



CENTRE OF FINANCIAL INCLUSION (CFI) NEWSLETTER

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Internship Programme for ICFAI

CFI, ni-msme conducted screening of MBA students on January 18, 2025, for the summer internship program. Students from IBS Hyderabad have been selected for the program. This collaboration aims to provide students with valuable practical experience and contribute to their professional development. The internship program is structured in two distinct phases. The first phase involves a week-long orientation program held at the ni-msme campus. This immersive orientation will serve to equip the students with the foundational knowledge and context necessary for their subsequent practical experience. Experts from ni-msme will conduct sessions covering various aspects of financial inclusion, microfinance, SME financing, and the overall landscape of the Indian financial system. This orientation will also focus on developing essential professional skills, such as communication, teamwork, and problem-solving, which are crucial for success in the workplace. The students will also be

introduced to the specific roles and functions of the various banks and financial institutions where they will be placed for their practical training.

Following the orientation, the students will embark on the second phase of the internship, which involves hands-on experience with leading banks and financial institutions in Hyderabad. This practical immersion will provide them with a real-world understanding of the operations and challenges faced by these institutions. They will

have the opportunity to observe and participate in various activities, such as customer service, loan processing, financial analysis, and risk management. Mentors from the respective organizations will guide the students and provide them with valuable insights into the intricacies of the financial industry. This practical exposure is designed to bridge the gap between theoretical knowledge and real-world application, enabling the students to develop a deeper understanding of the financial ecosystem.

Bank of Baroda and CFI, ni-msme Partner for Greener Future



Bank of Baroda's "Green Drive – Banking for a Greener Planet" initiative made a significant mark at the ni-msme campus on 20.01.2025 with a tree plantation drive. Mr. Ritesh Kumar, Zonal Manager & General Manager, Hyderabad, led the effort, planting fruit-bearing trees alongside Deputy General Managers and Regional Managers from the

bank. The event, which took place at 10:00 am, saw enthusiastic participation from ni-msme representatives as well, including Mr. M V Kameswara Rao, Chair, CFI. The collaborative effort underscores the commitment of both Bank of Baroda and ni-msme to environmental sustainability.

CFI, ni-msme and RBI Explore Collaboration to Support MSMEs

Mr. M V Kameswara Rao, Chair, CFI and Mr. Vivek Singla, Young Professional, CFI visited Shri Jagdeesh Kumar T, Deputy General Manager (DGM), Financial Inclusion and Development Department (FIDD), RBI, at the RBI office on 8th January, 2025. The discussion focused on the current state of MSME development and potential

areas where the RBI and the Centre for Financial Inclusion, ni-msme, could collaborate to further support and enhance the MSME sector. Discussions included access to finance for MSMEs, capacity building programs, and leveraging technology for MSME growth.



Asst. Professor, IIM, Ranchi; Smt. B. Kavitha Rajesh, Proprietor, Om Sai Paints; Dr. C G Sastry, Vertical Head, CFI and Dr. E. Vijaya, Director, SEM.

The members offered their suggestions, ideas for the CFI activities and appreciated the work done during the Quarter under review. The CFI is committed to take forward the mandate given with many innovative ideas and strategies.

Republic Day at ni-msme Campus

The 76th Republic Day was celebrated with traditional fervor and festive gaiety on 26th January 2025 in the campus. All the members of ni-msme family attended the event. Dr. S. Glory Swarupa, Director General, nimsme hoisted the National Flag, the National Anthem was sung and everybody saluted the flag. In her speech, highlighted the theme, Swarnim Bharat- Virasat aur Vikas and narrated the significance of the ceremony and its date. She talked about the progress of the country in the last decades, as also about the Institute's contribution to the MSME sector and its endeavours. She has advised all the ni-msme family members to contribute to the institute effectively to achieve the personal excellence. From previous day itself, the ni-msme green campus was decorated in the tri colour theme with patriotism visible from each of its staff members. A cultural programme, in which many talented and enthusiasts' participants from our Skill Development Programmes as well as from ni-msme staff participated. A Skit showcasing the



skill enhancement activity was also presented. Mr. M.V. Kameswara Rao, Chair, CFI & team also participated and fostered a sense of community on Republic Day.

The celebrations concluded on a sweet note with the exchange of Republic Day greetings among the ni-msme family member. The event reflected the patriotic spirit and collective enthusiasm.

CFI Organises a brainstorming session “Unlocking MSME Potential: Stakeholders Dialogue for Actionable Solutions” -- RBI Regional Director Calls for Stronger MSME Ecosystem



The Centre of Financial Inclusion (CFI) at ni-msme, Hyderabad, hosted a crucial brainstorming session today titled "Unlocking MSME Potential: Stakeholders Dialogue for Actionable Solutions." The event, held at the ni-msme training building in Yusufguda, brought together a diverse group of stakeholders to address the challenges and opportunities facing Micro, Small, and Medium Enterprises (MSMEs).

The session focused on several key areas, including unlocking MSME financing, strengthening MSME resilience, future skills, policy and regulatory challenges, global ventures and market access, and fostering growth through collaboration. Participants included representatives from the Reserve Bank of India (RBI), CGTMSE, SIDBI, DIC, SLBC, the Ministry of MSME, NSIC, TU CIBIL, various public and private sector banks and financial institutions, scholars, academics, and both prospective and practicing entrepreneurs.

Mr. M. V. Kameswara Rao, Chair of CFI, welcomed the attendees, followed by the Opening remarks by Dr. S. Glory Swarupa, Director General of ni-msme. Mr. Kamal P. Patnaik, Regional Director of the Reserve Bank of India, delivered the keynote address, emphasizing the critical role of MSMEs as "growth engines" in India.

Patnaik highlighted the existing MSME ecosystem, acknowledging the various amendments to the MSMED Act of 2006 and the persistent credit gap despite efforts. He pointed to both external and internal factors hindering MSME growth.

External challenges included a complex regulatory framework, deglobalization, trade wars, the climate crisis, infrastructure issues, technological obsolescence, and dumping practices. Internal challenges encompassed managerial, financial, human resource, and marketing difficulties.

Mr. Patnaik proposed several solutions to strengthen the MSME ecosystem, drawing inspiration from successful models in South Korea and China. He stressed the importance of compulsory MSME registration, streamlining the ease of starting, running, and exiting a business (EoSMB, EoRMB, EoEMB), and empowering MSMEs to participate in policy creation. He also suggested the creation of a Small and Medium Business Administration (SMBA) and emphasized learning from the South Korean "jungsogoi" model, where large firms support smaller suppliers, and China's focus on nurturing "Little Giants" in high-tech sectors.

He emphasized Hyderabad's service-led economy and the need to nurture MSMEs, particularly in manufacturing, by establishing growth centers beyond the city. Patnaik offered actionable solutions, including focusing on micro and small enterprises, simplifying business processes, implementing quality certifications, improving logistics, incentivizing sustainable practices, and leveraging World Bank programs like GIFT and SPICE. He also stressed the need for improved productivity and access to financial assistance.

The interactive session saw active participation from attendees, who contributed numerous suggestions for MSME development. The event served as a platform for collaborative dialogue, aiming to translate ideas into concrete actions to unlock the full potential of India's MSME sector.



Chair, CFI Mr. M V Kameswara Rao, addressing the International Conference on Women Entrepreneurship and Financial Inclusion



School of Management Studies, Chaitanya Bharati Institute of Technology, in collaboration with ni-msme, Knowledge Partner, Sponsored by ICSSR, New Delhi organised, International Conference on Women Entrepreneurship and Financial Inclusion: Pathways to Vision Viksit Bharat @2047. February 6-7, 2025.

Mr. M V Kameswara Rao, Chair, CFI, Guest of honour, addressed the International Conference on Women Entrepreneurship and Financial Inclusion.

include grants, subsidies, and access to AI platforms and tools. Incubators and accelerators specializing in AI for MSMEs can also be established

- **Addressing Ethical Concerns:** Developing clear guidelines and regulations on the ethical use of AI is crucial. This includes addressing issues like data privacy, algorithmic bias, and transparency.
- **Supporting Research and Development:** Investing in research and development in AI, particularly in areas relevant to MSMEs, is essential for long-term competitiveness. Collaboration between academia, industry, and government should be encouraged.

Generative AI presents a complex and evolving landscape for Indian MSMEs. By proactively addressing the challenges and strategically leveraging the opportunities, India can ensure that this technological revolution empowers its MSME sector and contributes to inclusive and sustainable economic growth. The upcoming Economic Survey provides a crucial platform to articulate a vision and roadmap for this transformation. Failure to do so risks leaving Indian MSMEs behind in the global race, exacerbating existing inequalities and hindering the nation's economic potential.

Mr. M.V. Kameswara Rao
Chair, CFI, ni-msme

Internet of Things (IoT)

Digital transformation for Small and Medium Enterprises (SMEs)

SME sector in India

There are as many as 5.70 crore MSMEs, with an employment of 24.14 crore, that are registered on Udyam Registration Portal and Udyam Assist Platform (UAP). Small and Medium Enterprises (SMEs) make up a significant part of the Indian economy, yet many have been hesitant to adopt technology in their operations.

However, as digital transformation continues to disrupt industries, it's become more important than ever for SMEs to embrace technology in order to stay competitive. In this article, we'll explore the benefits of tech adoption for SMEs, discuss some tips on how SMEs can overcome challenges associated with adopting new technologies and also provide step by step approach to IoT digital transformation.

Technology adoption challenges

One major issue faced by MSMEs in India is lack of technology adoption. Many MSMEs operate with outdated technology, hindering innovation and competitiveness. In a notable shift, India's micro, small and medium enterprises (MSMEs) are

increasingly embracing digital technology, according to a latest report, the 'MSME Digital Index 2024'. As per this report, 68 per cent of MSMEs acknowledging improvements in both their business and personal lives. Specifically, 31 per cent of owners credit technology for enhancing operational efficiency, while 27 per cent report increased sales and income.

Despite the benefits, challenges remain. Resistance to adopting new technology is cited by 36 per cent of MSME owners.

- One of the main factors why SMEs been reluctant to adopt technology is the lack of awareness and understanding about how technology can benefit their businesses.
- Another common reason is fear of change.
- The cost factor is another major issue that prevents many SMEs from adopting technology. They may feel that investing in expensive software or hardware isn't worth it when there are other pressing areas where funds could be allocated.

In today's competitive manufacturing landscape, Micro, Small, and Medium Enterprises (MSMEs) are constantly seeking ways to optimize their operations and boost productivity. One technology that's making waves in this sector is the Internet of Things (IoT), particularly IoT sensors. Internet of Things or IoT, with its web of interconnected devices, is revolutionizing the way we engage, live and work. From wearables and autonomous vehicles to industrial supply chains and connected machines, IoT can provide tangible benefits everywhere – to people, governments, and organizations of all sizes. There is a misconception that IoT is only for large companies with big teams and bigger budgets. However, IoT can also be extremely effective in helping SMEs turn their businesses into powerhouses of productivity.

IoT










The Internet of Things (IoT) is a network of connected devices that can communicate with each other and with the internet. IoT devices are equipped with sensors and other technologies that allow them to collect and exchange data.

IoT technology works with sensors that detect environmental changes like temperature, humidity, light, motion, or pressure. Actuators cause physical changes like opening a valve or turning on a motor. Connectivity is needed to connect sensors to the cloud and other devices using Wi-Fi, Bluetooth, cellular, Zigbee, and LoRaWAN technologies and transfer data from the real world to the digital domain for analysis.

The Smartphone we use is an IoT device. IoT enables each device or thing to communicate with other devices or things and perhaps be directed or direct the actions of other such devices.

Advantages of IoT Technology

The Internet of Things (IoT) can help small and medium-sized enterprises (MSMEs) improve their operations, quality, and profitability. IoT devices collect data from machines and processes, which can be used to make better decisions. The benefits are:

Real-time monitoring and data collection		Supply chain optimization
Real-time tracking and higher productivity		Smart savings, greener planet
Production Planning and Control		Energy Management
Inventory Management		Quality Control
Deep consumer engagement and better marketing		Post sales services
Environmental monitoring		Competitive advantage
Enhance Decision Making		Improved Safety
Asset Tracking		Less wastage, faster reaction times
Enhanced Operational Efficiency		Remote control
Predictive maintenance		Facilitate Compliance

IOT Digital Transformation

IoT holds the power to bring together all the digital technologies for SMEs and transform their businesses. However, they must not treat it as a panacea for all their problems. The value of IoT, much like software, lies in the tangible benefits it can provide to the business. Here are some steps to kick-start the transformation journey.

Step 1: Identify the areas of improvement and the business problems you are trying to solve – customer retention, enhanced process efficiency, or general organization-wide automation.

Step 2: Manage the overwhelming amount of data that is generated in huge variety, volumes, and at great speed. Storing and managing this data is very critical and sometimes can be very challenging for an SME.

Step 3: Recognize the right IoT technologies and detail out how they fit into overall IoT and business strategy.

IoT projects are complex and slow to get off the ground. While large multinationals can afford big consulting companies to help craft a business plan, it is not feasible for many SMEs as they tend to operate on much leaner models. Therefore, it is imperative for an SME to find the right technology partner that understands its business, pain-points, areas of improvement, goals, and most importantly, its budget, to help design a strategy bespoke to its unique strengths and weaknesses.

By adopting IoT for its digital transformation, an SME can open doors to huge opportunities and turn its vision into reality.

Conclusion

In Conclusion MSMEs can manage their resources efficiently and effectively, create smarter products and build smarter services using the power of the IoT and associated technologies. The challenge of scalability and replicability of the owner's experience and personal skills which are perhaps the biggest concerns among MSMEs can be dealt with quite effectively by IoT. Finally, IoT itself is a great opportunity for innovation and new product/service/business models.

These smart devices pave the way for digital transformation, enabling small-scale manufacturers to compete more effectively in a global market. By carefully evaluating costs against potential benefits and choosing the right IoT solution, MSMEs can unlock new levels of efficiency, quality, and

profitability. The implementation of IoT sensors is not just about keeping up with technology trends; it's about future-proofing your business and positioning it for long-term success.

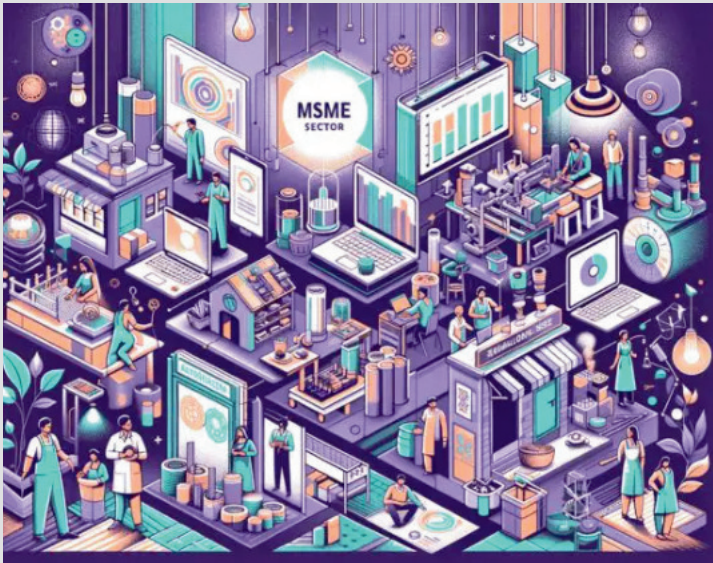
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Dr. Yogeswara Rao (Yogi), IIT Delhi doctorate in bio-medical engineering, also holds engineering and psychology master's degrees, and certifications in project and financial management. His experience spans quality assurance, research, teaching, and software development at institutions like DGQA, IIT Delhi, and Arthur Andersen. As Cognolabs Systems CEO, he aids Indian MSMEs.

Rashmitha, Cognolabs consulting engineer in GIS drone systems and pursuing a mechanical engineering master's, specializes in process automation, additive manufacturing, and IoT device design.

Disclaimer : The views expressed in these articles are those of the authors and do not necessarily reflect the views of ni-msme or its affiliates.

The MSME Chronicles: Stories of resilience, transformation, and hard work



It's a fact that more than half of the MSMEs come from the tier 2 and tier 3 cities. These small businesses or start-ups are making a great name for themselves as stand out brands on the back of unique and new products and business models. With a dream of making her own brand name, a small-town girl from Jamshedpur, Apoorva Jalan founded her own home décor and furnishing business during the pandemic.

“I graduated in interior design from Delhi and then relocated to Florence, Italy, to pursue a master's degree in the same field. Florence is the

birthplace of interior design, and it enchanted me in unexpected ways. I wanted to bring this concept and sense of lifestyle and luxury to India at a reasonable price. This was the germ of the idea that eventually grew into my start-up,” says Jalan.

Speaking to SME Futures about her entrepreneurial journey, Jalan says that initially she thought of working for others and got an offer from the Prestige Group in Bengaluru. But her entrepreneurial mind never fully accepted the idea of working for someone else.

“I have always found myself predisposed to the idea of designing and wanted to grow a career out of the same. But initially, I thought about doing a job to get accustomed to the Indian work life and to learn more about Indian style aesthetics. But I didn't accept the offer for two reasons. First, I always dreamt of having my own label and second, I was planning my marriage,” she tells us.

She claims that after their marriage, Jalan's husband pushed her to refocus on doing her own thing and pursue her dream. That's when she really got serious about her label. “In the middle of 2019, I started



my business and built my online website. To curate my collection, we travelled a lot across India, met manufacturers, and built our own vendor circle and supply chain. .

But due to the pandemic, I had to put my plans on hold. Because due to logistics restrictions, we had to witness some financial loss and product damages,” she reminisces

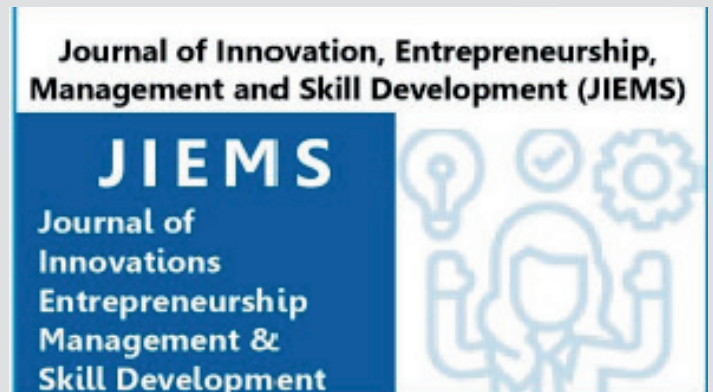
In addition to these challenges, Jalan couldn't afford to let her website go down. So, she chose to look after her website and curated her own content while doing all the photoshoots by herself during the lockdowns. “It was all new for me, but it was an exciting journey. Not knowing how the response would be, I also started doing social commerce on Instagram. But surprisingly, I

started getting orders. I also collaborated with a few bloggers to kick off my sales. At the same time, I lost many opportunities due to poor logistics during the lockdowns,” Jalan tells us.

One challenge among the many other challenges that she is facing in this field, is that of stiff competition. However, Jalan's start-up is totally bootstrapped till now, and her sales during the lockdowns have given her the confidence to move full steam ahead with her venture. “My sales revenues have surged over time, but I have no plans to get outer investors onboard. But I do plan to eventually expand and open a physical brand outlet in Jamshedpur by next year, may be!” she asserts.

While signing off, Jalan says that to be an entrepreneur, we should always be legitimate and genuine with whatever we are trying to pursue because, in the end, that is what matters the most.

sourced from smefutures.com



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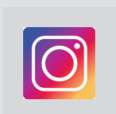
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