



SIDBI – D&B SPeX

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Sustainability Perception Index (SPeX) – The green pulse indicator



dun & bradstreet



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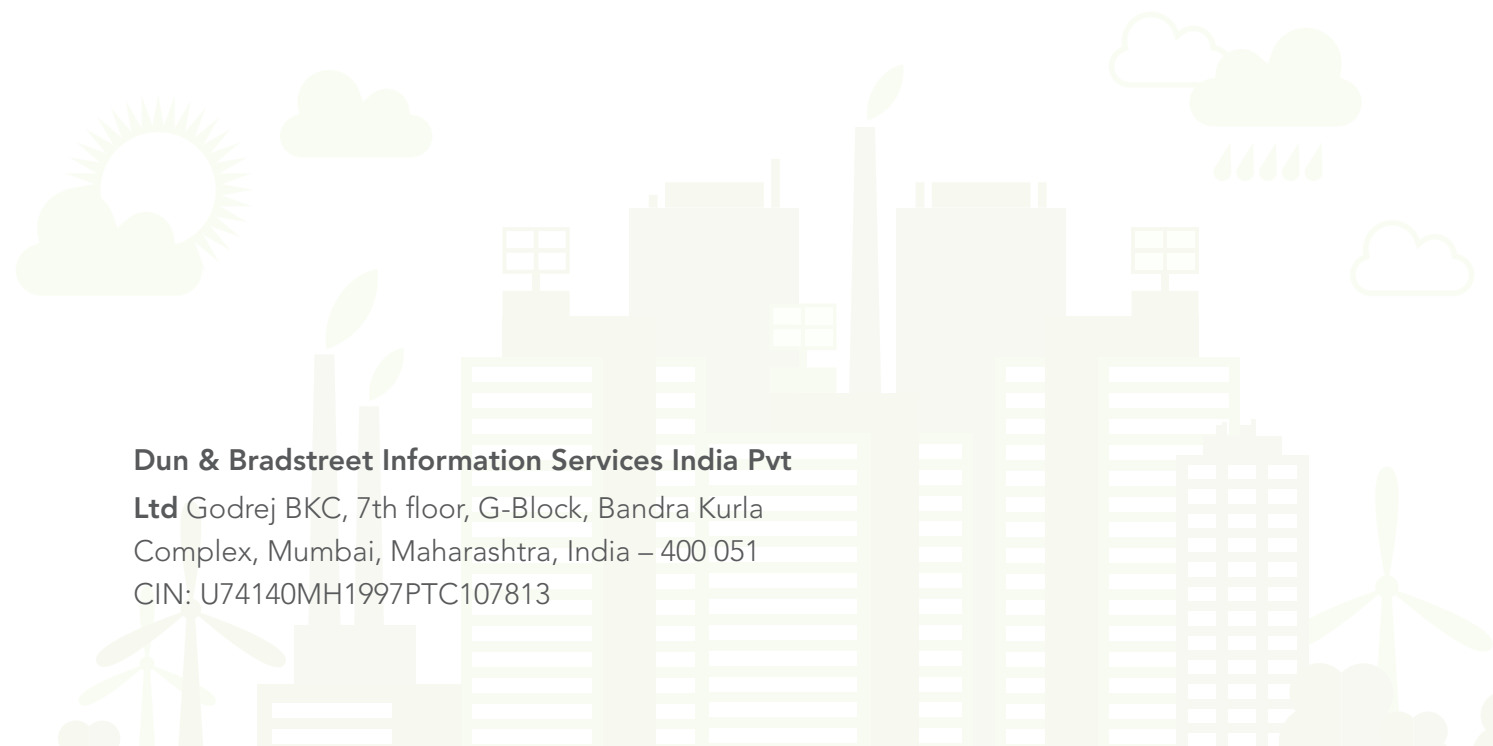


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Introduction

Sustainability has become a key focus area for businesses globally, and Micro, Small, and Medium Enterprises (MSMEs) are no exception. In India, MSMEs play a vital role in the economy, contributing significantly to the country's GDP and employment generation. However, the sector also faces challenges, including sustainability concerns. To address these challenges, it is essential to understand the current state of sustainability perceptions among MSMEs in India.

It is in this context Dun and Bradstreet, in collaboration with SIDBI introduced a quarterly Sustainability Perception Index (SIDBI - D&B SPeX) - the green pulse indicator. SPeX is a pioneering effort to assess the sustainability perceptions of MSMEs across various industries and locations. The index is designed to provide a comprehensive overview of the sustainability landscape in the Indian MSME sector. The index assesses the internal and external factors that shape sustainability perception of businesses on three dimensions, namely – Awareness, Willingness, and Implementation of sustainability measures.

The SPeX is based on a rigorous methodology that considers a range of factors that influence sustainability perceptions, such as policy and regulations, social responsibility, and governance practices. The index uses data from survey of MSME owners and managers to capture an accurate picture of sustainability perceptions. The report provides insights into the current state of sustainability perceptions among MSMEs in India, highlighting trends, challenges, and opportunities for improvement. It aims to serve as a valuable tool for policymakers, regulators, industry associations, and MSMEs to identify opportunities for improvement and implementation strategies to enhance adoption of sustainability practices. SPeX acts as an enabler in raising awareness about the importance of sustainability among MSMEs, encourage MSMEs to adopt sustainable practices, and contribute to the overall growth and development of the Indian economy.



Objective of SPeX



D&B and SIDBI's Sustainability Perception Index (SIDBI - D&B SPeX), the green pulse indicator is the first index globally, measuring perception of MSMEs on sustainability measures across three dimensions of sustainability adoption (willingness, awareness, and implementation).



SPeX aims to provide valuable insights into how industry stakeholders perceive sustainability, identify key areas for improvement, and foster a culture of sustainable practices.



The index report would provide valuable insight for policymakers, sustainability enablers, and businesses towards improving adoption of sustainability measures by Indian MSMEs.

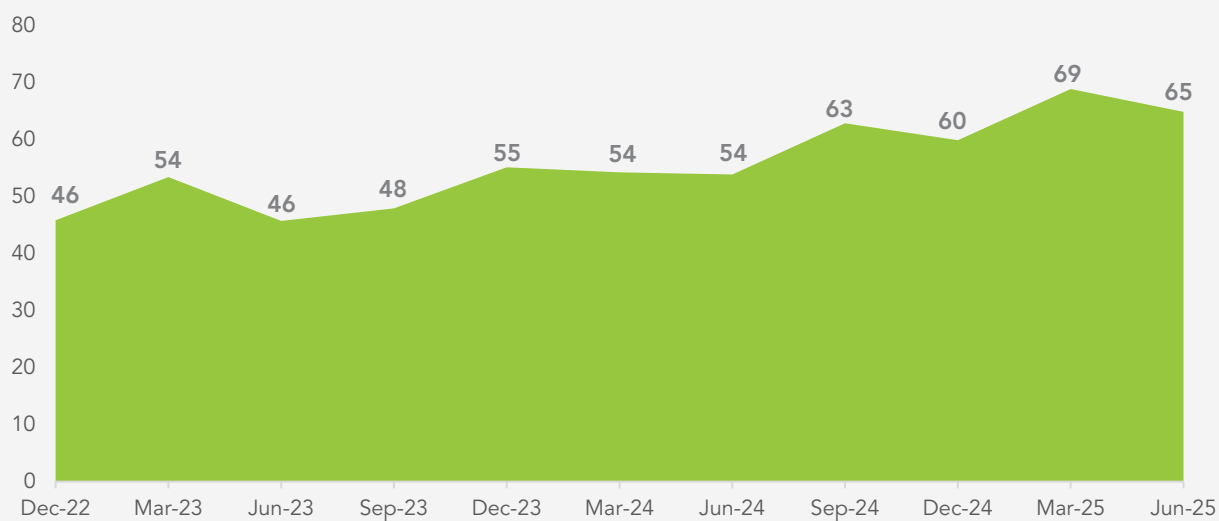


A quantitative measurement for policymakers, enablers, and businesses, measuring:

- Trend and level of awareness, willingness, and implementation of sustainability measures.
- Implementation of sustainability factors across value/supply chain.
- Role and impact of internal drivers – strategy, resources, and culture.
- Impact of regulations and policies.
- Factors impeding/enabling implementation of sustainable practices by MSMEs.

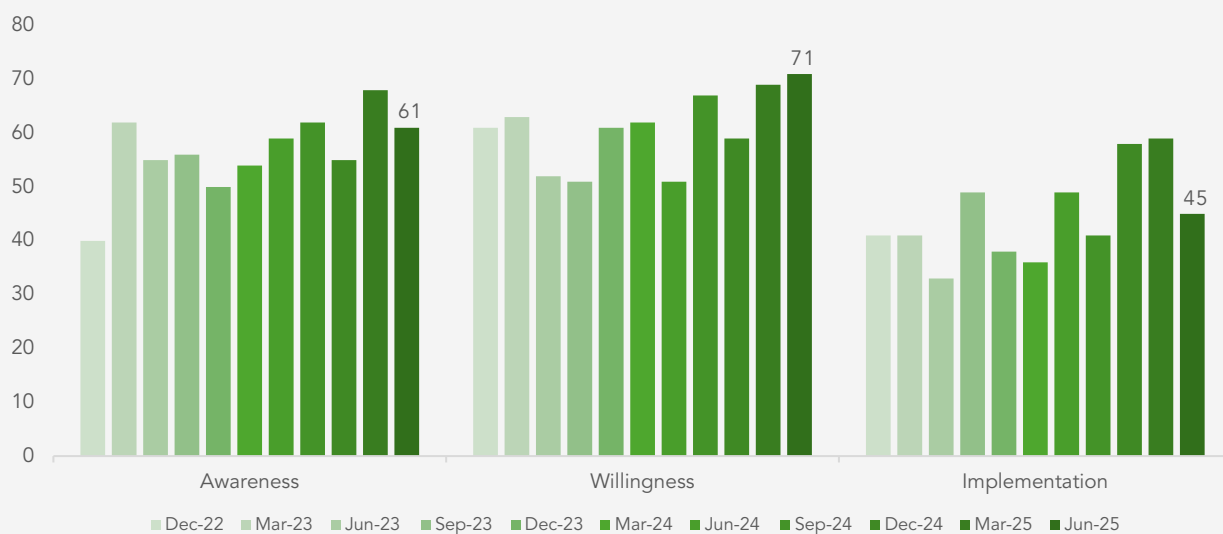


Sustainability Perception Index (SPeX)



Note: The index ranges from 0 to 100. Higher the index value, higher is the perception of sustainability.
Source: SIDBI - D&B Sustainability Perception Index Survey, April – June 2025

Pillars of SPeX



Note: The index ranges from 0 to 100. Higher the index value, higher is the perception of sustainability.
Source: SIDBI - D&B Sustainability Perception Index Survey, April – June 2025

Executive Summary



AWARENESS

- In Q2 2025, the awareness dimension moderated, especially among small enterprises.
- A large share (59%) of MSMEs showed significant understanding of the government-led green financing schemes and policy support.
- Despite these challenges, 46% of MSMEs focused on building sustainability-related knowledge, indicating early-stage engagement and strategic preparation.
- Awareness about green financing is higher across businesses of all age groups. 55% of Businesses aged 1-5 years, 57% of business older than 25 years and 56% of businesses of age 5 to 10 years have greater awareness of green financing measures.
- An average of 57% of businesses across all age groups view sustainability as a driver of competitive advantage and brand equity.
- An average of 77% of MSMEs believe that implementation of sustainability will lead to an increase in the profitability of the businesses.



WILLINGNESS

- In Q2 2025, MSMEs sustained their commitment to sustainability adoption, with the Willingness dimension rising by 3% QoQ.
- An average of 66% of businesses aged 1 to 10 years old feel regulation is a key factor influencing their sustainability initiatives.
- Regulatory compliance and cost efficiency were the top motivators for sustainability engagement.
- Internal stakeholder influence had a relatively lower impact on sustainability adoption.
- MSMEs prioritized environmental and governance actions, while DEI remained a secondary focus.
- Micro and medium enterprises led efforts to formalize sustainability policies and procedures, signaling internal capability-building.
- 53% of Medium-sized firms showed the strongest procedural enhancements.
- 60% Micro businesses led in increased willingness for implementing the governance measures.



IMPLEMENTATION

- In Q2 2025, 60% of the MSMEs have developed expertise in sustainable business strategy as compared to 13% in Q4 2024.
- In Q2 2025, 65% of Medium enterprises implemented measures for reduce re-use re-cycle, compared to just 31% in Q1 2025.
- In Q2 2025, 56% of Micro enterprises maintained same level of emission, compared to 56% in Q1 2025.
- 53% of businesses in age 1 to 5 years implemented full compliance to sustainable policies
- 65% of MSMEs feel availability of capital is a major hinderance while implementing the sustainability measures.
- 75% of younger businesses cited lack of capital availability as a reason for not implementing the sustainability measures
- 63% of businesses which are 5 to 10 years older and 60% of businesses 10-25 years older cite uncertain returns as a reason for not investing in sustainable initiatives.

In Q2 2025, MSMEs demonstrated strong growing intent toward sustainability, with 66% planning to expand environmental policies and 76% expecting profitability gains from these measures. While sustainability awareness moderated slightly, engagement with social and environmental aspects increased, especially among micro and small businesses. Profitability and cost reduction remained the top motivators. Green financing awareness increased across all segments, with younger businesses showing stronger awareness. Governance implementation improved across all sizes, led by micro and medium enterprises. Despite increasing awareness and interest, concerns around uncertain returns continue to limit investments. Lower adoption of green financing indicates need for improved financial literacy and policy communication. The findings of the survey highlight shift toward increasing ESG integration, with improved financial literacy and policy clarity emerging as key enablers for broader adoption.

MSMEs Embrace Sustainability Despite SPeX Decline - 66% Plan Environmental Initiatives



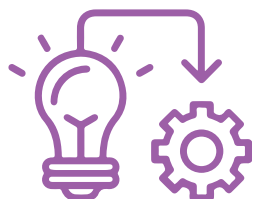
Awareness Dimension Moderates:

A significant portion of MSMEs – particularly small enterprises (33%) – remain unaware of the financial advantages linked to green financing, indicating a need for targeted education and outreach.



Willingness Dimension Strenthens:

A 3% QoQ increase reflects growing strategic intent among MSMEs to embed governance and social sustainability into their core operations, signaling a deepening commitment to sustainability practices.



Implementation Dimension Faces Headwinds:

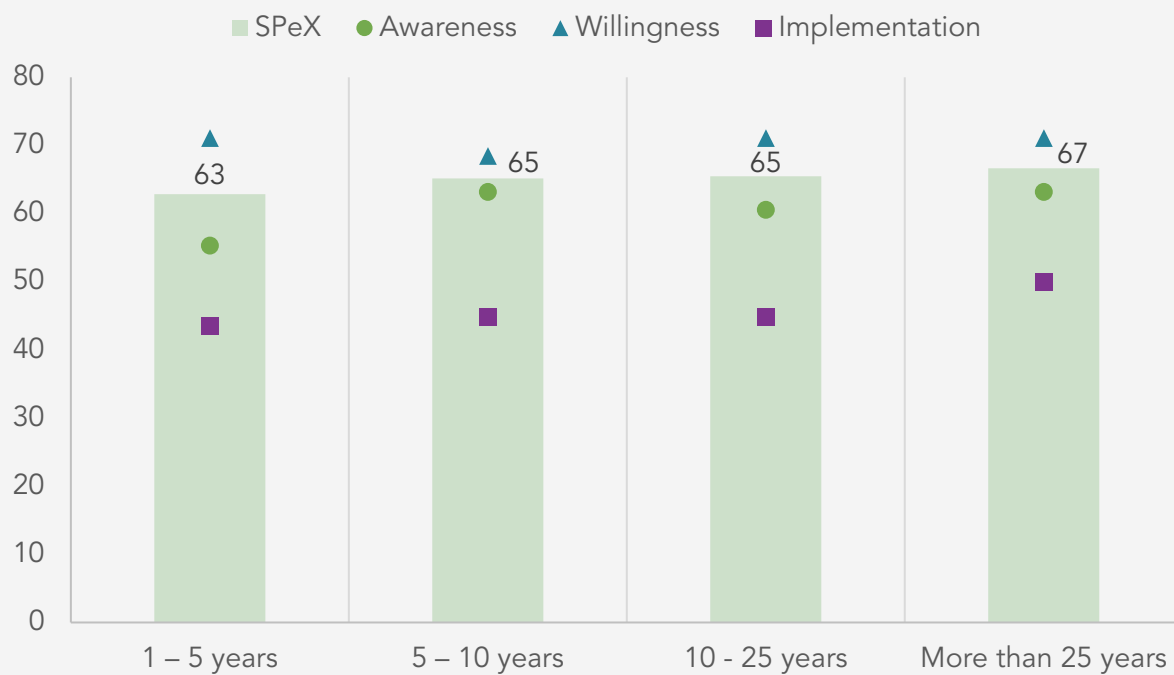
Despite increased planned activity, execution slowed in Q2 as MSMEs preparatory phase of data collection. Notably, 56% of small enterprises and 48% of micro enterprises are actively gathering information to enhance governance frameworks.

Businesses By Size



Note: The index ranges from 0 to 100. Higher the index value, higher is the perception of sustainability. Source: SIDBI - D&B Sustainability Perception Index Survey, April – June 2025

Businesses By Age



Note: The index ranges from 0 to 100. Higher the index value, higher is the perception of sustainability. Source: SIDBI - D&B Sustainability Perception Index Survey, April – June 2025



SPeX by Pillars

AWARENESS



MSMEs Strengthen Sustainability Focus in Q2 2025: Profitability and Green Finance Awareness Fuel Engagement Amid Execution Hurdles

Green Financing & Policy Awareness

- High Awareness, Low Policy Familiarity: While green financing awareness is strong across MSMEs-especially among micro and younger businesses-understanding of government policy support remains limited. Notably, 48% of businesses under one year and 45% of those aged 1–5 years are unaware of available policy support.
- Adoption Trends: Despite high awareness, actual adoption of green financing dipped slightly in Q2 2025. However, younger businesses (under 25 years) showed a 14% increase in uptake, leveraging sustainability for brand positioning and future readiness.

Governance Implementation & Willingness

- Micro Enterprises:
 - 50% have already implemented governance measures, showing strong early engagement.
 - High willingness to seek governance support is evident in Bihar (77.7%), Andhra Pradesh (66.6%), Tamil Nadu (75%), and Jammu & Kashmir (75%).
 - Bihar (64.2%), Jammu & Kashmir (70%), and Punjab (66.6%) are actively pursuing governance initiatives.
- Small Enterprises:
 - 55.4% are willing to implement governance measures, though Haryana and Himachal Pradesh remain in the data collection phase.
- Medium Enterprises:
 - Lead in governance enhancements with 53% procedural improvements and 64.7% implementation across states.
 - Full adoption seen in Bihar, Jharkhand, Himachal Pradesh, Karnataka, Tamil Nadu, and Uttar Pradesh.
- Sectoral Trends:
 - Capital goods show strong intent toward governance adoption but are still in the data-gathering phase. 50% of micro businesses have already implemented governance measures, indicating strong early-stage engagement.

Environmental Sustainability

- Micro Enterprises:
 - Full environmental implementation achieved in Kerala and Madhya Pradesh.
 - Bihar (50%), Assam (42%), and Gujarat (42%) remain in early data collection stages.
- Small Enterprises:
 - Businesses in Himachal Pradesh (75%), Madhya Pradesh, and Gujarat (50%) are still gathering environmental data.
- Medium Enterprises:
 - Full environmental implementation achieved in 13 out of 21 states, with Kerala and Madhya Pradesh at 100%.
 - Maharashtra (50%) lags in familiarity in initiatives related to environment sustainability.
- Sectoral Trends:
 - Food & beverages sector shows low environmental awareness (only 21.43% familiarity).
 - Textiles, wood, paper, and leather sectors also exhibit low environmental awareness.

Social Sustainability

- Micro Enterprises:
 - Strong progress in Jharkhand (83.3%), Haryana (80%), Delhi (66.6%), and Odisha (66.6%).
- Small Enterprises:
 - 72.9% have begun implementing social measures, with full adoption in Andhra Pradesh, Tamil Nadu, Uttar Pradesh, and others.
- Medium Enterprises:
 - 74.5% across 12 states are actively implementing social parameters.
 - Maharashtra and Uttarakhand are still in the data collection phase.
- Sectoral Trends:
 - Metals industry leads in social engagement with 85.1% implementation.

Age-Based Business Insights

- Younger Businesses (<25 years):
 - More proactive in seeking governance support and using sustainability for strategic positioning.
 - Tend to delay implementation, focusing on planning and data collection.
 - Perceive minimal downside in delayed adoption.
- Older Businesses (25+ years):
 - Align sustainability with long-term cost efficiency (21%) and regulatory compliance (22%).
 - Face challenges in quantifying sustainability impact (43%) and cite uncertain returns (53%) as key deterrents.

WILLINGNESS



MSMEs Deepen Sustainability Efforts in Q2 2025: Environmental and Governance Actions Accelerated by Regulation, Cost Efficiency, and Policy Clarity

Policy Formalization & Governance Integration

- 60% of micro businesses have formalized sustainability policies, indicating strong foundational engagement.
- 50% of micro businesses have implemented governance measures, with a clear prioritization of environmental and governance actions over DEI.
- 53% of medium businesses have enhanced governance procedures, and 64.71% have implemented governance frameworks across 12 states.
- 55.47% of small businesses expressed willingness to adopt governance measures, though some remain in the data collection phase.

Drivers of Sustainability Adoption

- Regulatory compliance and cost optimization emerged as the primary motivators across business segments.
- Stakeholder influence was consistently the least influential factor, suggesting a need to strengthen external engagement strategies.
- Businesses across all age groups acknowledged that sustainability enhances competitive advantage and brand image.

Supply Chain & Circular Economy Focus

- Micro businesses under 5 years are actively pursuing compliance, supply chain innovation, waste management, and circular economy practices.
- 61% of micro businesses aged 1–5 years are focused on building sustainable supply chains, with high interest in waste management systems.
- 43% of small businesses are increasingly willing to develop sustainable sourcing strategies.
- Businesses aged 5–10 years lead in supply chain sustainability efforts (53%), with moderate alignment to sustainability policies among those aged 5–25 years (50%)

Expertise Development & Data-Driven Planning

- 64% of businesses aged 25+ years have built broad sustainability expertise, though only 40% have formalized policies.
- Firms aged 5–25 years (average 49%) prioritize data collection for governance planning.
- Businesses aged 1–5 years (50%) and 5–25 years (46.5%) show strong willingness to build expertise in sustainability policy and procedures.

Gaps in Climate Action & Packaging Innovation

- Only 26% of businesses across all age groups are actively working to reduce carbon emissions, indicating a significant gap in climate-focused action.
- 59% of businesses plan no changes to sustainable packaging, suggesting limited innovation in this area.

Regional Implementation Trends

- Full environmental implementation achieved in 13 out of 21 states, with Kerala and Madhya Pradesh leading.
- 72.95% of small businesses have begun implementing social measures, with full adoption in states like Andhra Pradesh, Tamil Nadu, and Uttar Pradesh.
- 74.51% of medium businesses are actively implementing social parameters, while Maharashtra and Uttarakhand remain in the data collection phase.



IMPLEMENTATION



MSMEs Environmental Progress Strengthens but remains cautious about further sustainability adoption due to constrained by cost and compliance barriers.

Environmental Performance & Impact

- In Q2 2025, 57% of medium and 56% of micro enterprises achieved measurable reductions in emissions, energy use (50% each), and waste.
- Micro businesses led in overall sustainability impact, including lower raw material consumption and improved waste management.
- Businesses aged 5–25 years outperformed older firms in environmental efficiency, showing notable progress in reducing heat, emissions, and raw material use, alongside increased adoption of sustainable packaging.

Consistency & Expansion of Sustainability Efforts

- Small businesses demonstrated consistent sustainability efforts over two quarters.
- In contrast, medium and micro enterprises showed limited intent to expand sustainability initiatives in the upcoming quarter.
- Older businesses remained cautious, reflecting a broader hesitancy across MSMEs to scale sustainability efforts despite recent gains.

Barriers to Implementation

- Financial and regulatory hurdles continue to impede progress, with 56% of businesses citing implementation costs and certification requirements as major obstacles.
- 75% of businesses aged 1–5 years face capital availability issues, limiting their ability to implement sustainability measures.
- 61% of older firms (25+ years) report difficulty in accessing technical expertise, hindering execution.

Regional Leadership & Readiness

- Kerala and Madhya Pradesh stand out for achieving full environmental implementation among micro and medium enterprises.
- Medium industries in Maharashtra (50%) show low familiarity with sustainability practices, indicating a need for targeted awareness.
- States such as Kerala (90%), Telangana (88%), Chhattisgarh (84%), Madhya Pradesh (82%), and Andhra Pradesh (81%) demonstrate high environmental familiarity and readiness for sustainable initiatives.

Social Sustainability Progress

- 58.63% of industries across states are transitioning from data collection to implementation of social parameters.
- Micro industries in Jharkhand, Haryana, Delhi, and Odisha show strong performance, while small industries in Andhra Pradesh, Tamil Nadu, and Uttar Pradesh have achieved full adoption of social measures.

Appendix

How is SPeX calculated?

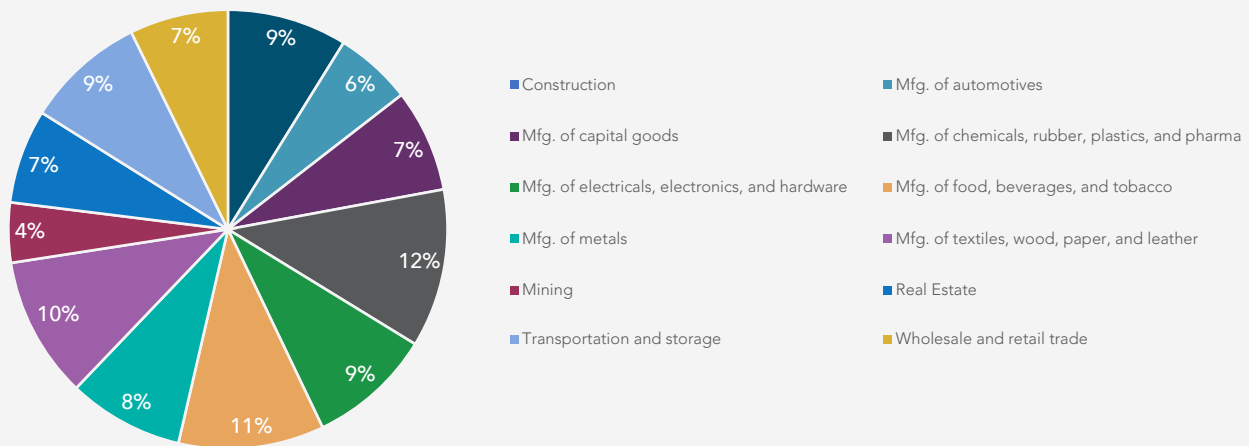
SPeX is a quantitative measurement of sustainability perception of MSMEs in India. For quantitative measurement, Dun and Bradstreet conducted survey of 250+ MSMEs across India **during April - June 2025**. Survey participants are to fill a digital questionnaire containing questions aimed to elicit their perception, understanding and implementation of sustainability practices/measures. Based on the responses, Dun and Bradstreet calculated scores on three dimensions: awareness, willingness, and implementation to each MSME (using a scorecard approach). The reported SPeX and sub-index values are the median score of the survey sample. There may be overlap between the survey respondents in the current and previous surveys.

A weighted scorecard technique is used to calculate the index, with combinations of relevant question and response being assigned scores, aggregated, and standardized using statistical algorithm to arrive at sub-index values for awareness, willingness, and implementation dimensions. SPeX is a weighted average of sub-indices (weights are determined from statistical analysis to explain most variability across responses). SPeX can range from 0 to 100, higher the value, the more positive are respondents' assessment of sustainability measures. All India SPeX value is the median score of the survey respondents.



Firmographics

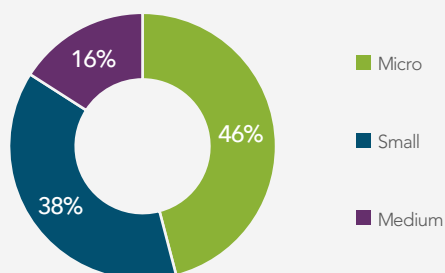
Sector-wise survey participation



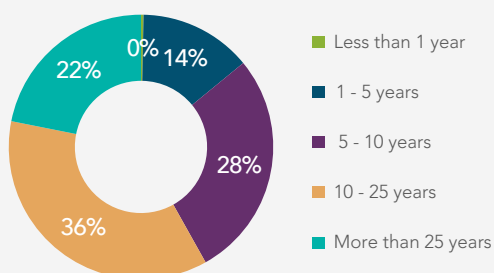
Source: SIDBI - D&B Sustainability Perception Index Survey, April – June 2025

Size and age of business

Respondents by turnover (% share)



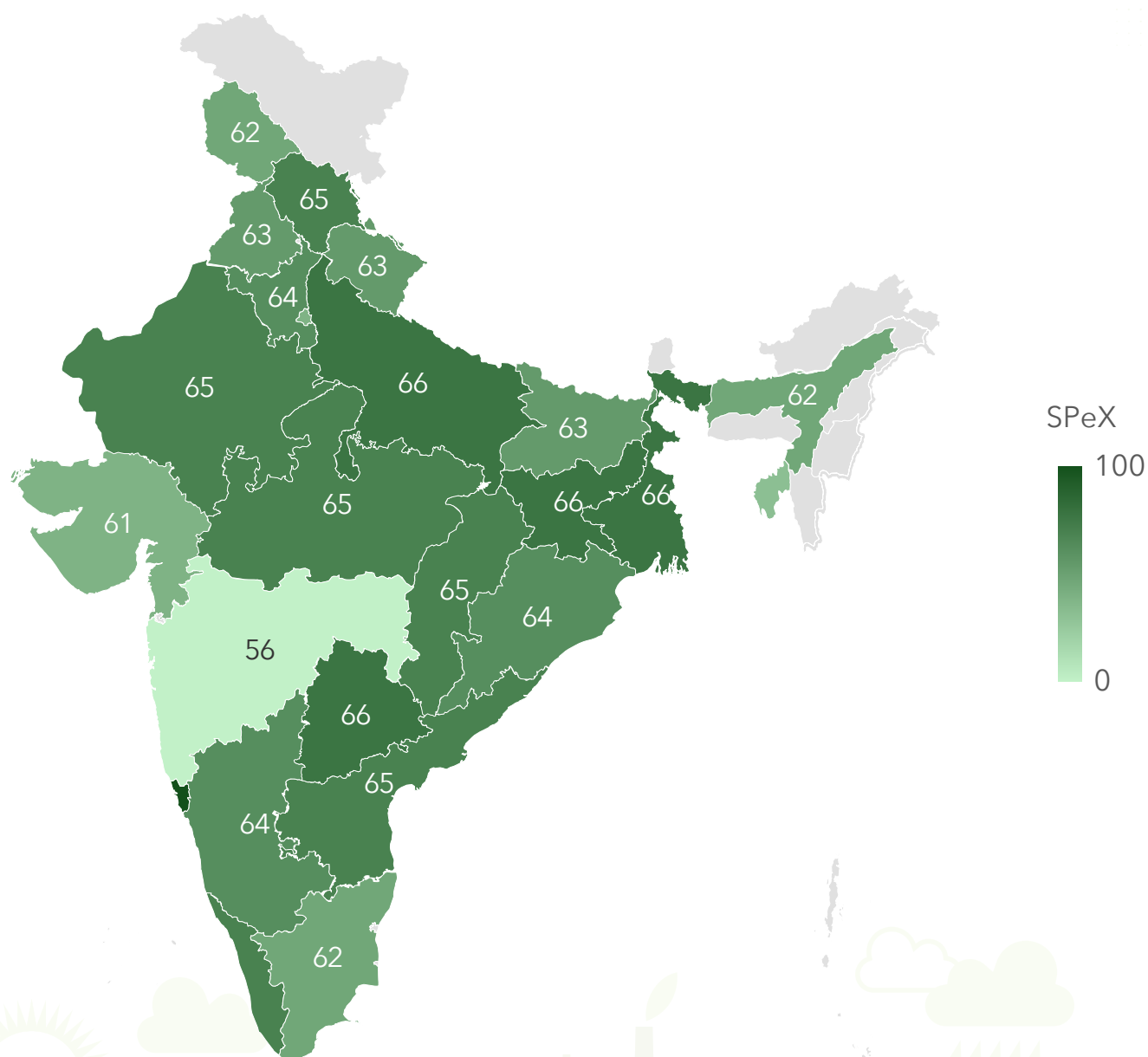
Respondents by age of businesses (% share)



Source: SIDBI - D&B Sustainability Perception Index Survey, April – June 2025

SPeX at state level

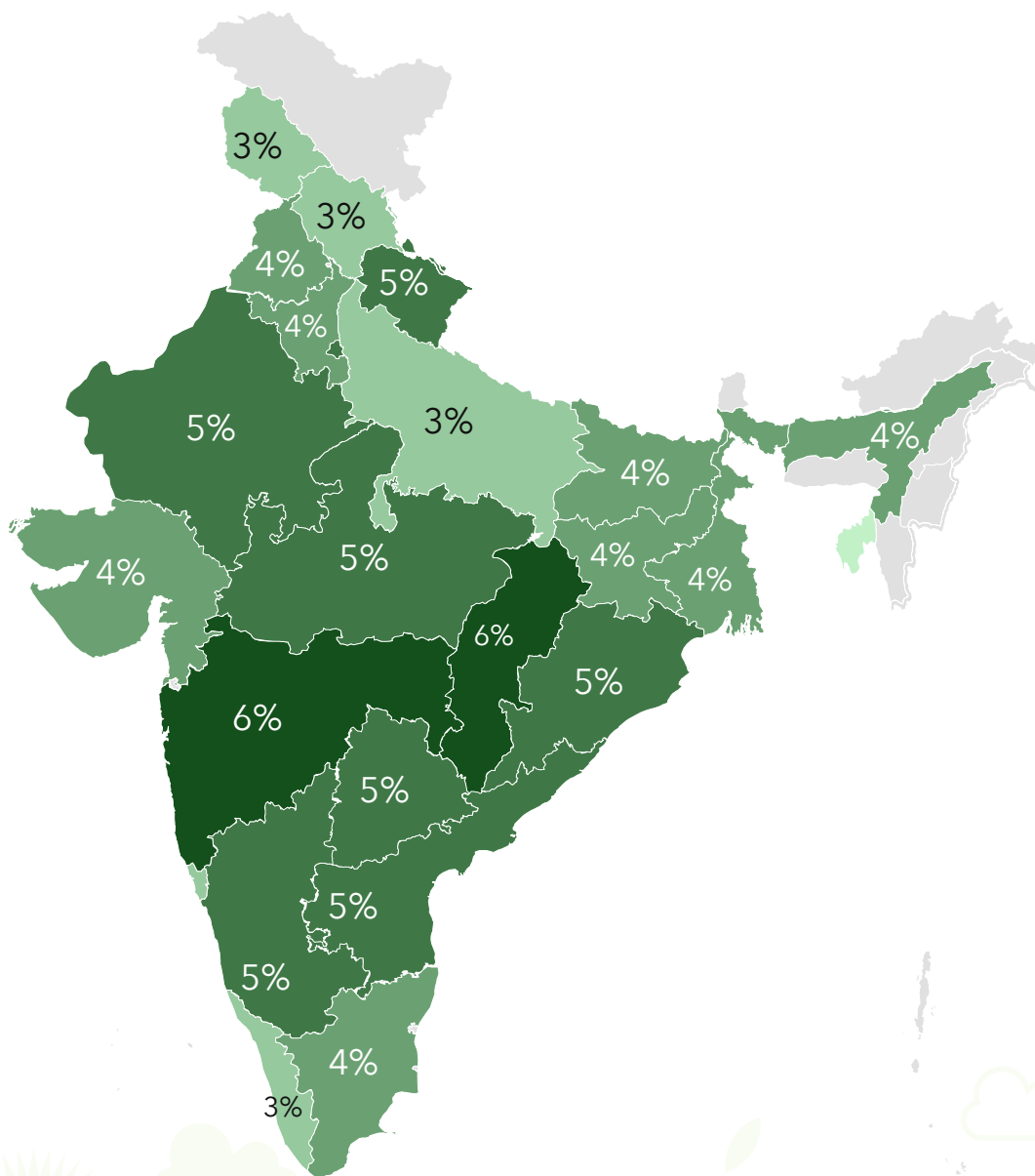
SPeX Across States of India



The index ranges from 0 to 100. Higher the index, higher is the level of perception towards sustainability.
Source: SIDBI - D&B Sustainability Perception Index Survey, April - June 2025

SPeX at state level

% share of respondents from States



Source: SIDBI - D&B Sustainability Perception Index Survey, April - June 2025



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