



EMPOWERING MSMES

Strategies for Sunrise Andhra Pradesh



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The Micro, Small, and Medium Enterprises (MSME) sector contributes about 35% to the Gross State Domestic Product (GSDP) at the all-India level. It stands as the largest employer after agriculture, necessitating policies and support to maximize its output. The top three states in India—Maharashtra, Tamil Nadu, and Uttar Pradesh—account for about 40% of the total registered MSMEs in India (approximately 3 crores). In Andhra Pradesh, an estimated 34 lakh MSMEs employ about 56 lakh people. According to the Government of India, only about 7.9 lakh MSMEs in Andhra Pradesh have registered, representing less than a quarter of the estimated total. Of these, approximately 5.5 lakh women-owned MSMEs are registered on the Udyam portal, including those under the micro-assist program.

wealth and reducing regional imbalances. With more than 62,000 registered MSMEs, Krishna District leads in Andhra Pradesh, while Parvathipuram and Alluri Sitaramraju have only 4,135 and 2,330 registered MSMEs, respectively. This disparity underscores the need for a proactive policy to promote MSME growth in lagging districts.

Prioritized Sectors: The proposed policy will prioritize sectors with high employment potential and lower skill requirements, such as basic electronics, LED, apparel, leather, footwear, food and agribusiness, handicrafts, and other identified sectors.

Registration of MSME: Currently, the complexity of the registration process outweighs its advantages. The policy will propose a simplified procedure, run a registration campaign, and provide



The MSME sector can be instrumental in promoting a more equitable distribution of

incentives such as skilling, marketing, and credit support for registered MSMEs. Andhra Pradesh can target registering at



least a fourth of its MSMEs and linking them to banks and skilling centres. This initiative would involve registering an additional 15 lakh MSMEs.

Digital Stack for MSME: A digital stack of all registered MSMEs will be created to support credit lines, credit linkage, skilling, marketing, pricing, and product-market fit assessment concerning the size of the product market.

One District, One Product (ODOP): Each district will carefully select one pioneering product for which it is known. An enabling ecosystem will be built through a common facilitation center, research, and marketing

Skilling: To improve productivity, each district will lay out a plan for skilling, upskilling, and reskilling MSME employees. This plan will include upgrades and linkages with ITIs, polytechnics, and corporations, as well as support from CSR initiatives. The proposal aims to cover all MSME employees requiring skilling over the next five years, in a phased manner, through online, onsite, or offline courses of various durations.



to make the product competitive and achieve economies of scale. Some products may be common to one or more districts. The proposal is to identify 20 products to establish an ecosystem that aligns with both national and international markets.



Investment Plan: The investment plan includes financing from various sources, such as the Government of India's state credit plan, Mudra Loan, Svanidhi, and Lakhpati Didi schemes.

It is estimated that an amount of more than Rs 6 lakh crore will be invested in the MSME sector over the next five years to fuel growth in AP.

- The state-level credit plan earmarked approximately ₹70,000 crore in priority sector lending between 2023–2024 for MSME. Considering YoY growth and proposed impetus to this sector, it is estimated that an amount of about Rs 5 Lakh crore will be made available by state credit plans during 2024-29 for priority sector lending for MSME.
- At current pace of investment, an amount of more than Rs 65,000 cr will be made available through Mudra scheme of Gol.
- In addition, more than Rs 35,000 cr can be made available through state budget and other schemes of Gol like Lakhpati Didi and Svanidhi.

Open Network for Digital Commerce (ONDC): The establishment of a dedicated facilitation centre will enable MSMEs to access the Open Network for Digital Commerce (ONDC) for the online sale of finished products and the procurement of raw materials.

Separate Secretary for MSME: Given the significant role of the MSME sector in employment across the region and its planned modernization, the proposal suggests establishing a distinct position for the MSME Secretary. This position will oversee tasks such as registration, investment, skill development, establishment of common facilities, certification of product quality, ONDC access, management of the digital stack, collaboration with the Government of India,



and other related tasks. A team of experts and consultants will support the Secretary to enhance the sector's competitiveness both nationally and globally.





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