

NITI Aayog Releases Report on “Designing a Policy for Medium Enterprises”

Medium enterprises are the future large enterprises and the drivers of Viksit Bharat @2047

The MSME sector contributes 29% to India's GDP and employs over 60% of the workforce

Medium enterprises, though only 0.3% of MSMEs, contribute 40% of MSME exports, showcasing immense untapped potential

Focus on tailored financial tools, Technology Integration and Industry 4.0, Cluster-Based Testing Facilities, R&D, Skill Development, and a Centralized Digital Portal

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NITI Aayog today released a report titled “**Designing a Policy for Medium Enterprises**”, offering a comprehensive roadmap for transforming medium enterprises into future growth engines of India's economy. The report highlights the critical, yet under-leveraged role played by medium enterprises and outlines targeted interventions to unlock their full potential. The report was launched by Shri Suman Bery, Vice Chairman, NITI Aayog in the presence of Dr. V.K. Saraswat, Member, NITI Aayog and Dr. Arvind Virmani, Member, NITI Aayog.

The report delves into the structural skew in the MSME sector, which contributes approximately **29% to India's GDP**, accounts for **40% of exports**, and employs over **60% of the workforce**. Despite its critical role, the composition of the sector is disproportionately weighted: **97% of registered MSMEs are micro enterprises**, **2.7% are small**, and **only 0.3% are medium enterprises**.

However, this 0.3% of medium enterprises contributes nearly **40% of MSME exports**, underscoring their

untapped potential as scalable, innovation-led units. The report identifies medium enterprises as strategic actors in India's transition towards self-reliance and global industrial competitiveness under **Viksit Bharat @2047**.

The report underscores key challenges faced by medium enterprises, including constrained access to tailored financial products, limited adoption of advanced technologies, inadequate R&D support, lack of sectoral testing infrastructure, and a mismatch between training programmes and enterprise needs. These limitations hinder their ability to scale and innovate.

To address these issues, the report outlines a comprehensive policy framework with targeted interventions across six priority areas:

- **Tailored Financial Solutions:** Introduction of a working capital financing scheme linked to enterprise turnover; a ₹5 crore credit card facility at market rates; and expedited fund disbursement mechanisms through retail banks, overseen by the Ministry of MSME.
- **Technology Integration and Industry 4.0:** Upgradation of existing Technology Centers into sector-specific and regionally customized India SME 4.0 Competence Centers to promote the adoption of Industry 4.0 solutions.
- **R&D Promotion Mechanism:** Establishment of a dedicated R&D cell within the Ministry of MSME, leveraging the Self-Reliant India Fund for cluster-based projects of national significance.
- **Cluster-Based Testing Infrastructure:** Development of sector-focused testing and certification facilities to ease compliance and enhance product quality.
- **Custom Skill Development:** Alignment of skilling programmes with enterprise-specific needs by region and sector, and integration of medium enterprise-centric modules into existing Entrepreneurship and Skill Development Programmes (ESDP).
- **Centralized Digital Portal:** Creation of a dedicated sub-portal within the Udyam platform featuring scheme discovery tools, compliance support, and AI-based assistance to help enterprises navigate resources effectively.

The report emphasizes that unlocking the potential of medium enterprises requires a shift toward inclusive policy design and collaborative governance. With strategic support in finance, technology, infrastructure, skilling, and information access, medium enterprises can emerge as the drivers of innovation, employment, and export growth. This transformation is pivotal to realizing the vision of **Viksit Bharat @2047**.

Read the complete report: <https://www.niti.gov.in/sites/default/files/2025-05/Designing-a-Policy-for-Medium-Enterprises.pdf>

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