

Atmanirbhar Bharat needs more than policy, it needs purchase orders

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India has placed micro, small and medium enterprises (MSMEs) at the centre of its growth story. From policy pushes under Atmanirbhar Bharat, Adhyan to sustained investments in credit, skilling and formalisation, the intent is clear: MSMEs are expected to drive

employment, resilience, and local economic growth. But there is a structural gap in how this ambition is playing out. While India has focused on strengthening MSMEs as producers, it has paid far less attention to connecting them to the country's largest and most stable source of demand: corporate procurement.

According to the Ministry of Corporate Affairs' annual CSR report, Indian corporates spent over ₹26,000 crore on CSR in FY2022-23 alone. Their collective procurement spend across raw materials, services, logistics, packaging, and agricultural inputs runs into tens of crores annually. Yet while CSR is positioned as a primary vehicle for development, procurement remains largely disconnected from national priorities on inclusive growth.

This disconnect becomes sharper when viewed through the lens of women's livelihoods. Women-led enterprises have long been central to India's rural development architecture. They are widely recognised in policy as engines of local economic participation. Yet their presence in formal corporate supply chains remains minimal. Even as women entrepreneurs account for a growing share of MSMEs, they continue to face structural barriers to entering procurement ecosystems that were never designed to include them.

The result is a familiar paradox. India celebrates MSMEs as the backbone of its economy and positions women's entrepreneurship as a national priority. But the everyday decisions that determine market access, which large companies choose to buy from, often bypass both.

At the same time, corporate India is making increasingly visible commitments to sustainability. The introduction of SEBI's Business Responsibility and Sustainability Reporting (BRSR Framework) has formalised expectations around responsible sourcing, supply chain transparency, and social impact. Companies are now required to disclose how their operations align with environmental and social goals, including Scope 3 emissions and supplier practices.

But disclosure is not the same as transformation.

Across sectors, there remains a clear gap between ESG commitments and procurement behaviour. Many companies report sustainability as a strategic priority, yet relatively few can demonstrate supplier diversity or inclusive sourcing in their purchasing data. Procurement systems continue to prioritise cost, scale, and established vendor relationships, often excluding smaller, distributed, or community-based enterprises in the process.

This gap has consequences beyond inclusion; it is increasingly a question of resilience. Recent disruptions from extreme weather events, disrupting agricultural supply chains, and the pandemic-era breakdown of concentrated manufacturing networks have exposed the risks of concentrated sourcing.

Further, recent disruptions from climate shocks to supply chain breakdowns have exposed the risks of concentrated sourcing. Supply chains dependent on a narrow set of large vendors are more vulnerable than those that are geographically distributed. Many MSMEs and social enterprises, particularly those working with smallholder farmers, artisans, and rural producers, operate through decentralised networks by design. These networks, while often perceived as complex, can offer built-in resilience that traditional supply chains lack.

They also align with the growing need for climate-resilient sourcing. Enterprises working in sustainable agriculture, natural fibres, and low-impact manufacturing are already generating traceable and environmentally responsible supply chains. Yet these models remain at the margins of corporate procurement, limiting their ability to scale.

The underlying issue is structural. Within most companies, sustainability and procurement functions operate with different mandates. Sustainability teams articulate ESG commitments; procurement teams are evaluated on cost, efficiency, and reliability. Without shared accountability, these priorities rarely converge in actual sourcing decisions.

India's growing impact economy — social enterprises building procurement-ready models that combine commercial viability with measurable social and environmental outcomes — is paying the price. These enterprises are structurally locked out, not because of capability gaps, but because of how vendors are identified, evaluated, and onboarded.

It also represents a missed opportunity within India's evolving startup and impact economy. Social enterprises are building procurement-ready models that combine commercial viability with measurable social and environmental outcomes. Yet they remain underrepresented in corporate supply chains, not because of a lack of capability, but because of how vendors are identified, evaluated, and onboarded.

Addressing this gap requires targeted, practical shifts, not a redesign of corporate strategy.

Procurement metrics need to move beyond unit price to incorporate total cost of ownership, including supply chain risk, compliance costs, and sustainability outcomes. Vendor onboarding processes need to allow phased engagement with emerging suppliers, including women-led enterprises and MSMEs, and most critically, sustainability commitments made at the board level must translate into procurement mandates, with shared accountability across teams.

There is also a role for policy. Strengthening operational guidance within ESG frameworks like BRSR can help move companies from disclosure to action. Financial institutions can support this transition by designing working capital products aligned with procurement cycles, enabling smaller enterprises to meet large-scale demand.

India does not lack policy intent. It has invested significantly in building the capacity of MSMEs, supporting women's entrepreneurship, and promoting sustainable development. What remains underleveraged is the most direct pathway through which these ambitions can translate into sustained economic participation: the act of buying.

If India's growth story is to be truly inclusive, the question is not only how we support enterprises to produce, but whether we are willing to integrate them into the markets that matter. And that decision is made not in policy documents or sustainability reports, but in procurement teams, every time a purchase order is issued.

(Disclaimer: Views expressed are personal)

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