

Revitalizing MSMEs: The Catalytic Role of Ramp

Micro, Small and Medium Enterprises (MSMEs) are central to India's economic growth, employment generation, and inclusive development. In recent years, the MSME sector has witnessed significant formalisation, broader access to finance, greater social participation, and sustained policy support. Despite these developments, the post-pandemic environment and the rapid expansion of the digital economy have revealed continuing structural constraints related to finance, technology adoption, market integration, and institutional capacity. Against this backdrop, the present study analyses the Raising and Accelerating MSME Performance (RAMP) programme as a reform-oriented and outcome-based policy initiative designed to address these challenges. This paper analyses the role of RAMP in strengthening institutional systems, improving the flow of credit, promoting digital adoption, expanding market access, and supporting enterprise formalisation, and assesses its implications for the contribution of MSMEs to sustainable economic development in India.



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INTRODUCTION

Micro, Small and Medium Enterprises (MSMEs) form an important segment of India's economic system, supporting employment, entrepreneurship, inclusive growth, and regional development. Recent data show a steady increase in the scale of operations and greater movement of enterprises into the formal sector. According to available records, 7.62 crore enterprises are registered under the Udyam system, comprising 4.56 crore MSMEs and 3.06 crore Informal Micro Enterprises (IMEs) registered through the Udyam Assist Platform (UAP). This expansion of registration indicates progress in formalisation and improved access to formal credit channels, markets, technology support, and government programmes. Most registered units fall under the micro category, accounting for more than 99 percent of the total (around 7.57 crore enterprises). This distribution highlights the central role of micro enterprises in generating livelihoods and supporting small-scale entrepreneurial activity across the country. The data also reveal substantial participation across gender and social categories. Women-owned enterprises account for 3.01 crore registrations. In terms of social representation, entrepreneurs from Other Backward Classes (2.43 crore), Scheduled Castes (80.43 lakh), Scheduled Tribes (26.89

lakh), and Divyangjan categories (6.66 lakh) form a significant share of registered units. Sectoral distribution shows that MSMEs operate across trading (3.29 crore), services (2.73 crore), and manufacturing (1.60 crore), reflecting their broad-based contribution to economic activity.

In terms of employment, MSMEs have created approximately 33.59 crore jobs, making them the second-largest source of employment in India after the agricultural sector. Targeted schemes such as PMEGP alone have supported 3.92 lakh units, disbursed Rs.13,134.80 crore as margin money subsidy, and generated an estimated 31.35 lakh jobs during financial year 2021–22 to financial year 2025–26. Similarly, access to finance has expanded significantly through institutional mechanisms. Under CGTMSE, guarantees worth Rs. 12.38 lakh crore have been extended, while schemes like SRI Fund, PM Vishwakarma, PMEGP, NSSH, and PMV have collectively sanctioned loans and subsidies running into tens of thousands of crores, enabling enterprise creation, scaling, and modernization. PM Vishwakarma alone has recorded 3 million registrations, with large-scale skill verification, training, and credit support to traditional artisans.

Market access and export promotion initiatives have further strengthened MSME competitiveness. Participation in domestic and international exhibitions, 265 fairs, and export support has resulted in Rs. 3,858.53 crore exports in coir and coir products, reflecting the global integration of MSME products. Public procurement support remains robust, with Rs. 48,526 crore worth of procurement from MSEs, including Rs. 2,383 crore from SC/ST enterprises, reinforcing inclusive procurement policies.

Even in case of technological upgradation and infrastructure development have received strong policy backing through RAMP, ZED, LEAN, TCSP, KVIC, MSE-CDP, and Tool Room initiatives. Under RAMP, over 35.23 lakh MSMEs have benefited, with grants of Rs. 3,351 crore, while quality and productivity enhancement schemes have enabled certification, process improvement, and digital adoption. In addition,

training and entrepreneurship development continue to be a cornerstone of MSME growth, with over 3.8 crore individuals trained across various skilling, ESDP, ASPIRE, and MSME capacity-building programmes. Effective grievance redressal through CHAMPIONS, CPGRAMS, and SAMADHAAN has further strengthened trust in institutional support systems. Moreover, the growing Gross Budgetary Support, increasing from Rs. 17,306.73 crore in revised financial year 2024–25 to Rs. 23,168.15 crore in financial year 2025–26 with near 100% utilization, reflects strong governmental commitment to MSME development.

In the light of the above, the performance figures affirm that MSMEs are not merely supplementary economic units but are central drivers of employment, inclusion, innovation, and resilience in the Indian economy. Their continued strengthening through formalisation, finance, technology, market access, and institutional reforms positions MSMEs as a decisive force in achieving sustainable growth and the broader vision of a developed India.

RAISING AND ACCELERATING MSME PERFORMANCE (RAMP)

The Union Cabinet's approval of the USD 808 million (Rs. 6,062.45 crore) World Bank–assisted programme “Raising and Accelerating MSME Performance (RAMP)” marked a decisive policy shift toward reform-linked, performance-oriented development of India's MSME sector. The Raising and Accelerating MSME Performance (RAMP) programme received approval on 30 March 2022 and was implemented from the financial year 2022–23 as a Central Sector Scheme under the Ministry of MSME. The programme is financed with assistance of USD 500 million from the World Bank, with the remaining funds provided by the Government of India. It was introduced in the aftermath of the COVID-19 pandemic to support recovery and address structural issues affecting the MSME sector, with a focus on improving competitiveness, encouraging formalisation, and strengthening long-term viability. RAMP follows a reform-based financing structure built around two key areas: first, strengthening institutional systems and governance related to MSMEs at both Central and State levels; and second, improving market access, enterprise capabilities, and access to finance. Fund disbursement is linked to the achievement of specified Disbursement Linked Indicators (DLIs). These indicators are intended to support implementation of the National MSME Reform Agenda, enhance coordination between the Centre and States, strengthen credit guarantee mechanisms, reduce payment delays, promote environmental and gender-related measures, and expand receivables financing systems. The programme also requires States and Union Territories to prepare Strategic Investment Plans (SIPs).

The Raising and Accelerating MSME Performance (RAMP) programme marks a paradigm shift in India's MSME policy from fragmented scheme-based support to a reform-linked, performance-oriented ecosystem approach.

These plans identify regional priorities and outline sector-specific interventions for MSME development, including areas such as manufacturing, services, renewable energy, village industries, and women-led enterprises.

By the financial year 2025–26, the performance indicators associated with RAMP reflect its role in supporting the revival and strengthening of the MSME sector. As on December 2025, 35.23 lakh MSMEs had directly benefited under RAMP, with Rs. 3,351 crore sanctioned as grants to strengthen institutional capacity, technology adoption, market linkages, and enterprise competitiveness. These outcomes align with the programme's original objective of targeting 5.55 lakh MSMEs for enhanced performance, while indirectly benefiting India's entire MSME universe of over 63 million enterprises. Importantly, RAMP has complemented flagship initiatives such as CGTMSE, technology upgradation, quality certification, and digital enablement, thereby amplifying the impact of existing MSME schemes rather than duplicating them. Beyond quantitative reach, RAMP functions as a policy provider through evidence-based programme design, a knowledge provider via benchmarking and dissemination of best practices, and a technology provider by enabling MSMEs'

access to advanced digital tools, analytics, and automation. With its emphasis on competitiveness, inclusion, and sustainability, RAMP reinforces the objectives of Atmanirbhar Bharat by promoting exports, import substitution, and domestic manufacturing.

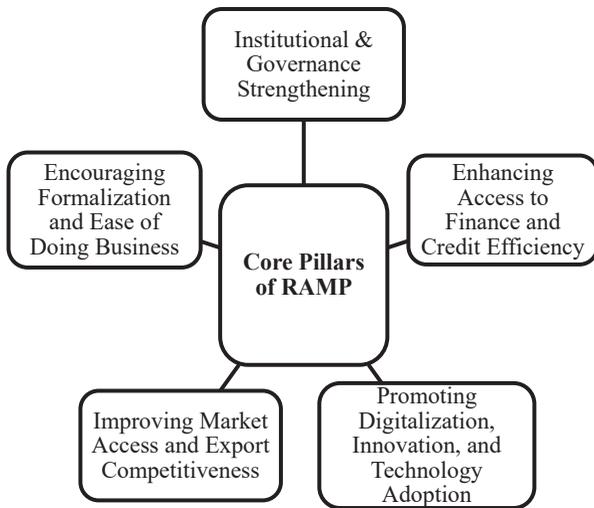
As a result, RAMP represents a paradigm shift in MSME policy from fragmented support to

outcome-driven reform positioning MSMEs as resilient, future-ready engines of India's economic growth in the post-pandemic era.

RAMP AS A CATALYST FOR MSME REVITALIZATION

The Raising and Accelerating MSME Performance (RAMP) programme marks a paradigm shift in India's MSME policy from fragmented scheme-based support to a reform-linked, performance-oriented ecosystem approach. By simultaneously addressing institutional capacity, finance, technology, markets, and formalisation, RAMP acts as a catalytic framework that strengthens MSME resilience, competitiveness, and sustainability in the post-pandemic and digital economy era. Rather than operating in silos, RAMP integrates governance reforms with enterprise-level outcomes, positioning MSMEs as engines of inclusive growth and economic transformation. However, some of the important successful critical factors are responsible for strengthening the MSMEs under RAMP are presented (figure 1) and followed by a brief discussion of the same.

Figure 1: Core Pillars of RAMP



- (a) **Strengthening MSME Institutions and Governance Mechanisms:** RAMP strengthens the institutional architecture of the MSME ecosystem by enhancing policy-making capacity at both the Central and State levels. Under the Strategic Investment Plan (SIP) framework, States are required to assess sector-specific challenges, define measurable objectives, and align MSME-related initiatives with regional development priorities. Greater coordination between the Central and State governments, the use of data-based planning, and performance-linked financial support under RAMP contribute to improved transparency, accountability, and overall efficiency in MSME governance.
- (b) **Enhancing Access to Finance and Credit Efficiency:** Limited availability of timely and affordable finance continues to constrain MSME growth. RAMP seeks to address this issue by strengthening credit guarantee mechanisms, expanding receivables financing systems, and reducing delays in payments. These measures aim to lower lending risks for financial institutions and reduce transaction costs for enterprises, thereby facilitating improved credit flow to micro and small firms. Improved access to liquidity and working capital can support investment in expansion and technological upgradation.
- (c) **Promoting Digitalization, Innovation, and Technology Adoption:** RAMP promotes the adoption of digital tools, modern technologies, and innovation-driven practices to enhance MSME productivity. By supporting technology upgradation, quality certification, and digital platforms, the programme enables MSMEs to integrate into digital value chains. Access to advanced technologies such as automation, data analytics, and cloud-based systems improves operational efficiency, resilience, and competitiveness in an increasingly digital economy.

- (d) **Improving Market Access and Export Competitiveness:** Market expansion is a critical driver of MSME growth. RAMP facilitates better market access by strengthening domestic and international linkages, supporting participation in exhibitions and trade fairs, and encouraging quality-driven production. These initiatives help MSMEs diversify markets, move up the value chain, and enhance export readiness. Improved competitiveness enables MSMEs to contribute more effectively to export growth and import substitution.
- (e) **Encouraging Formalization and Ease of Doing Business:** RAMP supports formalization by incentivizing MSME registration, simplifying compliance procedures, and strengthening grievance redressal mechanisms. Formalized enterprises gain easier access to finance, government schemes, and organized markets while reducing regulatory uncertainty. Enhanced ease of doing business improves enterprise confidence, reduces informality-related risks, and fosters sustainable and inclusive MSME growth.

POLICY IMPLICATIONS AND RECOMMENDATIONS

The implementation of the Raising and Accelerating MSME Performance (RAMP) programme offers critical insights into the evolving architecture of MSME policy in India. Moving beyond fragmented, scheme-centric interventions, RAMP demonstrates how reform-linked, outcome-oriented governance can enhance policy effectiveness, institutional capacity, and enterprise competitiveness. The programme's emphasis on performance-based funding, sustainability integration, scalability across sectors, and robust monitoring mechanisms provides a comprehensive blueprint for future MSME reforms. Accordingly, the following policy implications and recommendations highlight strategic directions for strengthening MSME development, aligning enterprise growth with ESG and inclusive objectives, and ensuring accountability-driven, resilient economic transformation.

- (1) The RAMP experience emphasizes the effectiveness of shifting from fragmented, scheme-driven interventions to a reform-linked, outcome-oriented policy framework. Performance-based funding, strong Centre-State coordination, and evidence-driven planning through Strategic Investment Plans (SIPs) demonstrate that MSME policies yield better results when aligned with regional priorities and measurable outcomes. Future MSME policy design should therefore emphasize institutional capacity building, flexibility in implementation, and continuous feedback loops to ensure adaptive and responsive reforms.



- (2) RAMP provides a strong platform for embedding Environmental, Social, and Governance (ESG) principles into MSME development. By encouraging greening initiatives, women entrepreneurship, and social inclusion, the programme aligns enterprise growth with sustainability objectives. Integrating ESG metrics into MSME credit appraisal, technology adoption, and market access initiatives can further enhance responsible business practices, promote climate resilience, and ensure that MSME growth remains inclusive and socially balanced.
- (3) The reform-based, performance-linked architecture of RAMP offers a scalable model for other sectors such as agriculture-based enterprises, startups, cooperatives, and services. Its emphasis on institutional strengthening, technology enablement, and market integration can be adapted to sector-specific contexts. Replicating this model can help address structural bottlenecks across sectors while ensuring efficient use of public resources and measurable developmental impact.
- (4) Effective monitoring and evaluation are essential for maintaining the continuity of reforms. Under RAMP, financial releases are linked to Disbursement Linked Indicators (DLIs), supported by defined reporting systems and multi-level monitoring structures. These mechanisms aim to ensure accountability in programme implementation. Strengthening real-time data systems, undertaking independent evaluations, and integrating feedback from stakeholders can further improve implementation outcomes. Such steps help enhance transparency, operational efficiency, and the sustained progress of MSME reform initiatives.

CONCLUSION

In conclusion, the Raising and Accelerating MSME Performance (RAMP) programme represents a change in India's MSME development approach, moving from dispersed support schemes toward a reform-based and outcome-

focused framework. The review suggests that the programme has contributed to strengthening institutional systems, improving access to finance, encouraging digital adoption, expanding market linkages, and promoting enterprise formalisation. Through coordinated action between the Centre and States, along with funding linked to measurable results, RAMP addresses structural issues that have affected MSME growth.

The programme's emphasis on sustainability, inclusion, and competitiveness supports the overall development of the MSME sector. MSMEs play an important role in employment generation, innovation, and inclusive growth. With the reforms introduced under RAMP, the sector is better placed to contribute to long-term economic development.

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