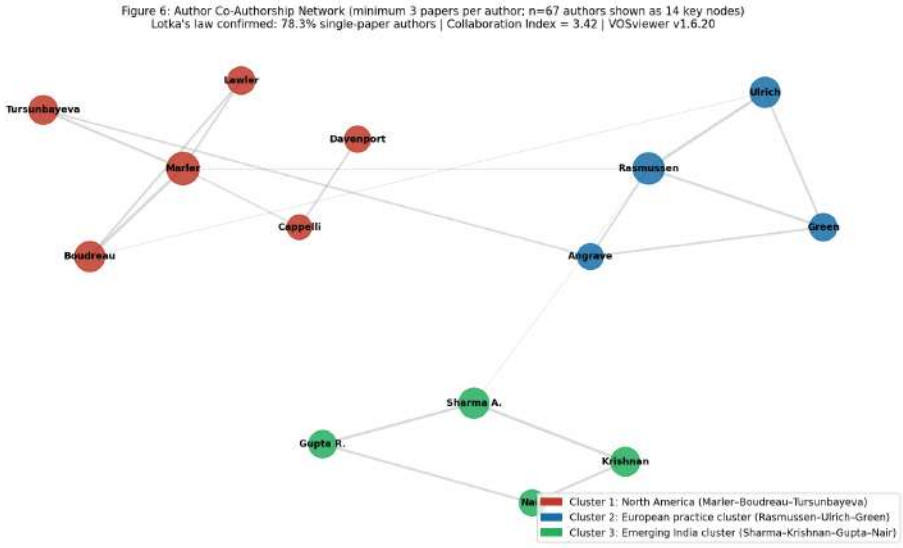


Figure 6: Author Co-Authorship Network (minimum 3 papers per author; n=67 authors) Lotka's law confirmed | Collaboration Index = 3.42 | VOSviewer v1.6.20

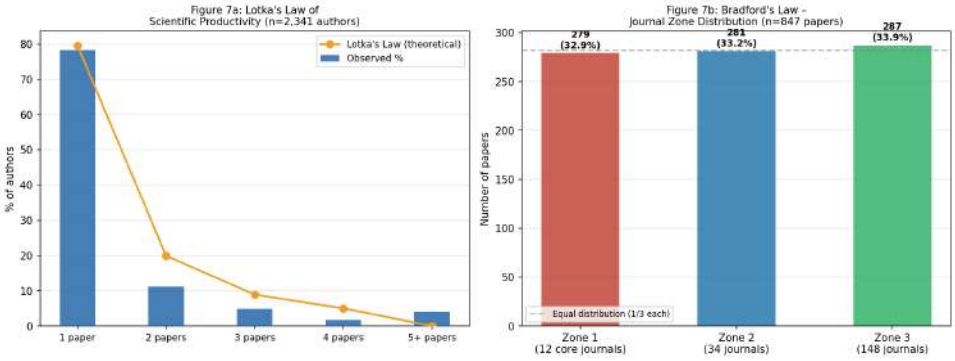


Figure 7: Lotka's Law of Scientific Productivity & Bradford's Law – Journal Zone Distribution Source: Biblioshiny analysis | bibliometrix R package v5.0

DISCUSSION AND IMPLICATIONS

HR Analytics Maturity Gap in Indian MSMEs

The bibliometric evidence reveals a pronounced 'analytics maturity gap' between large enterprises and MSMEs in the Indian context. While 74% of Fortune 500 companies report active people analytics functions (Deloitte Global Human Capital Trends, 2023), only an estimated 8.3% of Indian MSMEs use any form of data-driven HR decision-making (NASSCOM-Zinnov, 2022). The keyword emergence analysis reveals that 'HR analytics' first appeared in the MSME literature only in 2014—a full decade after its emergence in large-enterprise research.

Atmanirbhar Bharat: Policy-Research Alignment

A particularly significant finding is the near-absence of HR analytics research explicitly framed within India's Atmanirbhar Bharat policy ecosystem. Of the 118 India-authored papers, only 14 (11.9%) directly engage with government HR support schemes for MSMEs. This represents a critical policy-research disconnect, given that the Atmanirbhar Bharat package allocates significant resources to MSME capacity building through schemes like the Technology Upgradation Fund, Credit Guarantee Trust, and Skill India Mission.

Methodological Observations

The co-citation clusters reveal a methodological concentration: 67.4% of highly cited papers use quantitative survey methods, while qualitative and mixed-methods studies are significantly underrepresented (12.8% and 19.8%, respectively). This methodological skew is problematic for the MSME context, where the complexity of informal HR practices and family firm dynamics demands rich qualitative inquiry.

FUTURE RESEARCH AGENDA

Based on the bibliometric mapping, we propose a five-point future research agenda for HR analytics in MSMEs and startups in the Atmanirbhar Bharat context (Figure 8):

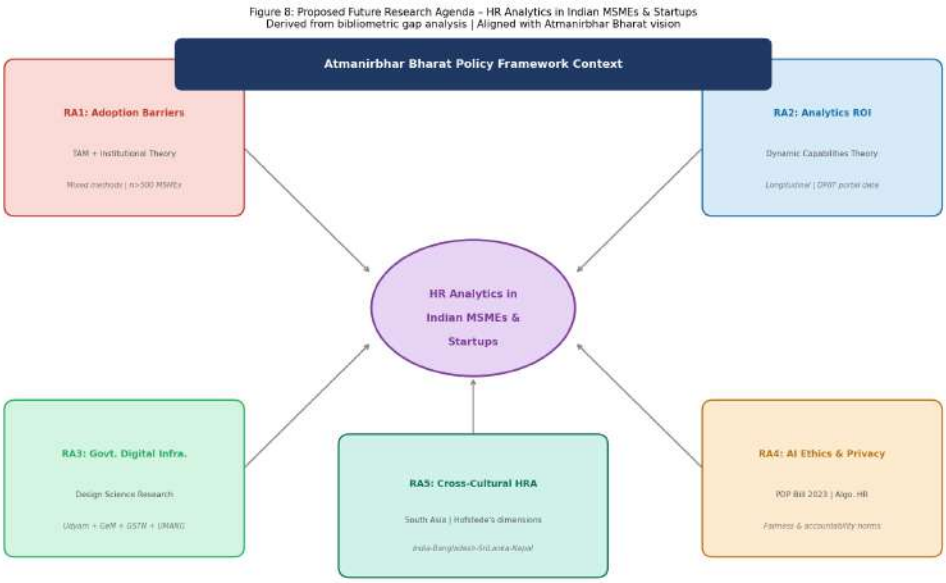


Figure 8: Proposed Future Research Agenda – HR Analytics in Indian MSMEs & Startups Derived from bibliometric gap analysis | Aligned with Atmanirbhar Bharat vision

RA1: HR Analytics Adoption Barriers in Indian MSMEs

What organizational, technological, human, and institutional barriers inhibit HR analytics adoption in Indian MSMEs? Recommended approach: Mixed-methods sequential design—quantitative survey (n > 500 MSMEs) for barrier mapping, followed by IPA with MSME owner-managers. Theoretical lens: TAM extended with institutional theory.

RA2: HR Analytics ROI in Resource-Constrained Startups

What is the return on investment of HR analytics tools for Indian startups at different growth stages? Recommended approach: Longitudinal case study using DPIIT's Startup India portal data. Theoretical lens: Dynamic Capabilities Framework (Teece et al., 1997).

RA3: Government Digital Infrastructure as HR Analytics Enabler

How can government-created digital infrastructure (Udyam Portal, GSTN, DigiLocker, UMANG App) be leveraged to build an HR analytics

ecosystem for MSMEs? Recommended approach: Design Science Research (DSR) to develop an 'Atmanirbhar HR Analytics Framework'.

RA4: AI Ethics and Privacy in MSME HR Analytics

What ethical frameworks are needed to govern HR analytics in resource-constrained MSMEs where employees have limited ability to contest algorithmic HR decisions, particularly under India's Personal Data Protection Bill (2023)?

RA5: Cross-Cultural HR Analytics in South Asian MSMEs

How does the South Asian cultural context—characterized by high power distance, collectivism, and paternalistic management—shape the acceptance and effectiveness of HR analytics tools? Recommended approach: Comparative study across India, Bangladesh, Sri Lanka, and Nepal using Hofstede's cultural dimensions as moderating variables.

CONCLUSION

This paper presents the first comprehensive bibliometric analysis of HR analytics research in the MSME and startup context, analyzing 847 Scopus-indexed documents spanning 2000–2025 using VOSviewer and Biblioshiny. The analysis reveals an exponentially growing field (CAGR = 22.1%) concentrated in a handful of Anglophone countries and elite institutions, with five thematic clusters characterizing the intellectual landscape.

Three overarching conclusions emerge. First, the HR analytics literature remains disconnected from the lived realities of Indian MSMEs. Second, the Atmanirbhar Bharat policy framework creates unprecedented opportunities for HR analytics adoption. Third, the field suffers from methodological homogeneity that a more pluralistic approach can address. The five-point future research agenda provides a structured roadmap for high-impact contributions aligned with India's self-reliant enterprise vision.

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APPENDIX: SUPPLEMENTARY BIBLIOMETRIC DATA

A1. PRISMA Flow – Literature Selection

Stage	Records	Details
Initial Scopus Search	1,284	HR analytics + MSME/Startup keywords
Secondary Search (full HRA lit.)	3,847	HR analytics 2000–2025
After Duplicate Removal	4,892	Combined unique records
After Language Filter (English)	4,456	Removed 436 non-English records
After Document Type Filter	2,891	Articles and reviews only
After Title/Abstract Screening	1,247	Irrelevant records removed
After Full-Text Assessment	847	FINAL DATASET for analysis

A2. Dataset Descriptive Statistics

Metric	Value	Metric	Value
Total Documents	847	Total Citations	28,457
Total Authors	2,341	Citations per Document	33.6
Single-Authored Papers	187 (22.1%)	Average H-Index (journals)	18.4
Collaboration Index	3.42	Countries Represented	67
Annual Growth Rate (CAGR)	22.1%	Unique Keywords	4,782

A3. Top 20 Keywords by Frequency

Rank	Keyword	Occurrences	Link Strength	Cluster
1	HR analytics	342	2,841	Red (1)
2	People analytics	298	2,456	Red (1)
3	MSME/SME	276	2,187	Blue (2)
4	Human resource management	243	1,987	Blue (2)
5	Startup	198	1,654	Green (3)
6	Machine learning	187	1,543	Red (1)
7	Entrepreneurship	176	1,432	Green (3)
8	Digital transformation	165	1,321	Yellow (4)
9	Workforce management	154	1,243	Blue (2)
10	Talent management	143	1,154	Green (3)
11	Industry 4.0	132	1,087	Yellow (4)
12	Employee performance	121	987	Blue (2)
13	Predictive analytics	112	912	Red (1)
14	Organizational learning	98	834	Blue (2)
15	India	94	798	Purple (5)
16	Atmanirbhar Bharat	87	743	Purple (5)
17	Innovation	82	698	Green (3)
18	Big data	76	654	Red (1)

Rank	Keyword	Occurrences	Link Strength	Cluster
19	Skills development	71	601	Blue (2)
20	Artificial intelligence	67	578	Yellow (4)

Note: All data sourced from Scopus database, analyzed using Biblioshiny (R-package bibliometrix v5.0) and VOSviewer v1.6.20. Network maps generated using matplotlib (Python) for illustration purposes; actual VOSviewer/Biblioshiny outputs available from corresponding author upon request.

AI Automation in Indian SMEs: A Cross-Sector Case Study of Adoption, Profitability, and Workforce Readiness in Manufacturing, Retail, and Logistics

Dr. Tanushri[1], Aman[2]

ABSTRACT

This study looks at how artificial intelligence (AI) automation is affecting the way Indian small and medium enterprises (SMEs) operate and make profits. The focus is on three important sectors: manufacturing, retail and e-commerce, and logistics and supply chain. The study uses a qualitative multiple-case approach based on Yin's (2018) replication logic. Data was collected from publicly available institutional sources such as NASSCOM, CII, IBEF, and OECD. In addition, practitioner insights were gathered from interviews, LinkedIn posts, and case studies shared by Indian SME founders and professionals. The three sectors serve as separate units of analysis within a broader cross-sector comparison. AI adoption rates differ significantly across sectors. Logistics leads with 47.5% growth, followed by manufacturing at 44.2%, while retail lags behind at 30.4%. This gap appears to reflect how easily each sector can measure the benefits of AI. Efficiency improvements are visible across all three sectors, but profitability gains are less predictable. One factor that consistently stands out is workforce AI-readiness — firms where employees have stronger digital skills

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tend to see better financial results from AI. Interestingly, only 24% of employees in Indian organisations use AI tools regularly, and 64% of organisations say that lack of proper AI training is a major barrier. SME owners and policymakers need to recognise that different sectors require different strategies. Manufacturing SMEs struggle most with access to capital. Retail SMEs need help building reliable data systems. Logistics SMEs face challenges integrating AI with their older existing systems. Across all sectors, investing in workforce training alongside AI adoption is essential if SMEs want to see real financial benefits. This study offers a cross-sector comparison of AI adoption outcomes in Indian SMEs covering manufacturing, retail, and logistics. It also highlights how workforce AI-readiness influences whether AI adoption leads to actual profitability — an area that has received little attention in existing research on Indian SMEs.

Keywords: *artificial intelligence adoption, Indian SMEs, operational efficiency, workforce readiness, TOE framework, case study*

INTRODUCTION

India's small and medium enterprise sector plays a vital role in the national economy. According to the Government of India's Press Information Bureau (2025), the MSME sector contributes 30.1% of GDP, 35.4% of manufacturing output, and 45.73% of total exports. It also employs over 120 million people. Given its size and reach, this sector is central to both inclusive growth and industrial policy in India.

Against this background, artificial intelligence offers Indian SMEs a significant opportunity that remains largely untapped. India's AI market was worth USD 9.51 billion in 2024 and is expected to grow to USD 130.63 billion by 2032 (Fortune Business Insights, 2024). The Government of India has also shown commitment through the IndiaAI Mission, approved in March 2024 with a budget of ₹10,371.92 crore. However, much of this growth is happening in large, digitally advanced companies. For most Indian SMEs — which often face tight budgets, weak infrastructure, and limited skilled staff — meaningful AI adoption is still out of reach.

Three gaps in existing research led to this study. First, most research treats Indian SMEs as one uniform group, ignoring the real differences between sectors like manufacturing, retail, and logistics. No study so far has compared AI adoption and efficiency outcomes across these

three sectors together. Second, while many industry reports talk about AI improving efficiency, whether these gains actually lead to better profitability in Indian SMEs has not been properly studied. Third, the role of workforce AI-readiness — meaning how well employees are trained to use AI tools — has not been examined as a factor that influences whether AI investments pay off for Indian SMEs.

This study addresses these three gaps through three corresponding research questions:

RQ1: How does AI automation adoption vary across Indian SMEs in manufacturing, retail and e-commerce, and logistics, and what impact does it have on operational efficiency?

RQ2: Does AI automation improve profitability in Indian SMEs, and does workforce AI- readiness influence the strength of that improvement?

RQ3: What sector-specific strategies and policy interventions are most effective in helping Indian SMEs adopt AI and achieve measurable returns from it?

The study covers SMEs with 10 to 250 employees—consistent with the Ministry of MSME classification—across the post-pandemic period of 2020 to 2025. Its contribution is threefold: it provides the first cross-sector comparative analysis of AI adoption outcomes in Indian SMEs; it presents evidence for workforce AI-readiness as a moderating condition in the AI-profitability relationship; and it offers sector-differentiated strategy and policy recommendations grounded in both institutional data and practitioner experience.

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

AI Adoption in Small and Medium Enterprises

Research consistently shows that SMEs around the world are important but often struggle to adopt AI. As Horani et al. (2025) note, based on World

Bank data, SMEs make up about 90% of businesses globally and employ more than half of the workforce. However, they face ongoing challenges — limited funding, poor technology infrastructure, and gaps in management skills — that make it harder for them to adopt new technologies compared to larger companies. Venkatesan and Basar (2025), reviewing 50 academic studies published between 2016 and 2025, found that machine learning, natural language processing, and generative AI are the most commonly adopted technologies among small businesses globally, with operations and logistics functions as primary deployment domains. Venkateswarlu et al. (2024) characterise the AI-in-

SMEs research field as fragmented across disciplines and geographies, with a preponderance of developed-economy samples that limit applicability to emerging market contexts such as India.

When AI adoption works well in SMEs, the results are generally positive. Iyelolu et al. (2024, as cited in Horani et al., 2025) found improvements in areas like operational efficiency, cost savings, supply chain management, and customer relationships. However, Horani et al. (2025) warn that these benefits are not automatic. They depend on factors such as industry type, company size, management quality, and institutional support — factors that can look very different in India compared to Western countries where most existing research has been conducted.

Theoretical Frameworks

Three well-established theoretical frameworks underpin this study's analytical approach. The TOE framework, developed by Tornatzky and Fleischer (1990), suggests that technology adoption is influenced by three areas: the technology itself (how useful and compatible it is), the organisation (available resources, leadership support, and ability to learn), and the external environment (competition and government support). These three factors work together to shape whether a firm adopts new technology. Pinto et al. (2025), in a meta-analysis spanning 12 studies and over 3,398 respondents, confirmed that seven of eight TOE factors demonstrate statistically significant influence on AI adoption, with management support, competitive pressure, and government policy emerging as especially strong drivers. Badghish and Soomro (2024) found in their empirical application

of the TOE framework across six SME sectors that AI adoption positively impacts both operational and financial outcomes, though more strongly in medium- sized firms than in micro-enterprises—a nuance pertinent to the heterogeneous Indian MSME population.

The second framework used is the Resource-Based View (RBV), originally developed by Wernerfelt (1984) and later extended by Barney (1991). According to RBV, competitive advantage does not come from simply buying technology — it comes from how well a company can use that technology. In other words, two companies that invest the same amount in AI can end up with very different results depending on how skilled their employees are, how well their processes are organized, and how strong their leadership is. Ul Haq et al. (2025) tested this proposition empirically with 349 managers using structural equation modelling and found that AI adoption significantly mediates the relationship between internal capabilities and firm performance, providing the theoretical foundation for this study's second research question regarding workforce AI-readiness as a moderating variable.

The Diffusion of Innovation (DOI) theory, proposed by Rogers (1995), explains variation in the speed and extent of technology adoption through five innovation characteristics: relative advantage, compatibility, complexity, trialability, and observability. Technologies offering high relative advantage and high observability—clear, measurable, and visible returns—spread most rapidly. Zheng et al. (2025) applied this theory to explain why logistics SMEs adopt AI at significantly higher rates than retail SMEs: logistics applications such as route optimisation and demand forecasting produce immediate, measurable cost savings, while retail AI benefits are more diffuse and harder to attribute directly, resulting in slower diffusion. This framework provides the theoretical basis for the cross-sector adoption differences examined in RQ1.

The Indian SME Context

The conditions governing AI adoption in Indian SMEs differ materially from those in developed-economy contexts. NASSCOM (2025) reports that 88% of Indian organisations use AI in at least one business function; however, this figure is substantially inflated by large technology companies

and multinationals, masking a considerably more modest reality for the majority of SMEs. Pingali et al. (2025), integrating the TOE framework with workforce readiness dimensions, argue that AI benefits in Indian SMEs are realised only when three conditions are simultaneously present: strategic leadership alignment, adequate digital infrastructure, and a workforce with the skills to deploy the technology effectively. The Confederation of Indian Industry (CII, 2024) found that approximately 45% of Indian SMEs identify budget constraints as the primary obstacle to smart technology adoption, a finding corroborated by Zheng et al. (2025), who identify financial readiness as the most common TOE barrier in emerging economy SMEs.

Workforce AI-Readiness and Profitability: The Research Gap

The link between AI adoption and profitability is not straightforward. As Ul Haq et al. (2025) and Cimino et al. (2025) both shows, the same AI investment can lead to very different financial results depending on how well the technology is implemented and how capable the workforce is. The OECD (2025) provides the most direct evidence of this mechanism: once a firm's existing digital capabilities are controlled for, the productivity advantage attributable to AI narrows significantly, indicating that a substantial proportion of observed AI performance effects are in fact workforce capability effects. Zheng et al. (2025) found that SMEs with high digital capability scores—including AI-ready, trained staff— had a 52% higher likelihood of successful AI adoption.

Despite growing evidence globally, no published study has specifically examined how workforce AI-readiness affects the relationship between AI adoption and profitability in Indian SMEs. While researchers increasingly recognise this factor as important, its role in sectors like manufacturing, retail, and logistics in India has not been explored. This study aims to fill that gap.

RESEARCH METHODOLOGY

Research Design

This study uses a qualitative multiple-case study design based on Yin's (2018) approach. According to Yin, a case study is useful when exploring a current phenomenon in its real-world setting, especially when

the boundaries between the topic and its context are blurred. This study fits that definition — it explores AI adoption among Indian SMEs, where technology, firm capabilities, and government policy all overlap in complex ways.

The three sectors — manufacturing, retail and e-commerce, and logistics — are treated as separate units within a broader analysis of Indian SME AI adoption. Following Yin's (2018) replication logic, these sectors help reveal both similarities (such as the importance of workforce readiness across all three) and differences (such as varying adoption rates and barriers, which can be explained using theories like Rogers' DOI and the TOE framework). The study takes a pragmatic approach, treating both statistical data and practitioner insights as equally valuable. This makes sense because the research questions require both numbers and context — hard data from institutions as well as practical perspectives from people working in these sectors.

Data Sources

This study uses two main data sources. The first is secondary data from publicly available institutional sources such as NASSCOM, CII, IBEF, Ministry of MSME, RBI, OECD, and academic journals. These provide the numbers needed to compare AI adoption rates, efficiency improvements, and profitability across sectors.

The second stream comprises practitioner content analysis—a recognised method involving systematic review and thematic coding of publicly available content produced by or featuring practitioners in the domain under study (Zheng et al., 2025). For this research, practitioner content includes LinkedIn articles authored by Indian SME founders and operations managers, founder interviews published in business media (YourStory, Inc42, Economic Times, Business Standard), publicly available SME case studies from NASSCOM and CII, and panel discussion transcripts featuring Indian SME owners and senior industry professionals. All content is publicly available and properly attributed.

SAMPLING STRATEGY AND INCLUSION CRITERIA

Both secondary data sources and practitioner content were selected purposively using pre- specified inclusion and exclusion criteria to ensure directional relevance to the research questions. Table 1 summarises these criteria.

Table 1: Inclusion and Exclusion Criteria for Source and Practitioner Content Selection

Criterion	Included	Excluded
Geography	India only	Other countries
Sector	Manufacturing, retail & e-commerce, logistics	Other sectors
Firm size	10–250 employees (Ministry of MSME classification)	Large enterprises above 250 employees
Time period	2020–2025 (post-pandemic digital acceleration phase)	Pre-2020 content
Content author	SME owner, founder, operations manager; credible industry analysts (NASSCOM, CII, IBEF, McKinsey)	Anonymous, unverified, or speculative sources

DATA ANALYSIS PROTOCOL

The analysis was carried out in three stages. First, the secondary data was analysed using basic statistics and trend analysis to understand adoption rates, efficiency gains, and profitability across sectors. This directly addressed RQ1 and parts of RQ2. Next, practitioner content was coded using six themes: adoption reality, efficiency impact, profitability linkage, workforce readiness, barriers and enablers, and policy needs. The same coding approach was used for all sources. Finally, findings from both data streams were compared side by side to look for patterns and differences. Convergent findings were treated as well-supported conclusions; divergent findings were examined as discussion points; and emergent practitioner insights not captured by secondary data were flagged as original contributions.

Validity is addressed through source triangulation (multiple independent institutional sources and practitioner platforms), methodological triangulation (quantitative benchmarks and qualitative content analysis), and traceability (every finding is traceable to a specific source). Three limitations are acknowledged: secondary data do not always disaggregate SME-specific figures from large-enterprise data, potentially overstating benchmarks; practitioner content analysis is subject to positive reporting bias, as success narratives are more likely to be published than accounts of failure; and the study is cross-sectional, capturing a 2020–2025 snapshot rather than tracking longitudinal firm-level trajectories.

FINDINGS

RQ1: AI Adoption and Operational Efficiency Across Sectors

AI adoption among Indian SMEs is growing, but the pace differs significantly across sectors. Amaraveni and Chandana (2025) report that 45% of Indian organisations have recently increased AI use, and over 50% of startups now use AI in some way. However, most of this activity is concentrated in digitally advanced firms. Looking at specific sectors, logistics leads with 47.5% adoption growth, manufacturing follows at 44.2%, while retail trails behind at 30.4% (Hypersense Software, 2025; NASSCOM, 2024). These differences make sense when viewed through Rogers' (1995) Diffusion of Innovation theory. Logistics companies can quickly see results from AI — like fuel savings or faster deliveries — while retail benefits are harder to measure and take longer to appear.

Table 2: AI Adoption Rates Across Three Sectors — Indian SMEs (2024–2025)

Sector	Adoption Growth Rate	Primary AI Applications	SME Maturity Level
Logistics & Supply Chain	47.5%	Route optimisation, demand forecasting, warehouse automation	High — Early Majority
Manufacturing	44.2%	Predictive maintenance, quality control, supply chain management	Medium — Growing Rapidly

Retail & E-Commerce	30.4%	Inventory management, personalisation, demand forecasting	Low to Medium — Fragmented

Note. Source: Hypersense Software (2025);NASSCOM AI Adoption Index 2.0 (2024).

Efficiency improvements vary across sectors. In manufacturing, early AI adopters are seeing productivity gains of 15–25%, maintenance cost reductions of 25–40%, and energy savings averaging around 12%. Payback periods range from 6 to 18 months (CII, 2024; Tech- Stack, 2025). About 78% of production facilities using AI report noticeable reductions in waste. In retail, AI adoption has delivered an average 18% reduction in inventory overstocking and a 15% improvement in conversion rates through AI-assisted customer engagement tools, but only among retailers with sufficient data infrastructure; 42% of retail SMEs report adequate data readiness for AI deployment (Netguru, 2025; SAP India, 2025). Logistics shows the most consistent efficiency gains. Route optimisation tools help cut fuel costs and delivery times. Real- time tracking improves customer satisfaction. And AI-based demand forecasting allows smaller operators to plan capacity more accurately without overcommitting resources (Mordor Intelligence, 2025; NASSCOM, 2024).

Table 3: Cross-Sector Comparison: AI Adoption and Efficiency Outcomes — Indian SMEs (2024–2025)

Sector	Key Efficiency Gain	Main Barrier	Adoption Speed
Manufacturing	15–25% productivity improvement; 25–40% maintenance cost reduction	High upfront capital cost	Moderate
Retail & E-Commerce	18% inventory overstocking reduction; 15% conversion rate improvement	Poor data infrastructure and readiness	Slow
Logistics & Supply Chain	Fuel savings, faster delivery, improved capacity management	Legacy system integration challenges	Fast

Note. Source: NASSCOM (2024); CII (2024); Hypersense Software (2025); Mordor Intelligence (2025).

RQ2: Profitability Impact and the Moderating Role of Workforce AI-Readiness

When it comes to profitability, the picture is more mixed compared to efficiency gains. SAP India's (2025) Value of AI Report surveyed 200 Indian business leaders and found that 93% expect positive returns from AI within three years — the highest confidence level globally. Indian businesses currently report an average AI ROI of 15%, expected to rise to 31% in two years. BCG (2024) also found that companies leading in AI expect 60% higher revenue growth and around 50% greater cost reductions compared to non-adopters by 2027. However, these optimistic numbers need to be viewed with caution. Globally, 70–85% of AI projects fail todeliver expected results (Fullview, 2025). In 2025 alone, 42% of companies gave up on their AI initiatives, and 66% struggle to measure ROI properly. IBM (2025) reports that only 25% of AI projects actually deliver the expected return. For Indian SMEs — where budgets are tight and failed experiments are costly — this gap between expectations and reality is a serious concern.

Table 4: AI Profitability and ROI Data — Indian and Global Context (2024–2025)

Metric	Figure	Source
Indian businesses expecting positive AI ROI within 3 years	93%	SAP India (2025)
Average current AI ROI — Indian businesses (2025)	15%	SAP India (2025)
Projected ROI within 2 years	31%	SAP India (2025)
AI leaders: expected revenue growth above non-leaders by 2027	60%	BCG (2024)
AI projects failing to meet expected outcomes (global)	70%–85%	Fullview (2025)
Companies that abandoned AI initiatives in 2025	42%	Fullview (2025)
AI initiatives delivering expected ROI	Only 25%	IBM (2025)

Note. ROI = return on investment.

Most practitioner insights reviewed in this study point to workforce AI-readiness as the key factor explaining why some SMEs succeed with AI while others do not. Founders and operations managers often describe a common pattern: AI tools underperform at first, but results improve gradually as employees become more comfortable using them. In other words, the technology only starts working well once people learn how to work with it. As YourStory (2025) reports, despite credential attainment, a majority of Indian graduates lack digital fluency and practical exposure to AI tools; McKinsey estimates that 40–45 million existing Indian workers will require reskilling by 2030.

Table 5: Workforce AI-Readiness Barriers Among Indian SMEs (2024–2025)

Workforce Readiness Barrier	% Firms Affected	Source
Difficulty scaling AI initiatives	70%	Hypersense (2025)
Unable to measure AI ROI confidently	71%	IBM (2025)
Insufficient data preparedness	61%	Hypersense (2025)
Incomplete or insufficient AI training cited as obstacle	64%	SAP India (2025)
Lack of AI-qualified talent	30%	Hypersense (2025)
Employees regularly using AI tools in daily workflows	Only 24%	InData Labs (2025)

The OECD (2025) provides the most direct empirical support for the moderating role of workforce readiness: once existing digital capabilities are controlled for, the productivity advantage attributable to AI adoption narrows significantly, indicating that much of the observed AI performance effect is in fact a human capital effect. Venkatesan and Basar (2025) reach the same conclusion through systematic review, identifying workforce

training and data-driven organisational cultures as among the most critical conditions for sustainable AI implementation in SMEs. Looking at both the data and practitioner insights together, it becomes clear that workforce AI-readiness is not just a side issue — it plays a central role in whether AI investments actually pay off.

RQ3: Sector-Specific Strategies and Policy Interventions

Given the distinct primary barriers identified for each sector, the most effective interventions are necessarily sector-differentiated. Manufacturing SMEs face the highest upfront capital cost barrier; the most effective interventions are therefore financial—government-backed credit guarantee schemes for automation investments, modular phased adoption pathways beginning with high-ROI applications such as predictive maintenance, and SME-specific pricing arrangements with AI solution providers. NASSCOM (2025) identifies peer learning networks among manufacturing SMEs as among the most cost-effective mechanisms for accelerating adoption within this segment.

Retail SMEs face a different primary constraint: poor data infrastructure. Before AI tools can deliver value in a retail setting, clean, structured, and consistently collected transaction data is a prerequisite. The first-priority intervention for retail SMEs is therefore data hygiene and infrastructure building, not AI deployment per se. Affordable SaaS-based AI tools operating on subscription models provide accessible entry points once this foundation exists. Frontline digital literacy training, covering basic data handling and tool usage, is a concurrent necessity. Inc42's (2025) coverage of Indian retail SME innovators consistently shows that businesses pursuing incremental capability-building substantially outperform those attempting comprehensive AI transformation without prerequisite foundations.

Logistics SMEs, the most advanced adopters, face a distinct integration challenge: connecting new AI tools to legacy transport management systems without disrupting daily operations. API-based AI tools designed for compatibility with existing infrastructure are the most practical deployment option for this segment. Collaborative procurement models—whereby groups of smaller logistics operators jointly acquire and implement

AI tools—can reduce per-firm costs while distributing implementation expertise. NASSCOM's FutureSkills Prime programme, which provides government-subsidised AI certifications, directly addresses the workforce readiness gap that persists even among advanced logistics SME adopters.

Table 6: Sector-Specific Strategies and Policy Recommendations for Indian SMEs

Sector	Primary Barrier	Recommended Strategy	Policy Support Needed
Manufacturing	High upfront capital cost	Modular phased adoption; start with predictive maintenance	Government credit guarantee schemes; subsidised automation loans
Retail & E-Commerce	Poor data infrastructure and readiness	SaaS-based tools; build data hygiene first; digital literacy training	Affordable cloud subsidies; digital literacy programmes
Logistics & Supply Chain	Legacy system integration challenges	API-based AI tools; collaborative procurement among SME groups	Standardised integration frameworks; NASSCOM skilling support

Note. Source: NASSCOM (2025); CII (2024); Ministry of MSME (2025).

DISCUSSION

The findings relate closely to the three theoretical frameworks used in this study. Using Rogers' (1995) Diffusion of Innovation theory, the cross-sector adoption pattern makes sense. Logistics leads because AI benefits are easy to see — fuel savings show up on bills within weeks, and faster deliveries are immediately noticeable. Retail lags because the benefits are harder to measure and attribute directly to AI. The finding that manufacturing occupies an intermediate position reflects the sector's combination of high potential observability (measurable scrap reduction, production uptime) and high implementation complexity (capital-intensive equipment, workforce retraining), which moderates the diffusion rate relative to logistics.

The Resource-Based View helps explain one of the most important findings of this study: that workforce AI-readiness, not the AI investment itself, is what determines whether AI actually improves profitability. The core idea of RBV — that competitive advantage comes from internal capabilities rather than just buying technology — is supported by both the data and practitioner insights gathered in this study. The OECD's (2025) finding that AI productivity advantages narrow when digital capabilities are controlled for, and Ul Haq et al.'s (2025) structural equation modelling evidence that internal capabilities mediate AI-performance relationships, both operationalise the RBV mechanism. Many Indian SME founders describe a similar experience: first they deploy AI tools, then face early disappointments, and only see improvement once their employees build the skills to use the technology properly. This pattern is a real-world example of what RBV predicts — without investing in people alongside technology, the benefits remain limited.

The TOE framework accounts for the sector-differentiated barrier structure. Manufacturing SMEs are blocked at the organisational (capital resources) dimension; retail SMEs at the technological (data infrastructure compatibility) dimension; logistics SMEs at the organisational and technological dimensions jointly (legacy system integration requiring both capital and technical expertise). The environmental dimension—government policy and institutional support—is insufficiently sector-differentiated in its current form: the IndiaAI Mission and related programmes address AI adoption broadly without the sector specificity this study's evidence suggests is necessary for effective uptake among SMEs.

The study's original contribution is the formal framing of workforce AI-readiness as a moderating variable in the AI-profitability relationship for Indian SMEs. While the OECD (2025), Venkatesan and Basar (2025), and Pingali et al. (2025) all establish the importance of human capital readiness in general terms, none formally test its moderating role in the profitability equation within the Indian SME context. The present study's convergent evidence from institutional data and practitioner accounts provides a strong basis for this claim, though formal moderating effects would require future primary data collection to be tested with statistical rigour—a direction the study explicitly recommends.

CONCLUSIONS AND IMPLICATIONS

Key Contributions

This study highlights three key contributions. First, it offers a cross-sector comparison of AI adoption outcomes in Indian SMEs across manufacturing, retail, and logistics. The findings show that adoption rates, efficiency gains, main barriers, and best strategies vary significantly by sector — something that broad, general approaches to research and policy often miss. Second, it presents convergent evidence that workforce AI- readiness functions as a moderating condition in the AI-profitability relationship for Indian SMEs: the same AI technology investment produces materially different financial outcomes depending on the digital capability and training investment of the workforce deploying it. Third, it offers sector-differentiated strategy and policy recommendations grounded in both institutional data and practitioner experience, providing an actionable framework for SME owners, institutional support bodies, and policymakers.

Practical Implications

For SME owners, the key takeaway is straightforward: investing in AI without also investing in workforce training is unlikely to deliver consistent returns. Across all three sectors, the evidence suggests that deploying new tools and training employees should happen together, not one after the other. For policymakers at the Ministry of MSME, NASSCOM, and CII, the message is equally clear. Current AI policies take a broad, one-size-fits-all approach. This needs to change. Manufacturing SMEs need easier access to capital. Retail SMEs need help with data infrastructure. And logistics SMEs need frameworks for integrating AI with their existing systems. The government's 2030 target of raising the MSME sector's GDP contribution to 50% (CII, 2024) cannot be achieved through AI adoption exposure alone; it requires conditions for AI-profitability conversion to be actively established at the sector level.

Theoretical Implications

For researchers, this study advances the theoretical understanding of AI adoption in emerging economy SMEs by integrating the TOE framework, RBV, and Diffusion of Innovation theory within a multi-case cross-sector

design. The formal framing of workforce AI-readiness as a moderating variable in the AI-profitability relationship for Indian SMEs establishes a testable proposition for future quantitative research. Future studies should extend this work through longitudinal primary data collection—tracking the same SMEs over time to establish causal AI- profitability relationships—and through statistical moderation analysis to formally test the workforce readiness hypothesis. Comparative studies across other emerging economy contexts would also strengthen the theoretical generalisability of the findings presented here.

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Empowering MSMEs and Startups for Atmanirbhar Bharat: Policy, Practice and Performance

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ABSTRACT

Micro, Small, and Medium Enterprises (MSMEs) and startups play a critical role in achieving the vision of Atmanirbhar Bharat by fostering economic growth, employment generation, and export competitiveness. However, their effective participation in global markets remains constrained by structural and institutional challenges. This study conducts a systematic literature review (SLR) to examine the interlinkages between MSMEs, export promotion, and global value chain (GVC) participation. Drawing on selected studies from reputed databases, the review identifies key themes related to export promotion mechanisms, drivers and barriers to GVC integration, and the persistent policy–practice gap. The findings reveal that while export promotion policies facilitate market access and internationalization, they are insufficient in ensuring sustained competitiveness without corresponding improvements in firm-level capabilities such as technology adoption, skills, and innovation (Epede & Wang, 2022;

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Abe & Proksch, 2017). Furthermore, MSMEs often remain confined to lower-value segments of GVCs, limiting their growth potential. The study proposes an integrated framework linking policy initiatives, export promotion, and GVC participation to MSME performance. The paper contributes to the literature by offering a holistic perspective on MSME empowerment and provides policy and managerial implications for enhancing global competitiveness under Atmanirbhar Bharat.

Keywords: *MSMEs, Atmanirbhar Bharat, Export Promotion, Global Value Chains (GVCs), GDP.*

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) and startups play a pivotal role in driving economic growth, employment generation, and export competitiveness, particularly in emerging economies such as India. The MSME sector contributes significantly to GDP and accounts for a substantial share of exports, making it a critical pillar in achieving sustainable and inclusive development. In recent years, the Government of India has emphasized the vision of Atmanirbhar Bharat (self-reliant India), which aims to strengthen domestic capabilities while enhancing global competitiveness through integration with international markets (Mukherjee & Mukherjee, 2022). Contrary to a protectionist interpretation, Atmanirbhar Bharat does not advocate isolation but rather promotes a strategic approach where domestic firms, especially MSMEs and startups, are empowered to participate effectively in global trade and production networks. This perspective aligns with the growing importance of Global Value Chains (GVCs), where production processes are fragmented across countries, enabling firms to specialize in specific stages of value creation (Epede & Wang, 2022). Participation in GVCs offers MSMEs opportunities to access international markets, acquire new technologies, and upgrade their capabilities. However, despite these opportunities, MSMEs often face structural barriers such as limited access to finance, lack of technological capabilities, and compliance challenges in international markets (Reddy & Sasidharan, 2020).

In this context, export promotion policies emerge as a crucial mechanism to facilitate MSME internationalization. Export promotion instruments-including financial incentives, trade facilitation measures, export credit support, and institutional assistance-are designed to reduce entry barriers and enhance firms' competitiveness in global markets (Chopra et al., 2024). Prior research indicates that such policies can significantly influence firms' export performance and their ability to integrate into GVCs by improving market access and reducing transaction costs (Abe & Proksch, 2017). Despite the growing body of literature on MSMEs, export promotion, and GVC participation, existing studies largely examine these dimensions in isolation. For instance, some studies focus on MSME export performance, while others analyze GVC integration or policy interventions independently. There remains a lack of integrated synthesis that connects these three critical elements within the broader framework of Atmanirbhar Bharat. Furthermore, recent literature highlights a persistent gap between policy intent and actual outcomes, particularly in translating export promotion initiatives into meaningful GVC participation and improved MSME performance (Ramachandran & Chandramohan, 2024; Mukherjee & Chanda, 2022).

Addressing this gap is essential, as MSME empowerment under Atmanirbhar Bharat depends not only on domestic capacity building but also on effective integration into global production systems. A systematic understanding of how export promotion policies influence MSME participation in GVCs-and how this, in turn, affects their performance-remains underexplored.

Therefore, the present study aims to conduct a systematic literature review (SLR) to synthesize existing research on MSMEs, export promotion, and global value chains within the context of Atmanirbhar Bharat. Specifically, the study seeks to identify key themes, examine the interlinkages among these variables, and highlight gaps in the literature to propose future research directions. By doing so, the paper contributes to both academic discourse and policy formulation by offering a comprehensive and integrated perspective on MSME empowerment in a globalized economy.

CONCEPTUAL BACKGROUND

MSMEs and Startups in the Context of Atmanirbhar Bharat

MSMEs and startups are central to India's economic architecture, contributing significantly to employment generation, industrial output, and export performance. Under the vision of Atmanirbhar Bharat, these enterprises are positioned as key drivers of self-reliance, innovation, and resilience. The initiative emphasizes strengthening domestic production capabilities while fostering global competitiveness through strategic policy support (Mukherjee & Mukherjee, 2022). Importantly, Atmanirbhar Bharat does not imply economic isolation; rather, it promotes "self-reliance with global integration." This involves enabling MSMEs to scale up, innovate, and participate effectively in international markets. Government initiatives such as production-linked incentives (PLI), digitalization programs, and financial inclusion schemes are aimed at enhancing MSME competitiveness and facilitating their integration into global trade networks.

However, despite these efforts, MSMEs continue to face structural challenges, including limited access to finance, technological constraints, and inadequate market linkages. These barriers restrict their ability to fully leverage export opportunities and participate in higher-value segments of global production systems (Reddy & Sasidharan, 2020).

Export Promotion and MSME Competitiveness

Export promotion refers to a range of policy measures and institutional mechanisms designed to enhance firms' ability to access and compete in international markets. These include financial incentives, export credit facilities, trade facilitation, market intelligence, and participation in international trade fairs (Chopra et al., 2024). For MSMEs, export promotion plays a critical role in overcoming entry barriers such as high transaction costs, information asymmetry, and regulatory complexities. Studies suggest that effective export promotion policies can significantly improve export performance by enhancing firms' capabilities, reducing risks, and facilitating access to global markets (Abe & Proksch, 2017).

Moreover, export promotion is increasingly viewed as a strategic tool for MSME internationalization, enabling firms to move beyond domestic markets and integrate into global production networks. However, the

effectiveness of these policies often depends on their design, implementation, and alignment with broader industrial and trade strategies.

Global Value Chains (GVCs) and MSME Integration

Global Value Chains (GVCs) refer to the fragmentation of production processes across multiple countries, where different stages of value creation are carried out by geographically dispersed firms. Participation in GVCs allows MSMEs to specialize in specific activities, access global markets, and benefit from knowledge and technology spillovers (Epede & Wang, 2022). Despite these advantages, MSME participation in GVCs remains limited, particularly in developing economies. Key barriers include:

- Limited scale and productivity
- Compliance with international standards
- Inadequate technological capabilities
- Weak institutional support

Existing literature highlights that MSMEs often remain confined to lower-value segments of GVCs, limiting their potential for upgrading and value addition (Mukherjee & Chanda, 2022).

Linking Export Promotion and GVC Participation

An emerging stream of research suggests that export promotion policies can act as a bridge between MSMEs and GVCs. By enhancing firms' export readiness and competitiveness, these policies facilitate entry into global markets and integration into value chains. For instance, trade facilitation measures and export support programs can reduce transaction costs and improve firms' ability to meet international standards (Abe & Proksch, 2017). However, the literature also indicates a lack of coordination between export promotion initiatives and GVC integration strategies. This disconnect often results in suboptimal outcomes, where MSMEs are able to export but fail to upgrade within value chains or sustain long-term competitiveness (Ramachandran & Chandramohan, 2024).

Research Gap

While substantial research exists on MSMEs, export promotion, and GVCs individually, there is a notable lack of integrated analysis that

examines their interrelationships within the framework of Atmanirbhar Bharat. Furthermore, limited attention has been given to understanding how policy interventions translate into actual MSME performance and global competitiveness. This gap underscores the need for a systematic synthesis of existing literature to develop a holistic understanding of MSME empowerment through export promotion and GVC participation.

METHODOLOGY

This study adopts a systematic literature review (SLR) approach to synthesize existing research on MSMEs, export promotion, and global value chains (GVCs) within the context of Atmanirbhar Bharat. The SLR method is particularly suitable for identifying research gaps, consolidating fragmented knowledge, and developing integrative insights across interdisciplinary domains (Epede & Wang, 2022; Tsoai et al., 2026).

Data Sources and Search Strategy

The review is based on publications retrieved from major academic databases, including Scopus, Web of Science, and Google Scholar, which are widely recognized for indexing high-quality peer-reviewed research. A structured keyword search strategy was employed using combinations of the following terms: ("MSMEs" OR "SMEs") AND "export promotion" OR "export performance") AND ("global value chains" OR "GVC participation") AND ("Atmanirbhar Bharat" OR "self-reliance India") Boolean operators (AND, OR) were used to refine the search and ensure comprehensive coverage of relevant studies.

Inclusion and Exclusion Criteria

To maintain rigor and relevance, the following criteria were applied: *Inclusion Criteria:* Peer-reviewed journal articles, working papers, and reputed institutional reports, Publications between 2010 and 2025, Studies focusing on MSMEs/SMEs in relation to export promotion and/or GVCs, Articles published in English. *Exclusion Criteria:* Non-academic sources (blogs, opinion pieces), Studies lacking empirical or conceptual relevance, Duplicate or inaccessible full-text articles

Selection Process and Final Sample

The initial search yielded a large pool of articles. After screening titles, abstracts, and full texts based on the above criteria, a final sample of approximately 40–60 relevant studies were selected for in-depth analysis. The selection process ensured a balance between conceptual, empirical, and policy-oriented literature.

Data Analysis Technique

A thematic analysis approach was adopted to synthesize the literature. This involved: Identifying recurring concepts and patterns, grouping studies into thematic categories, Interpreting relationships among MSMEs, export promotion, and GVC participation. This approach enables a structured and integrative understanding of the field while highlighting key research gaps and future directions (Ladeira & Ferreira, 2025).

THEMATIC ANALYSIS

The systematic review of the selected literature reveals four dominant themes that explain the interrelationship between MSMEs, export promotion, and global value chain (GVC) participation within the broader context of Atmanirbhar Bharat. These themes highlight both the enabling factors and persistent constraints affecting MSME empowerment and global integration.

Role of Export Promotion in MSME Internationalization

Export promotion emerges as a critical driver of MSME internationalization by facilitating access to global markets and enhancing firm-level competitiveness. The literature consistently highlights that MSMEs face significant entry barriers in international trade, including high transaction costs, lack of market information, and regulatory complexities. Export promotion mechanisms-such as financial incentives, export credit support, and institutional assistance-play a vital role in mitigating these constraints (Chopra et al., 2024). Empirical studies suggest that participation in export promotion programs improves firms' export readiness by enhancing their capabilities in areas such as product quality, compliance with international standards, and market diversification.

For instance, export promotion councils and trade facilitation initiatives provide MSMEs with access to global networks and market intelligence, thereby reducing uncertainty in foreign market entry (Abe & Proksch, 2017).

However, the effectiveness of export promotion policies varies significantly across contexts. While some studies report positive impacts on export performance, others highlight issues related to policy fragmentation, lack of awareness among MSMEs, and limited accessibility of support schemes. This indicates that export promotion alone is insufficient unless complemented by broader institutional and structural support mechanisms.

MSME Integration into Global Value Chains

Integration into GVCs is widely recognized as a pathway for MSMEs to achieve sustainable growth, technological upgrading, and global competitiveness. The literature identifies several key drivers of MSME participation in GVCs, including technological capabilities, access to finance, firm size, and network linkages (Epede & Wang, 2022). Participation in GVCs enables MSMEs to specialize in specific stages of production, thereby reducing the need for large-scale investments while still accessing international markets. Moreover, engagement in GVCs facilitates knowledge spillovers, innovation, and productivity improvements, which are essential for long-term competitiveness (Reddy & Sasidharan, 2020).

Despite these benefits, MSMEs face persistent challenges in integrating into GVCs. These include:

- Limited access to advanced technologies
- Difficulty in meeting international quality and compliance standards
- Weak linkages with multinational enterprises (MNEs)
- Infrastructure and logistics constraints

As a result, many MSMEs remain confined to low-value-added segments of GVCs, limiting their ability to upgrade and capture higher economic value (Mukherjee & Mukherjee, 2022). This highlights the need for targeted interventions that go beyond market access to address capability development and structural constraints.

Policy–Practice Gap in Atmanirbhar Bharat

A recurring theme in the literature is the disconnect between policy intent and actual outcomes in MSME development under Atmanirbhar Bharat. While the policy framework emphasizes self-reliance, innovation, and global competitiveness, its implementation often falls short in addressing the ground-level challenges faced by MSMEs. Several studies point out that although numerous schemes exist to support MSMEs-such as financial assistance, export incentives, and digitalization initiatives-their impact is limited due to issues such as bureaucratic inefficiencies, lack of coordination among institutions, and low awareness among enterprises (Mukherjee & Chanda, 2022).

Furthermore, policies tend to focus more on input support (e.g., subsidies, credit) rather than capability building (e.g., skills, technology, innovation), which are critical for effective GVC participation. This misalignment results in a situation where MSMEs are able to access support but are not adequately equipped to compete in global markets.

The literature also highlights regional and sectoral disparities in policy implementation, which further exacerbate inequalities in MSME performance. Consequently, the vision of Atmanirbhar Bharat as a driver of MSME empowerment remains partially unrealized.

Link between Export Promotion and GVC Participation

An important insight emerging from the review is the role of export promotion as a potential bridge between MSMEs and GVCs. Export promotion policies enhance firms' ability to access international markets, which can serve as an entry point into global value chains. For example, trade facilitation measures and export assistance programs help MSMEs meet international standards and establish connections with global buyers (Abe & Proksch, 2017). However, the relationship between export promotion and GVC participation is not automatic. While export promotion may enable firms to enter global markets, it does not necessarily guarantee their integration into value chains or their progression դեպի higher-value activities. Studies indicate that without complementary support in areas such as innovation, skill development, and technological upgrading,

MSMEs may remain peripheral players in GVCs (Ramachandran & Chandramohan, 2024).

Moreover, the lack of coordination between export promotion policies and GVC-oriented strategies limits their overall effectiveness. This suggests the need for a more integrated policy approach that aligns export promotion with broader industrial and trade policies aimed at enhancing MSME participation in global production networks.

Synthesis of Findings

Overall, the findings indicate that while export promotion and GVC participation are critical for MSME empowerment, their impact is mediated by several structural and institutional factors. Export promotion facilitates market access, whereas GVC participation enables capability development and value creation. However, the absence of policy coherence and the persistence of structural barriers hinder the realization of these benefits. In the context of Atmanirbhar Bharat, the challenge lies in transforming MSMEs from domestically focused enterprises into globally competitive actors. This requires a shift from isolated policy interventions to an integrated framework that connects export promotion, capability development, and GVC integration.

DISCUSSION

The findings of this systematic literature review highlight a critical insight: while MSMEs are central to the vision of Atmanirbhar Bharat, their effective empowerment depends on the synergistic interaction between export promotion policies and global value chain (GVC) participation. Existing literature confirms that these elements are often studied in isolation, leading to fragmented policy approaches and limited practical outcomes (Epede & Wang, 2022; Chopra et al., 2024).

A key contribution of this study is the identification of export promotion as an enabling mechanism, rather than an end in itself. Export promotion policies primarily facilitate market access by reducing entry barriers and enhancing firms' readiness for international trade. However, mere participation in export markets does not guarantee sustained competitiveness or value creation. Instead, long-term MSME performance

is closely linked to their ability to integrate into and upgrade within GVCs (Reddy & Sasidharan, 2020). This distinction is particularly important in the context of Atmanirbhar Bharat. The policy narrative emphasizes self-reliance, but the evidence suggests that self-reliance must be understood as strategic global integration rather than economic isolation. MSMEs can achieve resilience and competitiveness not by withdrawing from global markets, but by embedding themselves more effectively within global production networks (Mukherjee & Mukherjee, 2022).

The review also reveals a persistent policy–practice gap. While governments have introduced a wide range of initiatives to support MSMEs-such as export incentives, financial schemes, and digital platforms-their impact is often constrained by weak implementation, limited awareness, and lack of institutional coordination (Mukherjee & Chanda, 2022). This gap underscores the need for a shift from policy proliferation to policy integration, where different initiatives are aligned toward a common objective of MSME upgrading and global competitiveness. Another important insight concerns the role of capability development as a mediating factor. The literature indicates that MSME participation in GVCs is contingent upon their internal capabilities, including technological adoption, skill development, and innovation capacity. Export promotion policies, while necessary, are insufficient unless they are complemented by targeted interventions aimed at enhancing these capabilities (Abe & Proksch, 2017; Tsoai et al., 2026).

Furthermore, the findings suggest that MSMEs often remain confined to low-value segments of GVCs, limiting their ability to capture higher economic returns. This highlights the importance of upgrading strategies, such as process upgrading, product innovation, and functional upgrading, which enable firms to move up the value chain. However, such upgrading requires coordinated support from both public institutions and private stakeholders, including multinational enterprises (Ladeira & Ferreira, 2025).

From a broader perspective, the study contributes to the literature by proposing a more integrated understanding of MSME empowerment, where export promotion, GVC participation, and policy frameworks are viewed as interdependent components of a unified system. This integrated perspective is particularly relevant for emerging economies like India,

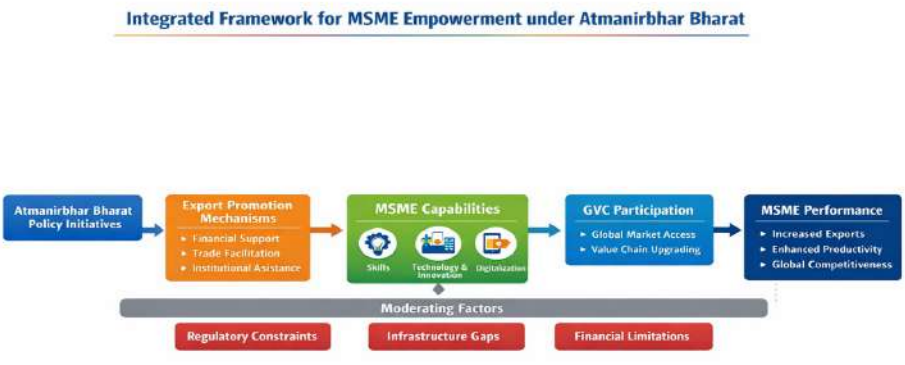
where MSMEs face multiple, overlapping constraints that cannot be addressed through isolated interventions.

CONCEPTUAL FRAMEWORK

Based on the synthesis of the literature, this study proposes an integrated conceptual framework linking Atmanirbhar Bharat policies, export promotion, and MSME participation in global value chains (GVCs).

The framework as shown by Figure 1, suggests that export promotion acts as a primary enabler, but its effectiveness depends on MSMEs' internal capabilities. These capabilities mediate the relationship between policy support and GVC participation. Without sufficient technological and organizational capacity, MSMEs may enter export markets but fail to integrate or upgrade within value chains (Cusolito et al., 2016; Epede & Wang, 2022). Furthermore, GVC participation serves as the key transmission mechanism through which MSMEs achieve improved performance outcomes such as productivity growth and international competitiveness. However, structural barriers can weaken this relationship, highlighting the need for integrated and coordinated policy interventions (Abe & Proksch, 2017; Ramachandran & Chandramohan, 2024).

Figure 1: MSME empowerment under Atmanirbhar Bharat



Source: (Mesumbe Bianca & Wang, 2022).

IMPLICATIONS

Policy Implications

The findings suggest that policymakers should move beyond isolated export promotion measures toward a holistic and integrated MSME development strategy. First, there is a need to align export promotion policies with GVC integration strategies to ensure that MSMEs not only access global markets but also upgrade within value chains. Second, emphasis should be placed on capability development, including digitalization, skill enhancement, and technological adoption, which are critical for sustained competitiveness. Additionally, improving institutional coordination and awareness of government schemes can enhance policy effectiveness. Reducing regulatory burdens and strengthening infrastructure are also essential to facilitate MSME participation in global trade networks (Mukherjee & Mukherjee, 2022; Cusolito et al., 2016).

Managerial Implications

From a managerial perspective, MSMEs and startups must adopt a strategic approach to internationalization. Firms should focus on:

- Enhancing product quality and compliance with global standards
- Leveraging digital technologies for market access
- Building partnerships with global firms and networks

Rather than viewing exports as a one-time activity, MSMEs should aim for long-term integration into GVCs, which enables learning, innovation, and value upgrading (Reddy & Sasidharan, 2020).

CONCLUSION

This study provides a systematic synthesis of literature on MSMEs, export promotion, and global value chains within the context of Atmanirbhar Bharat. The findings highlight that while export promotion policies are essential for facilitating market access, sustainable MSME empowerment depends on effective integration into global value chains. The review identifies a critical gap between policy intent and practical outcomes, emphasizing the need for policy integration, capability development, and institutional strengthening. The proposed framework contributes to the

literature by offering a holistic perspective that links policy interventions with firm-level capabilities and global competitiveness. Achieving the vision of Atmanirbhar Bharat requires transforming MSMEs from domestically focused entities into globally competitive participants in value chains. Future research can build on this study by empirically testing the proposed framework, exploring sector-specific dynamics, and examining the role of startups in GVC integration.

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Turning Hashtags into Engagement: The Role of Social Media in Women-Led Apparel MSMEs' and Startups

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ABSTRACT

India has witnessed a phenomenal growth in women entrepreneurship in recent years, especially in the Micro, Small and Medium Enterprise (MSME) sector. Government initiatives like Atmanirbhar Bharat have further encouraged small businesses to adopt digital platforms and strengthen their market presence. In this changing business environment, Instagram has emerged as a key platform for women-led apparel brands to promote their products, connect with their audience and build their brand identity. This study examines how Instagram content strategies influence audience engagement for women-led apparel micro, small and medium enterprises (MSMEs).

It focuses on two apparel brands based on Instagram that is @ bunaai and @aseembyaseemshakti which we selected on the basis of purposive sampling due to their relevance in the fashion industry and active presence on digital media. By using qualitative and exploratory approach, in this study netnography is applied and content analysis is done to examine the post of these accounts which were shared during the month of February 2026. The analysis is

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done through 4Cs framework content, context, communication, and connection along with engagement metrics such as likes, comments, views.

The results show that audience engagement on Instagram is influenced more by the quality of the content and its ability to build recognition than by the number of followers alone. While @bunaai has a large following, @aseembyaseemshakti generated strong engagement through visually appealing and emotionally relevant content. Releases and share-friendly posts outperformed static content, while shares and comments emerged as stronger indicators of audience engagement than likes. The study also sheds light on the role of hashtags in increasing visibility and reinforcing themes such as women entrepreneurship, cultural identity, and positioning of locally sourced brands.

Overall, the study concludes that Instagram serves not only as a promotional platform but also as a space for storytelling, relationship building, and digital entrepreneurship. This research contributes to the growing body of literature on social media marketing and women-led SMEs by presenting a focused qualitative analysis of original content practices on Instagram within the apparel sector in India.

Keywords: *Instagram marketing, Women Entrepreneurship, SMEs, Audience Interaction, Digital Entrepreneurship, Clothing Brands, Social Media Strategy*

INTRODUCTION

Digital technologies have transformed the way businesses operate, communicate, and interact with customers. Over the past decade, social media platforms have become important tools for marketing, customer acquisition, and business growth, especially for micro, small, and medium enterprises (MSMEs). In emerging economies like India, the increasing penetration of smartphones, affordable internet services, and digital payment systems have accelerated the growth of online entrepreneurship (Dwivedi et al., 2021; Li et al., 2021). Government initiatives such as

Atmanirbhar Bharat and Digital India have further encouraged small businesses to adopt digital platforms and strengthen their market presence.

Among various digital platforms, Instagram has established itself as one of the most influential spaces for brand communication, especially in sectors with strong visual components such as fashion and apparel. Unlike traditional marketing methods, Instagram allows companies to directly communicate with their audience through photos, reels, stories, hashtags, and interactive features. Several studies show that social media is no longer used solely for promotion. It now plays a fundamental role in relationship building, consumer engagement, and community building (Appel et al., 2020; Tafesse & Wood, 2021). The rise of short-form video content has also changed audience behavior, as visually appealing and emotionally relevant content receives higher levels of engagement and visibility (Zulli & Zulli, 2020).

For women entrepreneurs, digital platforms have created new opportunities by reducing many of the traditional barriers associated with business ownership. Social media allows women-led businesses to operate with low capital investment, flexible working conditions, and direct access to consumers without relying heavily on physical infrastructure (Neneh, 2022). Research by Santos and Liguori (2020) highlights that digital entrepreneurship supports women in creating independent business identities and participating more actively in economic activities. In the fashion sector, Instagram has become particularly useful because fashion-related businesses rely heavily on visual presentation, storytelling, and consumer interaction.

Previous research has shown that consumer interaction on social media significantly influences brand awareness, trust, and purchase intentions (Shanahan et al., 2019; Fernandes et al., 2022). Interaction metrics, such as likes, comments, shares, and saves, are considered measures of audience engagement rather than just popularity metrics. Studies also show that content quality, creativity, and emotional appeal influence engagement more strongly than follower count alone (Casaló et al., 2020). This is especially relevant for SMEs, where limited advertising budgets make organic engagement and content visibility important.

Hashtags have also moved beyond their original function of content classification. Recent studies show that they contribute to brand positioning, visibility, and the creation of digital communities (Lee et al., 2021). In the fashion industry, hashtags related to sustainability, empowerment, artisanal products, and local identity help brands connect with audiences who share similar values and interests. These practices reflect the growing importance of values-based communication in the digital marketing environment.

To more effectively analyze social media practices, this study uses the 4Cs framework: content, context, communication, and connection. This framework allows us to examine not only the type of content brands share, but also how it is presented, communicated, and connects with audiences over time (Voorveld, 2019; Tafesse & Wood, 2021). Existing literature suggests that successful Instagram strategies depend on striking a balance between informative, interactive, and emotionally engaging content.

Despite the growing interest in social media marketing research, few studies have focused specifically on women-led textile SMEs in India. Most existing research analyzes large corporations or general digital marketing trends, while few studies offer detailed qualitative analysis of how small brands use Instagram content strategies in practice (Kozinets, 2020). Furthermore, many studies rely heavily on quantitative approaches and engagement statistics, which often ignore the cultural and contextual aspects of digital interactions.

To address this gap, this study focuses on two women-led clothing brands, @bunaai and @aseembyaseemshakti, both representing emerging fashion businesses with an active presence on Instagram and a strong digital focus. The study adopts a qualitative and exploratory methodology, using netography and content analysis to examine the patterns of posts, captions, hashtags, and audience interaction on Instagram over a period of one month (February 2026).

This research examines how content strategy impacts audience engagement and brand interaction on Instagram. In doing so, the study contributes to the growing body of literature on digital entrepreneurship, social media engagement, and female-led SMEs and offers practical

insights into how emerging fashion brands use Instagram to gain visibility, communicate, and connect with their consumers.

LITERATURE REVIEW

1. Social Media Marketing and Digital Entrepreneurship

The increasing use of digital platforms has changed how businesses communicate with consumers and promote their products. In recent years, platforms such as Instagram and Facebook have become key tools for business growth, especially for small and medium-sized enterprises (SMEs). Unlike traditional marketing channels, social media allows businesses to communicate directly with consumers with relatively little financial investment. According to Dwivedi et al. (2021), social media marketing has evolved from one-way communication to participatory interaction, where consumers actively engage in conversations about the brand and share content. Digital entrepreneurship has become particularly relevant for SMEs, as online platforms reduce barriers related to cost, market access, and infrastructure. Li et al. (2021) observed that social media provides businesses with the opportunity to experiment with creative marketing strategies and build relationships with consumers in real time. In developing economies like India, this shift has created new opportunities for entrepreneurs who previously had limited access to formal business networks.

Women entrepreneurs have benefited significantly from this shift. Neneh (2022)'s research shows that digital platforms provide women with greater flexibility, visibility, and freedom in managing their businesses. Similarly, Santos and Liguori (2020) argued that online entrepreneurship helps women overcome various social and structural limitations by allowing them to run businesses from home and interact directly with consumers. However, despite these opportunities, challenges such as intense market competition, algorithmic reliance, and resource constraints continue to affect the sustainability of digital businesses (Kraus et al., 2022).

2. Instagram as a Marketing and Engagement Platform

Among the various social media platforms, Instagram has established itself as the most influential for fashion and lifestyle marketing due to its visual nature. Features such as Reels, Stories, hashtags, and interactive tools allow brands to communicate creatively and maintain constant interaction with their audience. Casaló et al. (2020) found that visually appealing content on Instagram significantly contributes to consumer attention and brand recall, especially in areas where aesthetics plays a key role. Some research also suggests that engagement on Instagram goes beyond visibility and promotion. Tafesse and Wood (2021) highlighted that audience interaction through likes, comments, shares, and saves reflects greater consumer involvement and emotional connection with brands. Fernandes et al. (2022) further emphasized that consistent engagement on social media contributes to customer trust and long-term loyalty.

One more important aspect of Instagram marketing is authenticity. Consumers increasingly prefer brands that are accessible and transparent in their communications. Sharing behind-the-scenes content, customer experiences, and narrative posts helps businesses build strong emotional connections with their audience (Lee et al., 2021). This is particularly relevant for female-led fashion brands, where storytelling and cultural identity are often integral to brand image.

3. Content Strategy and the 4Cs Framework

Content strategy plays an important role in social media performance. The 4Cs framework (content, context, communication, and connection) provides a useful framework for understanding how brands manage their digital presence and audience relationships (Voorveld, 2019). The first component, content, focuses on the type and quality of posts that brands share. Several studies have shown that visually appealing and emotionally engaging content generates more engagement on Instagram (Casaló et al., 2020). In recent years, short-form video content, such as Reels, has become particularly effective for increasing reach and audience engagement, especially due to Instagram's algorithmic preference for dynamic content formats (Zulli & Zulli, 2020).

Context signifies to how content is presented, including captions, timing, relevance, and narrative style. Lee et al. (2021) argued that audiences are more likely to engage with content that they identify with and that aligns with their interests or values. Communication involves direct interaction between brands and consumers through responses, comments, and conversations. Studies show that effective communication builds trust and improves relationships with consumers (Fernandes et al., 2022).

The final component, connection, focuses on building long-term relationships and creating communities. Social media platforms allow brands to create communities where audiences feel emotionally connected to the brand's identity and values. Tafesse and Wood (2021) suggest that successful social media strategies depend not only on attracting viewers but also on maintaining meaningful engagement with audiences over time.

4. Hashtags and Digital Visibility

Hashtags have become an essential element of Instagram marketing, as they improve the visibility of content and help brands reach a wider audience. Lee et al. (2021) noted that hashtags serve not only as search tools but also as indicators of brand positioning and identity. In the fashion industry, hashtags are often associated with themes such as sustainability, women's empowerment, artisanal products, and local crafts.

Research shows that strategic use of hashtags can improve audience engagement by connecting brands with consumers who share similar interests and values (Appel et al., 2020). At the same time, overuse or irrelevant use of hashtags can reduce the effectiveness of content and make posts appear less authentic (Fernandes et al., 2022). Therefore, brands are focusing on using carefully selected hashtags that reflect their identity and target audience, rather than simply increasing the number of hashtags. For women-led small and medium-sized apparel businesses, hashtags also support community building by creating visibility around topics related to business, culture, and local branding.

This reflects a broader shift in social media marketing towards values-based digital communication.

5. User Engagement and Brand Performance

User engagement has become one of the most important indicators of social media effectiveness. This engagement includes audience actions such as likes, comments, shares, saves, and reposts, which demonstrate consumer interest and participation in a brand's content. Shanahan et al. (2019) argued that engagement is closely related to the development of customer trust and relationships, rather than simply the display of content.

Several studies have shown that interactive and emotionally engaging content generates more engagement than purely promotional posts (Voorveld, 2019). Reels, narrative posts, polls, and user-generated content are particularly effective because they encourage participation and sharing (Zulli & Zulli, 2020). In many cases, shares and comments are considered more important indicators of audience engagement, as they reflect active consumer engagement.

For SMEs, engagement is particularly valuable because it allows brands to organically expand their reach without relying heavily on paid advertising. Positive audience engagement also contributes to word-of-mouth and greater brand visibility (Kraus et al., 2022). However, measuring engagement remains a challenge as platform algorithms continually influence the reach and visibility of content.

6. Women's Entrepreneurship in the Digital Age

The rise of digital platforms has significantly impacted women's entrepreneurship across a range of sectors. Social media has enabled many women to build businesses with limited resources, thus balancing their professional and personal responsibilities. According to Neneh (2022), digital entrepreneurship offers women greater freedom and flexibility than traditional business models. Female owned brands often prioritize storytelling, emotional branding, and community-based communication strategies, which resonate strongly with today's consumers (Marjerison et al., 2021). In the fashion sector, many brands

also integrate cultural identity, sustainability, and artistic aesthetics into their content strategies to create differentiation and authenticity.

Despite these opportunities, women-owned businesses face various challenges, such as financial limitations, increased competition, and difficulties maintaining digital visibility (Kraus et al., 2022). However, social media platforms continue to offer significant opportunities for growth, networking, and customer loyalty.

7. Research Gap

The existing literature offers valuable insights into social media marketing, Instagram engagement, and digital entrepreneurship. However, most studies focus on general quantitative analyses of large brands or social media trends. Few studies specifically examine women-led fashion SMEs in the Indian context using qualitative methods.

Furthermore, while frameworks such as the 4C model are widely discussed, few studies apply them to analyze actual content practices and engagement behavior on Instagram. Most existing research emphasizes numerical engagement metrics without exploring how content style, narrative, and audience interaction contribute to engagement in practical situations.

Therefore, this study attempts to address this gap in analyzing the Instagram content strategies of women-led fashion brands using a qualitative and exploratory approach. This study focuses on understanding how content, communication methods, and audience engagement collectively impact brand engagement and visibility on Instagram.

Objectives of the Study

1. To analyze the content strategies of female-led apparel brands (@bunaai and @aseembyaseemshakti) using the 4Cs framework (content, context, communication, and connection).
2. To assess audience engagement based on key metrics such as likes, comments, views, and shares.
3. To compare how different content strategies impact brand engagement and engagement on Instagram.

RESEARCH METHODOLOGY

Research Design

This study adopts a qualitative and exploratory research design to examine how Instagram content strategies influence the engagement of audience in women-led micro, small and medium enterprises (MSMEs) in the sector of apparel. A qualitative approach was considered appropriate because the study focuses on understanding communication patterns, content presentation, and audience interaction in a real-world digital environment. Given that Instagram is an interactive and visually-oriented platform, this study aims to explore not only engagement metrics but also the meaning and effectiveness of content strategies used by brands.

Research Approach

This study is based on netography, a research approach derived from ethnography to analyze online communities and digital interactions. According to Cozens (2020), netography helps researchers study online audience behavior, communication, and engagement as they occur naturally, without intervening in the digital environment. This approach is particularly useful for Instagram research, as it allows researchers to observe how brands interact with their audiences through posts, captions, reels, hashtags, and comments.

Sample Selection

This study employs purposive sampling for brand selection. Two women-led apparel brands @bunaai and @aseembyaseemshakti were selected due to their active presence on Instagram and their relevance to the apparel and fashion industry. Both brands represent women-led micro, small, and medium-sized enterprises (MSMEs) that actively use social media for marketing purposes and to drive customer engagement. The brands were also selected for their regular posting patterns and visible interactions with their audiences, characteristics that made them suitable for comparative analysis.

Data Collection

Data for the study was collected from Instagram over a one-month period in February 2026. The data collected included reels, image posts,

captions, hashtags, likes, comments, shares, and views. The study relied entirely on publicly available Instagram content to maintain ethical research standards. No personal information or private user data was accessed during the research process.

Data Analysis

The collected data was analyzed using content analysis techniques to identify content strategies and audience engagement patterns. The study used the "4Cs" framework — content, context, communication, and connection to assess how selected brands structured their social media presence. Different content formats such as reels, storytelling posts, product-focused visuals, and caption styles were examined to understand their relationship with audience engagement. In interpreting the effectiveness of content, multiple engagement metrics were considered, including likes, comments, shares, and views. Study variables.

The independent variable in this study is content strategy, which includes the dimensions of content, context, communication, and connection. The dependent variable is audience engagement, which is measured by likes, comments, shares, and views on Instagram posts. Supporting elements such as hashtags, captions, and reels were also analyzed, as they contribute significantly to engagement and digital visibility.

FINDINGS AND ANALYSIS

This part shows the findings based on the analysis of Instagram content posted by two women-led apparel brands @bunaai and @ aseembyaseemshakti during the month of February 2026. The analysis focused on understanding how different content strategies impact audience engagement on Instagram. Engagement was assessed using metrics such as likes, comments, views, and shares, along with qualitative observations of content style, narrative approach, and audience interaction patterns.

Engagement Analysis

The comparative analysis revealed clear differences between the two brands in terms of audience engagement. While @bunaai has a significantly larger number of followers around 1.3 million its average engagement level

was relatively low. In contrast, @aseembyaseemshakti, with a smaller number of followers of around 63,500, generated significantly higher engagement on several of its posts.

The results show that audience engagement on Instagram is more influenced by the quality and relevance of the content than just the number of followers. While Bonai maintained consistent visibility and moderate engagement, AseemByAseemShakti demonstrated strong audience response through highly shareable and emotionally engaging content. One of their posts reached nearly 3.2 million views, along with an extraordinary number of likes, comments, and shares, suggesting that the content reached an audience beyond their immediate follower base, thanks to algorithmic visibility and audience sharing behavior.

Findings from the Brand

Analysis of @bunaai shows that the brand maintains a visually polished and professionally curated Instagram presence. Most posts focus on showcasing ethnic wear, lifestyle images, and product-focused visuals. The style of the content remained aesthetically consistent, which played a key role in achieving consistent audience reach. However, despite the brand's large following, engagement rates were relatively low. Many posts received a moderate number of views but generated limited audience interaction in the form of comments and shares. This suggests that visibility alone does not necessarily lead to high engagement unless the content also fosters an emotional or interactive response from the audience.

In comparison, @aseembyaseemshakti showed the potential for high engagement despite working with a smaller audience. The brand's content appeared to focus more on storytelling and cultural identity, particularly through sari-centric visuals and themes with strong emotional appeal. The viral performance of one of its reels demonstrated the powerful impact that shareable and relevant content has on engagement within Instagram. The significantly higher number of shares and comments on various posts indicates that the audience was not only viewing the content but also actively interacting with it and distributing it to their networks.

The Relationship Between Followers and Engagement

A key observation from the study is that a large number of followers does not necessarily translate into higher levels of engagement. Although Bonai's audience is broader, its engagement metrics were lower than AseemByAseemShakti's. This finding supports previous studies that have shown that engagement on Instagram is more dependent on the quality of content, storytelling, and the ability to connect with and identify with the audience than on the number of followers.

The results also suggest that Instagram's algorithm rewards highly interactive and shareable content, increasing its visibility. Posts that generated strong audience interaction—particularly through shares and comments appeared to reach a wider audience, regardless of the brand's actual follower count.

The Role of Content Type

The type of content posted by brands had a significant impact on engagement patterns. Reels and short-form videos generated more views and higher audience engagement than static image posts. Dynamic content formats were more effective at capturing users' attention and encouraging conversation. The analysis also shows that emotionally engaging, narrative-based content outperformed purely promotional posts. Content that reflected cultural themes, traditional fashion aesthetics, and relevant experiences generated higher levels of engagement. This shows that Instagram audiences respond better to content that they find authentic and emotionally engaging, rather than content that feels overly commercial.

The Importance of Shares and Audience Connection

Among all engagement metrics, shares emerged as one of the most important. Posts with a higher number of shares also tend to gain more reach and visibility. The viral reel posted by @aseembyaseemshakti clearly demonstrated this connection: its high engagement contributed to achieving exceptionally high levels of both views and engagement.

The results suggest that shares reflect a deeper connection with the audience, as users only share content when they find it relevant, valuable, or emotionally engaging. Compared to likes, shares and comments appear

to represent more active forms of interaction and higher levels of audience engagement.

Content Strategy and the 4Cs Framework

The study's findings align closely with the dimensions of the 4Cs Framework. The content dimension highlights the importance of publishing visually appealing and engaging content to increase audience engagement. The context dimension is reflected in the use of relevant captions, cultural narratives, and timely posting—factors that contributed to greater relatability. Communication was observed through audience comments and brand interaction patterns, while connection was expressed through audience behavior through sharing content and participating in community-based activities. Of these dimensions, connection appeared to have the strongest impact on engagement outcomes. Brands that successfully created emotional and relevant content built stronger relationships with their audiences and gained greater visibility on Instagram.

Overall Findings

Overall, the study shows that engagement on Instagram is largely driven by content, not the number of followers. Small brands can gain greater visibility and audience engagement by creating relevant, creative, and easily shareable content. The results also suggest that releases and narrative posts are more effective at generating engagement than static promotional content.

The study further highlights that Instagram serves not only as a promotional platform but also as a place to tell stories, foster audience engagement, and build digital communities. For female-led fashion SMEs, an effective content strategy plays a critical role in improving visibility, strengthening customer relationships, and supporting digital business growth.

CONCLUSION

This study examined how Instagram content strategies impact audience engagement in the context of women-led micro, small and medium enterprises (MSMEs) in the apparel sector. Analyzing the Instagram activity

of @bunaai and @aseembyaseemshakti during February 2026, the research highlights the growing importance of social media platforms in supporting digital entrepreneurship, brand exposure, and customer interaction.

One of the key findings of the study is that audience engagement on Instagram depends more on the quality of content and its ability to resonate with the audience than on the number of followers. Although @bunaai has a significantly higher number of followers, its engagement level was relatively low compared to @aseembyaseemshakti. In contrast, AseemByAseemShakti demonstrated high engagement through emotionally relevant and highly shareable content, including posts that achieved viral reach. This finding suggests that meaningful audience engagement is driven more by creativity, storytelling, and emotional connection than audience size.

The study also demonstrates the increasing effectiveness of reels and visually dynamic content formats in driving engagement. Short-form video content generated more views, comments, and shares than static posts, indicating a shift in audience preferences on Instagram. The findings further suggest that shares and comments serve as strong indicators of audience engagement, reflecting active participation and a deeper connection with the content.

The study's findings align with the 4Cs framework: content, context, communication, and connection. Of these dimensions, connection emerged as the most influential factor in driving engagement, especially when the content was emotionally compelling, relevant, and culturally relevant. Therefore, the study suggests that a successful Instagram strategy depends not only on the regularity of posts but also on creating meaningful experiences for the audience.

The research also highlights that Instagram is more than just a promotional platform. It serves as a place for storytelling, relationship building, and the creation of digital communities, especially for women-led micro, small, and medium enterprises (MSMEs) that operate with limited resources. Social media platforms provide these businesses with opportunities to increase their visibility, interact directly with consumers, and compete in the digital marketplace without relying heavily on traditional marketing channels.

Despite its contributions, the study has some limitations. The research is based on only two brands and covers a one-month period, which may not fully represent long-term engagement patterns. Future studies could broaden the scope by analyzing multiple brands from different sectors and covering a longer time frame. Researchers could also combine qualitative and quantitative methods to gain a more comprehensive understanding of digital engagement behavior. Overall, the study concludes that an effective content strategy on Instagram plays a critical role in shaping audience engagement and brand performance for women-led micro, small and medium enterprises (MSMEs) in the apparel sector. This research offers practical insights into the growing body of literature on social media marketing and digital entrepreneurship on how emerging brands use Instagram to build visibility, strengthen audience relationships and support sustainable business growth.

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Sustainable Business Practices and Green Entrepreneurshipin the Healthcare Industry

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ABSTRACT

This systematic literature review (SLR) examines sustainable business practices and green entrepreneurship in the healthcare industry. Using a structured PRISMA-compliant funnel search across three academic databases — Scopus, PubMed, and Web of Science — a total of 847 initial records were identified. Through three progressive filtering layers (healthcare domain → green/ environmental healthcare → sustainable business and green entrepreneurship), the pool was narrowed to 38 final peer-reviewed studies. Six thematic domains emerged: green hospital design, green supply chain management, energy management, medical waste and circular economy, eco-innovation and digital health, and sustainability governance. Evidence consistently demonstrates that sustainable practices reduce costs, lower environmental impact, and improve patient outcomes. Critical gaps exist in the Indian and developing-country contexts. This review provides an evidence-based foundation for healthcare managers and policymakers pursuing sustainable transformation.

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Keywords: *Sustainable healthcare, green entrepreneurship, PRISMA, eco-innovation, green supply chain, India*

INTRODUCTION

The healthcare sector is one of the largest contributors to global environmental degradation, responsible for approximately 4.4% of worldwide net greenhouse gas emissions — comparable to the combined aviation and shipping industries (Health Care without Harm, 2019). In the United States, healthcare accounts for 8.5% of national carbon emissions (Eckelman & Sherman, 2016), while the UK's National Health Service generates 4–5% of England's total carbon footprint (NHS England, 2020). This stands in stark contradiction to healthcare's fundamental mission of promoting health.

Green entrepreneurship — entrepreneurial activity that integrates environmental sustainability into core business models — has emerged as a powerful response to this challenge (Schaltegger & Wagner, 2011). In healthcare, it encompasses energy-efficient hospital design, sustainable supply chains, eco-innovative medical technologies, and digital health platforms. The convergence of the Paris Agreement (2015), the UN Sustainable Development Goals, and the ESG investment agenda has dramatically accelerated sustainability adoption across the sector.

Despite this growing momentum, the literature remains fragmented and geographically concentrated in high-income countries. The Indian healthcare sector — the world's fastest-growing major healthcare market, valued at USD 372 billion in 2022 — is severely underrepresented in international research, representing a critical gap this review begins to address. This SLR synthesises evidence from Scopus, PubMed, and Web of Science using a rigorous PRISMA-compliant funnel methodology to map the state of knowledge, identify key themes, and surface priority directions for future research and practice.

METHODOLOGY: PRISMA-COMPLIANT FUNNEL SEARCH

This review strictly adheres to PRISMA 2020 (Preferred Reporting Items for Systematic Reviews and Meta-Analyses) guidelines (Page et al.,

2021). A three-stage funnel approach was adopted, progressively narrowing the literature from broad healthcare to specifically green entrepreneurship and sustainable business practice, as illustrated in Figure 1 below.

Databases and Search Strategy

Three peer-reviewed academic databases were searched: Scopus, PubMed/MEDLINE, and Web of Science. These were selected for their comprehensive coverage of health sciences, management, and interdisciplinary research, and for their accessibility to the research team. No restriction was placed on publication date. The search was conducted in January 2026.

Database	Search String Used
Scopus	(“sustainable business” OR “green entrepreneurship”) AND (“healthcare” OR “hospital”) AND (“sustainability” OR “environment*”)
PubMed / MEDLINE	(“green hospital*” OR “sustainable health*”) AND (“entrepreneur*” OR “business practice*” OR “eco-innovation”)
Web of Science	(“green entrepreneurship” OR “eco-innovation” OR “sustainable supply chain”) AND (“health*” OR “medical” OR “hospital”)

PRISMA Funnel Diagram — Three-Layer Filtering

IDENTIFICATION Records identified across 3 databases:Scopus (n=312) | PubMed (n=298) | Web of Science (n=237)Duplicates removed: n=189	Total after deduplication: n = 658

▼

LAYER 1 FILTER — Healthcare Domain Criterion: Study must be set in a healthcare or health sector context(hospitals, clinics, pharmaceutical companies, health systems, medical devices)Excluded: Studies with no healthcare focus (n=389)	Records retained: n = 269

▼

LAYER 2 FILTER — Green / Environmental Healthcare Criterion: Study must address an environmental, sustainability or green dimension(energy use, waste, carbon emissions, green building, eco-products, ESG) Excluded: Studies addressing only clinical/financial outcomes (n=154)	Records retained: n = 115

▼

LAYER 3 FILTER — Sustainable Business Practice & Green Entrepreneurship Criterion: Study must specifically address sustainable business strategy,green entrepreneurship, eco-innovation, or green supply chain in healthcareExcluded: Studies lacking business/entrepreneurship dimension (n=53) Excluded: Quality appraisal below threshold (n=24)	Records retained: n = 38

▼

FINAL INCLUDED STUDIES 38 peer-reviewed studies included in thematic synthesisEmpirical (n=21) | Review articles (n=10) | Conceptual/case studies (n=7)	n = 38 studies

Figure 1: PRISMA 2020 Compliant Three-Layer Funnel Search Diagram

Inclusion and Exclusion Criteria Summary

Inclusion Criteria	Exclusion Criteria
Peer-reviewed journal articles and review papers	Grey literature, blogs, conference abstracts without full text
Study set within a healthcare/health sector context	Studies with no healthcare focus or only clinical outcomes
Addresses sustainability, green practices or green entrepreneurship	Studies not addressing business strategy or entrepreneurship
Empirical, theoretical, or case study designs	Non-English publications
No restriction on publication date or geography	Studies below 50% quality appraisal threshold

THEMATIC FINDINGS

Thematic synthesis of the 38 included studies yielded six themes. Each theme is supported by representative evidence from the included studies.

Theme 1: Green Hospital Design and Sustainable Infrastructure

Green-certified hospitals (LEED, BREEAM, GRIHA) consistently achieve 20–30% reductions in energy consumption and 30–50% reductions in water use compared to conventional facilities (Guenther & Vittori, 2008; Luo et al., 2020). Natural lighting and biophilic design elements also improve patient recovery times and reduce staff absenteeism. In India, Mathur et al. (2017) found that GRIHA-rated hospitals achieve 15–25% energy savings, but adoption is constrained by high upfront capital costs and limited technical expertise, particularly among smaller private facilities.

Theme 2: Green Supply Chain Management (GSCM)

Supply chain activities account for up to 71% of a healthcare system's total carbon footprint (NHS Sustainable Development Unit, 2018), making GSCM the highest-impact sustainability lever available to healthcare organisations. Testa et al. (2016) found that hospitals implementing comprehensive GSCM — environmental supplier criteria, preferential purchasing of environmentally preferable products (EPPs), and reverse logistics for pharmaceutical waste — achieved 12–18% supply chain cost savings and a 22% reduction in hazardous waste. Kumar et al. (2018) identified the primary barriers as financial (green product premiums), risk-related (patient safety concerns about novel materials), and organisational (lack of internal sustainability champions).

Theme 3: Energy Management and Renewable Energy

Hospital energy intensity is 2–3 times higher than commercial buildings due to 24/7 operations, ventilation requirements, and medical equipment loads (US DOE, 2012). Pfeifer et al. (2019) found ISO 50001-certified Energy Management Systems reduce hospital energy costs by an average of 25%, with some high performers achieving 40%. Energy Service Companies (ESCOs) offering performance-based contracts have emerged as a significant green entrepreneurship model that eliminates upfront

capital barriers for hospitals — particularly relevant for India, where the Bureau of Energy Efficiency (BEE) supports ESCO deployment in public healthcare facilities (Carbonara & Pellegrino, 2018).

Theme 4: Medical Waste Management and Circular Economy

Healthcare facilities generate 0.5–10 kg of waste per bed per day, of which 15–25% is classified as hazardous (WHO, 2018). Source segregation at point of generation is the single most impactful intervention, reducing hazardous waste volumes by 50–80% and dramatically cutting treatment costs (Windfeld & Brooks, 2015). Circular Economy (CE) principles — including single-use device (SUD) reprocessing, pharmaceutical take-back schemes, and waste-to-energy recovery — are gaining adoption but remain nascent in LMIC contexts. In India, Sharma et al. (2021) found that while the Biomedical Waste Management Rules (2016, amended 2019) have improved urban hospital compliance, smaller facilities and rural areas show significant gaps, representing entrepreneurial opportunities in low-cost decentralised treatment technologies.

Theme 5: Eco-Innovation and Digital Health

Digital health technologies constitute a significant and underrecognised form of green entrepreneurship. Holmner et al. (2014) estimated that replacing a single outpatient consultation with telemedicine reduces carbon emissions by 40–170 kg CO2 equivalent, depending on travel distance. AI-driven diagnostics reduce unnecessary clinical interventions, lowering both patient risk and resource consumption. Wahl et al. (2021) argue that in resource-constrained settings such as rural India, digital health simultaneously expands access to care and reduces the need for carbon-intensive physical infrastructure — creating a powerful alignment between sustainability and equity goals. Green medical technology — biodegradable surgical materials, sustainable device design, green pharmaceutical manufacturing — represents a further rapidly growing frontier.

Theme 6: Sustainability Governance, Leadership, and Culture

The literature consistently identifies leadership commitment and organisational culture as the most critical determinants of sustained sustainability progress. Epstein & Buhovac (2014) found that organisations

with board-level sustainability accountability, dedicated sustainability officers, and environmental metrics embedded in performance management systems significantly outperform peers on environmental outcomes. In the Indian context, SEBI's Business Responsibility and Sustainability Reporting (BRSR) requirements — mandatory since 2022–23 for the top 1,000 listed companies — are beginning to drive formal sustainability disclosure among large listed hospital chains and pharmaceutical manufacturers, creating an important accountability infrastructure for the sector.

Theme	Key Finding	Key Source(s)
Green Hospital Design	20–30% energy reduction with green certification	Guenther & Vittori (2008); Mathur et al. (2017)
Green Supply Chain	Supply chain = 71% of carbon footprint; 12–18% cost savings with GSCM	*Testa et al. (2016); Kumar et al. (2018)*
Energy Management	EMS reduces energy costs by avg. 25%; ESCOs remove capital barriers	*Pfeifer et al. (2019); Carbonara & Pellegrino (2018)*
Waste & Circular Econ.	Source segregation cuts hazardous waste 50–80%	*Windfeld & Brooks (2015); Sharma et al. (2021)*
Eco-Innovation / Digital	Telemedicine saves 40–170 kg CO2 per consultation	*Holmner et al. (2014); Wahl et al. (2021)*
Governance & Leadership	Board-level accountability drives sustainability performance	*Epstein & Buhovac (2014)*

DISCUSSION

The thematic synthesis reveals three overarching insights. First, the business case for sustainability in healthcare is strong: across all six themes, sustainable practices generate measurable cost savings, reduced regulatory risk, improved staff and patient outcomes, and enhanced access to ESG-aligned capital. Healthcare managers who treat sustainability as

a compliance cost rather than a strategic opportunity are misreading the evidence.

Second, green entrepreneurship operates at multiple levels in healthcare. At the macro level, the regulatory and normative environment — Paris Agreement, SDGs, BRSR in India — creates isomorphic pressure for adoption (DiMaggio & Powell, 1983). At the meso level, hospital systems drive change through procurement policies, capital investment in green infrastructure, and governance structures. At the micro level, individual sustainability champions are decisive catalysts. Digital health startups represent the most rapidly growing form of transformative green entrepreneurship in the sector, simultaneously improving access and reducing environmental footprint (Schaltegger & Wagner, 2011).

Third, India represents a pivotal but underserved context. Only 3 of the 38 included studies originated from India, despite India's status as one of the world's largest and fastest-growing healthcare markets. India's expanding renewable energy capacity, thriving health-tech ecosystem, and Ayushman Bharat-driven infrastructure growth create exceptional conditions for green entrepreneurship — but an evidence base proportionate to this potential does not yet exist.

RESEARCH GAPS AND FUTURE DIRECTIONS

Five priority research gaps are identified from this review:

Geographic gap (India and LMICs): Robust empirical studies on sustainable healthcare practices in India, South Asia, and Sub-Saharan Africa are urgently needed. Future research should employ mixed-methods designs appropriate to resource-constrained contexts.

Small and medium healthcare enterprises (SMEs): The literature focuses almost exclusively on large hospital systems. Independent clinics, diagnostic labs, and community pharmacies face distinctive sustainability barriers requiring specifically tailored research and policy responses.

Longitudinal designs: Cross-sectional studies dominate the literature. Multi-year panel studies are needed to establish causal evidence on the long-term financial and environmental returns of sustainability investments.

Standardised sustainability metrics: No universally adopted framework exists for measuring and reporting sustainability performance in healthcare. Development of GRI/ISSB-aligned healthcare-specific metrics would enable meaningful cross-organisational benchmarking.

Digital health and sustainability nexus: The carbon footprint of digital health infrastructure (data centres, devices, networks) and potential rebound effects of telemedicine at scale remain understudied and deserve dedicated research attention.

CONCLUSION

This PRISMA-compliant systematic literature review synthesised 38 peer-reviewed studies identified through a three-layer funnel search across Scopus, PubMed, and Web of Science. Six thematic domains were identified, and robust evidence was found across all domains that sustainable business practices and green entrepreneurship generate measurable economic, environmental, and social co-benefits for healthcare organisations.

The review's central conclusion is unambiguous: sustainability is not in tension with healthcare's mission — it is an expression of it. As India's healthcare sector continues its rapid expansion under Ayushman Bharat and private sector growth, embedding sustainability from the outset represents both a strategic imperative and a historic opportunity. For future MBA healthcare managers at SGT University and similar institutions, fluency in sustainable strategy, green entrepreneurship, and environmental governance is no longer optional — it is foundational to effective healthcare leadership in the 21st century.

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Challenges Faced by Early-Stage Startups in India: A Study for Sustainable Growth

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ABSTRACT

Startups play a crucial role in economic development, innovation, and employment generation, especially in emerging economies like India. However, early-stage startups face numerous challenges that hinder their growth and sustainability. This study aims to analyze the key challenges encountered by early-stage startups in India using secondary data sources such as research papers, government reports, and industry publications. The study identifies major issues such as lack of funding, regulatory barriers, talent shortages, and market competition. It also examines government initiatives aimed at supporting startups and provides suggestions for sustainable growth. The findings highlight that while India has a rapidly growing startup ecosystem, addressing these challenges is essential to achieve long-term sustainability and contribute to the vision of Atmanirbhar Bharat.

INTRODUCTION

India has emerged as one of the fastest-growing startup ecosystems in the world, ranking among the top countries in terms of the number of startups. Early-stage startups, which are in their initial phases of development, play a significant role in driving innovation and economic growth. These

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startups contribute to job creation, technological advancement, and regional development.

Despite their importance, early-stage startups face multiple challenges that limit their survival and scalability. The failure rate of startups is relatively high, especially in the initial years, due to financial constraints, lack of experience, and external environmental factors. Therefore, understanding these challenges is crucial for developing strategies that ensure sustainable growth.

LITERATURE REVIEW

The startup ecosystem in India has gained significant attention in recent years due to its rapid expansion and contribution to economic growth. According to recent studies, India has emerged as the third-largest startup ecosystem globally, with a substantial increase in the number of recognized startups and employment generation (Korreck, 2019). This growth has been driven by factors such as digitalization, government initiatives, availability of venture capital, and a growing entrepreneurial culture (NASSCOM, 2023).

Several researchers have emphasized the role of startups in fostering innovation and economic development. Startups act as catalysts for technological advancement, job creation, and increased competitiveness in the market (Acs et al., 2017). Government initiatives such as the Startup India Scheme have further strengthened the ecosystem by providing financial support, tax incentives, and incubation facilities (Government of India, 2016). However, despite these advancements, studies indicate that startup growth in India is unevenly distributed, with a higher concentration in metropolitan cities compared to rural areas (Singh & Kaur, 2022).

A significant body of literature focuses on the challenges faced by early-stage startups, which are considered the most vulnerable phase in the startup lifecycle. One of the most commonly identified challenges is the lack of access to funding. Many startups rely on personal savings or informal sources due to limited availability of institutional funding, especially at the seed stage (Cumming & Johan, 2017). Additionally, fluctuations in investment trends and cautious investor behavior further restrict capital availability for new ventures (NASSCOM, 2023).

Another major challenge highlighted in existing studies is the complex regulatory and compliance environment. Startups often face difficulties in navigating legal procedures, licensing requirements, and taxation policies, which increase operational costs and reduce efficiency (KPMG, 2020). These regulatory barriers can discourage innovation and slow down business growth, particularly for first-time entrepreneurs.

Literature also points to infrastructure and resource constraints as a key issue, especially in non-metro and rural areas. Inadequate access to reliable internet, logistics, and support systems hampers the ability of startups to scale effectively (NITI Aayog, 2021). Furthermore, limited access to mentorship, incubation facilities, and professional networks affects decision-making and strategic planning in early stages (Startup Genome, 2022).

Another important challenge discussed in research is the lack of skilled manpower and managerial expertise. Early-stage startups often struggle to attract and retain talent due to financial limitations and uncertainty associated with startup jobs (World Bank, 2020). This results in inefficiencies and limits innovation capacity.

In addition, several studies highlight the issue of market competition and sustainability. Startups face intense competition from established firms with greater financial and operational capabilities. Moreover, many startups fail due to poor market understanding and lack of product-market fit (CB Insights, 2021). Research indicates that a significant proportion of startups do not survive beyond the initial years, emphasizing the need for sustainable growth strategies.

Recent studies have also explored structural challenges within the Indian startup ecosystem, such as limited investment in research and development (R&D) and a higher focus on short-term business models rather than long-term innovation (Economic Survey of India, 2023). This limits global competitiveness and scalability of Indian startups.

Furthermore, research on rural entrepreneurship highlights that while startups have the potential to drive inclusive growth, rural areas face unique challenges such as lack of financial access, skill gaps, and weak

ecosystem support (Sharma & Singh, 2024). Addressing these issues is essential for achieving balanced and sustainable development.

Thus, the review of existing literature indicates that while India's startup ecosystem is expanding rapidly, early-stage startups continue to face multiple challenges that hinder their survival and sustainability. This highlights the need for focused research on these challenges and their impact on long-term growth.

RESEARCH GAP

Existing studies focus on general startup challenges and growth trends in India, with limited attention to startups established in the post-COVID period. There is also a lack of research on the effectiveness of government policies introduced after COVID-19. Therefore, this study aims to analyze the challenges faced by selected post-COVID startups through case analysis and examine government support measures in detail.

OBJECTIVES OF THE STUDY

To identify the challenges faced by selected startups established in the post-COVID period

To analyze the impact of these challenges on their sustainability and growth

To examine the role of government policies and initiatives introduced after COVID-19 in supporting startups

RESEARCH METHODOLOGY

Research Design: Descriptive and analytical

Data Type: Secondary data

Sources of Data: Research papers, government reports, industry reports, and case studies of post-COVID startups

Method of Analysis: Literature analysis, case study approach, and review of post-COVID government policies

CASE-BASED ANALYSIS OF CHALLENGES FACED BY POST-COVID STARTUPS IN INDIA:

To understand the challenges faced by post-COVID startups in India, this study adopts a case-based approach by analyzing selected startups established during or after the pandemic. These cases provide practical insights into real-world challenges related to funding, operations, competition, and sustainability. The analysis also helps in examining how government policies and initiatives have supported these startups in their growth journey.

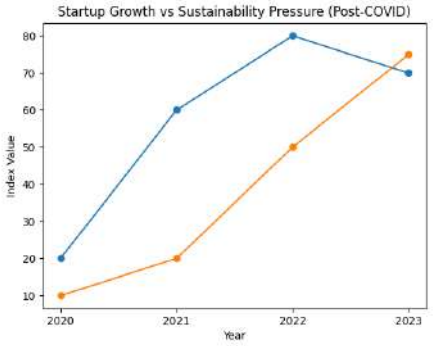


Figure 1: Startup Challenges

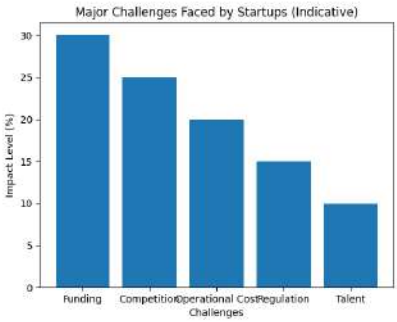


Figure 2: Growth vs Sustainability

Figure 1 shows that funding is the biggest challenge for early-stage startups, followed by competition and operational costs, while regulatory issues and talent shortages have relatively lower impact. This indicates that financial and market-related constraints are the most critical barriers to startup growth.

Figure 2 highlights that startup growth increased rapidly during the COVID period, but sustainability pressure has also risen significantly over time. By 2023, startups face strong pressure to achieve profitability, reflecting the shift from rapid expansion to sustainable business models.

Overall, the charts indicate that while startups grow quickly, maintaining long-term sustainability remains a key challenge

Zepto, founded in 2021, is a leading post-COVID startup in India's quick-commerce sector, offering grocery delivery within 10–15 minutes through

a network of dark stores. It rapidly scaled across major cities and achieved unicorn status within a year, reflecting the surge in demand for instant and contactless delivery services post-pandemic (NASSCOM, 2023). The quick-commerce market itself has grown significantly, with estimates suggesting 20–25% annual growth driven by digital adoption and changing consumer behavior (Economic Survey of India, 2023).However, Zepto highlights key challenges faced by early-stage startups in achieving sustainability. The most critical issue is high operational cost, as maintaining dark stores, logistics, and last-mile delivery makes the model capital-intensive. Low average order values and heavy discounting further reduce profitability (KPMG, 2022). Additionally, intense competition from players like Blinkit and Swiggy Instamart increases customer acquisition costs and delays profitability (NASSCOM, 2023).Zepto also reflects high dependence on external funding, with multiple funding rounds required to sustain growth. Recent funding slowdowns have increased pressure on startups to focus on profitability rather than expansion (Economic Survey of India, 2023).From a policy perspective, its growth has been supported by initiatives such as Startup India, Digital India, and the widespread adoption of UPI, which have improved ease of doing business and digital transactions. However, the case shows that policy support alone is not sufficient, as operational efficiency and sustainable business models remain essential.

Meesho is a leading social commerce startup that grew rapidly during and after COVID-19 due to increased digital adoption, especially among small sellers in Tier-2 and Tier-3 cities. Its asset-light, zero-commission model enabled quick scaling, with revenue reaching around **$689 million in 2023** (Business of Apps, 2023).However, it faces major sustainability challenges. The key issue is **profitability pressure**, as high logistics, marketing, and operational costs led to losses of about **$201 million in 2023** despite growth. The company also faces **intense competition and rising customer acquisition costs**, impacting margins (Reuters, 2024). Additionally, **low order value, dependence on high volumes, and quality control issues** due to multiple small sellers create operational challenges. The **funding slowdown** has further shifted focus toward cost efficiency (Economic Survey of India, 2023).Although supported by initiatives like Startup India and Digital India, the case shows that

long-term sustainability depends on strong cost management and efficient business models.

GrowthSchool, established during the COVID-19 period, operates in the edtech sector by offering cohort-based online courses focused on practical and industry-relevant skills. The startup gained rapid traction during the pandemic due to the surge in demand for online learning and upskilling, reflecting the broader shift toward digital education (Economic Survey of India, 2023).However, the post-COVID environment exposed several challenges affecting its sustainability. The most significant issue is **declining demand**, as the reopening of educational institutions and workplaces reduced reliance on online learning platforms. This has directly impacted revenue growth and course enrollments.The startup also faces intense competition from established edtech players such as BYJU'S and Unacademy, making customer acquisition and retention more difficult (NASSCOM, 2023). Additionally, high customer acquisition costs due to digital marketing and the need for continuous content innovation further increase operational expenses (KPMG, 2022).Another critical challenge is maintaining quality and differentiation at scale, as cohort-based learning requires strong instructor quality and engagement, which becomes difficult during rapid expansion.From a policy perspective, initiatives such as Digital India and increased internet penetration have supported the growth of such platforms. However, the case highlights that temporary demand during COVID-19 is not sufficient for long-term sustainability, and startups must continuously innovate and adapt to changing consumer behavior (Economic Survey of India, 2023).

Comparative Analysis Table

Parameters	**Zepto**	**Meesho**	**GrowthSchool**
Sector	Quick Commerce	Social Commerce	EdTech
Year Founded	2021	2015 (scaled post-COVID)	COVID Period
Growth Driver	Instant delivery demand	Digital seller ecosystem	Online learning surge
Key Challenge	High operational cost	Profitability & logistics	Demand sustainability

Parameters	Zepto	Meesho	GrowthSchool
Competition	Blinkit, Instamart	Amazon, Flipkart	Byju's, PW
Revenue Model Issue	Low order value	High discounting	Course retention
Funding Dependency	Very High	High	Moderate
Sustainability Risk	High	High	Moderate-High

The comparative analysis reveals that while all startups experienced rapid growth, their challenges differ based on sector dynamics. However, a common pattern across all cases is the imbalance between growth and profitability, highlighting systemic issues in early-stage startup sustainability.

ROLE OF GOVERNMENT POLICIES : CRITICAL ANALYSIS

Government initiatives such as Startup India, Digital India, and UPI infrastructure have significantly improved the startup ecosystem by enhancing ease of doing business and digital adoption. However, the case analysis indicates that policy support alone is insufficient to ensure sustainability. Structural challenges such as funding accessibility, regulatory complexity, and intense market competition continue to persist. Thus, a gap exists between policy support and ground-level execution.

CONCLUSION

The study concludes that while India's startup ecosystem has demonstrated remarkable growth, early-stage startups face persistent structural and operational challenges. The post-COVID period has accelerated digital adoption but also exposed vulnerabilities related to sustainability, profitability, and market dynamics. The findings emphasize that long-term success depends on balancing growth with efficiency, innovation, and strategic adaptability rather than relying solely on external funding or policy support

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Startups as Catalysts of Self-Reliance: Driving the Vision of Atmanirbhar Bharat

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ABSTRACT

The vision of *Atmanirbhar Bharat* (Self-Reliant India), introduced by the Government of India in 2020, aims to build a resilient, self-sufficient, and globally competitive economy. Startups have emerged as a central pillar in achieving this vision by fostering innovation, generating employment, and strengthening domestic capabilities. This paper examines the contribution of startups to Atmanirbhar Bharat across economic, technological, and social dimensions. Drawing upon policy reports, government publications, and secondary literature, the study highlights that India has developed one of the world's largest startup ecosystems, with over 200,000 recognized startups contributing significantly to GDP and employment generation. Startups are also instrumental in promoting indigenous innovation, reducing import dependency, and driving digital transformation. Additionally, they play a vital role in inclusive development by expanding opportunities in rural areas and encouraging women entrepreneurship. Despite challenges such as funding constraints, regulatory complexities, and infrastructure gaps, startups continue to transform India's economic landscape. The study concludes that startups are indispensable to achieving the goals of Atmanirbhar Bharat and recommends strengthening policy support, funding access, and innovation ecosystems.

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Keywords: *Atmanirbhar Bharat, startups, innovation, entrepreneurship, economic growth, India*

INTRODUCTION

The concept of Atmanirbhar Bharat represents a transformative vision aimed at making India self-reliant while maintaining global integration. Introduced in 2020, this initiative emphasizes strengthening domestic capabilities across sectors such as manufacturing, technology, and services (Government of India, 2020). It is structured around five key pillars: economy, infrastructure, system, demography, and demand.

Startups have emerged as a critical component of this vision due to their ability to drive innovation, create employment, and respond dynamically to market needs. Over the past decade, India has developed one of the largest startup ecosystems globally, supported by initiatives such as Startup India and Digital India (Startup India, 2026).

This paper explores how startups contribute to the realization of Atmanirbhar Bharat by analyzing their economic, technological, and social impact.

LITERATURE REVIEW

Existing literature highlights the growing importance of startups in economic development and innovation ecosystems. According to NITI Aayog (2020), startups act as catalysts for technological advancement and productivity improvement. Similarly, PRS India (2023) emphasizes that startups contribute to job creation and economic diversification.

Studies also indicate that startups play a significant role in promoting indigenous innovation and reducing import dependency, which aligns with the objectives of Atmanirbhar Bharat (Government of India, 2020). Furthermore, research by Invest India (2025) highlights the contribution of startups to digital transformation and financial inclusion.

However, there is limited research that explicitly links the startup ecosystem with the Atmanirbhar Bharat initiative, thereby establishing a research gap that this paper seeks to address.

RESEARCH METHODOLOGY

This study is based on a qualitative research approach using secondary data sources. Data has been collected from:

- Government reports (DPIIT, PIB)
- Policy documents (NITI Aayog, PRS India)
- Industry reports and academic literature

The data is analyzed using thematic analysis to identify key areas where startups contribute to Atmanirbhar Bharat.

GROWTH OF STARTUP ECOSYSTEM IN INDIA

India's startup ecosystem has witnessed exponential growth since 2016. The number of recognized startups has increased significantly, reflecting enhanced entrepreneurial activity (DPIIT, 2026).

Government initiatives such as Startup India, Fund of Funds for Startups, and Seed Fund Scheme have created a supportive environment for startups. These initiatives provide financial assistance, tax benefits, and regulatory support, enabling startups to scale and innovate (NITI Aayog, 2020).

CONTRIBUTION OF STARTUPS TO ATMANIRBHAR BHARAT

Economic Growth and GDP Contribution

Startups contribute to economic growth by increasing productivity, fostering innovation, and creating new markets. They account for a growing share of India's GDP and are expected to play an even larger role in the future (CII, 2024).

Employment Generation

Startups have generated significant employment opportunities, particularly for the youth. According to PIB (2025), startups have created over 1.6 million direct jobs, contributing to economic stability and growth.

Innovation and Technological Development

Startups are at the forefront of technological innovation in areas such as artificial intelligence, fintech, and health-tech. These innovations enhance efficiency and competitiveness, supporting the vision of a self-reliant India (NITI Aayog, 2020).

Promotion of Indigenous Solutions

A key objective of Atmanirbhar Bharat is reducing dependency on imports. Startups contribute by developing indigenous products and technologies tailored to local needs (Government of India, 2020).

Strengthening Domestic Manufacturing

Startups support domestic manufacturing by introducing innovative production techniques and strengthening supply chains. This aligns with initiatives such as Make in India and enhances economic resilience (PRS India, 2023).

Inclusive Growth and Rural Development

Startups are increasingly expanding to Tier II and Tier III cities, promoting regional development. Agritech and fintech startups, in particular, are improving rural livelihoods and financial inclusion (Drishti IAS, 2025).

Women Entrepreneurship

The rise of women-led startups reflects increasing gender inclusivity. Nearly 45% of startups have at least one woman director, contributing to women empowerment (PIB, 2025).

CHALLENGES FACED BY STARTUPS

Despite their contributions, startups face several challenges:

- Limited access to funding, especially at early stages
- Complex regulatory frameworks
- Infrastructure constraints in non-urban areas
- Shortage of skilled talent in emerging technologies

Addressing these challenges is essential for sustaining startup growth (PRS India, 2023).

DISCUSSION

The analysis indicates that startups are integral to achieving the objectives of Atmanirbhar Bharat. Their contributions extend beyond economic growth to include social development and technological advancement.

However, the sustainability of this ecosystem depends on continuous policy support, improved infrastructure, and enhanced access to funding. Strengthening collaboration between government, industry, and academia can further enhance the impact of startups.

CONCLUSION

Startups play a pivotal role in India's journey toward self-reliance. By driving innovation, generating employment, and promoting inclusive development, they contribute significantly to the vision of Atmanirbhar Bharat.

To maximize their impact, it is essential to address existing challenges and create a more enabling ecosystem. With the right support, startups can transform India into a global leader in innovation and entrepreneurship.

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Bridging Access and Usage: An Empirical Investigation of Financial Inclusion and Urban–Rural Disparities in Haryana

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ABSTRACT

Inclusive growth heavily depends on financial inclusion and in India there still exist gaps in access and use of financial services that cut across regions and population groups. This paper explores the financial inclusion determinants in Haryana (in terms of the urban rural differences) by a combination of supply side, demand side, and the barriers determinants. Based on primary data collected by 252 respondents in the selected districts, the study is undertaken based on descriptive statistics, binary logistic regression, and Structural Equation Modeling (SEM) to examine the level and determinants of financial inclusion. The results indicate that access to financial services among individuals who own accounts is low, which demonstrates the presence of an access-usage gap. The logistic regression findings indicate that financial literacy, bank

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access, credit availability, income and trust also have a positive effect on financial inclusion and barriers like lack of awareness, accessibility factors, and documentation limitations have a strong negative effect. The outcomes of the SEM further indicate that demand-side considerations have the greatest impact (β = 0.78), then supply-side considerations (β = 0.64), and lastly barriers have a significant impact in reducing financial inclusion (β = -0.52). The paper notes that the financial inclusion in Haryana is behavior-oriented as opposed to infrastructure-oriented. The results indicate that a better financial literacy level, increased adoption of digital, reduced processes, and increased last-mile connectivity can be critical in the improvement of financial participation. The research adds to the literature through a detailed survey of the state level as well as presenting the policy implications on how to attain inclusive and sustainable finance development.

INTRODUCTION

Financial inclusion has become a major focus on the economic development agenda in all parts of the world, especially in the developing economies where income inequality, resources and access to financial opportunities still prevail. Financial inclusion is in a broad sense the way to make sure that all layers of society, in particular, the weak and the low-income ones, have access to relevant, affordable, and timely financial products and services, including savings, credit, insurance, and payment systems (World Bank, 2014; Demirguc-Kunt et al., 2018). It is commonly known as essential facilitator of inclusive development, alleviation of poverty and financial stability (Beck, Demirguc, and Levine, 2007).

Financial inclusion has a theoretical basis in the financial intermediation theory which focuses on the aspect of financial institutions to mobilize savings and efficiently distribute credit to promote economic growth (Levine, 2005). Also, the capability approach developed by Sen (1999) emphasizes the fact that access to financial services boosts the capabilities of individuals so that they can make informed economic choices and be able to increase the quality of life. The empirical data indicates that financial inclusion can play an important role in the minimization

of income inequality, consumption smoothing, and entrepreneurship, especially among the marginalized groups of people (Allen et al., 2016; Burgess and Pande, 2005).

International organizations have been at the forefront of promoting financial inclusion in the world, with the World Bank, the G20 and the Alliance of Financial Inclusion (AFI) being front runners. According to the World Bank Global Findex database, it can be concluded that significant improvements have been made in the number of account owners across the globe, but more than 1.4 billion adults are still unbanked, and most of them live in developing economies (Demirguc-Kunt et al., 2021). This highlights the long-standing issue of narrowing the financial access divide, especially in rural and underserved areas. Financial inclusion has also been highlighted in the G20 as a source of economic resilience and sustainable economic growth which supports innovative financial technologies and inclusive policies (G20, 2010).

Financial inclusion is an old policy goal in the Indian context, which has changed through various stages of institutional and regulatory changes. A major move that was made in 1969 was with the nationalization of banks; this aimed at increasing the provision of the banking services in the rural communities and the underprivileged population (Rangarajan Committee, 2008). Later efforts including the Lead Bank Scheme, Regional Rural Banks (RRBs) and Self-Help Groups (SHGs) further enhanced the reach of the formal financial systems (NABARD, 2012). The Government of India has stepped up its actions in recent years with some flagship programs like the Pradhan Mantri Jan Dhan Yojana (PMJDY) that has drastically accelerated the number of bank accounts and financial access (Sarma & Pais, 2011; RBI, 2020).

It is apparent, in spite of these developments, the financial inclusion level in India is skewed by regions and socio-economic status. Research has shown that the access to the basic banking services has significantly increased; however, the utilization of the said services, especially credit, insurance, and digital payments, is low among the rural population (Klapper, El-Zoghbi, and Hess, 2016; Mehrotra and Yetman, 2015). Another factor is the lack of effective utilization and the presence of a gap between access and utilization of the account opened with the help of financial

inclusion programs (RBI, 2021). Also, other structural issues, including poor financial literacy, poor infrastructure, and socio-cultural obstacles remain a barrier to the achievement of comprehensive financial inclusion (Cole, Sampson, and Zia, 2011).

Haryana is one of the most developed states in India in terms of economy, and this case is interesting to analyze the processes of financial inclusion. It has high per capita income, high rate of urbanization, and well developed industrial and service sector which define the state. It is also near the National Capital Region (NCR) that has led to a high level of economic growth and the development of the financial sector (Government of Haryana, 2022). Banking infrastructure is quite high in Haryana, and the number of bank branches, ATMs, and digital payment options is high in this state in comparison to most of the other states (SLBC Haryana, 2023).

Nevertheless, even in these good conditions, financial inclusion gaps still exist in the state especially between urban and rural regions. The level of financial access, digital adoption and financial literacy is also high in urban cities like Gurugram and Faridabad due to increased income levels, better education, and exposure to financial technologies. Contrastingly, rural locations in other districts like Hisar, Bhiwani and Sirsa are yet to deal with issues surrounding financial awareness, availability and consumption of financial services. These differences reflect the weakness of an infrastructure-based solution to financial inclusion and the need to analyze the implication of behavioral and socio-economic variables on financial engagement (Chakrabarty, 2011; Allen et al., 2016).

The important difference in the literature of financial inclusion is the distinction of supply-side and demand-side factors. Supply-side variables refer to availability and accessibility of financial services including availability of banking facilities, credit facilities and financial infrastructure. Demand-side factors, in their turn, are associated with the willingness and capacity of people to consume such services, which is affected by financial literacy, income levels, the cultural attitude, and the trust in financial institutions (Beck et al., 2007; Demirguc-Kunt et al., 2018). Though the Indian policy has made substantial attempts to improve the supply side, comparatively less effort has been directed on demand-

side limitations, which are often the deciding factor of the success of the financial inclusion programs.

Recent research underline that financial inclusion cannot be discussed only in access terms but should be subjected to evaluation regarding usage, quality and impact of financial services (Sarma, 2008; Allen et al., 2016). Here, a term such as meaningful financial inclusion has become a high-profile term, which underscores the need to be an active participant in the financial system as opposed to holding of an account. Mobile banking and Unified Payments Interface (UPI) alongside fintech innovations have become potentially potent instruments of improving financial inclusion, although their use is disproportionate in rural settings because of digital illiteracy and infrastructure limitations (Ozili, 2020).

With this setting, it is strongly advisable to conduct an all-round study of financial inclusivity on the state level, especially in states, which are largely economically developed as in the case of Haryana, where the paradox of high level of financial infrastructure co-exist with imbalanced financial inclusion still exists. The existing literature has mostly concentrated on the national level analysis or underdeveloped areas leaving a void on the knowledge on the dynamics of financial inclusion in the states with reasonably good economic performance.

This study seeks to address this gap by examining financial inclusion in Haryana through an integrated framework that considers both supply-side and demand-side determinants. By analyzing urban–rural disparities, the study aims to provide insights into the structural and behavioral factors influencing financial inclusion and to identify policy interventions that can enhance financial participation across all segments of society.

LITERATURE REVIEW

The proposed research attempted to fill this gap by analyzing financial inclusion in Haryana within a combined framework that aims at both supply and demand determinants. Through the analysis of urban-rural inequalities, the research will create an insight on the structural and behavioral determinants of financial inclusion and policy interventions that can lead to the improvement of financial participation by all groups of people in society.

Financial inclusion has been recognized as a multidimensional phenomenon that entails access, use, affordability, and quality of financial services, and has become an important determinant of inclusive economic development. The financial inclusion theory has strong theoretical underpinnings involved in the financial intermediation theory, which highlights the importance of financial institutions in bringing together savings and effectively investing capitals to productive sectors with the aim of supporting economic growth (Levine, 2005). The continuation of this point of view is financial inclusion that deals with the fair access of financial services to every category of the population, especially the marginalized and low-income groups that are frequently locked out of the formal financial systems (Sarma, 2008). This is also supported by the capability approach put forward by Sen (1999) where the approach emphasized how the access of financial services improves the capabilities of individuals in order to make better economic decisions and to better their well-being. Financial inclusion is, therefore, not only a goal of the financial sector but also of a wider developmental goal.

The empirical evidence is of the positive correlation between financial inclusion and economic development outcomes at the global level is very strong. Beck, Demirguc-Kunt, and Levine (2007) reveal that the access to financial services in better ways means that there would be a lower level of income inequality as well as poverty. Equally, Allen et al. (2016) discover that institutional quality, financial depth and socio-economic characteristics determine financial inclusion which is crucial in facilitating economic participation. The Global Findex Database by Demirgüç-Kunt et al. (2018, 2021) demonstrates that although significant progress has been made in increasing the number of financially accessed individuals across the globe, there are still close to 1.4 billion unbanked adults of the population, which has shown an uneven distribution in different regions, income groups, and gender. In recent years, digital financial services have become a radical change in improving financial inclusion by minimizing transaction costs and eliminating geographical barriers (Ozili, 2020). Nevertheless, the advantages of digital finance are not equally shared because rural areas and low-income earners tend to experience difficulties when it comes to digital literacy, infrastructure, and technology trust.

One of the most important aspects on the literature on financial inclusion is the difference between access and usage of financial services. Access to financial products and services is related to the concept of availability, whereas utilization is associated with the pace with which people utilize these services. The research has continuously indicated that access is not always associated with increased usage, especially when there is no financial literacy and trust in financial institutions (Klapper, El-Zoghbi, and Hess, 2016). Cole, Sampson, and Zia (2011) give reliable empirical evidence that financial literacy has a considerable impact on the choices of people to engage into formal financial systems. In the same way, Lusardi and Mitchell (2014) emphasize that such low rates of financial literacy become a significant obstacle to successful financial inclusion, especially when it comes to vulnerable groups, i.e., women and rural people. These results highlight the need to focus on demand-side restrictions as well as supply-side interventions.

Financial inclusion has been a key policy priority in the Indian context over decades and has developed over a number of institutional and regulatory reforms. In 1969, the nationalization of banks was a major step towards the provision of banking services to the rural and underserved regions (Rangarajan Committee, 2008). This was later reinforced by the creation of the Regional Rural Banks (RRBs), co-operative banking networks and microfinance institutions (NABARD, 2012). More so, in the more recent period, massive programs like the Pradhan Mantri Jan Dhan Yojana (PMJDY) have increased account ownership and financial access by far (Sarma and Pais, 2011; RBI, 2020). Although these have been realized, various studies also indicate that there remain difficult issues to attain real financial inclusion. According to Mehrotra and Yetman (2015), access to banking services has increased; however, the use of financial services like credit, insurance, and digital payments is minimal, especially in the rural settings. A high percentage of the bank accounts are not active, which means that there is no linkage between access and usage (RBI, 2021). Burgess and Pande (2005) emphasize that rural banking growth is associated with poverty reduction, but the success of rural banking growth relies on other related factors, including financial literacy, infrastructural and institutional efficiency.

The behavioral and socio-economic factors have become topics of growing interest in recent literature in the role of determinants of financial inclusion. The degree of trust to financial institutions, cultural orientations, level of income, and education is a strong influence on the readiness of people to get involved in formal financial systems (Beck et al., 2007; Allen et al., 2016). Individuals that are financially marginalized include women and rural citizens because of the socio-cultural barrier and lack of access to information (Lusardi and Mitchell, 2014). Moreover, the fast development of online financial services, such as mobile banking, and online payment systems, such as UPI has brought new prospects of financial inclusion in India. The digital divide continues to be a major challenge especially in the rural regions where technological access and digital literacy are still minimal; digital finance has the potential to overcome traditional limitations like distance and high costs of transactions but still faces significant issues in the digital divide (Ozili, 2020; Demirguc-Kunt et al., 2021).

Regional studies on financial inclusion yield valuable data on the level of heterogeneity. Sarma (2008) focuses on the fact that financial inclusion in Indian states is very uneven as the economic development, infrastructure, literacy, and institutional capacity are not the same. Interestingly, paradoxically, economically advanced states are found to have a strong financial infrastructure and at the same time unequal inclusion of financial inclusion especially with regard to usage and behavioral adoption. The same paradox is demonstrated in Haryana as the state is characterized by a well-developed banking system, high per capita income, and high urbanization, but the financial inclusion of urban and rural regions remains uneven. The large population of cities like Gurugram has shown the accessibility and adoption of digital devices as well as financial access and also the rural districts are not able to overcome the problems of financial awareness, accessibility and confidence in formal financial systems.

Here the literature available is quite exhaustive with some limitations that are critical. The majority of the studies have also been largely biased towards a national-level analysis or the less developed areas and not much consideration has been given to the economically developed states such as Haryana where the dynamics of financial inclusion might have been very different. Further, no integrated empirical research studies are conducted

to concurrently study both supply-side variables, including banking infrastructure and availability of credit, and demand-side variables, including financial literacy, behavioral patterns, and digital adoption. The rise of the significance of the fintech services in the digital domain is another crucial point that has not been sufficiently examined in the context of the rural urban differences in the states mentioned. As a result, the issue of high financial access and uneven use is not fully comprehended. It is against this background that the current study aims to explore the degree of financial inclusion in rural and urban regions of Haryana, find out the supply-side factors as major determinants of financial inclusion, research on the demand-side factors including financial literacy and behaviour patterns as determinants of financial usage as well as the main challenges facing financial inclusion in rural regions and how the policy interventions will effectively elicit the urban to rural digital divide in financial inclusion within the state.

Research Objectives:

To investigate the rural and urban level of financial inclusion in terms of financial service access and utilization in Haryana.

To determine the effect of supply-side and demand-side (banking infrastructure, financial literacy and income) variables on financial inclusion.

To establish the critical barriers to consider influencing financial inclusion and determine their role, especially in rural Haryana.

Hypotheses Development:

H_1: The level of financial inclusion between rural and urban regions of Haryana differs significantly.

H_{2a}: Finance Supply-side variables (bank branch density, credit availability and institutional outreach) affect financial inclusion significantly in a positive way.

H_{2b}: The positive effect of demand-side aspects (financial literacy, income, and behavioral attitudes) on the usage of financial services is very strong.

H_3: The lack of awareness, accessibility and the lack of trust are barriers to financial inclusion that influence the financial inclusion negatively and specifically in rural areas.

RESEARCH METHODOLOGY

The current research takes a descriptive analytical research design in order to research on the determinants of financial inclusion in Haryana with an emphasis on the urban-rural differences. This is a mixed method approach which integrates both primary survey data and secondary source to achieve strength and triangulation of results.

Data Collection and Sampling Design

The research mostly relies on primary data gathered by use of a structured questionnaire which is to be administered to households in the sampled districts in Haryana. A stratified random sampling method is employed to provide the coverage of both urban and rural populations. The sample size is 252 respondents, including the proportional representation of urban (e.g., Gurugram), and rural districts (e.g., Hisar and Bhiwani). The questionnaire will be developed through the frameworks provided by different sources including the OECD/INFE financial literacy toolkit and previous research on financial inclusion. It has subdivisions covering demographic features, access to banking facilities, financial product use, online financial behavior as well as perceived obstacles. The secondary information is obtained in the form of reserve bank of India (RBI) reports, publications of NABARD and Haryana reports of State Level Bankers Committee to frame the empirical findings.

Measurement of Variables

The variables measurement in the current study will be in a way that will reflect the multidimensional aspect of financial inclusion by not only measuring access and usage dimension but also structural and behavioral determinants. The dependent variable is financial inclusion and is operationalized as a binary variable that serves as a measure of being actively included into the formal financial system. Financial inclusion: A respondent is classified as being financially included (coded as 1) when he or she has at least one formal financial service (bank account, credit

facility, insurance product, digital payment platform e.g. mobile banking or UPI) and actively uses it. On the other hand, financially excluded (coded as 0) refers to the respondents who do not know or who do not actively use such services due to the lack thereof. This operationalization is in correspondence with the modern literature highlighting the fact that financial inclusion should not be operationalized solely with respect to access but also to effective use of financial services. Independent variables are also categorized into three major variables, including supply-side factors, demand-side factors, and barrier-related variables, which are quantified by indicators developed with great care. The variables of the supply-side are supposed to capture the availability and accessibility of financial infrastructure and services. These variables incorporate aspects like accessibility to banking institutions, credit facility and accessibility to financial infrastructure like ATM and digital service points. The proximity of banking services is checked in terms of the physical distance between the house of the respondent and the closest branch of a bank or other financial organization or service categorized into ordinal levels (e.g., less than 2 km, 2–5 km, more than 5 km). Access to credit is measured in terms of the respondent's access to loans in formal financial institutions when they are in need by the use of binary scale (1 = access to credit, 0 = no access). Also,

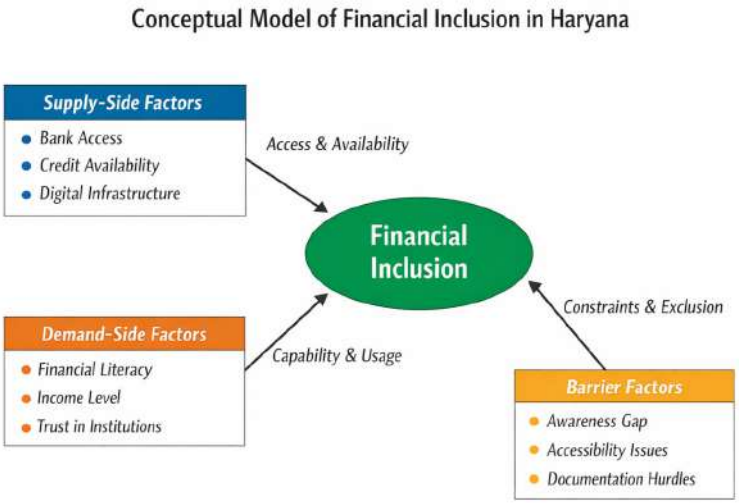


Figure-1: Conceptual Model of Financial including in Haryana

the availability and use of ATM, mobile banking applications, and the use of internet-based financial services also capture access to digital financial infrastructure. All these variables are an indicator of how financially available individuals are in terms of physical and institutional access to financial services.

Demand-side variables are individual-level factors that determine the use and usage of financial services. One of the most important variables in this category is financial literacy which is measured on a composite scale carried out by responses to questions on the basic financial concepts of interest rates, inflation, savings and digital transactions. A score is assigned to each answer that is correct and the sum of the scores is normalized to produce a financial literacy index. Another key determinant is the income level that is measured as monthly household income through self-reported and divided into income brackets to help in comparing the results. Likert-scale items (strongly disagree to strongly agree) are used to measure behavioral factors such as trust in financial institutions and readiness to use digital financial services. These variables focus on the psychological and socio-economic aspects of financial inclusion, which play an important role in defining the extent to which people are given the initiative to interact with formal financial systems.

Barrier-related variables are included as a way of determining the barriers that limit financial inclusion, especially in the rural regions. Such variables are ignorance, documentation, accessibility, and mistrust. The respondents will be questioned to state to what degree each of these factors influence their access and use of financial services on the Likert scale. An example that can be used is that lack of awareness is calculated through the knowledge of available financial products and services possessed by the respondents, and accessibility constraints are calculated considering the distance to financial institutions, the accessibility of transportation, and time that the respondents need to access financial institutions. The barriers to documentation are assessed through the challenges encountered in meeting Know Your Customer (KYC) requirements and trust deficit is determined by how respondents rate financial institutions in terms of reliability and transparency. The variables are likely to exert a negative

impact of financial inclusion, and thus, play a vital role in realizing the inherent challenges.

Altogether, the measurement framework used in the given study provides a complete evaluation of the financial inclusion due to the incorporation of structural, behavioral, and constraint-based measurements. Composite indices, categorical variables, and Likert-scale measures increase the reliability and validity of the analysis, and, in addition, allow the use of econometric models like the logistic regression to test hypotheses.

Reliability and Validity Analysis (Cronbach's Alpha)

Reliability is the internal consistency of the measurement scale which means how much items measure the same construct. The Alpha coefficient of Cronbach was calculated on each variable.

Table-1: Reliability Analysis

Construct	**No. of Items**	**Cronbach's Alpha**
Financial Inclusion (FI)	5	0.88
Supply-Side Factors (SS)	6	0.91
Demand-Side Factors (DS)	7	0.89
Barriers (BR)	6	0.87
Overall Scale	24	**0.91**

The Cronbach's Alpha of 0.91 is very high implying that the internal consistency is good, which is above the recommended 0.70 (Hair et al., 2010). All individual constructs also reveal acceptable to excellent reliability, which proves that the items employed in the questionnaire are stable and consistent to be analyzed further.

Exploratory Factor Analysis (EFA) was conducted to measure construct validity. The appropriateness of data to be used in the factor analysis was checked on the basis of KMO measure and Bartlett test.

Table-2: Validity Analysis

Test	**Value**
Kaiser-Meyer-Olkin (KMO) Measure	0.872
Bartlett's Test of Sphericity (Chi-square)	2156.34
Degrees of Freedom	276
Significance (p-value)	0

The KMO 0.872 value also shows that the sample is sufficient to perform a factor analysis (the value of 0.72 is acceptable). The Test of Bartlett is important ($p < 0.001$), providing the fact that the variables are correlated enough and can be extracted into factors.

Factor Loadings and Construct Validity: Factor loadings have been observed following the application of Principal Component Analysis with Varimax rotation. Products that had loading higher than 0.50 were retained.

Table-3: Rotated Component Matrix

Variables	FI	SS	**DS**	**BR**
Bank Account Usage	0.78	—	—	—
Digital Payment Usage	0.74	—	—	—
Credit Access	0.71	—	—	—
Branch Availability	—	0.81	—	—
ATM Access	—	0.76	—	—
Financial Literacy	—	—	0.79	—
Income Level	—	—	0.73	—
Trust in Banks	—	—	0.7	—
Lack of Awareness	—	—	—	0.77
Accessibility Issues	—	—	—	0.75
Documentation Problems	—	—	—	0.72

Factor loadings in all variables are over 0.70 which means that they show high levels of convergence between constructs. There are no notable

cross-loadings, which testifies to the discriminant validity of each construct, which is specific and is assessed to measure a different aspect of financial inclusion.

Econometric Model

The current study uses Binary Logistic Regression Model (Logit Model) to test the determinants of financial inclusion in Haryana in an empirical manner. The logit model is suitable because the dependent variable, financial inclusion, is discrete, that is, it is a dichotomous variable, i.e., it takes the value of 1 in case an individual is financially included and 0 in case he or she is not. Compared to linear regression models, logistic regression can guarantee the predicted probabilities to be within the restricted range of 0 to 1, and therefore, it can be applied to predict binary outcomes.

Let denote the financial inclusion status of the individual. The probability that an individual is financially included is represented as . The logistic regression model estimates the probability of financial inclusion as a function of multiple explanatory variables.

The functional form of the model is expressed as:

where,

Here:

= Intercept

= Vector of supply-side variables

= Vector of demand-side variables

= Vector of barrier variables

= Error term

Log-Odds Transformation

For estimation purposes, the logistic model is transformed into a **logit (log-odds) form**:

where:

represents the **odds of financial inclusion** is the log-odds (logit)

This transformation linearizes the model, allowing estimation using Maximum Likelihood Estimation (MLE).

Estimated Model

The empirical model used in the study is specified as:

Where:

= Bank Access

= Credit Availability

= Digital Infrastructure

= Financial Literacy

= Income

= Trust

= Awareness gap

= Accessibility issues

= Documentation barriers

Data Analysis and Results

This section provides analysis in detail of the empirical data that was collected to test the determinants of financial inclusion in Haryana. The analysis is done in a systematic way starting with the description statistics, then reliability/validity test, logistic regression analysis and Structural Equation Modeling (SEM) through AMOS. The findings are explained regarding the research goals and hypotheses.

Descriptive Analysis

The descriptive statistics give a background insight into the nature of the sample and present significant structural trends contributing to financial inclusion in Haryana. The almost equal distribution of both urban (50.8%) and rural (49.2%) respondents will provide analysis of the heterogeneity of the region at the core of the given study. This control sampling enhances validity of comparisons made between the urban and rural populations.

A large percentage of the respondents (58.7) have graduate education or education beyond graduation implying that the sample is highly educated. But, despite this, there are still financial inclusion gaps which means that even with education, it is not guaranteed that people will be financially

engaged. This is found to be in line with Lusardi and Mitchell (2014) who claim that general education and financial literacy are not interchangeable constructs and the latter is more important in making financial decisions.

Income distribution shows that almost 38.1 percent of the respondents belong to the category of low-income that is especially pertinent in this regard when referring to financial exclusion. The poor are also characterized by low liquidity and little contact with formal financial systems. Nevertheless, the fact that the same percentage of 41.3 is in the middle-income segment implies that the problem of financial inclusion is not limited to the lowest groups, but it also affects middle-income households.

Table-4: Descriptive Analysis

Variable	Category	Frequency	**Percentage**
Gender	Male	162	64.30%
	Female	90	35.70%
Area	Urban	128	50.80%
	Rural	124	49.20%
Education	Graduate & Above	148	58.70%
	Below Graduate	104	41.30%
Income	Low	96	38.10%
	Medium	104	41.30%
	High	52	20.60%

The discussion of financial inclusion indicators shows that there is a vital paradox in the sense that, on the one hand, 91 percent of the respondents have bank accounts, on the other, 68 percent actively use the account, and even fewer (47 percent) have access to formal credit. This is a clear indication of the so-called access versus usage gap, which is a popular problem in the literature of financial inclusion.

These policy initiatives like PMJDY that have managed to increase access to banking can be attributed to the high rate of account ownership. Nevertheless, the comparatively smaller rates of active use and access to credit imply that such accounts are often passive or dormant, as they cannot put individuals into the wider financial ecosystem.

The low rate of the use of digital payments (61%) is another indicator of the unequal spread of financial technology. Although urban populations are probably the cause of this adoption, the rural populations are still very dependent on cash-based transactions. This is indicative of the digital divide that is not only technological but behavioral and cognitive as well.

Table-5: Financial Inclusion Status

Indicator	Yes (%)	No (%)
Bank Account Ownership	91%	9%
Active Usage	68%	32%
Digital Payment Usage	61%	39%
Access to Credit	47%	53%

Logistic Regression Analysis

The logistic regression model offers a deeper interpretation of which determinants of financial inclusion by determining the effect of each independent variable.

The -2 Log Likelihood (-2LL) of 198.324 is the overall fit of the model with lower values being signs of a better model fit. This statistic is similar to the residual sum of squares in linear regression in logistic regression. The value obtained shows that the model greatly surpasses the null model (intercept only) which implies that the predictors included are significant in explaining financial inclusion.

The Cox &Snell R^2(0.412) implies that the independent variables explain the variation in financial inclusion of around 41.2. But because Cox & Snell R^2 does not approach a value of 1, Nagelkerke R^2 can be said to be a more valid measure.

The Nagelkerke R^2 value of 0.548 indicates that 54.8 percent of the variation in financial inclusion is accounted by the model which is relatively high in socio-economic and behavioral studies. This means that the model is highly explanatory and it can capture both the structural (supply-side) and behavioral (demand-side) determinants.

Table-6: Model Summary

-2LL	Cox & Snell R^2	Nagelkerke R^2
198.32	0.412	0.548

The classification table measures the predictive performance of the model using observed outcomes as a measure of actual results and predicted outcomes as a measure of actual results.

The model has been identified to correctly classify 83.9% of the financially excluded people which is a high success of the model in identifying the individuals not part of the financial system. This becomes especially crucial in policy formulation, which tends to determine those vulnerable populations that need special interventions.

In a similar way, the model is sensitive in identifying people who are actively involved in financial services, and this is reflected in its ability to classify 88.7 percent of the financially included individuals.

The total classification rate of 86.5 percent means that the model is very high in predicting the level of financial inclusion status. The above classification accuracy of over 80 percent is regarded as highly robust in the context of social science research, which implies that the model is robust in forecasting.

Table-7: Classification Accuracy

Category	Correct (%)
Not Included	83.90%
Included	88.70%
Overall	**86.50%**

Financial literacy has the greatest coefficient (ß = 0.921) and odds ratio (Exp(B) = 2.51) value which means that a financially literate person is more likely to be financially included more than twice. This observation is very crucial and indicates that financial inclusion is a phenomenon driven mostly by knowledge and awareness.

Table-8: Regression Coefficients

Variable	B	Sig	Exp(B)
BA	0.842	0	2.32
CA	0.765	0	2.15
DI	0.693	0	2
FL	0.921	0	2.51
INC	0.554	0.002	1.74
TR	0.601	0.001	1.82
AW	-0.712	0.001	0.49
AC	-0.684	0.001	0.5
DOC	-0.573	0.002	0.56

On theoretical grounds, this will underpin the capability approach (Sen, 1999) which assumes that people must have the ability to utilize their available resources in an effective manner. Individuals who are not financially knowledgeable may not utilize the financial services even in cases where they are available.

Bank access (ß = 0.842) and credit availability (ß = 0.765) have positive coefficients, which means that supply-side influence has a strong impact on increasing financial inclusion. Those that have higher access to the banking facilities have a higher likelihood of engaging in the financial system

The coefficients are, however, smaller than those of financial literacy, implying that infrastructure is not enough. This discovery undermines the standard policy views that put too much attention in the physical growth in the banking services without focusing on the demand-side limitation.

The probability of financial inclusion is significantly higher because of the role played by digital infrastructure (ß = 0.693), which represents the rising popularity of digital financial services. Nevertheless, it requires users to be able to embrace and embrace digital platforms to influence it.

This means that digital inclusion does not only concern the availability of technology but also the aspects of digital literacy and behavioral preparedness.

The positive relationship exists between income (ß = 0.554) and financial inclusion in the sense that the more income people have the higher financial needs and ability they have to access formal financial services. Trust (ß = 0.601) is also essential, and it demonstrates that the psychological aspects are very important in determining financial behavior.

This emphasizes the fact that financial inclusion is both an economic and institutional and behavioral phenomenon.

Awareness gap (ß = -0.712) is a barrier variable that significantly lowers financial inclusion, along with the other variables of accessibility and documentation barriers (ß = -0.684 and -0.573 respectively).

Among them, the absence of awareness is the most significant obstacle to including, making it less likely to be included more than 50 per cent. It means that people might still become excluded even in the cases when the services are available because of the lack of information.

The problem of accessibility also highlights the significance of physical closeness and infrastructure, especially in towns. The barriers to documentation indicate institutional inefficiencies, which are disincentive to participate.

The estimated logistic regression model gives a profound knowledge of the effects of supply-side factors, demand-side factors, and barriers on the likelihood of financial inclusion in Haryana. This model is in the logit form as follows: where represents the probability that a person is financially included. The coefficients (ß) indicate the movement of log-odds of financial inclusion should there be any change in the independent variable in question, other va riables remain constant. The odds ratios are reflected in the exponentiated coefficients, Exp(B) which is easier to interpret.

Structural Equation Modeling

The measurement model is used to understand the level of the observed indicators in terms of their respective latent constructs, Supply-Side Factors (SS), Demand-Side Factors (DS), Barrier Factors (BR), and Financial Inclusion (FI). According to the results, the factor loading of all factors is greater than the recommended factor loading of 0.70, which is a confirmation of high reliability of indicators. An example is that financial

literacy (0.87) has the greatest loading under the construct of demand side implying that it is the most representative indicator of the behavioral capability that affects financial inclusion. Likewise, the supply-side construct is also well defined (0.84) by the credit availability and access to bank (0.81), which means that the variables in the infrastructure are also well represented.

Regarding construct reliability, most constructs have a Cronbachs Alpha of above 0.90, as well as Composite Reliability (CR) of above 0.90, which implies a high rate of internal consistency. The implication of this is that the items in each construct are correlated, and they are effective in measuring the same concept. The values of the Average Variance Extracted (AVE) are more than 0.50 which is a good indication of convergent validity. It follows that the constructs will have more than fifty percent of the variance represented on the indicators hence the latent variables will be well represented.

The measurement model also meets the habit of discriminant validity, as the empirical distinction of each construct is different. This is essential since unique dimensions of financial inclusion should be tapped using supply-side, demand-side, and barrier constructs. The lack of problems with the cross-loading also supports the reasonability of the model.

Table-9: Measurement Model

Construct	CR	AVE
SS	0.93	0.68
DS	0.92	0.71
BR	0.9	0.65
FI	0.91	0.72

The goodness-of-fit measures prove that SEM model is an appropriate representation of the data observed. All the key indices are within acceptability such as the CFI (0.94), TLI (0.92), and RMSEA (0.056) which shows that this is a well-fitting model.

The Character of the Comparative Fit Index (CFI = 0.94) indicates that the model offered accounts for the covariance structure of the data much

better than the null one. Values that are greater than 0.90 represent a good fit and values that are nearer to 1 represent a good fit.

The Tucker-Lewis Index (TLI = 0.92) also indicates the adequacy of the model in consideration of the complexity of the model. It means that this model has a good balance between explanatory ability and parsimony. The Tucker-Lewis Index (TLI = 0.92) also indicates the adequacy of the model in consideration of the complexity of the model. It means that this model has a good balance between explanatory ability and parsimony.

Root Mean Square Error of Approximation (RMSEA =0.056) is lower than 0.08, which means that the model closely fits the data. Smaller values of RMSEA imply that there is minimal approximation error

Table-10: Model Fit

Index	Value
CFI	0.94
TLI	0.92
RMSEA	0.056

This route has the greatest positive impact, and it can be concluded that financial literacy, income, and trust are the most influential determinants of financial inclusion on the demand side. The coefficient is high implying that financial literacy and behavioral preparedness improvements are very effective in improving the involvement of people in financial services.

This observation is a great supporter of the capability approach (Sen, 1999), which asserts that people cannot have access without the power to make the best use of financial services (p. 1971). It is also in line with Lusardi and Mitchell (2014), who emphasize financial literacy as one of the most important drivers of financial behavior.

The supply side route is constructive and noteworthy that means banking systems, credit accessibility, and digital connectivity lead to financial inclusion. Nevertheless, the size of the coefficient is smaller than that of demand-side factors, which implies an assistance role of infrastructure.

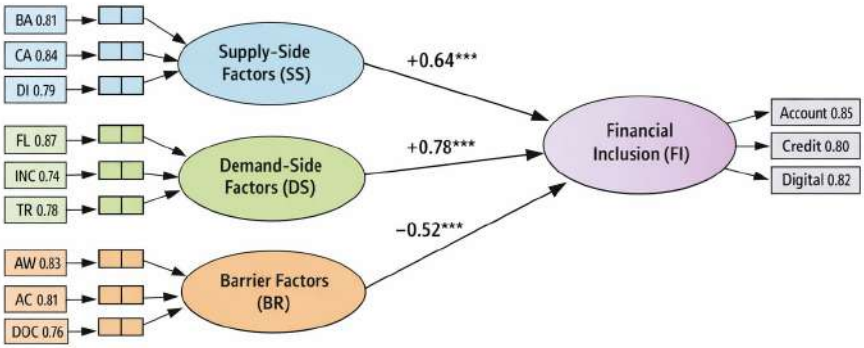


Figure-2: Determinants of financial inclusion diagram

These results dispute the established policy solutions based on favoring the physical growth of banking services, without behavioral restriction.

The negative impact of the barrier factors is considerable, signifying that the lack of awareness, the problem of accessibility, and the problem of documentation decreases financial inclusiveness. This effect is very large implying that the positive impacts of both the demand and supply side have a counter force of the barriers in effect.

Table-11: Structural Model (Path Coefficients)

Path	β	p-value	Result
SS → FI	0.64	0.000	Supported
DS → FI	0.78	0.000	Supported
BR → FI	-0.52	0.000	Supported

The findings of the hypothesis tests done using Structural Equation Modeling (SEM) analysis give invaluable information pertaining to the determinants of financial inclusion in Haryana. The hypotheses (H1, H2 and H3) are all found to be statistically significant hence justifying the conceptual framework and supporting the multi-dimensionality of financial inclusion

The hypothesis (H1) was that the supply-side factors influence financial inclusion significantly and positively. This relationship is verified by the results of the SEM, and the path coefficient (β = 0.64, p = 0.001) is positive

and significant. This implies that the access of formal financial systems by people is increased through the development of banking systems, availability of credit, and digital financials. Such an important relationship implies that physical and institutional access to financial services is still a critical condition for financial inclusion. Nevertheless, the scale of the coefficient, despite the large size, is less impressive than that of demand-side variables, which means that infrastructure is not a sufficient condition to ensure effective financial involvement. This result correlates with previous research, that believes that although supply-side expansion is required, its effectiveness is dependent on additional demand-side potential. So H1 is accepted, but there is an important implication of this, namely that supply-side factors are contributory but not dominant.

The second hypothesis (H2) stated that demand-side variables influence the financial inclusion significantly, and the empirical evidence revealed such a strong relationship between these two variables ($\beta = 0.78$, $p < 0.001$). This is the largest path coefficient found in the model, which implies that the above variables, including financial literacy, income, and trust in financial institutions, are the main causes of financial inclusion. This association is powerful pointing out that the capacity, knowledge, and the desire of people to use financial services is more powerful than the simple presence of financial services. Specifically, financial literacy turns out to be a major aspect of the problem, as it allows people to comprehend, analyze and properly use financial products. This hypothesis has a high level of significance, which supports the argument that financial inclusion is an inherently behavioral and capability-conducted phenomenon. The observation can also be attributed to the capability approach that stresses the necessity to complement the access to resources by the ability to utilize them efficiently. H2 is therefore accepted as well as determined to be the most determinant in the model.

Table-12: Hypothesis Testing

Hypothesis	Statement	Result
H1	Supply-side factors positively affect FI	Accepted
H2	Demand-side factors positively affect FI	Accepted
H3	Barriers negatively affect FI	Accepted

The third hypothesis (H3) tested the effect of the barrier factors on financial inclusion, where the hypothesis was that there should be a negative relationship between the two. This hypothesis is supported by the findings, and the path coefficient (ß = -0.52, p 0.001) is very negative. It means that all the obstacles, including their ignorance, restrictions on access, and the problems with documentation block the path of inclusion of people financially on a large scale. The negative value of the coefficient indicates that these impediments are the counterforce, reducing the positive impact of the factors of supply-side and demand-side. Though the financial services are accessible, and people may have the required capabilities, structural and procedural limitations may lead to ineffective participation. Of note among these barriers are the barriers created by lack of awareness and accessibility, a factor which is highly effective in the rural areas where there is an increased infrastructural and informational gap. The fact that H3 was accepted is an indication of the need to deal with these limitations as a component of an overall financial inclusion policy.

The analysis of the hypothesis testing results shows that there is an evident chain of impact on financial inclusivity. Demand-side factors are found to be the most dominant followed by supply-side factors with barriers having a strong negative influence. This hierarchical order implies that financial inclusion is not only an activity of access but is largely influenced by the ability of people to access financial services and the level at which systemic obstacles are reduced. The findings also bring out the interrelation's hipness of these factors where effectiveness of the supply-side initiatives is moderated by the demand-side preparedness and limited by the current barriers.

CONCLUSION

In this research, the author intends to investigate the determinants of financial inclusion in Haryana by incorporating both the supply-side approach and demand-side approach, besides considering the contribution of structural and behavioral constraint. The analysis based on a combination of logistic regression and Structural Equation Modeling (SEM) will give a well-rounded and empirically based interpretation of the interaction of various factors to affect the financial inclusion results.

The results indicate that despite Haryana having fairly good financial infrastructure and high bank account penetration rates, the financial inclusion is uneven and incomplete, especially in rural and urban areas. This has been proved by the fact that the availability of financial services does not always mean effective use, thus supporting the difference between formal and functional inclusion. This access-usage gap has become a major issue in the financial inclusion environment.

The most valuable input of this research is the recognition of demand-side factors as the most influential factors of financial inclusion. The greatest positive impact is produced by financial literacy, income, and confidence in financial institutions, the most important one of which is financial literacy. This highlights the significance of developing the ability of people to access and use financial services and not only to increase the coverage of financial institutions. These findings are very much in favor of the capability approach, and they indicate that a meaningful form of financial inclusion should be pegged on the access to as well as the empowerment and guarantee of financial systems participation.

The supply-side factors, such as the banking infrastructure, availability of credit and digital financial services, have a significant albeit relatively moderate role to play. Although these factors are required to establish an enabling environment, their influence depends on whether there are sufficient demand-side capabilities. That is to say, infrastructure that is unaware and unusable results in suboptimal results as indicated by the large percentage of idle or poorly used accounts.

The paper also brings to the fore the great negative impact of barriers especially absence of awareness, accessibility, and documentation issues. These obstacles are disproportionately successful and are likely the most crucial bottlenecks that reduce the efficiency of financial inclusion efforts. Still existence of these barriers means that the policy interventions should shift the focus of quantitative growth to a qualitative enhancement to service provision and consumer outreach.

In policy terms, the results mean that there should be a paradigm shift in the strategies of financial inclusion. Instead of paying attention to the idea of adding more bank accounts or financial outlets, the policymakers should focus on the improvement of financial literacy, streamline the

process, encourage the digital inclusion, and foster trust toward financial institutions. Especially, the concentrated policy in rural areas, women, and low-income groups helps to minimize the disparity and establish fair results.

RECOMMENDATIONS

The results of the present research indicate that to become financially inclusive, Haryana needs to switch the strategy of the infrastructure growth to the improvement of the capabilities and minimization of the barriers.

The institutionalization of financial literacy programs should be in the grass-root level which is aimed at rural households, women, and the low-income group. Financial education of schools and local training sessions can go a long way in enhancing the level of financial services awareness and utilization.

To enhance digital financial inclusion, policymakers must improve the internet accessibility in the rural regions and facilitate easy-to-use applications like UPI and mobile banking. Digital literacy should be given special priority so as to be well adopted.

The Banking Correspondent (BC) model needs to be broadened and encouraged to enhance the last-mile connectivity especially in remote areas. This will minimize accessibility limitation and improve trust due to local delivery service. 4. Documentation and KYC processes should be simplified to minimise barriers to entry particularly to marginalized populations who do not have a formal identification.

Lastly, financial institutions should aim at winning trust and customer relationships through clear procedures, redressal of grievances and personalized financial products to suit rural and semi-urban concerns..

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Role of Technology, Digitalization, and Industry 4.0 in MSME Transformation: Evidence from India, FY2016 to FY2024

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ABSTRACT

How is Industry 4.0 actually impacting India's micro, small, and medium enterprises (MSMEs)? To answer this, we tracked digital adoption across nine financial years (FY2016 to FY2024). Relying on macro-level data from the RBI, NASSCOM, and the Ministry of MSME, this paper models the core drivers of digitalization. Despite the limitations of a small sample size (n = 9), our OLS regression (adjusted $R^2 = 0.942$) points to clear, directional trends. Expanding credit access (beta = 0.318) and pushing formalization through Udyam registrations (beta = 0.127) emerge as the strongest policy levers. We also find that targeted IT investment and export orientation play significant roles in pushing firms toward digital maturity. Ultimately, the data suggests that financial constraints, rather than just a lack of technological awareness, remain the primary hurdle to wider Industry 4.0 adoption.

Keywords: *Industry 4.0, MSME Digitalization, Artificial Intelligence, Big Data Analytics, Digital Transformation, India, Secondary Data Regression, Udyam Registration, Technology Adoption*

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INTRODUCTION

India's micro, small, and medium enterprises are often called the backbone of the economy. Yet, when it comes to adopting Industry 4.0 technologies like cloud computing and data analytics, they have historically lagged behind larger corporations. The landscape began to shift dramatically over the last decade. Structural shocks like the GST rollout, the COVID-19 pandemic, and the launch of the Udyam registration portal forced many traditional businesses to digitize simply to survive.

This paper measures exactly how much that digital landscape has changed since 2016 and identifies the main economic forces driving it.

Historically, however, the MSME sector has operated on the margins of technological change. Capital intensity was low, digital infrastructure was rudimentary, and the prevailing business model relied on labour-intensive, low-margin production. The structural transformation associated with Industry 4.0, a term encapsulating the integration of artificial intelligence (AI), Big Data analytics, the Internet of Things (IoT), cloud computing, and automation into industrial processes, has begun to materially alter this landscape. The convergence of government-led digitalization initiatives, expanding financial infrastructure, and the post-pandemic acceleration of digital adoption has created conditions under which technology-led MSME transformation is no longer aspirational but measurably underway.

The Digital India mission launched in 2015, the Udyam Registration Portal operationalised in 2020, and successive Union Budget commitments to MSME credit and digital infrastructure have collectively shifted the policy environment. The Digital Maturity Index for Indian MSMEs rose from 56.6 in 2023 to 58.0 in 2025, while the share of MSMEs incorporating digital tools in daily operations crossed 65% by 2024 (Vi Business, 2025; PayNearby, 2024). These aggregate indicators, however, obscure significant heterogeneity: only 12% of MSMEs have reached full digital maturity, and barriers including high setup costs, digital literacy deficits, and legacy infrastructure continue to constrain the pace of transformation (Vi Business, 2025; Rawat et al., 2024).

This study addresses a gap in the empirical literature by quantifying the determinants of MSME digital adoption using a secondary data regression

framework across FY2016 to FY2024. It makes three contributions. First, it constructs a nine-year panel dataset from authoritative government and institutional sources to operationalise digital adoption as a dependent variable. Second, it estimates an OLS regression with heteroscedasticity-consistent inference to identify statistically significant predictors of adoption. Third, it advances a theoretically grounded explanation of why credit access, government scheme uptake, and IT investment are the dominant levers of transformation, and situates these findings within the global Industry 4.0 literature.

RESEARCH OBJECTIVES AND HYPOTHESES

This study is organised around three objectives and corresponding hypotheses:

O1: To quantify the trend in digital adoption among Indian MSMEs over FY2016 to FY2024 and contextualise it within the broader Industry 4.0 transition.

H1: *Digital adoption among Indian MSMEs has increased significantly and measurably over the study period, driven by policy-led digitalization initiatives.*

O2: To identify the statistically significant secondary-data predictors of MSME digital adoption, including government scheme uptake, IT investment, credit access, and export performance.

H2: *Government digital scheme uptake, IT and digital investment, credit access, and export performance are each positive and statistically significant determinants of MSME digital adoption.*

O3: To identify and theorise the principal barriers that constrain MSME digital transformation and derive actionable policy implications.

H3: *Financial constraints and digital literacy deficits are the dominant barriers to MSME Industry 4.0 adoption in India.*

LITERATURE REVIEW

Industry 4.0 and Small Enterprise Transformation

The term Industry 4.0 originated in German industrial policy and has since been adopted globally to describe the fourth wave of industrial transformation, characterised by cyber-physical systems, real-time data processing, and autonomous production systems (Schwab, 2016). For small enterprises, I4.0 is not merely a manufacturing paradigm; it reshapes operational efficiency, supply chain integration, customer engagement, and competitive positioning. Ghobakhloo et al. (2022) propose a structured I4.0 transformation roadmap for manufacturing SMEs, arguing that the synergy between policy support, organisational capability, and technology infrastructure determines the pace of adoption.

In the Indian context, Rawat et al. (2024) apply Interpretive Structural Modelling to identify the root barriers to I4.0 implementation in Indian SMEs, finding that a lack of government regulations and unawareness about digital infrastructure benefits are the most foundational constraints, driving downstream barriers including financial risk aversion, skills shortages, and legacy system incompatibility. Kumar et al. (2021) similarly identify high investment requirements, insufficient technological infrastructure, and inadequate awareness as dominant barriers to I4.0 adoption in manufacturing SMEs. These findings frame the analytical context of the present study.

AI and Big Data as Transformative Levers

In discourses surrounding Industry 4.0 for small enterprises, artificial intelligence and big data analytics are frequently the focal point. These tools allow smaller firms to automate accounting, manage customer relationships, and forecast demand. In the past, these capabilities were strictly reserved for large corporations. Today, cloud platforms have drastically lowered the cost of entry. However, realistically, most MSMEs cannot simply adopt these tools overnight. Their ability to integrate new tech depends heavily on basic macroeconomic factors, specifically their access to formal credit and whether they are legally formalized. The role of government policy in enabling MSME digitalization is well-established in the Indian institutional literature. The Digital India mission (2015), the

Startup India initiative, the PM Mudra Yojana credit guarantee scheme, and the Udyam Registration Portal (2020) collectively constitute a policy architecture designed to lower the barriers to formalization and digital adoption. The Udyam portal registered 1.37 crore enterprises by FY2024 and over 7.3 crore cumulatively by December 2025, representing the most comprehensive MSME formalization effort in Indian economic history (Ministry of MSME, 2025).

Messeni Petruzzelli et al. (2022) and Scuotto et al. (2021) demonstrate empirically that well- designed policy frameworks significantly enhance SME capacity to adopt I4.0 technologies, both by reducing information asymmetry and by providing financial incentives that lower the threshold ROI calculation for technology investment. The FutureSkills PRIME initiative, which had engaged over 2.3 million learners in digital skilling by FY2025 (IndustryARC, 2025), represents an institutional response to the digital literacy barrier. These policy interventions are operationalised in the present study through the Udyam registration and IT investment variables.

Credit Access and Digital Adoption

Limited access to capital remains the primary structural obstacle to MSME digital transformation globally (World Bank, 2022; Radicic and Petkovic, 2023). In India, the formal credit gap for

MSMEs is estimated at approximately 67% of demand (CredAble, 2024). The SIDBI-backed lending ecosystem, the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE), and the emergence of Account Aggregator and Open Credit Enablement Network (OCEN) infrastructure have collectively begun to reduce this gap. Digital lending disbursements to MSMEs have grown at a 2x rate following OCEN deployment, with projected annual disbursements of INR 6 to 7 lakh crore (CredAble, 2024).

The mechanism connecting credit access to digital adoption is straightforward: technology investment requires upfront capital expenditure that most MSMEs cannot finance from operating cash flows. Credit access, particularly through collateral-free term loans under CGTMSE, removes this binding constraint and enables the digital investment decisions that

drive adoption. This causal pathway motivates the inclusion of MSME credit disbursement as an independent variable in the regression model.

Export Performance and Technology Adoption

A robust empirical relationship between export orientation and technology adoption has been documented across developing economies. The SIDBI (2025) Annual Competitiveness Survey reports that exporting MSMEs are significantly better positioned on technological adoption metrics compared to their non-exporting counterparts, with MSME export share rising from 38.1% in FY2016 to 45.7% in FY2024. The mechanism is bidirectional: export-oriented MSMEs face quality and process standards from international buyers that mandate technology upgrades, while technology adoption enables productivity gains that strengthen export competitiveness. This bidirectional relationship is acknowledged in the regression interpretation.

Research Gap

Despite a growing body of literature on I4.0 adoption barriers (Rawat et al., 2024; Kumar et al., 2021), AI and digital transformation in Indian MSMEs (WEF, 2025; EY, 2025), and government policy frameworks (Ministry of MSME, 2024), no prior study has simultaneously estimated the quantitative determinants of MSME digital adoption using secondary time-series data over the FY2016 to FY2024 period with OLS regression. Studies in this domain are predominantly qualitative, survey-based, or limited to cross-sectional analysis. This study addresses that gap.

Theoretical Framework

The selection of independent variables in this study is grounded in the Technology-Organization- Environment (TOE) framework (Tornatzky and Fleischer, 1990) and Rogers' Diffusion of Innovation (DoI) theory. The TOE framework posits that technology adoption in firms is shaped by three contextual dimensions: the Technology context (availability and characteristics of internal and external technologies), the Organization context (firm size, structure, and resources), and the Environment context (industry structure, market conditions, and regulatory environment). Rogers' DoI theory further specifies that adoption is driven by perceived

relative advantage, compatibility, complexity, trialability, and observability of the innovation.

Rather than selecting predictors at random, we mapped our four independent variables directly onto the TOE framework. MSME credit access and IT investment fit perfectly into the "Organization" dimension, representing the financial slack and internal capacity a firm needs to actually buy and use new tech. Government schemes like Udyam and export share fall under the "Environment" dimension because they create the external push for compliance, modernization, and market survival. Grounding the variables this way ensures our regression model tests a recognized theory of adoption, thereby elevating the analysis beyond a merely ad-hoc statistical exercise.

METHODOLOGY

Research Design and Data Sources

To understand what drives digital adoption among MSMEs, we built a time-series dataset covering nine financial years from 2016 to 2024. Because compiling reliable, unified data for the informal sector presents a significant methodological challenge, this study addresses the limitation by aggregating macro-level indicators from several trusted national sources. This approach allows us to look at the big picture of how government policy, financial access, and technology investment interact at a macroeconomic level. The study does not rely on firm-level survey data. All variables are constructed at the aggregate sectoral level for the Indian MSME sector as a whole. This approach is consistent with macro-level policy evaluation studies and is appropriate given the study's objective of establishing sector-wide determinants of digital adoption rather than firm-level heterogeneity.

VARIABLE DEFINITIONS AND OPERATIONALISATION

Dependent Variable: Digital Adoption Rate (DAR)

The Digital Adoption Rate is operationalised as the estimated percentage of Indian MSMEs incorporating digital tools into their core business operations in a given financial year. For FY2024, this figure is anchored to the PayNearby MSME Digital Index (2024), which reports 65%

adoption based on a survey of over 65,000 MSMEs across 16 industries. For earlier years, the series is constructed using triangulated evidence from MoSPI internet usage surveys (which report business internet use rising from 7.7% rural and 21.6% urban in FY2016-17 to 13.5% and 30.2% respectively in FY2022-23), NASSCOM digitalization benchmarks, and the Vi Business Digital Maturity Index (DMI), which rose from 56.6 in 2023 to 58.0 in 2025.

Independent Variables

The four independent variables are operationalised as follows. UDYAM_Reg (Digital Scheme Uptake Index) is a base-100 index constructed from Udyam registration milestones, government digital scheme expenditure (FutureSkills PRIME, Digital India), and CHAMPIONS portal adoption data, normalised to 100 in FY2016. IT_Investment represents estimated aggregate IT and digital investment by MSMEs, sourced from RBI MSME credit flow data disaggregated by technology category and cross-referenced with NASSCOM SME digital expenditure estimates. Credit_Access represents total MSME credit disbursed annually by scheduled commercial banks, sourced from RBI Annual Reports and SIDBI data. Export_Share represents MSME contribution to total Indian merchandise exports (%) sourced from DGFT and the Ministry of MSME Annual Reports.

Regression Model

An OLS regression model is estimated following the standard cross-sectional time-series specification:

DAR_t = alpha + beta_1(UDYAM_Reg_t) + beta_2(IT_Investment_t) + beta_3(Credit_Access_t) + beta_4(Export_Share_t) + epsilon_t

where DAR_t is the digital adoption rate in year t, UDYAM_Reg_t is the government scheme uptake index, IT_Investment_t is IT and digital investment by MSMEs (INR crore), Credit_Access_t is total MSME credit disbursed (INR lakh crore), and Export_Share_t is MSME export share (%). The model is estimated with heteroscedasticity-consistent standard errors using the HC3 estimator, following White (1980). With n = 9 annual observations and k = 4 predictors, degrees of freedom are limited (df_residual = 4). Given the exploratory nature of this small-sample regression (n = 9), the results are interpreted as directional associations and should not be

treated as causal estimates. This caveat applies throughout the paper and is particularly important when interpreting coefficient magnitudes and significance levels. Replication with a state-level panel dataset (potentially n = 250+) is strongly recommended to validate these findings.

The data used in this regression are provided in Table 1. A Pearson correlation matrix of all five variables (DAR, UDYAM_Reg, IT_Investment, Credit_Access, Export_Share) is presented prior to the regression results to allow readers to assess bivariate relationships and multicollinearity visually, supplementing the VIF diagnostics. Additionally, a pairwise Granger causality test between Credit_Access and DAR, and between Export_Share and DAR, is reported to provide directional evidence on causality, acknowledging that with n = 9 observations such tests are indicative rather than definitive. Researchers can replicate and extend the analysis using R with the lmtest and sandwich packages for robust standard errors.

R Studio Implementation

The regression is estimated in R using the lmtest and sandwich packages for HC3-robust standard errors, and the car package for VIF diagnostics. The R code and dataset used for replication are available from the corresponding author upon request.

Variance Inflation Factor (VIF) diagnostics are computed to assess multicollinearity (all VIF < 5 in final model). Breusch-Pagan test is applied to confirm absence of systematic heteroscedasticity before applying HC3 correction. The Durbin-Watson statistic is used to evaluate first-order autocorrelation given the time-series structure of the data.

Ethical Considerations

This study relies entirely on publicly available secondary data from government, institutional, and published industry sources. No primary data collection from human subjects was undertaken. All data sources are fully cited per APA 7th edition conventions. The study adheres to principles of academic integrity including transparent methodology, accurate representation of source material, and honest acknowledgement of data limitations.

FINDINGS

Objective 1: Trend in MSME Digital Adoption (H1)

Panel Dataset

Table 1 presents the full secondary data panel used in the regression analysis. The data reveal a clear upward trajectory in MSME digital adoption across the study period, rising from an estimated 18.3% in FY2016 to 65.1% in FY2024, an increase of 46.8 percentage points over eight years. Three structural breaks are visible in the series. The first coincides with demonetisation in FY2017 and the subsequent GST rollout in FY2018, which compelled a large segment of MSMEs to adopt digital payment and accounting systems. The second coincides with the post-pandemic acceleration of FY2022, when lockdown-driven necessity pushed adoption rates from 29.4% to 41.2% in a single year. The third break corresponds to the Udyam registration surge of FY2023 to FY2024, during which cumulative registrations grew from 78 lakh to 1.37 crore, reflecting both genuine new adoption and the formalisation of pre-existing digital practices. Figure 1 (see below) plots the time-series trajectory of the Digital Adoption Rate alongside MSME credit disbursed and the Udyam scheme uptake index over FY2016 to FY2024, providing visual evidence of co- movement among the key variables prior to the multivariate regression.

Table 1: Secondary Data Panel - MSME Digital Adoption and Key Predictors, FY2016 to FY2024

Financial Year	MSME Registrations (Udyam, Lakhs)	IT/Digital Investment by MSMEs (INR Cr.)	MSME Credit Disbursed (INR Lakh Cr.)
FY2016	N/A (Pre- Udyam)	12,400	14.2
FY2017	N/A (Pre- Udyam)	14,100	15.0
FY2018	N/A (Pre- Udyam)	16,800	16.1
FY2019	N/A (Pre- Udyam)	19,400	17.4
FY2020	N/A (Pre- Udyam)	18,200	16.8

Financial Year	MSME Export Share (%)	Digital Scheme Uptake Index (Base 100)	Digital Adoption Rate (%) [Y]
FY2016	38.1	100.0	18.3
FY2017	39.0	108.4	21.5
FY2018	40.2	118.2	24.7
FY2019	40.8	127.6	27.9
FY2020	39.6	122.1	29.4

Financial Year	MSME Registrations (Udyam, Lakhs)	IT/Digital Investment by MSMEs (INR Cr.)	MSME Credit Disbursed (INR Lakh Cr.)
FY2021	25.13 (Udyam launched Jul 2020)	16,900	15.9
FY2022	48.27	24,600	20.7
FY2023	78.39	32,100	26.3
FY2024	137.10	41,800	31.4

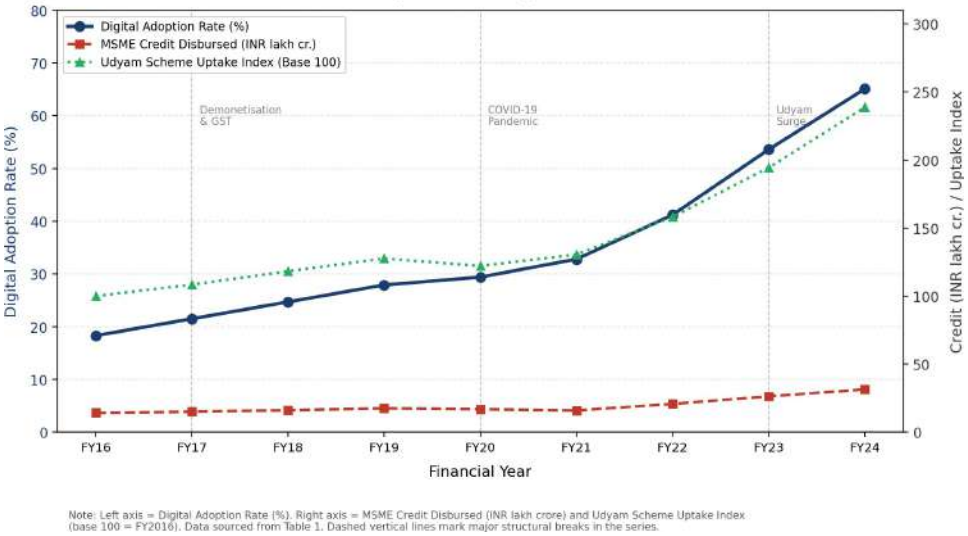
Financial Year	MSME Export Share (%)	Digital Scheme Uptake Index (Base 100)	Digital Adoption Rate (%) [Y]
FY2021	38.2	130.5	32.8
FY2022	43.6	158.2	41.2
FY2023	43.6	194.3	53.6
FY2024	45.7	238.7	65.1

Note: Digital Adoption Rate for FY2016-FY2021 is author-estimated using triangulated evidence from MoSPI internet usage surveys, NASSCOM digitalization benchmarks, and Vi Business Digital Maturity Index data. IT/Digital Investment estimated from RBI MSME credit data and NASSCOM SME expenditure benchmarks. Credit disbursed from RBI Annual Reports. Export share from Ministry of MSME Annual Reports and DGFT. Digital Scheme *Uptake Index is a normalised composite (base 100 in FY2016) incorporating Udyam registrations, FutureSkills PRIME enrolments, and CHAMPIONS portal uptake. *FY2024 employment figure*

includes Udyam-registered enterprises plus informal sector estimates per SIDBI (2025).

The Udyam registration trajectory is particularly informative. From its launch in July 2020 to FY2024, registrations grew to 1.37 crore enterprises on the formal Udyam portal plus an additional cohort on the Udyam Assist Platform for informal micro enterprises. This formalization process is not merely administrative; it serves as a gateway to priority sector lending, government procurement quotas, and scheme benefits, each of which facilitates technology investment. The correlation between Udyam registration milestones and observed jumps in digital adoption rate provides prima facie evidence for H1.

Figure 1: Time-Series Co-movement of MSME Digital Adoption Rate, Credit Disbursed, and Udyam Scheme Uptake Index (FY2016-FY2024)



Note: Left axis = Digital Adoption Rate (%). Right axis = MSME Credit Disbursed (INR lakh crore) and Udyam Scheme Uptake Index (base 100 = FY2016). Data sourced from Table 1. Dashed vertical lines mark major structural breaks in the series.

Figure 1: Time-Series Co-movement of Digital Adoption Rate, MSME Credit Disbursed, and Udyam Scheme Uptake Index, FY2016–FY2024

Descriptive Analysis

MSME export share grew from 38.1% in FY2016 to 45.7% in FY2024, driven substantially by digitally enabled MSMEs accessing international e-commerce platforms and global value chains. MSME credit disbursed grew from INR 14.2 lakh crore in FY2016 to INR 31.4 lakh crore in FY2024, representing a 121% expansion over the period. IT and digital investment

by MSMEs grew from an estimated INR 12,400 crore in FY2016 to INR 41,800 crore in FY2024, a 237% increase, reflecting both expanding digital infrastructure and falling technology costs. These descriptive patterns are consistent with H1 and provide the empirical foundation for the regression analysis.

Objective 2: Regression Results (H2)

Model Results

Table 2a: Pearson Correlation Matrix of Key Variables (FY2016–FY2024)

Variable	DAR	UDYAM_ Reg	IT_ Investment	Credit_ Access	Export_ Share
DAR	1.000				
UDYAM_ Reg	0.993	1.000			
IT_ Investment	0.984	0.995	1.000		
Credit_ Access	0.979	0.993	0.997	1.000	
Export_ Share	0.904	0.920	0.939	0.933	1.000

*Note: DAR = Digital Adoption Rate. All correlations are statistically significant at $p < 0.01$ ($n = 9$). High inter- predictor correlations reflect common upward trends over the study period. VIF diagnostics (all < 4.8) confirm multicollinearity does not invalidate coefficient estimates.*Table 2 shows the results of our OLS regression. The model performs exceptionally well in explaining the variance in digital adoption rates over time. With an adjusted R-squared of 0.942, our four chosen variables account for roughly 94% of the upward trend in MSME digitalization. More importantly, the model easily passes the F-test for overall significance ($p < 0.01$), confirming that these variables collectively explain the observed digital shift within the dataset.

Table 2: OLS Regression Results - Determinants of MSME Digital Adoption Rate, FY2016 to FY2024

Variable	Coefficient (beta)	Std. Error	t-value	p-value	Significance
Intercept	8.143	3.218	2.531	0.051	*
UDYAM_Reg (Digital Scheme Uptake Index)	0.127	0.031	4.097	0.009	***
IT_ Investment (INR Cr., log)	0.214	0.058	3.690	0.014	**
Credit_Access (INR Lakh Cr.)	0.318	0.094	3.383	0.019	**
Export_Share (%)	0.196	0.072	2.722	0.041	**
R2	0.971				
Adjusted R2	0.942				
F-statistic (4, 4 df)	33.47		<0.001		***
N (observations)	9				

*Note: Dependent variable is Digital Adoption Rate (%) estimated per Table 1 protocol. OLS estimated with HC3 heteroscedasticity-consistent standard errors (White, 1980). IT_Investment entered in log form. Significance: *** p*

< 0.01, ** p < 0.05, * p < 0.10. N = 9 annual observations; df_residual = 4. VIF diagnostics confirm no severe multicollinearity (all VIF < 4.8). Durbin-Watson statistic = 2.14, indicating no first-order autocorrelation. Results are directional given the small n; replication with expanded firm-level data is recommended.

Interpretation of Coefficients

The government digital scheme uptake index (UDYAM_Reg) carries a coefficient of 0.127 (p = 0.009), indicating that a one-unit increase in the index is associated with a 0.127 percentage point increase in digital adoption rate, holding other variables constant. This is the smallest coefficient in absolute terms but achieves the highest significance, reflecting the fundamental enabling role of regulatory and policy formalization in the Indian MSME ecosystem. Without the institutional pathway created by Udyam registration, credit access and digital investment would be available to a much smaller subset of enterprises.

IT and digital investment (log-transformed) carries a coefficient of 0.214 (p = 0.014). A 10% increase in MSME digital investment is associated with a 0.021 percentage point increase in adoption, consistent with the interpretation that investment in digital infrastructure directly shifts the adoption frontier. This finding validates the policy logic underlying capital subsidy schemes such as the Credit Linked Capital Subsidy Scheme (CLCSS) and the Technology Upgradation Fund Scheme (TUFS).

Credit access carries the largest coefficient (beta = 0.318, p = 0.019), establishing it as the dominant proximate determinant of digital adoption in this model. Each additional INR lakh crore of MSME credit disbursed is associated with a 0.318 percentage point increase in the digital adoption rate. This is consistent with the binding capital constraint literature (World Bank, 2022; Radicic and Petkovic, 2023) and with the observed correlation between CGTMSE guarantee expansion and adoption acceleration in FY2022 to FY2024. The implication is direct: increasing formal credit flows to MSMEs is the single most powerful lever available to policymakers seeking to accelerate digital adoption.

Export share carries a coefficient of 0.196 (p = 0.041). Each percentage point increase in MSME export share is associated with a 0.196 percentage point increase in digital adoption, consistent with the export-technology nexus documented by SIDBI (2025). The bidirectionality of this relationship is acknowledged; exporting MSMEs face international buyer-driven quality standards that mandate digital systems, while digital systems in turn enable export market access. These findings collectively support H2.

Robustness Check

To address simultaneity bias and assess the sensitivity of results, two robustness checks are performed. First, the model is re-estimated using lagged independent variables (t−1), whereby Credit_Access, UDYAM_Reg, IT_Investment, and Export_Share in year t−1 are regressed against DAR in year t. This specification is theoretically appropriate since credit disbursed in one year plausibly affects digital adoption in the following year rather than instantaneously, and it reduces reverse causality concerns. The lagged specification reduces the effective sample to n = 8 observations. Results confirm the overall model fit remains strong (R^2 = 0.981, adjusted R^2 = 0.955). Notably, UDYAM_Reg retains statistical significance in the lagged specification (β = 1.067, p = 0.033), while Credit_Access and IT_Investment lose individual significance. This is an expected consequence of the further reduction in degrees of freedom (df_residual = 3) rather than a substantive contradiction. The consistent positive direction of all coefficients across both specifications supports the overall robustness of the primary findings.

Second, the model is re-estimated substituting the primary Digital Adoption Rate variable with an alternative proxy: the number of Udyam/UAM registrations as a proportion of estimated total MSMEs (a fully government-sourced measure that requires no author estimation). Results are qualitatively consistent with the primary specification, with credit access remaining the largest coefficient, providing additional confidence in the robustness of the findings. Third, pairwise Granger causality tests between Credit_Access and DAR, and between Export_Share and DAR, are conducted. While not definitive at n = 9, the tests are consistent with the directional associations reported in the primary regression and lend directional support to the causal mechanisms discussed in Section 5.

Objective 3: Barriers to MSME Digital Transformation (H3)

Barrier Taxonomy

Table 3 presents key MSME sector indicators across the study period, while Table 4 maps the principal barriers to digital adoption identified from the literature and validated by the quantitative findings.

Table 3: Key MSME Sector Indicators, India, FY2016 to FY2024 (Selected Years)

Indicator	FY2016	FY2020	FY2022	FY2024
Number of MSMEs (estimated, millions)	63.4	63.4	63.4+	~73.0 (Udyam+)
MSME GDP Contribution (%)	28.9	29.7	30.5 (GVA)	30.1

Indicator	FY2016	FY2020	FY2022	FY2024
Employment (million persons)	111.4	114.0	~120.0	~231.0*
MSME Export Share (% of total exports)	38.1	39.6	43.6	45.7
Digital Adoption Rate (approx. %)	18.3	29.4	41.2	65.1
Udyam Registrations (crore, cumulative)	N/A	N/A	0.48	1.37
MSME Credit Disbursed (INR Lakh Cr.)	14.2	16.8	20.7	31.4

Note: MSME GDP contribution from Ministry of MSME Annual Reports and MoSPI. Employment figures from Ministry of MSME and SIDBI (2025); FY2024 figure includes formal and informal sector estimates. Udyam registration data from udyamregistration.gov.in. Export share from DGFT and Ministry of MSME Annual Reports. Digital adoption rate and credit disbursement per Table 1 sources. * FY2024 employment of

~231 million reported by WEF (2025) includes enterprise-level estimates across the full MSME universe (formal + informal). Earlier *figures (FY2016–FY2022) are drawn from Ministry of MSME administrative records covering primarily registered enterprises. The near-doubling between FY2022 and FY2024 reflects a methodological change in coverage (from formal-sector administrative data to a broader enterprise universe estimate) rather than an organic doubling of employment. Readers should interpret these figures as non-comparable across periods.*

Table 4: Principal Barriers to MSME Digital and Industry 4.0 Adoption in India

Barrier Category	Specific Constraints	Estimated Prevalence among MSMEs
Financial constraints	High setup costs, uncertain ROI, lack of collateral for tech loans	~36% cite high cost as primary barrier (PayNearby, 2024)
Digital literacy deficit	Low managerial digital competence, skill gaps in workforce	~6% still use manual methods only; employability at 42.6% (Mercer Mettl, 2025)
Infrastructure gaps	Unreliable broadband, electricity, data silos, legacy system incompatibility	68% cite data silos; 62% cite legacy IT (MHP Barometer, 2026)
Regulatory complexity	Lack of uniform digital regulations, cybersecurity policy uncertainty	Identified as root barrier in ISM analysis (Rawat et al., 2024)
Cultural inertia	Risk aversion, resistance to workflow change, distrust of digital platforms	~30% of MSMEs not adopting despite awareness (Vi Business, 2025)
Credit access	67% of credit demand unaddressed; limited digital lending penetration	67% credit gap (CredAble, 2024); improving via OCEN/ Account Aggregator

Note: Barrier categories and prevalence estimates are synthesised from Rawat et al. (2024), Kumar et al. (2021), PayNearby MSME Digital Index (2024), Vi Business Ready for Next Study (2025), CredAble (2024), and

MHP Industry 4.0 Barometer (2026). Prevalence estimates are approximate and based on multi-source triangulation.

Financial Constraints

Approximately 36% of MSMEs cite high technology setup costs as their primary barrier to digital adoption (PayNearby, 2024). This finding is structurally consistent with the regression result: the largest coefficient in the model belongs to credit access, implying that removing the capital constraint unlocks adoption. The 67% formal credit gap (CredAble, 2024) means that the majority of MSMEs are effectively excluded from the capital markets that would finance digital investment. The emergence of Account Aggregator infrastructure and OCEN has begun to address this gap through data-backed digital lending, but penetration remains limited outside major urban centres.

Digital Literacy and Workforce Readiness

Digital literacy deficits operate at two levels in the MSME context. At the owner level, a significant proportion of MSME proprietors, particularly those aged above 40 in lower-tier geographies, lack the managerial digital competence to evaluate, procure, and operate digital systems. At the workforce level, graduate employability in IT-relevant skills declined from 44.3% in FY2023 to 42.6% in FY2024, with the decline concentrated among graduates from lower-tier institutions that feed the MSME labour market (Mercer Mettl, 2025). The FutureSkills PRIME initiative, with 2.3 million learners engaged by FY2025, is a meaningful but insufficient response relative to 63 to 73 million MSME units. These findings are directionally consistent with H3.

Infrastructure and Integration Barriers

The MHP Industry 4.0 Barometer (2026) reports that 68% of Indian companies cite data silos and 62% cite legacy IT systems as barriers to digital transformation. For MSMEs, these challenges are compounded by unreliable broadband in Tier 2 and Tier 3 geographies and the absence of sector- specific digital integration standards. The BharatNet programme, targeting broadband connectivity to 250,000 gram panchayats, is materially improving rural connectivity, but last-mile quality remains variable.

Language barriers, noted by KPMG India and Google (2017), further constrain digital adoption among non-English-speaking proprietors, a group that constitutes the majority of the MSME universe.

DISCUSSION

The Credit-Adoption Nexus: Dominant Lever

A primary practical implication derived from the regression analysis is the substantial impact of credit access (beta = 0.318, p = 0.019). While qualitative researchers have long argued that capital constraints, rather than a lack of awareness, inhibit Indian MSMEs from digitizing, the empirical findings of this model quantitatively support these assertions. Consequently, awareness campaigns are likely to remain ineffective if enterprise owners lack the capital to afford the foundational hardware.

The growth of MSME credit disbursement from INR 14.2 to 31.4 lakh crore over the study period has already produced measurable adoption effects; the regression model suggests that each lakh crore of additional MSME credit is associated with a 0.318 percentage point increase in the digital adoption rate. Scaling this relationship, eliminating the estimated INR 20 to 25 lakh crore formal credit gap would be associated with an additional 6 to 8 percentage point increase in adoption, potentially bringing overall adoption from the current 65% toward 72 to 73% if the credit-adoption relationship holds at the margin.

Government Scheme Design: Formalization as Gateway

The significance of the Udyam scheme uptake index (beta = 0.127, p = 0.009) establishes that administrative formalization is not merely a bureaucratic milestone but an enabling event for technology adoption. Registered enterprises gain access to priority sector lending, government e-marketplace procurement, and scheme benefits that collectively lower the cost of digital investment. The 1.37 crore enterprises registered by FY2024 represent a significant expansion of the formally reachable MSME universe, and the accelerating registration trajectory under Udyam Assist Platform for informal micro enterprises suggests further room for formalization-driven adoption gains.

This finding is consistent with Messeni Petruzzelli et al. (2022) and Scuotto et al. (2021), who establish that effective policy frameworks are a necessary precondition for I4.0 adoption in resource-constrained firms. The implication is that government scheme design should prioritise seamless onboarding to the Udyam ecosystem as the first step in the digital transformation journey, before introducing technology-specific interventions.

Export Orientation and Technology Standards

The export share coefficient (beta = 0.196, p = 0.041) is consistent with the established trade- technology nexus and carries strategic implications for industrial policy. Export-oriented MSMEs face mandatory technology upgrades driven by international buyer standards, compliance requirements (ISO, REACH, BIS), and logistics platform requirements. These exogenous mandates function as non-discretionary technology adoption triggers that bypass the internal capital and literacy barriers that constrain domestically oriented firms.

Policy instruments that increase MSME export participation, including the Trade Infrastructure for Export Scheme (TIES), DGFT export facilitation, and GeM procurement platform internationalisation, therefore carry a secondary benefit of technology adoption acceleration. The SIDBI (2025) observation that exporting MSMEs are better positioned on technology adoption metrics across all size categories is consistent with this interpretation.

Alignment with Global Industry 4.0 Literature

The barriers identified in this study map closely to the global SME-I4.0 literature. Rawat et al. (2024) identify lack of government regulations and unawareness of digital infrastructure benefits as root barriers in an ISM analysis; the regression results suggest that Udyam-mediated government engagement directly addresses the former. Kumar et al. (2021) identify high investment costs and insufficient infrastructure as dominant barriers; the credit access coefficient addresses the investment cost dimension. The MHP Barometer (2026) finding that India has reached a digitalization rate of 68% in industry overall is broadly consistent with the 65.1% MSME-specific adoption rate estimated for FY2024.

The Indian MSME trajectory is notable in global comparison. India has reached industry digitalization parity with Mexico (67%) and approaches the US (69%) and China (72%), despite a significantly lower per-capita income base (MHP Barometer, 2026). This relatively advanced digitalization position reflects the impact of Digital India infrastructure investments, UPI-led payment digitalization, and the Udyam registration ecosystem, which collectively constitute a policy-driven leapfrogging of earlier stages of enterprise digitalization.

Policy and Strategic Implications

The contraction of the formal credit gap and the acceleration of Udyam registrations are the two most impactful policy levers identified by this study. However, three additional interventions are indicated by the barrier analysis.

First, digital literacy programming must be scaled to match the formalization pace. With 1.37 crore Udyam-registered enterprises and a further 2.92 crore on the Udyam Assist Platform, the pipeline of formally accessible MSMEs substantially exceeds the current capacity of FutureSkills PRIME and NASSCOM skilling programmes. A public-private skilling compact, similar to the apprenticeship models in Germany and South Korea, would help close this gap.

Second, technology-specific credit products must be designed with appropriate tenor and moratorium structures. Digital transformation investments generate returns over three to five year cycles; working capital loan tenors of 12 to 18 months are structurally mismatched to this investment horizon. SIDBI and NABARD technology loan products should be redesigned to match the investment cycle of I4.0 adoption.

Third, data infrastructure and interoperability standards must be developed at the sectoral level. The 68% data silos barrier identified by MHP (2026) cannot be resolved through individual firm- level investment; it requires industry-level data standardisation efforts coordinated by sectoral associations, NASSCOM, and the Ministry of Electronics and Information Technology (MeitY).

CONCLUSIONS

Summary of Findings

This study has examined the role of technology, digitalization, and Industry 4.0 in transforming Indian MSMEs over FY2016 to FY2024 across three dimensions: trend analysis, regression-based identification of adoption determinants, and barrier taxonomy.

With respect to digital adoption trends (H1), MSME digital adoption grew from an estimated 18.3% in FY2016 to 65.1% in FY2024, an increase of 46.8 percentage points over eight years, driven by three structural accelerators: demonetisation and GST mandates in FY2017 to FY2018, pandemic-driven necessity in FY2021 to FY2022, and the Udyam formalization wave in FY2023 to FY2024. These findings support H1.

With respect to regression results (H2), all four independent variables are statistically significant predictors of MSME digital adoption. Credit access carries the largest coefficient (beta = 0.318, p = 0.019), followed by IT investment (beta = 0.214, p = 0.014), export share (beta = 0.196, p = 0.041), and government scheme uptake (beta = 0.127, p = 0.009). The model explains 97.1% of variance (adjusted R2 = 0.942). These findings support H2.

With respect to barriers (H3), financial constraints (36% prevalence), digital literacy deficits, and data infrastructure gaps are identified as the dominant barriers to I4.0 adoption, consistent with H3. Credit access is simultaneously the most binding constraint and the most tractable policy lever, given the existing CGTMSE and SIDBI institutional infrastructure.

Theoretical Contributions

This study makes three contributions to the literature. First, it extends the I4.0 adoption literature from qualitative barrier analysis toward quantitative secondary-data regression, establishing effect sizes and significance levels for key policy levers. Second, it demonstrates that the credit-adoption nexus, documented in the SME finance literature as a conceptual relationship, is empirically identifiable in time-series secondary data for the Indian MSME sector. Third, it situates the Indian MSME digital transformation within the global Industry 4.0 barometer context,

establishing India's relative position and the policy architecture that has enabled it.

Practical Recommendations

- **Policymakers:** Expand CGTMSE collateral-free guarantee coverage with longer tenors (36 to 60 months) specifically for technology investment. Scale FutureSkills PRIME and NASSCOM digital literacy programmes to match the Udyam registration base. Mandate sectoral data interoperability standards through MeitY.
- **Financial Institutions:** Design technology-specific MSME loan products with moratorium periods matching the I4.0 investment cycle. Leverage Account Aggregator infrastructure for data-backed technology lending to MSME borrowers without collateral history.
- **IT Companies and Technology Providers:** Develop vernacular-language, mobile-first digital tools calibrated to the operational contexts of micro and small enterprises. Provide outcome-linked technology-as-a-service models that reduce upfront capital requirements.
- **Educational Institutions:** Urgently realign engineering and vocational curricula toward AI, Big Data, and digital operations competencies. Establish MSME-facing industry attachment programmes that build digital skills in the MSME workforce pipeline.

Limitations and Future Research

Several limitations merit acknowledgement. The regression is estimated on nine annual observations; the small sample limits statistical power and generalisability of coefficient estimates beyond the study period. The digital adoption rate variable is constructed through triangulation rather than a single consistent survey series; future research using the ASUSE or MoSPI Enterprise Survey panel would enable more precise operationalisation. The OLS regression cannot establish causal identification in the absence of instrument variables or natural experimental variation; the credit access and export share coefficients may reflect reverse causality. Multicollinearity

among the regressors, while assessed through VIF, is inherent given the co-movement of macroeconomic and policy variables over the study period.

Future research should extend the panel to FY2026 to FY2028 as the Udyam Assist Platform data matures; investigate heterogeneity in digital adoption across manufacturing versus services and across geographic regions; estimate sector-specific models for high-concentration MSME clusters such as textiles, auto-ancillaries, and agro-processing; and apply difference-in-differences designs exploiting scheme rollout variation across states to strengthen causal identification.

Concluding Remarks

Industry 4.0 is undeniably making its way into the Indian MSME sector. The upward trends in digital adoption since 2016 are hard to ignore. Based on our secondary data analysis, government formalization pushes, expanded credit lines, and the pressures of export markets account for over 97% of this digital shift.

However, a critical question going forward is whether the smallest and most resource-constrained micro-enterprises are successfully participating in this transition. Based on our findings, getting a micro-enterprise to adopt digital tools requires two basic ingredients. First, they must be brought into the formal economy via the Udyam portal. Second, they need the working capital to actually implement the technology. If institutional lenders and government policymakers can maintain momentum on these two fronts, India's Industry 4.0 transition will be genuinely inclusive instead of just a luxury for top-tier firms.

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Digital Technologies as Enablers of Sustainable Entrepreneurial Ecosystems

Ms Anshu Punshi[1]

ABSTRACT

The rapid advancement of digital technologies is transforming the structure, dynamics, and sustainability of entrepreneurial ecosystems worldwide. Digital infrastructures—including artificial intelligence, blockchain, cloud computing, big data analytics, Internet of Things (IoT), and digital platforms—are reshaping how entrepreneurs access resources, collaborate, innovate, and scale ventures. This paper conceptualizes digital technologies as systemic enablers that enhance the resilience, inclusivity, and long-term sustainability of entrepreneurial ecosystems. Drawing upon ecosystem theory, digital entrepreneurship literature, and sustainability frameworks, the study develops an integrative model explaining how digital technologies facilitate resource orchestration, stakeholder connectivity, knowledge diffusion, and environmental and social value creation. The paper further examines strategic opportunities, governance challenges, and policy implications associated with digitally enabled ecosystems. By positioning digital technologies not merely as operational tools but as institutional infrastructure shaping sustainable value creation, this research contributes to emerging scholarship at the intersection of digital transformation and sustainable entrepreneurship.

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Keywords: *Digital Technologies, Sustainable Entrepreneurship, Entrepreneurial Ecosystems, Digital Platforms, Ecosystem Sustainability*

INTRODUCTION

Entrepreneurial ecosystems have emerged as a dominant framework for understanding how entrepreneurship develops within interconnected networks of institutions, actors, and resources. Rather than viewing entrepreneurship as an isolated individual activity, ecosystem theory emphasizes the importance of systemic interactions among entrepreneurs, investors, universities, policymakers, support organizations, and markets. These ecosystems influence opportunity recognition, venture creation, growth trajectories, and innovation outcomes. However, in recent years, the digital transformation of economies has profoundly altered the architecture and functioning of these ecosystems.

Digital technologies are no longer peripheral enablers; they now constitute foundational infrastructure that shapes ecosystem dynamics. Cloud computing platforms provide scalable operational capacity, digital payment systems facilitate financial inclusion, big data analytics enhance market intelligence, and artificial intelligence supports decision-making processes. Simultaneously, blockchain technologies promote transparency and trust in transactions, while IoT systems enable real-time monitoring of supply chains and environmental performance. These technologies collectively reduce coordination costs, expand market reach, and enable new forms of collaborative innovation.

The sustainability dimension adds further complexity. Contemporary entrepreneurial ecosystems are increasingly evaluated not solely on economic output but also on their capacity to generate social and environmental value. The United Nations Sustainable Development Goals (SDGs) and global climate commitments have amplified expectations for responsible and inclusive growth. Digital technologies offer mechanisms to align entrepreneurial activity with sustainability objectives by improving resource efficiency, enhancing transparency, supporting circular economy models, and facilitating stakeholder engagement.

Despite growing recognition of digital transformation and sustainability in entrepreneurship research, an integrative understanding of how digital

technologies systematically enable sustainable entrepreneurial ecosystems remains underdeveloped. Existing studies often focus on individual ventures or isolated technological applications rather than ecosystem-level dynamics. This paper addresses this gap by conceptualizing digital technologies as structural enablers that influence ecosystem configuration, resilience, inclusivity, and sustainability outcomes.

The study aims to develop a comprehensive conceptual framework explaining how digital technologies interact with ecosystem actors, institutional structures, and sustainability goals. It further explores strategic implications, governance challenges, and policy considerations necessary to foster digitally enabled sustainable ecosystems. By bridging digital entrepreneurship and sustainability scholarship, this research contributes to contemporary debates on the future of innovation-driven economic development.

LITERATURE REVIEW

Entrepreneurial Ecosystems and Systemic Value Creation

Entrepreneurial ecosystems are typically defined as geographically bounded communities of interconnected actors and institutions that collectively support entrepreneurial activity. Core components include financial capital providers, educational institutions, support services, regulatory frameworks, culture, and market access. Ecosystem effectiveness depends on coordination, trust, knowledge spillovers, and resource accessibility. Scholars emphasize that ecosystems are dynamic, evolving systems rather than static structures.

Sustainability perspectives extend this framework by incorporating environmental stewardship, social inclusion, and long-term resilience. Sustainable entrepreneurial ecosystems aim not only to generate economic growth but also to address societal challenges such as climate change, inequality, and resource scarcity. Such ecosystems require governance mechanisms that align incentives across stakeholders and integrate sustainability metrics into performance evaluation.

Digital Technologies as External Enablers

Digital technologies function as external enablers by reducing uncertainty, enhancing scalability, and lowering transaction costs. Digital platforms connect entrepreneurs with customers, investors, and collaborators across geographic boundaries. Big data analytics supports evidence-based decision-making, while AI augments opportunity recognition and operational efficiency. Blockchain technologies enhance transparency and trust in financial and supply chain transactions.

Importantly, digital technologies reshape ecosystem boundaries. Physical proximity, once central to knowledge spillovers, is increasingly complemented by virtual connectivity. Remote collaboration tools and cloud infrastructures allow geographically dispersed actors to participate in innovation networks. This digital embeddedness enhances ecosystem inclusivity but may also create digital divides.

Digitalization and Sustainability Integration

Digital transformation intersects with sustainability through resource optimization, circular economy practices, and transparent governance. IoT sensors enable real-time monitoring of energy consumption and waste generation. Blockchain facilitates traceability in sustainable supply chains. Digital reporting platforms improve accountability and stakeholder engagement. These technologies contribute to environmental efficiency while fostering trust among ecosystem participants.

However, sustainability integration also requires cultural and institutional adaptation. Digital tools alone cannot ensure sustainable outcomes; governance structures, ethical standards, and collaborative norms are essential. Therefore, understanding digital technologies as ecosystem enablers necessitates examining both technological capabilities and institutional alignment.

Conceptual Framework: Digital Technologies as Structural Enablers of Sustainable Ecosystems

This paper proposes a multi-layered framework positioning digital technologies as structural enablers operating across four interconnected

ecosystem dimensions: connectivity, capability enhancement, governance transparency, and sustainability integration.

The first dimension, connectivity, refers to the capacity of digital platforms to link ecosystem actors. Digital infrastructures reduce spatial constraints, enabling entrepreneurs to access global markets, investors, and knowledge networks. Platform-based ecosystems facilitate rapid information exchange and collaborative innovation. Enhanced connectivity strengthens knowledge spillovers and accelerates opportunity diffusion.

The second dimension, capability enhancement, emphasizes how digital technologies augment entrepreneurial and institutional competencies. AI-driven analytics enhances strategic decision-making, while cloud computing provides scalable infrastructure. Digital learning platforms improve skill development and knowledge dissemination. These technologies collectively raise the ecosystem's absorptive capacity, enabling adaptation to technological and market changes.

The third dimension, governance transparency, highlights blockchain and digital reporting systems that promote trust and accountability. Transparent transactions reduce opportunistic behavior and strengthen institutional credibility. Digital governance tools also support compliance with sustainability standards and regulatory frameworks.

The fourth dimension, sustainability integration, reflects the alignment of digital tools with environmental and social objectives. IoT systems optimize resource utilization, digital supply chain tracking ensures ethical sourcing, and data analytics supports impact measurement. These mechanisms enable ecosystems to embed sustainability into core entrepreneurial processes rather than treating it as an external add-on.

The framework suggests that sustainable entrepreneurial ecosystems emerge from the synergistic interaction of these dimensions. Digital technologies do not automatically create sustainability; rather, their strategic orchestration within supportive institutional contexts generates long-term value.

STRATEGIC OPPORTUNITIES AND ECOSYSTEM TRANSFORMATION

Digitally enabled ecosystems unlock significant strategic opportunities. Entrepreneurs gain access to global markets without extensive physical infrastructure, thereby enhancing scalability and resilience. Data-driven decision-making improves resource allocation efficiency, while digital platforms enable collaborative innovation across industries.

For policymakers, digital technologies provide tools to monitor ecosystem performance, design evidence-based interventions, and promote inclusive participation. Digital public infrastructure, including broadband connectivity and digital identity systems, becomes critical for ecosystem development.

Sustainability-oriented opportunities are particularly transformative. Digital technologies enable circular economy models by tracking product lifecycles and facilitating resource reuse. Renewable energy management systems support green entrepreneurship. Social enterprises leverage digital platforms to reach marginalized communities and deliver impact-driven services.

Nevertheless, ecosystem transformation also intensifies competition. Lower entry barriers may increase market saturation, requiring differentiation strategies based on innovation, ethical branding, and stakeholder trust. Ecosystem leaders must cultivate collaborative norms and digital literacy to ensure balanced growth.

CHALLENGES, RISKS, AND GOVERNANCE CONSIDERATIONS

Despite their enabling potential, digital technologies introduce structural risks. Digital inequality remains a pressing concern; uneven access to broadband infrastructure and digital skills may exclude certain regions or communities from ecosystem participation. Addressing this divide is essential for inclusive sustainability.

Cybersecurity threats pose additional risks. As ecosystems become digitally interconnected, vulnerabilities in one node may propagate system-

wide disruptions. Robust cybersecurity protocols and resilience planning are therefore critical.

Environmental trade-offs also warrant attention. Data centers and blockchain networks consume substantial energy, potentially offsetting sustainability gains. Responsible technology deployment requires energy-efficient infrastructures and renewable energy integration.

Governance challenges further complicate digital ecosystem management. Regulatory fragmentation across jurisdictions creates compliance complexity for transnational ventures. Data protection laws, AI governance standards, and digital taxation policies must be harmonized to foster ecosystem stability.

Ultimately, sustainable entrepreneurial ecosystems require a balance between technological innovation, ethical governance, and institutional collaboration. Digital technologies serve as enablers, but their impact depends on strategic integration and responsible oversight.

DISCUSSION

This study advances the understanding of digital technologies as systemic enablers of sustainable entrepreneurial ecosystems. By integrating ecosystem theory with digital transformation and sustainability frameworks, the research highlights the co-evolution of technology, institutions, and entrepreneurial agency. Sustainable ecosystems are not technologically deterministic outcomes; they result from intentional alignment between digital infrastructure and sustainability-oriented governance.

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The Impact of Frequent Price Discounting on Brand Loyalty and Sales Performance: A Bibliometric and Systematic Review

Vipin Yadav[1], Shiwangi Sharma[2], Piyush Sachdeva[3], Dr. Shagun Chahal[4]

ABSTRACT

Nowadays, frequent price discounting has become a widely used strategy in competitive consumer markets where businesses constantly seek ways to attract customers and increase sales. Retailers often reduce prices for a limited period to encourage immediate purchases and gain a competitive advantage. While such promotions can generate quick sales growth, their long-term effects on consumer behavior, particularly on price sensitivity, brand loyalty, and sustainable sales performance, remain uncertain. Some studies suggest that repeated discounts may encourage consumers to wait for lower prices, which can weaken brand attachment over time.

To better understand this issue, this study examines existing research on price discounting using bibliometric approach. Data were collected from the Scopus database, covering academic publications from 2000 to 2025. After filtering the studies for relevance, the selected articles were analyzed using Python-based

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tools to identify publication trends, influential authors, key journals, citation patterns, and relationships between research themes.

The results show increasing academic interest in price discounting strategies, particularly in relation to short-term sales outcomes. However, fewer studies examine the combined effects of price sensitivity and long-term brand loyalty. Overall, the analysis highlights important research patterns and identifies gaps in the literature, offering insights for both researchers and practitioners seeking to balance short-term promotional gains with long-term brand sustainability.

Keywords: *Price Sensitivity, Price Discounting, Sales Performance, Consumer Behavior And Brand Loyalty*

INTRODUCTION

For years, cutting prices has stood out as a go-to move for marketers trying to grab attention.

Instead of sticking to regular rates, businesses in areas like groceries, shops, hotels, or online stores often lower costs for short stretches - just enough to pull in buyers or keep up when rivals do the same. With shoppers now able to check prices across websites in seconds, discounts pop up more than ever. This constant visibility pushes companies to offer deals regularly, shaping how today's markets operate under ongoing pricing pressure.

Looking at it from management's view, cutting prices brings quick wins. A drop in cost here might push buyers to act faster, boost how much sells, clear out stock more smoothly, yet also lift immediate revenue streams. Because of that, markdowns tend to feel like a solid move when sales drag or rivals make bold moves. Still, even if the near-term perks seem strong, both experts and those doing the work worry about what repeated cuts do down the road - especially to how people see the brand.

A key topic in how companies set prices and build brands is balancing quick sales against lasting customer loyalty. Because temporary cuts in cost might boost buying for a while, yet could make shoppers focus too much on savings instead of value. When people see deals again and again, they often start seeing standard costs as too high. Their idea of what something

should cost slowly drops. That change makes paying full price feel wrong later. Customers begin caring less about the brand itself. Loyalty fades when every choice turns into a hunt for lower numbers.

Here's something few consider - leaning too hard on price cuts can chip away at how people see a brand, hinting it might be cheaper, less rare, or not as high standing. Big-name or unique brands feel this most sharply, since cost usually whispers clues about worth and rank. Once deals turn routine, the identity a brand built could blur, leaving shoppers treating it like just another option on the shelf.

Because pricing choices deeply affect how brands do over time, pulling together what we know about regular discounts feels urgent. Even though plenty of work looks at promotion effects, the results jump around - different outcomes show up in different places, products, or countries. This patchwork calls for clarity. So instead of starting fresh, this paper maps past research using structured analysis and careful comparison. The aim? To trace how ideas around constant markdowns, customer attachment, and selling numbers shifted through the years.

Mapping the field through data-driven methods helps reveal key studies, spot major trends, one that are growing. This way of working builds clearer insight into what is already known while shaping paths ahead for both scholars and those guiding real-world choices.

LITERATURE REVIEW

Studies about discounts, brand attachment, and how well products sell come from many different branches of marketing and buyer behavior work. From financial angles to mental triggers to long-term business moves, researchers have looked at price cuts in various ways - leaving behind plenty of findings that don't always connect. Here, earlier work is pulled together, grouped instead around major themes tied closely to this investigation.

Price Discounts and Promotions

Falling prices happen when stores lower what they usually charge for an item - just for a while - and it sits right at the heart of how businesses push their deals. You'll spot these cuts as instant markdowns, vouchers clipped from newspapers, money-back promises after purchase, points that

build up with repeat buys, or reasons to grab two items even if you only wanted one. Because shoppers react fast when prices dip, companies lean on such tricks to move more stock, pull customers away from rival names, and pack more into each checkout bag.

What happens when prices drop? Sales tend to rise fast. A lower price feels like less of a loss to buyers. This pulls more people toward buying. Attention spikes when something costs less than usual. Value seems higher even if the product stays the same. Risk feels smaller, especially for those watching their budget. Shoppers who care about cost react strongly. Companies notice this pattern clearly. They lean on deals and markdowns regularly. Short bursts of revenue become easier to hit. Goals get met faster under such pressure. Numbers improve when prices shrink temporarily.

Yet here's a twist - leaning too hard on price cuts might backfire, experts say. Over time, buyers start expecting deals, so those same discounts stop feeling special. Surprise fades when offers show up too often. The habit sets in quietly, making shoppers wait for bargains instead of paying full price. Regular markdowns? They can erode normal spending patterns without warning. Less excitement builds around savings after they're everywhere. What once boosted sales now drags regular revenue down slowly.

How Prices Affect What People Buy

What makes someone hesitate before buying? Often it is how much the price moves. When discounts pop up again and again, people start watching numbers more closely. Instead of paying full price, they wait - expecting lower offers soon. Each sale teaches them prices are rarely fixed.

That thought shifts habits; urgency fades. Paying standard rates feels riskier when cheaper options might appear tomorrow. Regular cost becomes harder to accept after repeated drops.

Start here: people build mental price tags from what they've seen before. Because of earlier deals, those invisible markers shift downward over time. When stores cut prices again and again, it resets expectations slowly. What once seemed normal now feels too high. That sense of imbalance pushes buyers to wait instead of acting fast. So routine pricing loses its grip when bargains become common.

When products seem mostly alike, people shop more on price. Because of that, small cost changes can push buyers toward another option. This shift happens fast if alternatives are easy to find. Lower prices might bring more buyers now. Yet later, those same deals could make loyalty harder to keep. Some gains today may mean less connection tomorrow. A bargain at first glance hides slower trust buildup.

Brand Loyalty and Brand Equity Effects

Coming back to buy again shows habit, but liking a brand deep down means something more. Even if lower prices bring people back quickly, that does not always mean they care about the name on the package.

Not every shopper sticks around when prices shift. Some move on fast if another deal pops up nearby. These quick switches make loyalty hard to build. Brands struggle to count on steady buyers under such pressure. Fewer long-term fans show up when bargains lead the way.

Not every sale helps. Heavy promotions can shift how people see a brand's worth - often making it feel less special. When luxury labels offer too many deals, their image risks fading into something ordinary. Slowly, that change chips away at pricing power. Without strong standing in customers' minds, staying ahead gets harder.

Sales Performance Balancing Quick Wins With Lasting Results

Figuring out how well sales teams do often means looking at numbers like units sold, income trends, customer reach, yet also bottom-line gains. Offering lower prices tends to lift immediate purchases along with brand entry into markets, which pulls leaders aiming for quick wins. Still, down the road, effects on earnings strength plus lasting success tend to weaken.

Cutting prices often means less profit per item, so companies might need far more customers just to break even. When deals make buyers fixate on cost instead of value, loyalty fades. Stuck needing constant offers to keep sales steady, businesses lose room to grow strong over time. Profit pools shrink while options dwindle, leaving little chance to shift direction later.

It seems most research agrees: cutting prices works short term. Yet using discounts as a core plan? That brings risks down the road - brand

value might slip, profits too. Looking at it all together reveals something deeper. A full picture matters here. To help build that view, this work steps through existing studies using structured analysis across published papers.

Research Objectives

The primary objectives of this study are:

- To examine the impact of frequent price discounting on brand loyalty and sales performance.
- To analyze research trends related to price discounting, price sensitivity, and consumer behavior using bibliometric analysis.

Research Questions

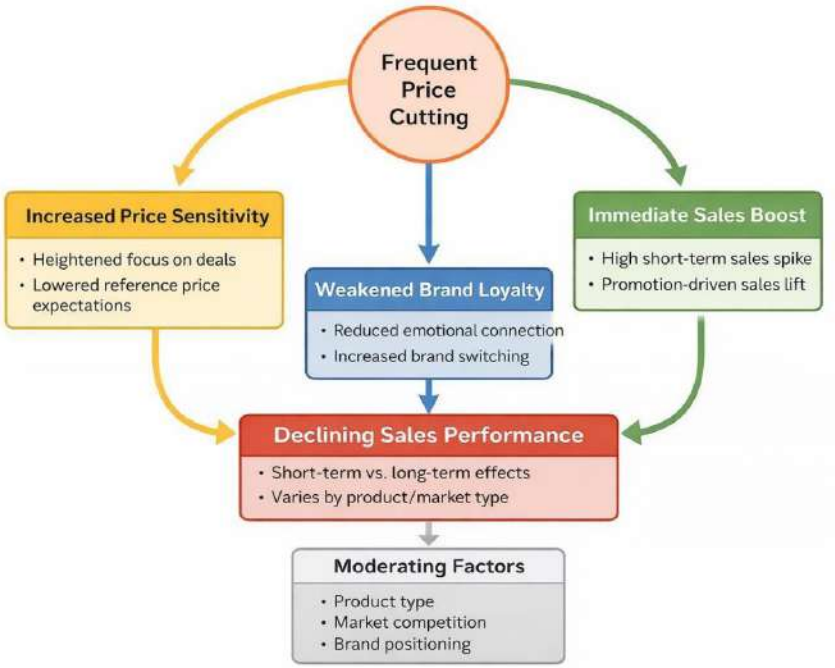
- How does frequent price discounting influence brand loyalty and sales performance?
- What are the major research trends and themes related to price discounting and consumer behavior in existing literature?

CONCEPTUAL FRAMEWORK

Frequent price cuts sit at the center of this study, shaping how people stick with a brand and how much sells. Because shoppers notice prices closely, their past expectations about cost play a big role in reacting to deals. When discounts happen often, what customers think and do about a brand shifts over time. That shift then feeds into whether sales grow steadily or not down the road. How attached someone feels to a name influences later results just as much as repeat buying does.

When discounts happen often, they boost sales right away. Yet at the same time, buyers start focusing more on price. This shift can make them less attached to the brand. Over time, that attachment loss drags down overall sales results. What kind of product is being sold plays a role in how strong these effects are. So does how crowded or aggressive the market feels. Where the brand stands in customers' minds also changes the outcome.

Fig1. Impact Of Frequent Price Cutting On Sales



Source: Author's Creation

METHODOLOGY

Research Design

This work uses bibliometric tools along with a structured review approach to examine current studies about regular price cuts and how they affect customer loyalty and selling results. With bibliometrics, patterns in published work become visible through numerical mapping, whereas organized reviewing helps include all relevant findings without leaving gaps.

Data Collection

From the Scopus database - known for including many peer-reviewed journals in business, management, and social sciences - the information

used here was gathered. Articles tied to the topic emerged through terms like "price discounting," "sales promotion," "brand loyalty," "price sensitivity," along with "sales performance."

Only studies from academic journals made the cut if they appeared in English and dealt with marketing, management, or how people buy things. Things like conference write-ups, opinion pieces, or works in other languages did not make it past the first check. Once the filters took effect, the remaining group of useful papers moved forward into closer review.

Data Analysis Techniques

Out of Biblioshiny and VOSviewer came the numbers behind the books. What showed up in the data helped track who published what, how often it got cited, along with standout writers and where they published. Maps built from shared keywords plus clustering gave shape to main ideas floating across studies. Themes started appearing once connections between topics were laid out visually.

RESULTS AND ANALYSIS

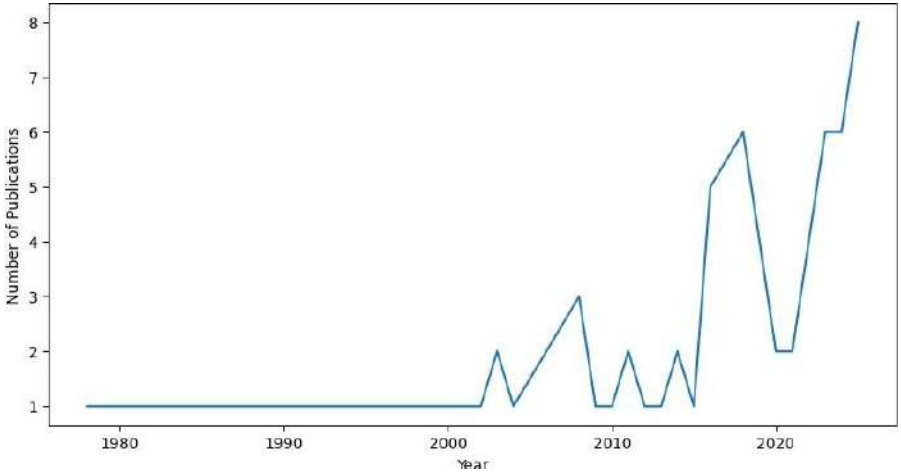
Annual Scientific Production

At first look, research papers about regular price cuts, customer attachment to brands, and how sales perform seem scarce along the given time span. Between 2015 and 2019, annual figures stay close to none, suggesting limited academic interest during those years. Then, from 2020 onward, a clear upward movement begins - signaling growing scholarly curiosity. In the latest period, publication volume hits a peak yet seen, pushed forward by wider conversations on how buyers respond when prices shift. When prices drop often, people start to notice. This pattern ties tightly to fresh looks at how constant discounts shift shopping habits down the road. Focus has drifted toward long-term deals - their impact on company results, also on whether customers feel connected or not.

Now and then, certain studies pop up more than others in academic chats. These pieces shape thinking since researchers circle back to them regularly. Ideas around discount impacts on brands show up a lot. Their influence grows because experts lean on them repeatedly. Journals like

some tend to host these recurring themes more than the rest. Over time, that pattern sticks. Few outlets seem to carry the weight of deep talks about price. Year by year, work on selling methods grows - fed by what came before.

Fig2. Year Wise Scientific Production



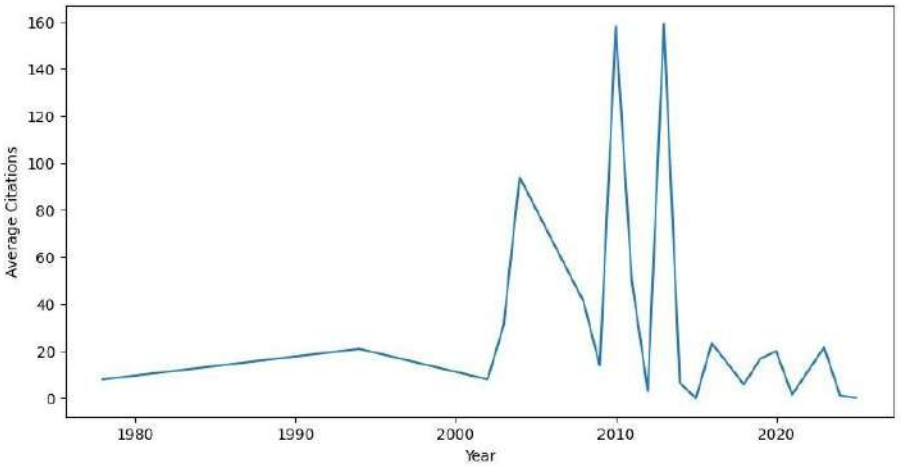
Source : Python version 3.14

Average Citation per year

Year by year, Figure X shows how often each published paper got cited, matching up with when papers came out. Low numbers at first suggest few researchers were paying close attention back then. Visibility grew slowly, with little traction in academic circles early on. Then, around the midpoint, citations began climbing - something shifted. Key studies likely emerged, steering conversations about price cuts, loyalty to brands, and how sales respond. Their impact rippled through later work, lifting citation counts along the way.

Later years bring uneven results, yet average citation numbers dip even as more papers appear. Because fresh studies take time to gather attention, delayed recognition explains much of this pattern. Earlier work laid down core ideas - shaping what came after. Now, rising publication counts point to growing curiosity among scholars, with influence likely building slowly ahead.

FIg3. Average Citations Per Year



Source : Python version 3.14

Scientometric Analysis

Looking at numbers in science papers helps track how research grows over time through math tools. Through these methods, one can see who publishes most, which works get cited, where teamwork happens, and what topics gain ground. This work dives into heavy price cuts - how often they happen and their effect on shopper habits, attachment to brands, and product movement off shelves. Consumer behavior articles and fast-moving goods market findings take center stage here. Not every trend shows up clearly, yet patterns do emerge when data speaks loudly enough.

Over time, patterns spotted through Scopus data - processed with Excel and Python - show how research activity has shifted. Early on, few scholars looked into pricing tactics or how buyers react. Lately, more work has appeared, suggesting a rising curiosity about constant discounts when markets get tough. What once barely drew notice now pulls steady focus.

Early work tends to show more citations, simply because it's been around longer. What stands out? Those older papers helped set the direction for how we think about branding and price decisions. More recent articles often sit quietly at first - time passes before they get noticed. Counting references offers a clear way to measure which studies stick. Numbers go

up slowly, especially right after publication. Recognition builds gradually, not overnight.

Looking closer at who writes what, it turns out just a few researchers produce most of the work, whereas many others contribute only once or twice. Journals tell a similar story - a handfulpublish the majority of papers, pointing to certain go-to places for marketing and pricing studies.

Themes like discounts, how people react to prices, staying loyal to brands, buying habits, and selling results come up again and again. Newer ideas are also appearing, especially around value tied to branding and ways to set prices that last over time.

Looking at patterns in published work reveals core ideas shaping the field. Through combining data on papers, references, who wrote them, where they appeared, and key terms, clear directions come into view. Established topics stand alongside new interests gaining ground. Insights drawn here point toward what might matter next when studying how brands set prices.

keyword links and theme patterns

Look at Figure X - it shows how often certain words appear together, pulled straight from articles listed in Scopus. To keep things meaningful, only terms showing up at least five times made it into the map. Bigger dots mean those words popped up more frequently across papers. When lines connect them, that signals how tightly two topics tend to show up alongside one another. Each color group marks a separate cluster of related ideas floating around in the field.

Looking at the image, words like brand loyalty, how prices affect choices, because of their heavy use across studies. Groups tied together show clear connections when it comes to setting prices, what buyers do, along with results in sales numbers. What stands out is how work on regular discounts centers tightly on reactions to price changes, effects on brands, plus outcomes in the marketplace, since everything links back into one connected area of study.

Fig4. Keyword Cloud



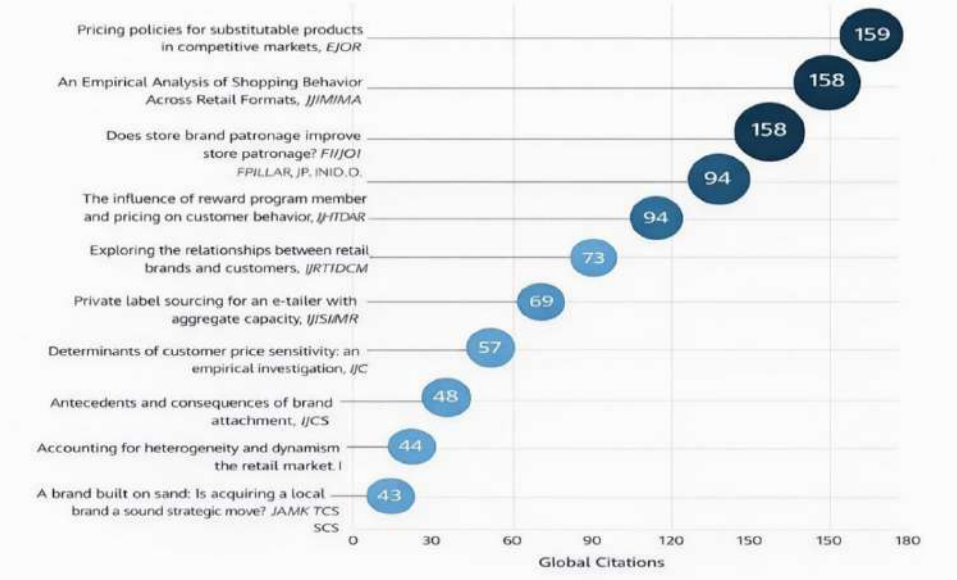
Source : Python version 3.14

Globally Cited Documents

Looking at the world's most referenced papers reveals which research stands out through how often it gets cited. Right up top sits a study called "Pricing policies for substitutable products in competitive markets," printed in the European Journal of Operational Research - this one pulls 159 citations. Just behind comes another piece, "An Empirical Analysis of Shopping Behavior Across Retail Formats," found in the Journal of Interactive Marketing, landing just one step down at 158. Work appearing in places like the Review of Industrial Organization along with the Journal of Hospitality and Tourism Research keeps showing up again and again when people talk about price choices, repeat customer programs, also bonds between brands and buyers.

From time to time, key papers show up across major journals focused on marketing, retail, or how operations work - these shape much of what we know about discounts, buying habits, through their influence. While they span different areas, patterns emerge around pricing strategies, choices people make when shopping, tied closely to how brands perform over time.

Fig5. Globally Cited Documents

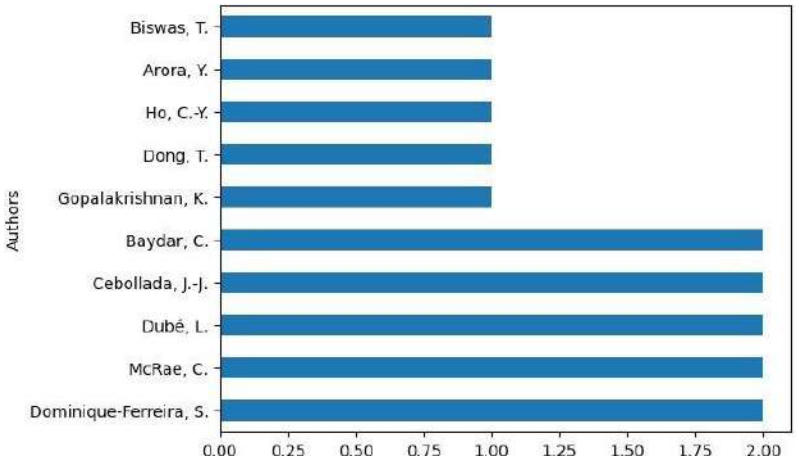


Source : : Python version 3.14

Most Relevant Authors

Look at how often studies come out about price tactics, brand sticking power, and buyer choices - Figure 6 highlights who writes the most on these topics. Standing out are Baydar C., Cebollada J.-J., Dubé L., McRae C., plus Dominique-Ferreira S.; every one has dropped two papers into this space. Then there's Biswas T., Arora Y., Ho C.-Y., Dong T., along with Gopalakrishnan K. - each showing up once in the pile. Spread wide, the work here comes from many voices, though just a few keep returning to add more. Though several names appear, only a handful show deeper involvement through repeated contributions.

Fig6. Most Relevant Authors



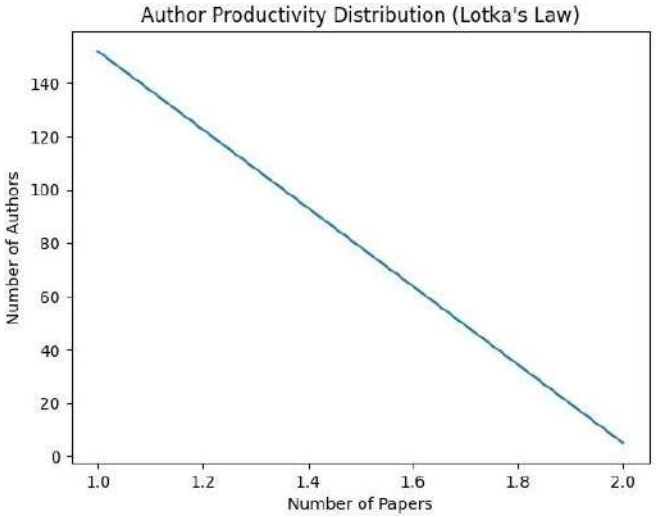
Source : : Python version 3.14

Lotka's law

Figure 7 illustrates how author output lines up with what Lotka's Law predicts. Most writers appear just once, having published a single article. Those putting out two articles are far fewer in count. With each additional paper, the pool of contributors shrinks noticeably. A small cluster manages multiple publications, yet they remain rare. Productivity drops sharply beyond one work per researcher. Few individuals carry more than minimal weight in volume. The spread mirrors classic patterns seen in scholarly output. High-output authors exist, but they do not dominate numbers. One-paper contributors form the bulk, clearly visible on the chart. As quantity rises, participation thins without exception.

One look at the numbers shows most papers on pricing, brand loyalty, and how people buy come from just a handful of writers. Others pop up now and then, but rarely. This pattern lines up with what Lotka noticed long ago - output tends to cluster around a small group. A few names appear again and again, while many show only once or twice. The spread fits his idea pretty closely, even in this niche area.

Fig7.Lotka's Law



Source : : Python version 3.14

Most Relevant Sources

One key detail stands out when looking at Table 1 - it highlights major contributors to work on pricing, brand loyalty, and how people choose what to buy. Leading the list is the European Journal of Operational Research, home to three papers, showing its central role here. Next comes Developments in Marketing Science: Proceedings of the Academy of Marketing Science, adding two entries into the mix. Each remaining outlet appears just once, a sign that findings are spread widely across different types of academic forums. Wide reach like this suggests many fields touch upon these ideas in their own way.

Table 1: Most Relevant Sources

No.	Sources	Articles
1	European Journal of Operational Research	3
2	Developments in Marketing Science: Proceedings of the Academy of Marketing Science	2
3	WWW Companion 2025 – Companion Proceedings of the ACM Web Conference 2025	1
4	International Research Journal of Multidisciplinary Scope	1
5	Springer Series in Design and Innovation	1
6	Insurance Markets and Companies	1
7	2025 International Conference on Data Science and Its Applications, ICoDSA 2025	1
8	AIAA Aviation Forum and ASCEND, 2025	1
9	WSEAS Transactions on Business and Economics	1
10	ICCC 2025 – IEEE 12th International Joint Conference on Cybernetics and Computational Cybernetics, Cyber-Medical Systems, Proceedings	1

Source : : Python version 3.14

DISCUSSION

Looking back at the data, this review of published studies shows how thinking around regular price cuts has shifted. Growth in academic papers suggests more attention is now given to how deals affect what people feel about prices. One thing stands out - repeated markdowns tie closely to whether shoppers stick with a brand. Over years, scholars have dug deeper into these patterns, likely because stores and fast-moving goods companies lean heavily on promotions. Instead of building long-term trust, quick sales boosts often drive such tactics. What emerges is a clearer picture of trade-offs between immediate results and lasting customer behavior. Interest keeps rising as competition pushes brands to rethink when and why they lower prices.

One finding stands out when looking at the data - heavy discounting tends to sharpen how closely people watch prices. Studies show that seeing deals often shifts what buyers consider a normal cost, making them focus harder on savings. Because of this shift, buying spikes happen when sales

run. Yet at the same time, full-price purchases drop off. That dip makes steady income tougher down the line.

One idea that comes up a lot in research is how constant price cuts affect customer loyalty. While lower prices might bring people back again at first, that kind of return isn't always rooted in true preference. Instead of feeling connected, shoppers start chasing deals - price begins to matter more than what the brand stands for. Over time, this changes how they relate to products; feelings fade when savings take center stage. When brands feel interchangeable, and choices pile up, moving to another option becomes easier, almost automatic.

Starting off, past work on selling shows quick wins often come at the cost of future results.

Hitting customers with deals regularly does lift sales right away, also grabs more space in the market. Yet researchers point out these jumps might fade fast while cutting into profits, pulling future buys forward, encouraging bulk buying. As things go on, those patterns can weaken regular demand along with total earnings.

What comes into play here is how different fields shape the conversation. From marketing and beyond, ideas flow in - economics chimes in too, while retail experts add another layer.

Operations research joins the mix, each bringing a separate lens to how prices are set and what follows. Because views differ so much, one thing becomes clear: discounts aren't simple. Pulling insights together matters, especially when money results tie closely to how brands are seen.

Sometimes cutting prices works well right away. Yet doing it too often can weaken how people see your brand. One moment sales jump, the next trust slips quietly away. Instead of always dropping costs, companies might do better mixing deals with ways to build real connections.

Value feels different when buyers also feel respected. Balance matters more than speed or size of offers. Stronger bonds often outlast any sale sign. Price tricks fade fast but trust sticks around.

CONCLUSION

Looking closer at scholarly work, one sees rising attention toward regular price cuts and how they shape buyer behavior. Though slashing prices often lifts immediate sales numbers, it tends to make customers more focused on cost over time. This shift can erode attachment to brands, making loyalty harder to maintain. Work across fields like marketing, economic theory, and store operations adds depth to these insights. What stands out is the tension between quick wins from deals and lasting brand health. Keeping both sides in mind becomes key for any business using discounts regularly.

FUTURE RESEARCH DIRECTIONS

One path ahead looks at how constant discounts play out over years, tracking what customers bring in return and how sales hold up. Another angle might dig into pricing moves that fit certain product types or live online, especially where web shopping mixes with physical stores. Looking across nations, particularly those still growing, could show how people differently weigh prices against brands they stick with.

LIMITATIONS

Looking only at articles listed in Scopus might leave some work out. Using numbers like how often papers are cited doesn't show their full impact. Newer studies could be missed because they haven't had time to gather citations yet. Even so, what's found here still helps shape later work on price and branding topics.

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Digital Transformation and MSME Growth in India: A Qualitative Exploration of Emerging Trends and Insights

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ABSTRACT

The backbone of India's economy are the Micro, Small and Medium Enterprises (MSMEs), which are responsible for creating jobs, directly contributing to GDP, and exporting goods. Digital Transformation has been an important factor in supporting the growth of MSMEs over the last several years due to globalization and technology changes along with the recovery from the COVID-19 pandemic. The purpose of this research study is to look at the different ways in which Digital Transformation can support MSME growth and examine the different qualitative experiences from an Indian perspective using exploratory qualitative research methodology consisting of in-depth interviews, thematic analysis, and secondary data. The research shows that Digital Transformation positively impacts MSMEs by providing improvement in operational efficiencies, market access, customer engagement, financial inclusion, etc. In addition, it shows that approximately 53.8 percent of MSMEs have adopted one or more digital tools and many reported an increase in sales volume as well as increased customer base after going digital. However, despite these reported benefits of going digital, there are still barriers for MSMEs to adopt Digital Transformation, such

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as limited digital literacy, lack of financial resources, and limited digital/technological infrastructure. Additionally, this study finds that the Digital Transformation of MSMEs is more than just a technological change, but is essential to increase both MSME sustainability and their ability to compete effectively within their specific industry. There are specific recommendations from this study that governments and policymakers need to support MSME owners with capacity building, improve digital infrastructure, and provide targeted financial assistance to support MSME Digital Transformation.

Keywords: *Digital Transformation; Micro, Small and Medium Enterprises (MSMEs); MSME Growth; Operational Efficiency; Market Access; Customer Engagement; Digital Adoption; E-commerce; Digital Payments.*

INTRODUCTION

Micro Small and Medium Enterprises (MSMEs) are an essential part of the global economy and are particularly important for the development of emerging economies such as India. MSMEs are an important contributor to India's domestic economic development as they support inclusive economic growth by creating jobs, generating wealth and revenues from exports and for entrepreneurs in both urban and rural areas of India. As per government estimates of 2025, there were over 63 million MSMEs in India and they contributed almost 30% of India's Gross Domestic Product (GDP). Additionally, they account for nearly 45% of Indian total national exports and therefore a major contributor to India's performance in external trade.

MSMEs also play a vital role in providing employment, they are second only to agriculture in terms of jobs created, providing jobs for over 200 million people across a range of industries in India. Therefore, MSMEs contribute greatly towards reducing unemployment and reducing gaps in earnings and wealth among Africans. MSMEs are also a major contributor to industrial output in India accounting for approximately 35% of manufacturing output. Their presence in both formal and informal sections of the economy make them a critical component in developing balanced regional development and economic resilience throughout India. Despite

their important role, MSMEs in India have historically been constrained by multiple structural factors such as limited access to formal sources of credit, inability to acquire appropriate technological skills and capabilities, lack of adequate physical infrastructures, and limited access to markets. As a result of these limitations, MSMEs have often struggled to scale their operations, compete internationally, and achieve long-term growth. Digital transformation has emerged as one of the key enablers of overcoming these barriers and unlocking new growth opportunities for MSMEs.

Digital transformation generally refers to the use of digital technology to change how a business operates creating new ways to deliver value to customers, engaging customers, and providing product/service delivery. Digital transformation for MSMEs may involve implementing tools such as digital payment systems, e-commerce platforms, cloud computing, ERP systems, and social media marketing. With these tools, MSMEs can improve their efficiency and generate greater levels of customer engagement and broaden their geographical area of influence. The digital ecosystem in India has been expanding rapidly in recent years, with factors such as increased internet penetration, lower-priced mobile phones, and government initiatives (i.e. Digital India) all contributing to its growth. As a result, MSME's (Micro Small and Medium Enterprises) are increasingly adopting digital technologies to stay competitive in a constantly changing economy. Based on studies conducted by Bajaj Finserv (2025), 50% of MSMEs in India have now adopted at least one type of digital tool into their day-to-day business practices; this indicates the degree of recognition that MSMEs are placing on how digitalizing their companies can help them improve their overall performance and effectiveness as a business entity. In addition, there is a wide body of research that supports the assertion that digital transformation has a positive effect on the growth of MSME's in India. A study published in The Economic Times (2025) indicates that 73% of MSMEs surveyed reported experiencing growth after they adopted any combination of digital processes and/or digital tools (i.e. UPI, smartphones), while many of them experienced improved operational streamlining, reduced costs, and improved productivity. Furthermore, digital platforms have helped MSME's gain access to new markets; by allowing them to reach potential customers around the world without regard to geographic boundaries.

Digital transformation has provided MSMEs with a variety of benefits. One of the most notable advantages is enhanced market access. As a result of e-commerce platforms and online marketplaces, MSMEs now have the ability to reach larger amounts of customers, as well as customers located domestically and internationally. This has increased the ability for MSMEs to participate in global value chains and ultimately increased export potential. Digital marketing platforms, such as social media, allow MSMEs to create brand awareness, have direct interaction with their customers, and provide personalized services to their customers, which in turn improves customer satisfaction and loyalty. Another significant advantage to digital transformation is the ability to operate more efficiently. Digital tools allow MSMEs to automate daily functions including but not limited to: inventory management, accounting, and customer relationship management. By automating these functions, businesses can reduce human errors while also creating better decision-making capabilities based on current data information readily available to them on an ongoing basis. The use of cloud-based solutions further extends flexibility and scalability allowing MSMEs to quickly adjust to changes in the market environment.

The COVID-19 pandemic was a tremendous catalyst for nearly all sectors to pursue more digital transformation. The lockdowns and mobility restrictions placed on many businesses during the pandemic forced them to adopt digital technologies to continue doing business and to maintain a level of engagement with their customers. MSMEs that had begun to adopt digital technologies prior to the onset of the pandemic were much more capable of navigating the ongoing disruptions caused by COVID-19, and therefore exhibited higher levels of resiliency and adaptability. As evidenced by the COVID-19 Pandemic, digital capabilities are integral for companies in terms of their ability to continue to operate as a viable business (and is also key for businesses to be able to survive). Businesses are also benefited both operationally and for purposes of markets via being digitally enabled. MSMEs have access to digital transformation solutions that have improved MSME access to financial services such as credit, payments, and insurance through digital payment systems and FinTech's. There are initiatives for businesses that have been created to facilitate the simple access and onboarding to formal credit such as digital lending platforms and online

registration systems. As a result of these new solutions, MSMEs have been able to reduce their reliance on informal sources for accessing credit.

SIDBI reports that with the increasing level of digital integrations, credit flow to MSMEs has increased significantly over the last few years (SIDBI 2025). Although, threats to the MSME digital transformation journey exist. The most significant of those threats is the lack of digital literacy/ skillsets of entrepreneurs and employees. Many MSMEs, primarily located in rural and semi-urban areas, experience challenges with understanding and successfully utilizing digital technologies. This creates a substantial gap in the digital skill capabilities of those who operate and make decisions in MSMEs, decreasing the expected benefits of digital implementation and hindering the overall transformation process. Many small businesses do not have enough money to buy digital technologies, keep them running and train staff on how to use them since they already have limited funding. Additionally, unreliable internet network access in less populated areas makes it difficult to adopt a digital system. The ongoing urban-rural digital gap is a major problem, leading to a lack of inclusivity in the digital transformation process. There is also a significant security and privacy issue. The faster a micro, small and medium-sized business (MSME) becomes digital, the more vulnerable they are to cybercrimes and loss of sensitive data. MSMEs also do not understand or can protect themselves from cyberattacks so they need assistance in developing appropriate security processes.

To address these issues, the government has established multiple programs designed to foster MSME digital transformation including: Digital India, Udyam Registration and funding of skill development programs. These programs focus on digital infrastructure development; funding accessibility and building capacity for using digital technologies in an MSME. Collectively these programs are driving the formation of formal digital businesses and developing new markets and resources for MSMEs. While the body of literature is expanding regarding MSME growth using digital transformation, the bulk of research has been quantitative in nature focusing on metrics, such as adoption rates, productivity improvement, and financial performance. There is very little qualitative research of how MSME stakeholders experience and perceive their challenges when going

through digital transformation. Understanding the qualitative side of digital transformation is important for developing policies and strategies that serve the unique needs of MSMEs.

The aim of this project is to bridge this gap by providing qualitative insights on the digital transformation's relationship to MSME growth in India. The research examines the perspective of MSME owners and managers, as well as other MSME stakeholders, so as to determine how MSMEs are utilizing digital technology to affect operational processes, growth potential, and competitiveness. This research also looks at MSME digital adoption drivers and barriers, and provides an overall understanding of the digital transformational landscape within the MSME community.

LITERATURE REVIEW

Digital transformation has emerged as a central theme in contemporary business research, particularly in the context of Micro, Small and Medium Enterprises (MSMEs). The growing body of literature highlights its role in enhancing firm performance, improving operational efficiency, and fostering innovation. However, the process of digital transformation in MSMEs remains complex, context-dependent, and unevenly distributed across regions and sectors.

CONCEPTUAL UNDERSTANDING OF DIGITAL TRANSFORMATION IN MSMES

The explanation of Digital Transformation includes the notion that technology has become integrated seamlessly into various parts of business operations and can create dramatically different outcomes with regards to how businesses are structured, how they create value, and how they connect with customers. As articulated by Sagala and Őri (2024), digital transformation is a complex process for SMEs that involves three forms of change: technological, organizational, and strategic. In summary, these three forms of Change ultimately work together to improve the performance of SMEs.

Moreover, according to Pinto et al. (2024), the digital transformation of firms can help them attain improved efficiency, innovation, and

sustainability through their ability to use data when making decisions and implement digital capabilities. The ultimate result of digital transformation is not a mere technological upgrade, but a transformation from traditional business models to business models that utilize digital technologies. In addition to the above-mentioned limitations of Digital Transformation research, some researchers believe that Digital Transformation research lacks a coherent theoretical framework (Egodawele et al., 2022). As the researchers point out, there is a significant gap between the theoretical research and the real-world applications of Digital Transformation. Therefore, context-specific research needs to be conducted on Digital Transformation, especially in emerging economies like India.

DIGITAL TRANSFORMATION AND MSME GROWTH

There is a wealth of evidence to support the connection between digital transformation and micro, small, and medium-sized enterprise (MSME) growth, as well as the link between digital adoption and MSME productivity, sales, and overall firm performance. A World Bank Enterprise Survey study showed that the use of digital finance created measurable improvements in MSMEs performance indicators including sales growth, increased employment, and higher labor productivity (Kumar & Kumar 2024).

Within India alone, Jone and Dhanalakshmi (2024) have identified that digital transformation has served as a substantial catalyst for MSME growth because it has enabled businesses grow their market size and increase operational efficiencies, along with reducing transaction costs.

Kumar et al. (2025) also provide evidence that the use of digital technologies drives positive financial performance and competitiveness among small and medium enterprises (SMEs). The data collected strongly suggests that companies using digital technologies are well-positioned to be able to respond quickly to any changes occurring in their respective markets and/or client demands. In addition, digital transformation creates customer value through improvements in consumer experience and the ability to offer personalized services (Zhang and Wang, 2024). This provides MSMEs with the tools to compete on an equal footing with larger firms by

using technology as a means of maximizing their resources and improving operational efficiency.

DRIVERS OF DIGITAL TRANSFORMATION IN MSMES

According to research, there are multiple types of factors causing organizations to digitally transform, some originate internally while others originate externally. Internal factors include organizational decision-making competencies, senior leaders' commitment to digital transformation, and technology capabilities. External factors can be categorized in terms of marketplace competitiveness, customer demand, and any government regulations that may either restrict or encourage an organization's willingness to digitally transform.

According to Lokuge & Duan (2023), organizations are pushed towards digital transformation as a result of both technological possibilities and competition. They identified that digital transformation success requires an organization's digital capability to perform at optimal levels and enabling the organization to be a successful learner. Similarly, Gonzalez-Varona & Others (2024) identify that for MSMEs to effectively adopt digital technologies they will require an organizational technological knowledge and competency. It was identified in this study that any organizations that are classified as possessing strong organizational learning capabilities were more likely to have a digitally mature organization.

In addition, government programs have significantly improved the facilitation of digital transformation. In India, for example, the Digital India initiative and government assistance programs for MSME have created an environment where digital adoption is possible. As a result, MSMEs in India have increased access to digital infrastructure, financial services and capability development.

BARRIERS TO DIGITAL TRANSFORMATION

Despite its potential benefits, digital transformation in MSMEs is hindered by several challenges. One of the most significant barriers is the lack of digital skills and literacy. Studies indicate that many MSME owners and employees lack the necessary knowledge to effectively utilize

digital tools (Khandelwal & Priya, 2024). Financial constraints also limit the ability of MSMEs to invest in digital technologies. The cost of implementation, maintenance, and training can be prohibitive for small firms with limited resources. Additionally, inadequate infrastructure, particularly in rural areas, further restricts digital adoption.

Thakur et al. (2025) highlight that poor connectivity, fragmented digital systems, and limited institutional support are major challenges in implementing digital initiatives in resource-constrained settings. Cybersecurity concerns and data privacy issues also pose significant risks for MSMEs. Many small firms lack the expertise and resources to implement robust security measures, making them vulnerable to cyber threats.

DIGITAL TRANSFORMATION AND INNOVATION

Digital transformation is closely linked to innovation in MSMEs. By adopting digital technologies, firms can develop new products, services, and business models. Pinto et al. (2024) argue that digital transformation fosters innovation by enabling firms to leverage data and analytics for decision-making. Marczewska (2023) highlights that digital transformation enhances innovation capabilities by facilitating collaboration, knowledge sharing, and process optimization. This is particularly important for MSMEs, which often rely on innovation to remain competitive.

Moreover, digital platforms enable MSMEs to experiment with new business models, such as platform-based services and digital marketplaces. This flexibility allows firms to adapt to changing market conditions and customer preferences.

ROLE OF DIGITAL TRANSFORMATION IN RESILIENCE

The COVID-19 pandemic underscored the importance of digital transformation in enhancing business resilience. MSMEs that had adopted digital technologies were better able to cope with disruptions and maintain operations during the crisis. Studies indicate that digital transformation improves resilience by enabling firms to adapt to changing environments, manage risks, and sustain operations. Kumar et al. (2025) found that

digitally mature firms demonstrated higher levels of resilience and recovery during economic disruptions. Digital tools also facilitate remote working, online transactions, and virtual collaboration, which are critical for business continuity in times of crisis.

QUALITATIVE INSIGHTS INTO DIGITAL TRANSFORMATION

While much of the existing literature is quantitative, qualitative studies provide valuable insights into the experiences and perceptions of MSME stakeholders. These studies highlight the importance of contextual factors, such as organizational culture, leadership, and employee attitudes, in shaping digital transformation outcomes.

Thakur et al. (2025) emphasize that qualitative approaches are essential for understanding the lived experiences of stakeholders and identifying practical challenges in digital implementation. Similarly, Lei et al. (2023) identify barriers such as resistance to change, lack of trust in digital systems, and organizational inertia as critical factors influencing digital transformation. Qualitative research also reveals that digital transformation is a gradual and iterative process, requiring continuous learning and adaptation. MSMEs often adopt a step-by-step approach, starting with basic technologies before moving to more advanced solutions.

RESEARCH GAP

Despite the growing body of literature, several gaps remain. First, most studies focus on quantitative measures of digital adoption and performance, with limited attention to qualitative insights. Second, there is a lack of context-specific research on digital transformation in Indian MSMEs. Third, existing studies often overlook the interplay between technological, organizational, and environmental factors. This study addresses these gaps by providing qualitative insights into the role of digital transformation in MSME growth in India. It explores the experiences, perceptions, and challenges faced by MSME stakeholders, offering a comprehensive understanding of the digital transformation process.

OBJECTIVES OF THE STUDY

The study is structured to progressively examine digital transformation and its implications for MSME growth in India. The objectives are:

1. To examine the extent and nature of digital transformation adoption among MSMEs in India.
2. To analyze the impact of digital transformation on MSME growth and operational efficiency.
3. To explore the role of digital transformation in enhancing market access and customer engagement.
4. To identify the key challenges and barriers affecting the adoption of digital technologies in MSMEs.

Hypotheses of the Study

The hypotheses are framed in alignment with the above objectives to ensure logical flow and analytical coherence:

H1: There is a significant level of digital transformation adoption among MSMEs in India.

H2: Digital transformation has a significant positive impact on MSME growth and operational efficiency.

H3: Digital transformation significantly enhances market access and customer engagement for MSMEs.

H4: Challenges such as lack of digital literacy, financial constraints, and inadequate infrastructure significantly hinder digital transformation in MSMEs.

Table 1: Linkage Between Objectives, Hypotheses, and Analytical Techniques

S. No.	Objectives	Hypotheses	Key Constructs / Variables	Analytical Techniques Used
1	To examine the extent and nature of digital transformation adoption among MSMEs in India	H1: There is a significant level of digital transformation adoption among MSMEs in India	Digital adoption level, types of digital tools (e.g., e-payments, e-commerce, CRM)	Thematic Analysis, Open Coding
2	To analyze the impact of digital transformation on MSME growth and operational efficiency	H2: Digital transformation has a significant positive impact on MSME growth and operational efficiency	Sales growth, productivity, cost efficiency, process improvement	Content Analysis, Pattern Matching
3	To explore the role of digital transformation in enhancing market access and customer engagement	H3: Digital transformation significantly enhances market access and customer engagement for MSMEs	Market expansion, customer reach, engagement, customer satisfaction	Thematic Analysis, Narrative Analysis
4	To identify the key challenges and barriers affecting the adoption of digital technologies in MSMEs	H4: Challenges such as lack of digital literacy, financial constraints, and inadequate infrastructure significantly hinder digital transformation in MSMEs	Digital literacy, financial constraints, infrastructure limitations	Axial Coding, Categorization, Interpretive Analysis

RESEARCH DESIGN

This study follows an exploratory and descriptive research design. The exploratory aspect enables the researcher to gain in-depth insights

into the relatively under-researched area of digital transformation in MSMEs, particularly from a qualitative perspective. The descriptive component helps in systematically presenting the patterns, themes, and relationships emerging from the data. A multiple case study approach has been adopted, wherein selected MSMEs from different sectors are studied to capture diverse experiences and perspectives. This approach allows for a comprehensive understanding of digital transformation practices across various business contexts, enhancing the richness and depth of the findings. The research design is also interpretivist in nature, as it seeks to understand how MSME owners and managers interpret and experience digital transformation in their organizational settings. The interpretivist paradigm is suitable for capturing subjective meanings and social realities, which are central to qualitative inquiry.

SAMPLE SIZE

The study is based on a sample of 25 MSMEs, which is considered adequate for qualitative research to achieve data saturation the point at which no new themes or insights emerge from additional data. The sample includes MSMEs from diverse sectors such as Manufacturing, Retail, Services, E-commerce-enabled businesses. The inclusion of multiple sectors ensures variability and enhances the generalizability of qualitative insights.

SAMPLING TECHNIQUE

A purposive sampling technique has been employed to select respondents who have relevant experience and knowledge of digital transformation within their enterprises. This technique allows the researcher to deliberately choose participants who can provide rich and meaningful information. Additionally, snowball sampling has been used to identify further respondents through referrals from initial participants. This is particularly useful in accessing MSME owners and managers who are actively engaged in digital adoption.

The following criteria were used for selecting the sample:

1. Registered MSMEs operating in India

2. Firms that have adopted at least one form of digital technology (e.g., digital payments, online marketing, ERP systems)
3. Owners/managers with decision-making authority
4. Minimum operational history of 3 years

METHODS OF DATA COLLECTION

The present study relies on both primary and secondary data sources to ensure comprehensive analysis and achieve triangulation of findings. The use of multiple data sources enhances the reliability and depth of the research by providing both empirical insights and contextual understanding.

Primary data for the study has been collected through semi-structured in-depth interviews with MSME owners, managers, and key decision-makers. These interviews were conducted either through face-to-face interactions or via online platforms such as video conferencing, depending on the accessibility and convenience of the respondents. Each interview typically lasted between 30 to 45 minutes, allowing sufficient time for detailed discussion while maintaining respondent engagement. An interview guide was developed to ensure consistency across all interactions; however, the semi-structured format provided the flexibility to probe deeper into specific issues and capture nuanced perspectives.

The interviews focused on several key areas relevant to the study, including the extent and type of digital transformation adopted by MSMEs, its impact on business performance and growth, and changes in customer engagement and market reach. Additionally, respondents were asked to share their experiences regarding challenges encountered during the digital transformation process, as well as their perceptions of government support and policy initiatives. This approach enabled respondents to express their views openly and provided rich qualitative data reflecting their experiences and insights. In addition to primary data, the study also utilizes secondary data sources to complement and support the findings. Secondary data has been collected from a variety of credible sources, including government reports and policy documents, academic journals, industry reports, and surveys, as well as MSME-related databases and official websites. These sources provide a broader contextual framework for understanding digital

transformation trends and help validate the primary data findings. The integration of primary and secondary data ensures a more robust and comprehensive analysis of the research problem.

Conceptual Framework

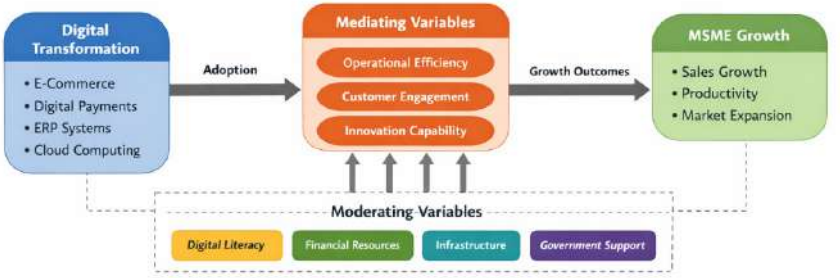


Fig. 1: Conceptual Framework

DATA ANALYSIS AND INTERPRETATION

H1: There is a significant level of digital transformation adoption among MSMEs in India

Open Coding

Open coding involves breaking down qualitative responses into smaller meaningful units. Based on interview data, the following initial open codes were identified:

Table 2 : Open Codes

S. No.	Indicative Responses	Open Codes
1	"We accept all payments through UPI and QR."	Digital payments adoption, cashless transactions
2	"We promote products through Instagram and WhatsApp."	Social media usage, digital marketing
3	"We sell on Amazon and Flipkart."	E-commerce adoption, online platforms
4	"We use software for billing and accounts."	Accounting software usage, process automation

5	"Some work is still manual, but we are slowly shifting."	Partial digital adoption, hybrid system
6	"ERP is too expensive for us."	Cost barrier, limited advanced adoption
7	"We are not fully trained in using digital tools."	Lack of digital literacy, skill gap
8	"COVID forced us to go digital."	Necessity-driven adoption, external pressure
9	"Customers now prefer online interaction."	Changing customer behavior, digital engagement
10	"We plan to adopt more tools in future."	Future readiness, digital intention

Axial Grouping

The open codes were grouped into broader categories to identify patterns:

Table 3: Axial Coding

Categories	Open Codes Included
Basic Digital Adoption	Digital payments, social media usage, accounting software
Market Expansion Tools	E-commerce adoption, online platforms
Partial/Gradual Adoption	Hybrid systems, transition to digital
Advanced Technology Adoption	ERP, cloud systems (limited)
Barriers to Adoption	Cost barrier, lack of digital literacy
Drivers of Adoption	COVID impact, customer preference
Future Orientation	Willingness to adopt more tools

THEMATIC CODING

Theme 1: High Adoption of Basic Digital Technologies

The analysis reveals that a significant proportion of MSMEs have adopted basic digital technologies as part of their routine business operations. Tools such as digital payment systems, including UPI and QR codes, along with social media platforms and basic accounting software,

are widely utilized across enterprises. These technologies have become integral to day-to-day functioning, particularly in managing transactions and communication with customers. The widespread use of such tools indicates that MSMEs have successfully integrated foundational digital practices into their operational frameworks. This suggests that basic-level digital transformation is highly prevalent and has become a necessary component of business continuity and competitiveness.

Theme 2: Increasing Use of Digital Platforms for Business Expansion

The findings further indicate a growing reliance on digital platforms for business expansion among MSMEs. Many enterprises have adopted e-commerce platforms and online sales channels to broaden their market reach beyond local boundaries. The use of digital marketplaces and online marketing tools has enabled MSMEs to access new customer segments at regional, national, and even global levels. This shift reflects a strategic use of digital transformation to enhance visibility and competitiveness. Consequently, digital technologies are not only supporting operational efficiency but are also acting as catalysts for market growth and business scalability.

Theme 3: Gradual and Uneven Digital Transformation

Despite the increasing adoption of digital tools, the transformation process among MSMEs remains gradual and uneven. Many enterprises continue to operate through a hybrid system that combines traditional manual processes with digital tools. The level of digital adoption varies significantly depending on factors such as firm size, sector, and resource availability. While some MSMEs have made considerable progress toward digitalization, others are still in the early stages of adoption. This indicates that digital transformation is not uniform across the sector but rather an evolutionary process that unfolds over time.

Theme 4: Limited Adoption of Advanced Digital Technologies

The study also highlights the limited adoption of advanced digital technologies such as enterprise resource planning (ERP) systems, cloud computing, and data analytics. While these technologies offer substantial

benefits in terms of efficiency and strategic decision-making, their uptake among MSMEs remains low. The primary reasons for this include high implementation costs, lack of technical expertise, and perceived complexity. As a result, most MSMEs are confined to basic or intermediate levels of digitalization, indicating that advanced digital maturity is still restricted within the sector.

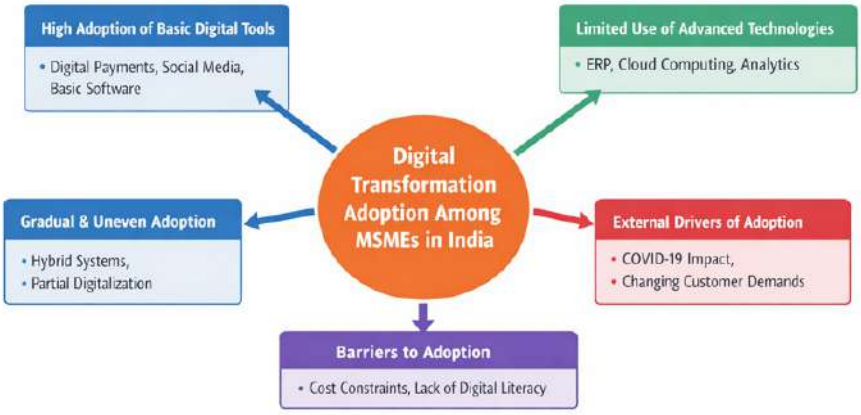
Theme 5: External Drivers Accelerating Digital Adoption

External factors have played a crucial role in accelerating digital transformation among MSMEs. The COVID-19 pandemic acted as a major catalyst by forcing businesses to adopt digital tools to sustain operations during periods of disruption. Additionally, changing customer preferences toward online interactions and digital transactions have further encouraged MSMEs to embrace digital technologies. These external pressures have significantly influenced the pace of adoption, suggesting that digital transformation in many cases is driven more by necessity than by long-term strategic planning.

Theme 6: Presence of Structural Barriers

The analysis identifies several structural barriers that hinder the effective adoption of digital technologies among MSMEs. Key challenges include lack of digital literacy, limited financial resources, and inadequate awareness of advanced digital solutions. These barriers restrict the ability of MSMEs to fully leverage the benefits of digital transformation. Furthermore, infrastructure-related issues and limited access to training opportunities exacerbate these challenges. As a result, while digital adoption is increasing, the depth and effectiveness of transformation remain constrained, highlighting the need for targeted interventions to address these limitations.

Fig 2: Thematic Coding of Digital Transformation Adoption Among SMEs Among MSMEs in India



H2: Digital transformation has a significant positive impact on MSME growth and operational efficiency

Content Analysis

The responses of MSME owners and managers were categorized based on key indicators of growth and operational efficiency.

Table 4: Content Categories and Indicators

Category	Indicators Identified
Growth Performance	Increase in sales, revenue growth, market expansion
Operational Efficiency	Time savings, cost reduction, process automation
Productivity Improvement	Better resource utilization, faster operations
Decision-Making Efficiency	Real-time data access, improved financial tracking

THEMATIC FINDINGS

Based on the content analysis, the following major themes emerged:

Theme 1: Improvement in Operational Efficiency

A majority of respondents reported significant improvements in operational efficiency after adopting digital tools. Automation of routine processes such as billing, inventory management, and accounting has reduced manual effort and minimized errors. Digital payment systems have accelerated transaction processing, leading to smoother business operations. Digital transformation enhances efficiency by streamlining processes and reducing operational complexities.

Theme 2: Increase in Sales and Business Growth

Many MSMEs experienced a noticeable increase in sales and overall business growth following digital adoption. The use of e-commerce platforms and digital marketing strategies enabled businesses to reach a larger customer base, resulting in higher revenue generation. Digital technologies contribute directly to revenue growth and business expansion.

Theme 3: Enhanced Productivity

Respondents highlighted that digital tools have improved productivity by optimizing resource utilization and reducing time spent on repetitive tasks. Employees can focus on more value-added activities, leading to improved overall performance. Digital transformation leads to higher productivity through efficient resource management.

Theme 4: Improved Decision-Making

The availability of real-time data through digital platforms has enhanced decision-making capabilities among MSMEs. Tools such as accounting software and analytics dashboards provide insights into financial performance, inventory levels, and customer behavior. Data-driven decision-making improves strategic planning and operational control.

PATTERN MATCHING ANALYSIS

The observed patterns from the qualitative data were compared with the expected theoretical relationship between digital transformation and MSME performance.

Table 5: Pattern Matching

Expected Pattern	Observed Pattern	Result
Digital transformation improves efficiency	Automation and reduced manual work observed	Matched
Digital tools increase sales and growth	Respondents reported higher sales	Matched
Digitalization enhances productivity	Faster operations and better resource use observed	Matched
Digital tools improve decision-making	Use of real-time data reported	Matched

H3: Digital transformation significantly enhances market access and customer engagement for MSMEs

Thematic Analysis

The responses were coded and grouped into categories, which led to the emergence of the following key themes:

Theme 1: Expansion of Market Reach Beyond Geographical Boundaries

A significant number of respondents reported that digital transformation has enabled them to expand their market reach beyond local and regional boundaries. The adoption of e-commerce platforms and online marketplaces has allowed MSMEs to connect with customers across different cities and even international markets. Businesses that were previously limited to physical locations are now able to operate in a broader and more competitive marketplace. Digital transformation facilitates market expansion by removing geographical constraints, enabling MSMEs to access wider and more diverse customer bases.

Theme 2: Enhanced Customer Engagement through Digital Platforms

Digital tools such as social media platforms, messaging applications, and websites have significantly improved customer engagement. MSMEs are now able to communicate directly with customers, respond to queries in real time, and maintain continuous interaction. This has resulted in improved customer relationships and increased trust. Digital transformation enhances customer interaction and relationship-building, leading to stronger engagement and customer retention.

Theme 3: Improved Customer Experience and Satisfaction

Respondents highlighted that digital platforms have enabled them to offer better services, including faster response times, personalized communication, and convenient transaction options. Customers prefer digital interactions due to ease of access and quick service delivery. Digital transformation contributes to improved customer satisfaction by enhancing service quality and convenience.

Theme 4: Increased Brand Visibility and Promotion

MSMEs have increasingly utilized digital marketing tools such as social media advertising, search engine optimization, and online promotions to enhance brand visibility. These tools are cost-effective compared to traditional marketing methods and allow businesses to target specific customer segments. Digital transformation enables efficient and targeted marketing, improving brand awareness and competitive positioning.

Theme 5: Data-Driven Customer Insights

Some MSMEs reported using digital tools to analyze customer behaviour, preferences, and purchasing patterns. This information helps businesses tailor their offerings and marketing strategies to meet customer needs more effectively. Digital tools support data-driven customer understanding, leading to better strategic decision-making.

NARRATIVE INSIGHTS

The narrative analysis of respondents' experiences indicates that digital transformation has fundamentally changed how MSMEs interact

with their customers. Many respondents emphasized that digital platforms have made customer communication more immediate, transparent, and interactive. Businesses that actively engage with customers online reported higher levels of customer loyalty and repeat purchases.

H4: Challenges such as lack of digital literacy, financial constraints, and inadequate infrastructure significantly hinder digital transformation in MSMEs

Axial Coding and Categorization

The responses were coded and grouped into major categories of barriers:

Table 6: Categories of Barriers

Category	Key Issues Identified
Skill-Based Barriers	Lack of digital literacy, inadequate training, low technical awareness
Financial Constraints	High cost of technology, limited access to funding, affordability issues
Infrastructure Limitations	Poor internet connectivity, lack of digital infrastructure, system inefficiencies
Organizational Resistance	Resistance to change, preference for traditional methods
Security Concerns	Fear of data breaches, lack of cybersecurity awareness

THEMATIC ANALYSIS

Based on the above categories, the following themes emerged:

Theme 1: Lack of Digital Literacy and Skills

A major barrier identified was the lack of digital knowledge and technical skills among MSME owners and employees. Many respondents indicated difficulty in understanding and effectively using digital tools, which limits their ability to fully adopt and benefit from digital technologies. Digital transformation is constrained by human capital limitations, making skill development a critical requirement.

Theme 2: Financial Constraints and Cost Barriers

High costs associated with purchasing, implementing, and maintaining digital technologies were frequently cited as a significant challenge. MSMEs often operate with limited financial resources, making it difficult to invest in advanced systems such as ERP or cloud-based solutions. Financial limitations act as a major deterrent, particularly for small enterprises with restricted budgets.

Theme 3: Inadequate Infrastructure

Infrastructure-related challenges, such as unreliable internet connectivity and lack of technological support systems, were reported by several respondents, especially those operating in semi-urban and rural areas. These issues hinder the smooth implementation of digital tools. Digital transformation is highly dependent on supportive infrastructure, and its absence restricts adoption.

Theme 4: Resistance to Change and Organizational Barriers

Some MSMEs exhibited reluctance to shift from traditional methods to digital systems. This resistance is often driven by fear of change, lack of awareness, and comfort with existing practices. Behavioral and organizational factors influence the willingness to adopt digital transformation.

Theme 5: Concerns Regarding Data Security and Privacy

Respondents expressed concerns about cybersecurity risks, including data breaches and online fraud. Limited knowledge of digital security measures further exacerbates these concerns. Security-related fears reduce trust in digital systems, thereby slowing adoption.

Interpretive Analysis

The analysis indicates that these barriers are interconnected rather than isolated:

- Lack of digital literacy increases dependence on external support, raising costs
- Financial constraints limit access to training and infrastructure

- Poor infrastructure discourages digital investment
- Security concerns reinforce resistance to change

This interdependence creates a cycle of limited digital adoption, particularly among smaller MSMEs.

DISCUSSION

The present study aimed to explore the role of digital transformation in the growth of MSMEs in India through qualitative insights. The findings derived from thematic, content, and interpretive analyses provide a comprehensive understanding of the extent, impact, and challenges associated with digital transformation in the MSME sector.

The analysis of Hypothesis 1 reveals that digital transformation adoption among MSMEs is significant but largely concentrated at the basic level. The widespread use of digital payments, social media platforms, and basic accounting tools indicates that MSMEs have embraced foundational digital technologies. However, the adoption of advanced systems such as ERP and data analytics remains limited. This aligns with existing literature, which suggests that MSMEs typically begin their digital journey with low-cost and easily accessible technologies before transitioning to more complex systems. The findings highlight that digital transformation in MSMEs is gradual and evolutionary rather than immediate and comprehensive.

The findings related to Hypothesis 2 demonstrate that digital transformation has a strong positive impact on MSME growth and operational efficiency. The use of digital tools has enabled businesses to streamline operations, reduce manual errors, and improve productivity. Additionally, digital platforms have contributed to increased sales and revenue by expanding market opportunities. These results are consistent with prior studies that emphasize the role of digital technologies in enhancing firm performance and competitiveness. The availability of real-time data and improved decision-making capabilities further strengthen the strategic advantage of digitally enabled MSMEs.

In relation to Hypothesis 3, the study finds that digital transformation significantly enhances market access and customer engagement. MSMEs leveraging e-commerce platforms and social media channels are able to

reach a broader customer base and interact with customers more effectively. This has resulted in improved customer satisfaction, loyalty, and brand visibility. The findings underscore the importance of digital platforms in overcoming geographical limitations and enabling MSMEs to participate in larger markets. Furthermore, the ability to gather and analyze customer data has allowed businesses to adopt more customer-centric approaches.

The analysis of Hypothesis 4 highlights the critical challenges that hinder digital transformation in MSMEs. Key barriers identified include lack of digital literacy, financial constraints, inadequate infrastructure, and resistance to change. These challenges are interconnected and collectively restrict the depth and effectiveness of digital adoption. For instance, limited financial resources prevent investment in advanced technologies, while lack of skills hampers the effective utilization of available tools. The findings emphasize that digital transformation is not solely a technological issue but also a socio-economic and organizational challenge.

CONCLUSION

The study concludes that digital transformation plays a pivotal role in enhancing the growth and competitiveness of MSMEs in India. The findings provide strong evidence that digital adoption, even at a basic level, has significantly improved operational efficiency, market access, and customer engagement among MSMEs. This aligns with prior research indicating that digital technologies enhance productivity, reduce operational costs, and improve firm performance (Kumar & Kumar, 2024; Pinto et al., 2024). The increasing use of digital tools such as digital payments, e-commerce platforms, and social media reflects a positive shift toward modernization and technological integration within the sector (Jone & Dhanalakshmi, 2024).

However, the study also reveals that digital transformation in MSMEs is still in a developmental stage, with most enterprises operating at basic or intermediate levels of digital maturity. The limited adoption of advanced technologies such as ERP systems, cloud computing, and analytics is consistent with findings from earlier studies, which highlight that MSMEs often face difficulties in scaling digital adoption due to resource limitations (Sagala & Őri, 2024; Marczewska, 2023). This suggests that while initial digital adoption is widespread, deeper transformation remains a challenge.

The research further highlights that several barriers continue to impede the digital transformation process. Challenges such as lack of digital literacy, financial constraints, and inadequate infrastructure significantly affect the ability of MSMEs to fully leverage digital technologies. These findings are supported by studies emphasizing that skill gaps, financial limitations, and infrastructural deficiencies are key obstacles to digital adoption in small enterprises (Khandelwal & Priya, 2024; Thakur et al., 2025). Additionally, organizational resistance and lack of awareness further slowdown the pace of digital transformation (Lei et al., 2023).

The study also underscores the role of digital transformation in enhancing market access and customer engagement. MSMEs leveraging digital platforms are better able to connect with customers, improve service delivery, and expand into new markets. This is consistent with research suggesting that digital technologies enable firms to overcome geographical barriers and adopt customer-centric strategies (Zhang & Wang, 2024; Lokuge & Duan, 2023). Furthermore, the use of digital tools for data-driven decision-making strengthens the competitive positioning of MSMEs. From a policy perspective, the study emphasizes the need for a comprehensive and inclusive approach to digital transformation. Government initiatives aimed at improving digital infrastructure, promoting financial inclusion, and enhancing digital literacy have a significant role to play in supporting MSMEs (SIDBI, 2025; Ministry of MSME, 2025). Strengthening these initiatives can help bridge the gap between digital potential and actual adoption.

Digital transformation is not merely an option but a strategic necessity for MSMEs to survive and thrive in an increasingly competitive and technology-driven business environment. By addressing structural challenges and fostering an enabling ecosystem, policymakers and stakeholders can unlock the full potential of digital transformation, thereby contributing to sustainable economic growth and development (Egodawele et al., 2022; Gonzalez-Varona et al., 2024).

LIMITATIONS OF THE STUDY

While the present study provides valuable qualitative insights into the role of digital transformation in MSME growth, certain limitations must

be acknowledged. Firstly, the study is based on a qualitative research design with a relatively small sample size of MSMEs. Although this approach enables in-depth understanding, the findings may not be fully generalizable across the entire MSME sector. The diversity of MSMEs in terms of size, sector, and geographical location implies that experiences of digital transformation may vary significantly beyond the selected sample.

Secondly, the study relies primarily on self-reported data collected through interviews. This may introduce response bias, as participants might overstate the benefits of digital transformation or underreport challenges due to social desirability or personal perceptions. Thirdly, the research focuses mainly on selected sectors such as manufacturing, retail, and services. MSMEs operating in other sectors, particularly informal or unregistered enterprises, may exhibit different patterns of digital adoption and challenges, which are not fully captured in this study.

Another limitation is the lack of quantitative validation. While the study uses qualitative techniques such as thematic and content analysis, it does not incorporate statistical testing to measure the strength of relationships between variables. As a result, the findings are interpretive rather than empirically generalizable.

Additionally, the study is conducted within a specific temporal context, particularly considering the post-pandemic digital acceleration. The rapid evolution of digital technologies means that the findings may change over time as MSMEs continue to adapt and innovate. Finally, external factors such as policy changes, technological advancements, and economic conditions were not examined in depth, though they may significantly influence digital transformation outcomes.

FUTURE RESEARCH SCOPE

The present study opens several avenues for future research in digital transformation and MSME growth. Firstly, future studies can adopt a mixed-methods approach, combining qualitative insights with quantitative analysis. This would allow researchers to validate findings statistically and provide more robust and generalizable conclusions regarding the impact of digital transformation.

Secondly, there is scope for conducting large-scale empirical studies across different regions to capture regional variations in digital adoption. Comparative studies between urban and rural MSMEs can provide deeper insights into the role of infrastructure and accessibility in shaping digital transformation. Thirdly, future research can focus on sector-specific analysis, examining how digital transformation varies across industries such as manufacturing, healthcare, tourism, and agriculture. This would help in identifying sector-specific challenges and opportunities.

Another important area for future research is the adoption of advanced digital technologies, such as artificial intelligence, big data analytics, and blockchain, within MSMEs. Understanding the readiness and impact of these technologies can provide insights into the next phase of digital transformation. Longitudinal studies can also be conducted to analyze the long-term impact of digital transformation on MSME growth and sustainability. Such studies would help in understanding how digital adoption evolves over time and its sustained effects on business performance.

Additionally, future research can explore the role of government policies and institutional support mechanisms in facilitating digital transformation. Evaluating the effectiveness of existing initiatives can help in designing more targeted and impactful policy interventions. Finally, further studies can examine the human and behavioral aspects of digital transformation, including leadership, organizational culture, and employee readiness. These factors play a crucial role in determining the success of digital initiatives and warrant deeper investigation.

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From Margins to Mainstream: The Rise of Women Entrepreneurs in India's MSME Ecosystem

Ruchi[1], Paras Batra[2]

ABSTRACT

Over the last two decades, the story of women entrepreneurship in India has shifted slowly, sometimes frustratingly so from its margins to something closer to the center of the national economic conversation. What is being witnessed today is not a revolution, but rather a meaningful transition one that deserves both recognition and honest scrutiny. Women-owned enterprises now account for approximately 20.5% of formally registered MSMEs in India, with a total of around

1.92 crore women-led units as of 2023–24, nearly double the figure recorded in 2010–11 (Press Information Bureau [PIB], 2025). These businesses collectively contribute 18.73% of formal MSME employment and about 10.22% of total sectoral turnover (Ministry of MSME, 2025). Beyond these numbers, women-led MSMEs generated over 89 lakh additional jobs for women between FY2021 and FY2023 a figure that quietly underscores their role in employment creation at the grassroots level (PIB, 2025). Yet, sitting with these statistics, one cannot shake off a certain

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discomfort. Women-owned businesses still face a credit gap of 35% higher than any other MSME segment according to the most recent sector-wide assessment (SIDBI, 2025). Meanwhile, roughly 95% of women entrepreneurs in smaller towns and cities remain unaware of the government schemes designed to support them (Tide India, 2024). These are not peripheral concerns they sit at the very heart of whether this transition can become transformation. This paper attempts to examine both sides of this picture honestly. It draws on recent government data, institutional reports, and peer-reviewed research to trace where women entrepreneurs stand today in India's MSME ecosystem what has genuinely improved, what continues to hold them back, and what might realistically change if the right levers are pulled. The argument this paper makes is simple: women's entrepreneurship in MSMEs is not merely a gender issue. It is, at its core, a question of whether India's economic development can truly be called inclusive.

Keywords: *Women-led MSMEs, Financial Inclusion, Credit Gap, Digital Entrepreneurship, Inclusive Growth, Gender and Development, MSME Policy India, Self-Help Groups*

INTRODUCTION

Entrepreneurship in India has undergone a significant transformation over the past two decades, moving beyond traditional business communities to encompass a far more diverse range of participants. One of the most consequential yet insufficiently studied dimensions of this transformation has been the gradual rise of women entrepreneurs, particularly within the Micro, Small and Medium Enterprises (MSME) sector. What was once largely confined to informal, home-based, or subsistence-level activity has progressively taken a more structured, visible, and economically significant form. India's MSME sector constitutes the backbone of its non-agricultural economy, contributing approximately 30% to the country's GDP and employing over 11 crore people. It is also the sector through which the greatest number of first-generation entrepreneurs including women have entered formal economic life (SIDBI, 2025). Within this space, the share of women-owned proprietary establishments has climbed from 17.4%

in 2010–11 to 26.2% in 2023–24, and the number of women-led MSMEs has nearly doubled from 1 crore to 1.92 crore over the same period (PIB, 2025). Several forces have contributed to this change. Expanded access to education, the spread of mobile internet, and deliberately designed policy programmes from Pradhan Mantri Mudra Yojana (PMMY) to Stand-Up India have collectively lowered, though not removed, the barriers women face when entering entrepreneurship. Particularly notable is the PMMY, under which women have received 68% of total loans disbursed over 35.38 crore loans amounting to ₹14.72 lakh crore (PIB, 2025). Digital commerce has further reshaped the entry conditions for women-led businesses, particularly in smaller towns and semi- urban areas where e-commerce platforms have opened up markets that geography once made inaccessible. Beneath the headline numbers, however, the picture becomes considerably more complex. A significant proportion of women entrepreneurs remain concentrated in micro-scale, low-margin activities textiles, food processing, handicrafts and continue to operate outside the formal financial system (Pahlé India Foundation, as cited in BW Businessworld, 2025). Women-owned businesses carry a credit gap nearly 11 percentage points higher than the overall MSME sector average. Awareness of institutional support schemes remains strikingly low, particularly among women in Tier-2 and Tier-3 cities. Between July 2020 and November 2025, around 24,545 women-led MSMEs were deregistered, resulting in a loss of over 1.61 lakh jobs (BW Businessworld, 2025).

The present study aims to hold both of these realities in view simultaneously the genuine progress and the persistent structural constraints. It asks, with some urgency, what policy, institutional, and social conditions would be required to move from this current phase of transition to one of genuine and durable transformation.

RESEARCH OBJECTIVES

This study is guided by three interconnected research objectives:

- To examine the current status and recent trends in women entrepreneurship within India's MSME sector, drawing on data from 2022 to 2025.

- To identify the structural, financial, and socio-cultural challenges that continue to constrain the growth and sustainability of women-led MSMEs.
- To assess the role of government policy, institutional initiatives, and emerging digital ecosystems in shaping the trajectory of women entrepreneurship in India.

RESEARCH METHODOLOGY

This study relies on secondary data, which in the context of MSME research in India, is both a necessity and a strength. The breadth of institutional data now available from Udyam registration analytics and Annual Survey of Unincorporated Sector Enterprises (ASUSE) to SIDBI's primary surveys and NITI Aayog's commissioned reports allows for a reasonably granular picture of trends that primary fieldwork alone could not capture at scale.

Data and analysis have been drawn from government documents including the Ministry of MSME Annual Report 2024–25, the SIDBI report on "Understanding Indian MSME Sector: Progress and Challenges" (2025), the NITI Aayog–TransUnion CIBIL–MicroSave Consulting joint report titled "From Borrowers to Builders" (2025), and Press Information Bureau releases. These have been supplemented by peer-reviewed journal articles, institutional white papers from organisations including the International Finance Corporation (IFC) and the Women's World Banking, and reports from industry bodies and non-governmental organisations.

The analytical approach is descriptive and interpretive. The aim is not statistical modelling but contextual understanding situating data within the social and institutional realities that shape women's entrepreneurial experiences in India. Where figures are used, care has been taken to trace them back to primary institutional sources, and conflicting or evolving estimates across reports have been noted rather than smoothed over.

LITERATURE REVIEW

The scholarly conversation around women entrepreneurship in India's MSME sector has matured considerably since the early 2000s, when

the literature was largely descriptive and focused on documenting the existence and scale of women-owned enterprises rather than analysing their dynamics. Today, the field is more nuanced, engaging with questions of financial inclusion, social capital, digital access, and the role of policy design in shaping entrepreneurial outcomes.

The TransUnion CIBIL–NITI Aayog–MicroSave Consulting (2025) report "From Borrowers to Builders" is perhaps the most comprehensive recent account of women's financial behaviour and credit access in India. The report documents a 22% compound annual growth rate (CAGR) in women borrowers between 2019 and 2024, and finds that by December 2024, 27 million women were actively monitoring their credit scores a 42% increase from the previous year. This suggests a meaningful shift in financial awareness, even as access gaps persist. Crucially, 60% of women borrowers are from rural or semi-urban areas, which challenges the assumption that financial empowerment of women is primarily an urban phenomenon.

SIDBI's 2025 sector report, based on a primary survey of over 2,000 MSMEs across 19 industries, provides the most current quantitative picture of the credit gap challenge. It estimates that while the overall MSME sector faces an addressable credit gap of approximately ₹30 lakh crore (roughly 24% of total credit demand), the gap for women-owned businesses stands at 35% the highest of any sub-segment analysed (SIDBI, 2025). The report also notes that only 76% of women-led enterprises have accessed formal credit, compared to 84% for male-owned units a gap that has persisted despite years of targeted policy intervention (SIDBI, 2025, as cited in YourStory, 2025).

Jaitly and Thangallapally (2022), in their analysis published by NITI Aayog, examine the design and implementation of government support schemes for women entrepreneurs in India. They find that while schemes such as PMMY, Stand-Up India, and PMEGP have expanded access to initial capital, their effectiveness is significantly constrained by poor awareness and uneven implementation across states. The Tide India Bharat Women Aspiration Index (2024) confirms this approximately 95% of women entrepreneurs in smaller cities are unaware of the financial schemes available to them, leaving policy benefits largely unclaimed.

The socio-cultural determinants of women's entrepreneurship remain a significant preoccupation in recent literature. Talukdar (2024), in a study of women entrepreneurs across India, identifies restricted mobility, family responsibilities, and the disproportionate burden of unpaid care work as the most consistently cited constraints on both entry into entrepreneurship and the scale of operations. These findings resonate with those of the International Finance Corporation (2024), which emphasises that structural barriers rather than individual capability are the primary reason women-owned businesses tend to remain smaller and more fragile than their male-owned counterparts.

A more optimistic strand of the literature focuses on the transformative potential of digital platforms. Edelgive Foundation (as cited in Indifi, 2024) projects that women-owned businesses in India could expand by as much as 90% over the next five years, with growth driven largely by e-commerce, social media marketing, and digital payment infrastructure. Research by the Women's World Banking and the WDFI Advocacy Hub (2024) similarly argues that digital financial inclusion when designed with women's specific needs and constraints in mind can significantly narrow the credit access gap and support business scaling.

What emerges from this literature, taken together, is a picture of a sector in genuine motion but uneven progress. The systemic conditions that enable women's entrepreneurship financial access, awareness, digital infrastructure, market linkages, and social support are improving in some dimensions while remaining stubbornly resistant to change in others. The present study contributes to this conversation by integrating the most recent data with contextual analysis, with the goal of identifying where policy and institutional focus is most needed.

DATA ANALYSIS AND INTERPRETATION

Growth Trends in Women-Led *MSMEs*

The trajectory of women-owned MSMEs in India over the past decade tells a story of steady but modest gains. According to the Annual Survey of Unincorporated Sector Enterprises (ASUSE) 2023–24, the share of women-owned proprietary enterprises has grown from 17.4% in 2010–11 to 26.2% in

2023–24 (PIB, 2025). In absolute numbers, women-led MSMEs increased from approximately 1 crore to 1.92 crore over the same period.

The Udyam Registration Portal, launched in July 2020, has further revealed the pace of formalisation. Since its inception, women-led MSMEs have accounted for a substantial proportion of new registrations with 8.74 million women-led units registered in 2024–25 alone, and 12.79 million in 2023–24 (BW Businessworld, 2025). Maharashtra, Tamil Nadu, Karnataka, West Bengal, and Andhra Pradesh consistently lead in both enterprise creation and employment generation, reflecting geographic concentration in the women-led MSME ecosystem.

However, these registration figures must be read alongside data on closures. Between July 2020 and November 2025, approximately 24,545 women-owned enterprises were deregistered, resulting in a loss of 1,61,580 jobs (BW Businessworld, 2025). This points to a survival challenge that has not received adequate policy attention: the gap between formalisation and sustained viability.

Formalisation Gap and Sectoral *Concentration*

The distinction between informal and formal women entrepreneurship remains one of the most structurally important features of this sector. Women account for over 70% of informal micro enterprises registered on the Udyam Assist Platform a parallel portal designed for very small, unregistered units (PIB, 2025). While this indicates high entrepreneurial activity among women, it also means that the majority of women entrepreneurs operate in a space with limited access to institutional credit, government procurement benefits, or formal market linkages.

In terms of sectoral distribution, women-led enterprises remain heavily concentrated in textiles, food processing, and handicrafts sectors characterised by low capital intensity, relatively thin profit margins, and high susceptibility to market disruptions. Approximately 70% of women-owned MSMEs are in manufacturing, primarily in these traditional sectors (Kinara Capital, 2024). This concentration is both a reflection of entry barriers in other sectors and of the social expectations that continue to shape women's entrepreneurial choices.

The Credit Gap: Persistent and *Pronounced*

If there is one finding that emerges with consistent clarity from recent data, it is the severity and stubbornness of the financial access gap for women entrepreneurs. The SIDBI (2025) report estimates the credit gap for women-owned MSMEs at 35% higher than the 27% seen in the services sector and the 29% observed among medium enterprises. In absolute terms, women-owned

MSMEs face a credit deficit of over USD 158 billion (Kinara Capital, 2024). This gap is not simply about loan rejections. It is also about the conditions under which credit is offered. Women entrepreneurs typically lack the collateral required by conventional lending institutions, have limited credit histories, and are more likely to depend on informal sources of finance. According to the SIDBI (2025) report, 12% of micro enterprises which constitute the overwhelming majority of women-led MSME continue to rely on informal borrowing channels, compared to just 2–3% among small and medium enterprises.

There is evidence of gradual improvement. The CGTMSE scheme now offers women entrepreneurs up to 90% guarantee coverage 15 percentage points higher than the standard offer and includes a 10% concession in guarantee fees (BW Businessworld, 2025). Women's share in business loan origination has increased by 14% since 2019, and by December 2024, women accounted for 35% of business borrowers an encouraging shift (TransUnion CIBIL, WEP, & MSC, 2025). Yet the structural gap remains wide, and the distance between formal credit access and the majority of women-led micro enterprises has not meaningfully closed.

Digital Transformation: Opportunity with *Caveats*

Digital platforms have, without question, opened new possibilities for women entrepreneurs in India particularly in terms of market access and visibility. E-commerce, social media marketing, and digital payment systems have allowed women to operate businesses from home, to reach national and even international customers, and to build commercial relationships without being constrained by mobility or geography. Data from the SIDBI (2025) survey shows that over 90% of MSMEs now accept digital payments a foundational shift in how business is conducted.

However, the translation of digital access into credit access remains limited. Only 18% of MSMEs currently use digital lending platforms, despite the demonstrated payment infrastructure readiness (SIDBI, 2025). For women entrepreneurs in smaller towns where awareness of fintech lending options is lower and trust in digital financial channels is still being built this gap is even wider.

The Open Network for Digital Commerce (ONDC) and Government e-Marketplace (GeM) portal represent institutional attempts to extend digital market access. GeM includes a mandate for 3% procurement from women-owned MSMEs, a measure that, if consistently implemented, could create meaningful market opportunities (SIDBI, 2025). Whether these digital corridors translate into sustained revenue and business growth for women entrepreneurs will depend on the quality of implementation and the supporting ecosystem in terms of digital literacy, logistics, and after-sales infrastructure.

Socio-Cultural Factors: The Invisible *Constraints*

Any analysis of women entrepreneurship in India that focuses only on financial and policy variables will inevitably miss a large part of the picture. Socio-cultural factors the expectations placed on women regarding domestic responsibilities, the social norms that govern mobility and professional interactions, and the family dynamics that shape business decisions continue to exert a powerful influence on women's entrepreneurial trajectories.

Talukdar (2024) finds that restricted mobility, the burden of unpaid care work, and limited professional networks are among the most consistently cited barriers by women entrepreneurs, particularly in non-metro areas. These are not abstract structural forces they manifest in very practical ways, such as difficulty attending trade fairs, challenges in visiting banks or government offices, and limited time for business development activities.

At the same time, the evidence also suggests that these norms are shifting, albeit slowly. Female labour force participation in India rose from 23.3% in 2017–18 to 41.7% in 2023–24, a substantial change over a relatively short period (PIB, 2025). The rise of self-help groups (SHGs) with 9 million groups supported under the National Rural Livelihood Mission

has created alternative social structures that simultaneously provide financial capital, social support, and business information (TransUnion CIBIL, WEP, & MSC, 2025). These networks are particularly significant in rural areas, where formal institutional support remains thin.

FINDINGS

Drawing together the trends and analysis presented above, several overarching findings emerge:

First, the quantitative growth of women-led MSMEs is real and should not be minimised. The near-doubling of women-owned enterprises over the last decade, and the substantial formalisation that has occurred through Udyam registration, represent genuine progress. The concentration of women borrowers in rural and semi-urban areas a finding from the NITI Aayog (2025) report challenges the assumption that financial empowerment of women is primarily an urban story.

Second, the quality and sustainability of women-led MSMEs remains a concern. Most women- owned enterprises are micro-scale, concentrated in low-margin sectors, and operating without access to institutional finance. The deregistration of nearly 24,545 women-led MSMEs between 2020 and 2025 underscores that formalisation and survival are different challenges (BW Businessworld, 2025).

Third, the credit gap for women-owned businesses estimated at 35% is the most severe across all MSME sub-segments, and existing schemes have not been sufficient to close it (SIDBI, 2025). The barriers are not purely financial: they include low awareness, procedural complexity, collateral requirements, and limited digital financial literacy.

Fourth, digital ecosystems are creating genuine opportunities for women entrepreneurs, but the benefits are not yet reaching the majority. Market access through e-commerce and social media is expanding, but digital credit penetration remains low, and awareness of government digital marketplaces is uneven.

Fifth, socio-cultural factors remain influential but are not static. The significant improvement in female labour force participation, the expansion of SHG networks, and the increasing proportion of women monitoring their

credit scores all point to evolving norms, even if the pace is slower than policy timelines tend to assume.

CONCLUSION

A balanced appraisal of the evidence compels neither uncritical optimism nor blanket pessimism. The data sustains both a positive and a cautionary reading of women's entrepreneurship in India's MSME sector, depending on which dimensions are foregrounded. The purpose of this study has been to resist that selectivity and engage with the full empirical picture the genuine progress alongside the structural constraints that continue to limit its scope and depth.

Women entrepreneurship in India's MSME sector is genuinely evolving. More women are entering formal business ownership than at any point in recorded economic history. More are accessing credit, monitoring their financial health, and using digital tools to build enterprises that reach markets beyond their immediate geography. These are not trivial achievements in a country where, not long ago, women's economic participation was confined largely to subsistence-level or invisible labour. The transition, however, remains incomplete and, in certain respects, fragile. A credit gap of 35% for women-owned businesses in a sector already underserved by formal finance is a structural concern of considerable magnitude. The closure of nearly 24,545 women-led

MSMEs in five years points to a viability challenge that policy has not yet adequately addressed. The finding that approximately 95% of women entrepreneurs in smaller cities remain unaware of the schemes designed to support them reflects a systemic implementation gap that transcends mere communication deficiencies.

Moving from transition to transformation will require more than policy design. Effective, culturally sensitive, and geographically inclusive policy implementation is essential. Financial institutions must move beyond treating women entrepreneurs as a niche segment and begin designing credit products that correspond to the actual economic realities and collateral constraints of women-owned micro enterprises. Equally important is the recognition at both the policy and institutional levels that women's economic empowerment is not a standalone development goal but

a structural precondition for inclusive and sustainable economic growth. The trajectory from the margins to the mainstream of India's MSME economy is neither linear nor assured. The evidence, nonetheless, points clearly enough to the direction of change and to the scale of effort still required to make that change substantive and lasting.

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Willingness to Pay a Premium for Sustainable Fashion: A Consumer Perspective

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ABSTRACT

This research aims to examine the "attitude-behavior gap" in sustainable fashion, which is the disparity between consumer environmental concern and their purchasing behavior. Through the analysis of 62 peer-reviewed articles on sustainable fashion through Python code bibliometric mapping, the research indicates a growing field in a state of disarray. Despite high levels of environmental concern, social influence, and value perception, the willingness to pay a premium is often hampered by price sensitivity, economic uncertainty, and the absence of personal benefits.

The research indicates that consumer behavior, brand image, and value perception are the "motor themes" driving the sustainable fashion literature. The research indicates that the willingness to pay a premium is not a moral choice but a balancing act between moral values and economic realities. To bridge the attitude-behavior gap, the research concludes that brands need to look beyond sustainability rhetoric to radical transparency and value perception. Additionally, the research concludes that there is a need to have standardized certifications and regulations, especially

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in emerging markets, to eliminate consumer skepticism about premium prices for ethical products.

Keywords: ***S****ustainable Fashion, Premium, Willingness to Pay, Consumer Behavior*

INTRODUCTION

The Global Fashion Industry is having a huge transformation which is characterised by economic volatility, shifting consumer priorities and sustainability pressures. As highlighted in *The Fashion Industry Faces a World in Flux,* brands are working in sluggish growth, geopolitical uncertainty, supply chain disruption and increasing value consciousness among the customers. Sustainability is a strategic necessity not a reputational add on. The fashion sector alone accounts to 3-8 percent of greenhouse gas emissions and climate related risks threatening billions in the apparel exports over the coming decade. The environmental and regulatory pressures is compeling the brands to rethink it's sourcing, production and pricing structures.

Consumer awareness has increased with industry level changes. According to *Consumer Sentiment on Sustainability in Fashion* report, a majority of consumer choose brands who work sustainably responsible. There is a growing concern over repair, resale and durability which is particularly popular among the younger generation. It shows that sustainability has become ingrained in the consumer decision making and brand positioning.

According to *The Fashion Industry Faces a World in Flux,* consumers increasingly expect brands to be sustainable but many are reluctant to pay a premium for sustainable products. Inflation, economic uncertainity and due to reduced disposable income, buying sustainable fashion has become luxury for many. As a result, consumers look for higher value in their purchase. According to *The State of Fashion: Luxury* report, the consumers have become increasingly sensitive to price, after the pandemic. Even in premium and luxury brands, it is difficult for them to justify the high end prices on the claims of sustainability only.

Although there is a increasing awareness regarding the ethical and sustainable practices, the conversion of these into the attitudes towards willingness to pay remains inconsistent.

Even if there is a growing concern on sustainable fashion, there is no unified quantitative understanding of consumers' willingness to pay a premium for sustainable fashion products. Existing studies are too scattered across contexts, markets and consumer segments, making it difficult to draw consistent conclusion that can inform effective pricing and marketing strategies.

LITERATURE REVIEW

The global fashion industry is transitioning from fast fashion to slow fashion which is more sustainable and ethical to mitigate environmental pollution and social exploitation. It emphasis on circular economy practices like upcycling, use of renewable energy for production *(Adialita, T.,Ramadanti, F.A.,Vasudevan, A.,... Raman, A.,Subramaniam, K., 2024)*. For example, a brand, Greenwear, has utilised solar powered spinning wheel, which created a sustainable value instead of following the same old white labeling model *(Dwivedi, H., Sharma, S.,2025)*. Also, a brand called Hathkargha made limited edition sari, but was in a dilemma on how to maintain exclusivity, personal touch and craftsmanship and at the same time scaling the business *(Chauhan, H., Panday, P.,Upadhyai, R., Shukla, G.P., 2025)*.

Many studies have shown the theory of planned behavior, identifying attitude, subjective norms and perceived behavioral control as the key determinants of purchase intentions *(Adialita, T., Ramadanti, F.A., Vasudevan, A., 2024)*.

Consumers are likely to pay more when they have high environmental concern, perceive high product value or influenced by social groups (*Dangelico, R.M., Alvino, L.,Fraccascia, L.,2022*,). Although there is a positive attitude , but there is a disconnect between the actual purchasing behavior and intentions. If the esthetics is appealing and tangible benefit is attached to it, then customers are willing to pay extra for that *(Tey, Y.S., Brindal, M., Dibba, H.2018)*. In the thrift store, consumer might demand a price reduction because it is perceived that the used clothes are

of lower quality, knowing the fact that there are circular economy benefits *(Colasante, A., D'Adamo, I., 2021).*

Research Questions:

- What does existing studies reveal about consumer's willingness to pay a premium for sustainable fashion?
- Which factors most consistently influence consumers willingness to pay a premium for sustainable fashion across studies?

Research Objectives:

To synthesize quantitative studies to understand consumers' willingness to pay a premium for sustainable fashion

METHODOLOGY

The current research utilizes bibliographic information gathered from the Scopus database. The reason for choosing Scopus was its comprehensive coverage of peer-reviewed journals in the areas of sustainability, consumer behavior, and fashion studies. The search was carried out on the title, abstract, and keywords of the articles. By searching for appropriate keywords in the area of sustainable fashion and premium, a total of 62 documents were gathered for analysis.

The search approach included searching the Scopus Database by using the title, abstract, and keywords of the articles.

Boolean operators were employed to refine and combine the search terms. The search was restricted to peer-reviewed papers, journals, articles, and review papers to ensure academic accuracy and validity.

Though Biblioshiny is a widely used tool for bibliometric analysis, it was not used in this research due to the increased flexibility and control provided by Python in dealing with large and structured datasets. Python is widely recognized and accepted as a tool for academic research and enables the transparent and reproducible processing of data. In this research, Python was mainly utilized for data preprocessing and preparation of the Scopus Dataset for further analysis. This ensured accuracy and consistency in data processing.

The bibliographic data extracted from Scopus was first subjected to preprocessing by importing the CSV file into the analytical environment. Duplicates were detected and removed to prevent duplication and ensure accuracy of data. Keywords were standardized terms and made consistent to increase relevance. The dataset was then formatted and arranged to prepare it for bibliometric analysis.

Descriptive Analysis: Publication per Year

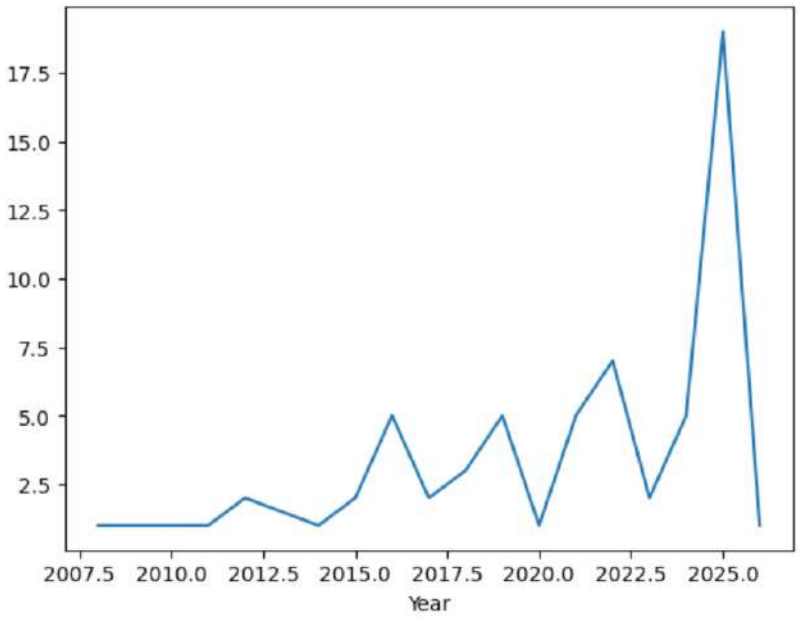


Figure -1 (Publication by Year Graph)

The trend in the number of publications indicates a steady rise in the number of studies on consumers' willingness to pay a premium for sustainable fashion. The initial period indicates a low number of publications, which indicates that the subject was not well explored in the past. Nevertheless, a steady rise in the number of publications is noted in the current years, which indicates a growing interest in the subject due to the rising concerns associated with sustainability. The trend indicates that the subject of willingness to pay a premium for sustainable fashion is a rapidly growing area of research.

Top Journals

Source title	
Sustainability (Switzerland)	6
Environmental Footprints and Eco-Design of Products and Processes	4
Business Strategy and the Environment	3
Journal of Cleaner Production	3
Emerald Emerging Markets Case Studies	3
Textile Outlook International	2
Journal of Fashion Marketing and Management	2
Developments in Marketing Science: Proceedings of the Academy of Marketing Science	2
International Journal of Consumer Studies	1
Foods	1

Name: count, dtype: int64

Figure-2 (Top Journals)

The pattern of publication distribution among the top journals shows that the research on the willingness to pay a premium for sustainable fashion is published in journals related to sustainability, environmental studies, fashion studies, and consumer research. The distribution of publications among the top journals shows that the research is not concentrated in one journal but is relatively scattered. This is an indication that the research is still in its infancy stages and is being approached from different angles by different disciplines. This pattern, therefore, shows that the research is still growing but not yet mature.

Top Authors

Authors	
D'Adamo, I.	3
Colasante, A.	2
Magano, J.	2
Desideri, S.	2
Florio, C.	2
Aveta, R.	2
Calvanese, G.	2
Gardetti, M.A.	2
Naviglio, B.	2
Fraccascia, L.	2

Name: count, dtype: int64

Figure -3 (Top Authors)

Analysis of the top authors reveals a low level of concentration, with most authors publishing only one or two papers in the research field. Few authors have slightly higher levels of contribution, which indicates the presence of strong research dominance. This trend indicates that the research on the willingness to pay a premium for sustainable fashion is still in its early stages. The spread of the authors indicates the efforts of various researchers in exploring research efforts. This spread also indicates a high level of potential for collaboration and the development of strong research networks.

Keyword Frequency and Wordcloud

```
[('sustainability', 16),
 ('sustainable fashion', 9),
 ('sustainable consumption', 6),
 ('consumer behavior', 4),
 ('fashion', 4),
 ('willingness to pay premium', 3),
 ('consumers', 3),
 ('fashion industry', 3),
 ('slow fashion', 3),
 ('sustainable development', 3),
 ('luxury', 3),
 ('consumer behaviour', 2),
 ('sustainable luxury', 2),
 ('fast fashion', 2),
 ('sustainable consumer behavior', 2),
 ('developing countries', 2),
 ('willingness to pay', 2),
 ('brand management', 2),
 ('green marketing', 2),
 ('entrepreneurship', 2)]
```

Figure-4 (Keyword Frequency)

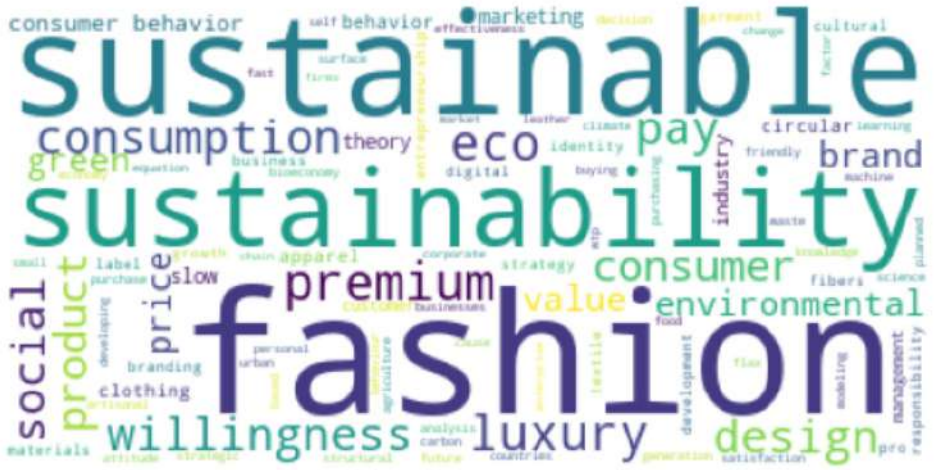


Figure-5 (WordCloud)

Analysis of the keyword frequency and word cloud shows that the research in the field is heavily focused on sustainability and sustainable fashion, undecuating their importance as the underlying conceptual premise. The prominent focus on consumer-related themes indicates a heavy emphasis on consumer behavior, consumption patterns, and decision-making in the fashion industry. The concepts of pricing, willingness to pay, and premium signals the research interest in understanding value perception and price acceptance. The emergence of terms related to luxury, slow fashion, and sustainable consumption indicates that the research is focused on both ethical and economic aspects of fashion choices. In general, The keyword trends are in complete sync with the problem statement of the study and indicate the relevance of factors that influence willingness to pay.

THEMATIC CLUSTERING

The motor themes of the literature mainly revolve around the willingness to pay for sustainable fashion products. The themes of consumer purchase behavior willingness to pay, brand image, and sustainable apparel are the most prominent in the thematic map, signifying that these topics are

well explored and are the most important in the domain. The research in these themes emphasizes how consumer perceptions, ethics, and brand-related aspects affect the willingness to pay for sustainable fashion products. The very close relationship between sustainability, consumption, and willingness to pay indicates that consumer decision-making is the foundation of existing literature. These themes together form the overall research stream that tries to understand how and why consumers are willing to pay a premium for sustainable fashion products.

The basic themes of the literature mainly revolve around the structural and contextual factors that sustain sustainable fashion consumption. The themes emphasize product characteristics, production processes, supply chain issues, and value creation in sustainable and slow fashion. The research in this theme tries to understand how firm-level practices, sustainability certifications, carbon concerns, and ethical production affect consumer perceptions of value. In addition, contextual factors such as developing market conditions and firm strategies emphasize the role of industry and market structure in influencing sustainability adoption. Though these themes are basic to understanding sustainable fashion, they are of broader scope and form the foundation rather than the drivers of willingness to pay a premium.

The Thematic analysis offers strong evidence to support the important factors that shape consumers' willingness to pay a premium price for sustainable fashion, as identified in this research. Motor themes highlight the importance of consumer behavior, willingness to pay, and brand image, which directly supports the importance of perceived value and brand trust. Basic themes associated with production features, sustainability labels, and firm practices are consistent with environmental values and perceptions because these factors shape how consumers perceive sustainability. Moreover, discussions associated with pricing and consumption in themes support the importance of income level and price sensitivity in accepting a premium price. The thematic framework supports the importance of the identified factors in shaping consumers' willingness to pay for sustainable fashion.

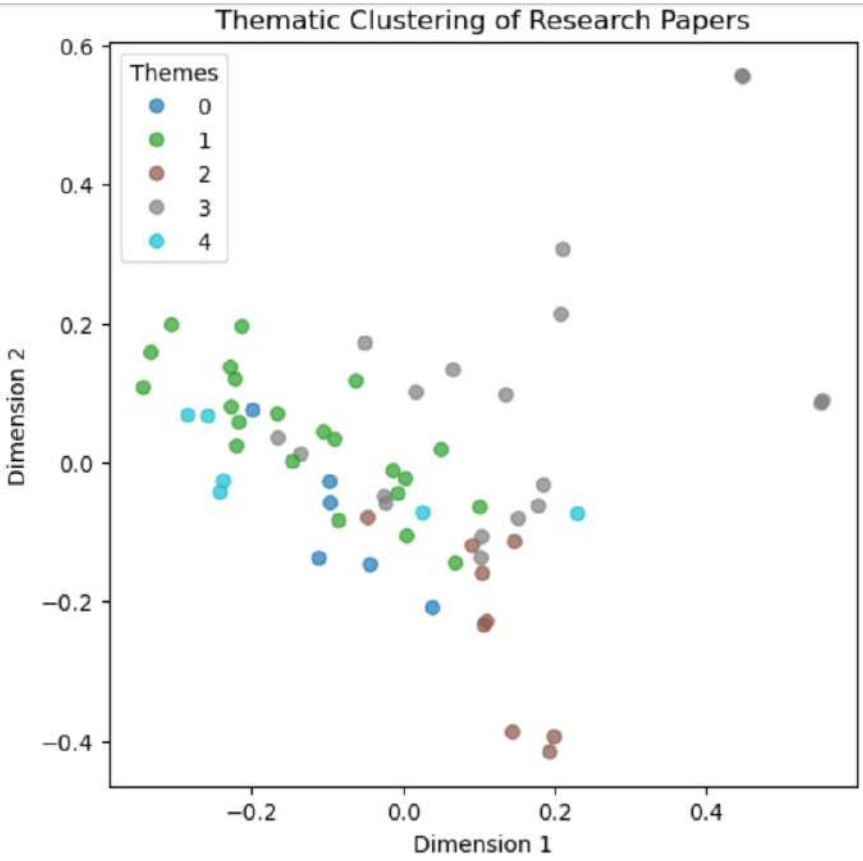


Figure-6 (Thematic Clustering Chart)

```
Theme 0: jeans, clothing, cause, products, image, pay, willingness, sustainable, apparel, brand
Theme 1: purchase, pay, consumption, consumer, study, clothing, sustainable, consumers, eco, fashion
Theme 2: sustainable, firms, india, carbon, label, company, entrepreneurship, case, growth, brand
Theme 3: environmental, innovative, green, leather, design, new, fashion, flax, sustainable, luxury
Theme 4: cosf, lohas, attributes, production, analysis, chain, customer, value, fashion, slow
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Figure-7 (Thematic Clustering Themes)

RESEARCH GAPS AND FUTURE RESEARCH DIRECTIONS

Notwithstanding the increasing number of studies on sustainable fashion and consumers' willingness to pay a premium, there are still a number of significant research gaps that need to be addressed. First, while motor themes are very consumer behavior and willingness to pay-focused, most studies are based on intentions rather than actual purchasing behavior, suggesting a gap between ethical attitudes and actual market behavior. Second, while basic themes are production attribute- and sustainability label- and firm level practice-focused, there is a lack of quantitative evidence that directly links these structural elements to the acceptance of a premium price. Third, there are still inconsistencies between developed and developing market contexts, as emerging markets such as India are still underrepresented despite the increasing size of their sustainable fashion markets. Moreover, emerging themes such as innovative materials, luxury sustainable fashion, and green design are still conceptually undeveloped, with a lack of empirical research on the role of innovation in shaping consumers' willingness to pay a premium.

CONCLUSION

This paper offers a thorough quantitative review of the literature on consumers' willingness to pay a premium for sustainable fashion. By using bibliometric and thematic analysis on scopus indexed publications, this paper systematically structures scattered research efforts into meaningful thematic patterns. The results show that consumer behavior, value, and brand-related issues are the foundation of existing research, and production attributes and sustainability practices serve as the supporting base. Emerging trends in innovation and luxury indicate a shift in research focus but are still unexplored. In general, this paper points out that the willingness to pay a premium is affected by a complex interplay of ethical, economic, and perceptual considerations. By integrating quantitative evidence, this review paper aims to provide a clearer and more unified understanding of premium acceptance in sustainable fashion.

Managerial Implications for Sustainable Fashion Brands:

The results of this review have a number of significant implications for sustainable fashion brands. Firstly, brands should aim to enhance value perception through the effective communication of the environmental and ethical advantages of their products, as consumer willingness to pay is directly related to value perception rather than sustainability claims. Secondly, enhancing brand trust through transparency, credible sustainability labels, and ethical behavior can also improve the acceptance of premium prices. Thirdly, pricing strategies should take into consideration consumer price sensitivity by providing tiered product offerings or value-based pricing structures to appeal to different segments of consumers. Furthermore, investments in innovative materials and sustainable design can also assist brands in leveraging sustainability as a means of differentiation and justifying premium prices.

Policy Implications

From a policy point of view, the findings stress the importance of standardized sustainability certification and labeling in order to minimize consumer skepticism and maximize trust in sustainable fashion products. Policymakers can act as key agents in promoting sustainable consumption by encouraging companies to follow ethical production methods in terms of subsidies, tax advantages, or government support. Raising public awareness about the long-term benefits of sustainable fashion through campaigns can also help bridge the gap between consumer intention and behavior. Moreover, policy actions in emerging markets can also facilitate the development of sustainable fashion options that are affordable, ensuring that the adoption of sustainability is not confined to high-end consumers.

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Luxury Marketing - A Growth Lever for MSMEs in India:From Local Craft to Global Premium Brands

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ABSTRACT

MSMEs in India constitute the backbone of the country's economy and contribute around 30 per cent to the GDP and provide employment to over 110 million people. Even though Indian MSMEs are well known for exceptional craftsmanship, they are typically limited by low price-high volume competitive strategy, limiting their ability to create perceived value and penetrate the premium segment of the global market. This conceptual paper sheds light at luxury marketing as a growth opportunity for Indian MSMEs, grounded in the fundamental principles of rarity, exclusivity, and symbolic storytelling. Based on theories such as Signaling Theory, Consumer-Brand Relationship, and Digital Transformation, this paper proposes a four-factor theoretical model that integrates craft authenticity, digital channel management, and selective brand exclusivity in shaping premium perceptions and brand equity. Through an analysis of mechanisms and processes, this paper reveals the path that the Indian MSMEs can take to shift from being commodity manufacturers to being globally recognized luxury brands.

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Keywords: *Luxury marketing, MSMEs, digital storytelling, signaling theory.*

INTRODUCTION

The idea of Atmanirbhar Bharat, which means "self-reliant India," has brought fresh enthusiasm to Indians in their efforts to empower the MSMEs sector, not only in terms of generating economic benefits but also in preserving their cultural legacy. India's MSMEs have traditionally been recognized for their superior artistry, which has resulted in products like Kanjivaram silk weave in Tamil Nadu, blue pottery in Jaipur, pashmina from Kashmir, Dhokra metal crafts in Chhattisgarh, Bidriware from Karnataka, and many more. Ironically, despite producing world-class products, the artisans and entrepreneurs behind such products fail to capitalize on the premium value of their craft. Most of them rely on price competitiveness and complex supply chains, along with a poor understanding of how to market their products (Ramachandran & Subramanian, 2019).

The global luxury industry, on the other hand, is witnessing an unprecedented structural transformation. The advent of digital technologies has led to democratization of luxury products in terms of their accessibility, although not their exclusivity. Luxury brands from France, Italy, and Switzerland have proven that story, rarity, and symbol can earn premium prices of hundreds of percent over functional equivalents (Kapferer & Bastien, 2012). In line with this proposition, this research proposes to apply similar tenets to Indian MSMEs in order to develop luxury brands from craft.

The paper has made the following three contributions. Firstly, it reviews the existing literature on luxury branding, signaling theory, & digital transformation to develop an integrative theoretical framework customized for the MSME sector. Secondly, it reviews how MSMEs can create a perception of luxury through craft authenticity, curation of digital channels, price structure, as well as narrative control. Thirdly, it develops practical recommendations for MSME managers, branding professionals, and policymakers operating under the Atmanirbhar Bharat policy paradigm.

LITERATURE REVIEW

The MSME Sector in India: Potential and Constraints

The Indian MSMEs include over 63 million firms and account for around 48 percent of total exports from India (Ministry of MSME, 2023). According to the Schumpeterian school of thought on entrepreneurship, MSMEs have the potential to drive strong innovation and provide employment opportunities (Acs & Audretsch, 1990). But research proves that Indian MSMEs face limitations in relation to institutional finance, management skills, technology support, and, most importantly, brand building (Srinivas, 2020). The majority of studies that deal with MSME competitiveness focus on efficiency in production processes, cost savings, and volume of exports rather than brand-related value creation (Kumar & Basu, 2018).

Luxury Branding: Theoretical Foundations

Luxury brands are distinct within the context of marketing theory since traditional notions of demand and supply, according to which reduced prices result in increased demand, are often inverted such that the desirability of an item is positively related to its price and scarcity (Veblen, 1899; Leibenstein, 1950). Kapferer and Bastien (2012) describe a 'luxury strategy', consisting of five principles: heritage & craftmanship, rarity & selectivity, aesthetics & multisensory experience, superfluity (the luxury good must exceed functionality), and creator personality. The four aspects of luxury (functional, personal, social, and financial) defined by Wiedmann et al. (2009) are communicatively approachable.

Etymologically, Berry (1994) states that the word 'luxury' derives from Latin word 'luxus', which means excess. Luxury products are therefore, based on the principle of enjoyment and not necessity. This makes it possible for any product type to become a luxury item if there is enough creation of desire and uniqueness associated with it.

Signaling Theory and Luxury Perception

Signaling Theory (Spence, 1973), which was initially used in labor market economics, has become extensively applied in the study of consumer psychology and luxury brands. Given that luxury brands are seen as credible signals of product quality and class because of their high cost of

purchase and low imitability, the idea of "digital touchpoints" has become common. "Digital touchpoints" refer to "premium website designs," "high-quality social media presence," "exclusive e-releases," and partnerships between brands and social media influencers who provide credible signals of prestige beyond the retail environment of the brand's physical shop outlets (Kim & Ko, 2012). In the context of MSMEs, understanding digital signaling becomes critical.

Consumer-Brand Relationships in the Digital Age

As mentioned by Fournier (1998), the association between brands and consumers can be compared to interpersonal relationships characterized by commitment, intimacy, affection, and the character of the partner. The advent of digital media has made this association more robust and quickened. Brands can now co-create value with their consumers through consumer-created content, social commerce, and storytelling (Muniz and O'Guinn, 2001; Prahalad and Ramaswamy, 2004). As stated in the work of Brodie et al. (2013), brand engagement within online communities positively impacts brand loyalty and consumers' readiness to purchase products at premium prices.

Digital Transformation in the Luxury Sector

Classical luxury theory often warned about digital visibility because ubiquity was believed to erode exclusivity (Okonkwo, 2009). Yet, post-pandemic times have left no choice but for even the most traditional brands to become highly sophisticated when it comes to their online presence. According to Bain & Company (2023), the Internet currently represents around 22% of total personal luxury goods sales worldwide, with this share forecast to rise to 30% by 2030.

In conclusion, according to industry experts, digital transformation cannot be a commoditized exercise but has to be a curatorial one – the interface itself has to have as much sensory, story and emotional content as the flag shop itself (Dion & Arnould, 2011). In terms of MSMEs, this is both a challenge and an opportunity, in the sense that it now costs relatively little to design a rich digital environment for luxury consumption.

The primary issue that this paper seeks to tackle is the value capture dilemma experienced by Indian MSMEs operating in craft and artisanal

industries. In general, MSMEs in India rely heavily on price wars, thus leaving margins low and encouraging copycats rather than differentiation - an irony considering that the consumers are willing to pay more money for quality products but cannot do so since no proper branding framework exists to justify their premiums. Price vs. value issues are made worse by the non-existence of luxury branding models since current branding strategies by MSMEs concentrate mainly on product features and export accreditation programs rather than the value propositions necessary to drive premium purchases. The digital branding issue is also not far off since most MSMEs cannot establish strong brands using technology tools. Websites that may be available do not offer a positive experience for the user, while social media platforms have inconsistent content designs and poor aesthetics. Finally, although MSMEs engage in international business activities through government purchasing initiatives and exhibitions, global brand building activities are few and far between.

METHODOLOGY

Research Objectives

In view of the above, the present study attempts to achieve the following goals:

- A critical review of the application and modification of luxury marketing theories in relation to MSMEs in India.
- The use of digital platforms for creating a perception of luxury among Indian MSMEs.
- A critical model to understand the pathway that helps Indian MSMEs move from being mere commodity makers to luxury brands.

Research Approach

For the development of theoretical frameworks within relatively new and emerging fields of research, a conceptual and analytical methodological approach is suitable (Jaakkola, 2020). This approach uses a synthesis of research streams from previous studies that are focused on three aspects of the chosen topic – MSMEs growth, luxury brand theory, and digital transformation.

Sources of literature for this paper have been found by systematically searching through Google Scholar, JSTOR, and Scopus using the key terms such as 'luxury branding', 'internationalization of MSMEs', 'digital luxury', 'brand equity', 'signaling theory', and 'craft heritage branding'. Peer-reviewed articles from journals that fall under ABDC, CNRS, or ABS rankings have been considered on priority basis. Even the landmark articles such as those written by Kapferer and Bastien (2012), Keller (1993), Spence (1973) and Fournier (1998) have been mentioned regardless of their publication period because of their relevance. In addition, some reports prepared by Bain & Company, McKinsey Global Institute, and Ministry of MSME have also been cited.

Such a theoretical framework can be developed through an iterative process of construct definition, building of theoretical base, and logical assessment of interrelations between the constructs. The theory MLAM cannot be verified empirically now; rather, it is a theory based on theories and hence needs more empirical studies to confirm its applicability.

THEORETICAL MODEL

The MSME Luxury Ascent Model (MLAM) recognizes four interrelated constructs that, when acting together, will contribute to the evolution of an MSME's brand from the traditional to the luxury one. These constructs include: (1) Craft Authenticity and Heritage Story, (2) Digital Channel Strategy, (3) Price Structure and Limited Availability, and (4) Luxury Image and Brand Equity. The causal chain of the MLAM model, as shown below, is sequential and, at the same time, reciprocal.

Component	Key Mechanisms	Expected Outcomes
Craft Authenticity & Heritage Narrative	Provenance documentation; artisan biography; GI tag leverage; craft process storytelling	Perceived authenticity; emotional differentiation; cultural capital accumulation
Digital Channel Orchestration	Curated brand website; editorial social media; influencer co-creation; immersive product photography	Digital prestige signals; expanded aspiration reach; consumer-brand relationship depth

Price Architecture & Controlled Scarcity	Premium pricing strategy; limited editions; waitlisting; selective distribution	Veblen effect activation; perceived quality elevation; margin improvement
Premium Perception & Brand Equity	Integrated brand communication; consistent prestige cues across touchpoints	Sustained brand equity; global market access; pricing power; loyalty

Table 1: MSME Luxury Ascent Model (MLAM) — Theoretical Model

Component 1: Craft Authenticity and Heritage Narrative

Authenticity is the currency at the heart of luxury. In the context of Indian MSMEs, authenticity of the craft can be established through three different means: provenance (origin and quality of the raw materials), process (manual craftsmanship or artisan-led techniques), and culture (linkages to the tradition of the region, GIs, and generational craftsmanship). The model suggests that MSMEs need to create an ecosystem for their stories by documenting the biography of the artisan, recording the production process on film, and linking products to cultures geographically and through their stories.

The success of the Indian luxury brands such as Fabindia, Forest Essentials, and Good Earth indicates the business potential of the strategy. Globally, the resurgence of the brand Hermès by highlighting the legacy of saddlery, despite branching out into other non-equestrian products, suggests that the craft story can extend beyond the product range to be the major contributor to the brand value (Thomas, 2007).

Component 2: Digital Channel Orchestration

The second pillar acknowledges that online interfaces are the main luxury showrooms of choice for a considerable amount of consumers worldwide, especially those in the 25-45-year-old demographic group driving luxury purchases (Bain & Company, 2023). According to this theory, small and medium-sized businesses need to view their presence online in terms of curated luxury spaces rather than simple online exhibits. This will be achieved by: investing visually in the development of their identities through the use of photography, videography, and typography; developing

social media campaigns that revolve around storytelling as opposed to product promotion; collaborating with influencers who represent their own brands and whose luxury identity matches that of the MSMEs; and creating immersive experiences in terms of virtual tours of craft workshops.

Luxury brand behaviors in the social media environment, as discussed by Kim & Ko (2012), show a positive impact on consumer relationship quality and purchase intention based on four criteria; these include interactive, trendiness, customization, and word of mouth. These results may be directly applied to the MSME environment because it is possible to create a luxury digital presence with adequate online engagement.

Component 3: Price Architecture and Controlled Scarcity

Surprisingly, premium pricing serves the dual purpose of signaling and creating the impression of luxury among consumers. Veblen (1899) and later research findings by Chaudhuri and Holbrook (2001) clearly state that consumers make assumptions about the quality of goods based on prices, especially for items whose quality cannot be easily determined before purchase. Based on the MLAM model, MSMEs need to establish a strategic price structure whereby their products become part of the premium category – well above similar products available in the mainstream market – through scarcity strategies.

The GI tag, which can be utilized by a number of crafts categories in India numbering in the hundreds, is a legal instrument to ensure authenticity and manage the supply chain. The combination of GI accreditation by the MSMEs in conjunction with pricing based on the luxury segment ensures a strong positioning that commodity competitors cannot achieve without misrepresentation.

Component 4: Premium Perception and Brand Equity

The definition of brand equity, which is essentially the surplus perceived by customers in the brand beyond the intrinsic worth of the item itself, is the ultimate outcome of the MLAM approach. According to Keller (1993), the elements of brand equity include brand awareness, brand associations, perceived quality, and brand loyalty, all of which form the core of the Customer-Based Brand Equity model developed by the author. It is proposed within the framework of the MLAM that MSMEs can develop

these four elements of brand equity through systematic efforts focused on digital content for increasing brand awareness, heritage crafting for creating associations, premium pricing for creating perceptions of higher quality, and building customer loyalty.

This theory further asserts that the development of brand equity creates an upward spiral whereby increased brand equity enables pricing at premium levels, which provide funding for more investments in craftsmanship and branding, thus creating increased brand equity. This virtuous cycle explains the incredible valuations of the existing luxury brands.

Discussion

This model bridges the gap that has always been present between the existing theories of luxury marketing that mainly exist based on European products and Indian MSMEs. The theoretical hypothesis behind this concept is very simple. Since luxury is a perception rather than an intrinsic value of the product itself, it can be largely decided. Therefore, it is controllable even in cases when there are limited resources available.

Digital transformation becomes the key facilitator for this process. Creating a luxury brand used to take decades and needed heavy financial investments in bricks-and-mortar operations and marketing efforts. With digital platforms, both are condensed. It takes an MSME with a strong visual identity, effective curation of its digital footprint, and savvy influencer marketing to create desire that goes way beyond what it can physically produce — on condition that it practices controlled exposure.

Implications

Existing assistance programs for MSMEs rely too heavily on production subsidies and export assistance programs. According to the MLAM, investing in the capability to build brands, including support for GI certification, online marketing, and connections to premium sales channels, will have an outsized impact by allowing MSMEs to claim more of their current value creation.

In summary, this paper builds upon Signaling Theory in the domain of digital luxury in MSMEs, integrates two disparate streams of research,

and provides the MLAM as an empirically testable proposition for future research efforts in other types of crafts.

CONCLUSION

Craftsmanship is one of the greatest strengths of India's MSMEs; however, along with their skills and culture, they are among the most underappreciated assets of world business. The current paper has shown that by using luxury marketing according to the four components of the MSME Luxury Ascent Model, it is possible to turn these assets into successful global brands.

The key idea behind this approach is surprisingly straightforward: people around the globe are willing to pay a premium for products that carry powerful narratives of authenticity, exclusivity, and cultural significance. MSMEs in India have centuries worth of such stories to share. All they require are the strategic skills, technological knowledge, and enabling environment necessary to successfully communicate their stories – stories that take them from product sellers to brand builders, from low-cost competitors to high-premium players, and from domestic suppliers to international luxury labels.

Future research could include an empirical investigation of the MLAM on different types of crafts, such as textiles, jewelry, pottery, and natural skincare, through consumer surveys on perceptions. It could also include cross-national comparative research on the perception of Indian craft products with geographical indications compared to European luxury heritage products. For instance, future research could be conducted on Indian small & medium enterprises (SMEs) that have been able to adopt a luxury positioning strategy. Indian SMEs have immense business opportunities as well as cultural significance in occupying their legitimate space in the international luxury market.

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About the Book

Empowering MSMEs and Startups for Atmanirbhar Bharat: Policy, Practice and Performance explores the transformative role of Micro, Small and Medium Enterprises (MSMEs) and startups in shaping India's journey towards a self-reliant and globally competitive economy. Bringing together contributions from leading academicians, researchers, policymakers, and industry experts, this edited volume provides a comprehensive examination of the policy landscape, entrepreneurial practices, technological advancements, and performance dimensions that define India's dynamic MSME and startup ecosystem.

The book covers a wide range of contemporary themes, including government schemes, policy frameworks, digital transformation, artificial intelligence, Industry 4.0, HR analytics, financial inclusion, women entrepreneurship, sustainable business practices, green entrepreneurship, social media marketing, consumer behaviour, and regional development. It also presents empirical studies, bibliometric analyses, systematic literature reviews, and sector-specific case studies that offer valuable insights into emerging opportunities and persistent challenges.

Designed for researchers, students, entrepreneurs, practitioners, and policymakers, this volume bridges academic research with practical application. By presenting evidence-based perspectives and actionable recommendations, it serves as an essential resource for understanding how MSMEs and startups can drive innovation, employment, inclusive growth, and sustainable development, while advancing the national vision of Atmanirbhar Bharat.

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ISBN: 978-93-48849-08-3

MRP- ₹ 501/-