



SIDBI – D&B SPeX

JULY – SEPTEMBER 2025

Sustainability Perception Index (SPeX) – The green pulse indicator



dun & bradstreet



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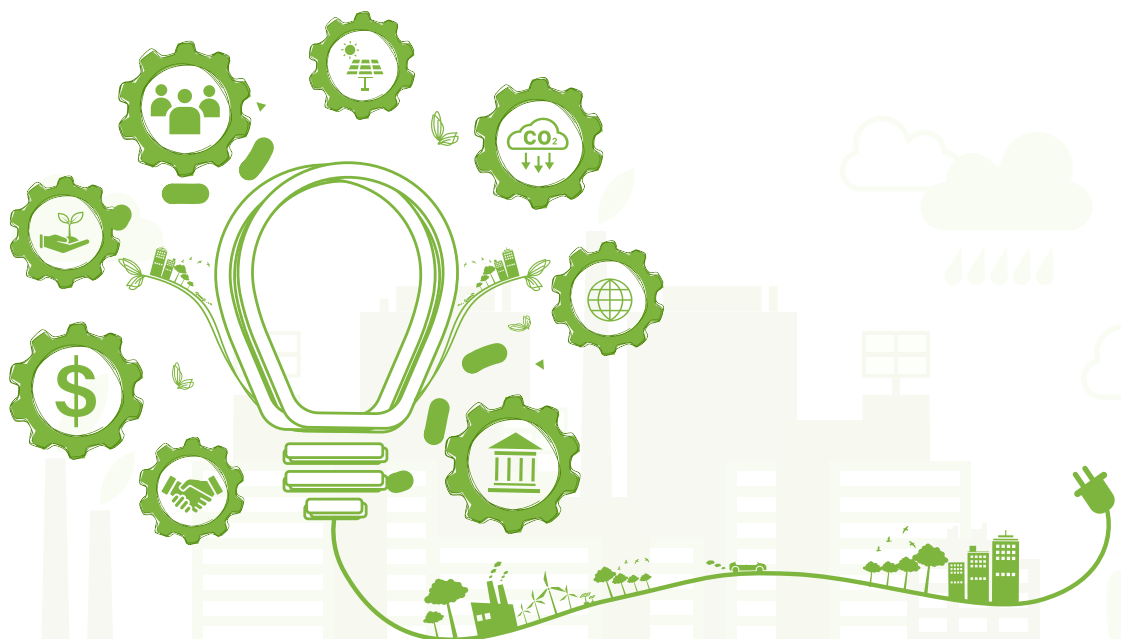
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Introduction

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 aims to provide valuable insights for policymakers, sustainability enablers, and businesses towards improving adoption of sustainability measures by Indian MSMEs.

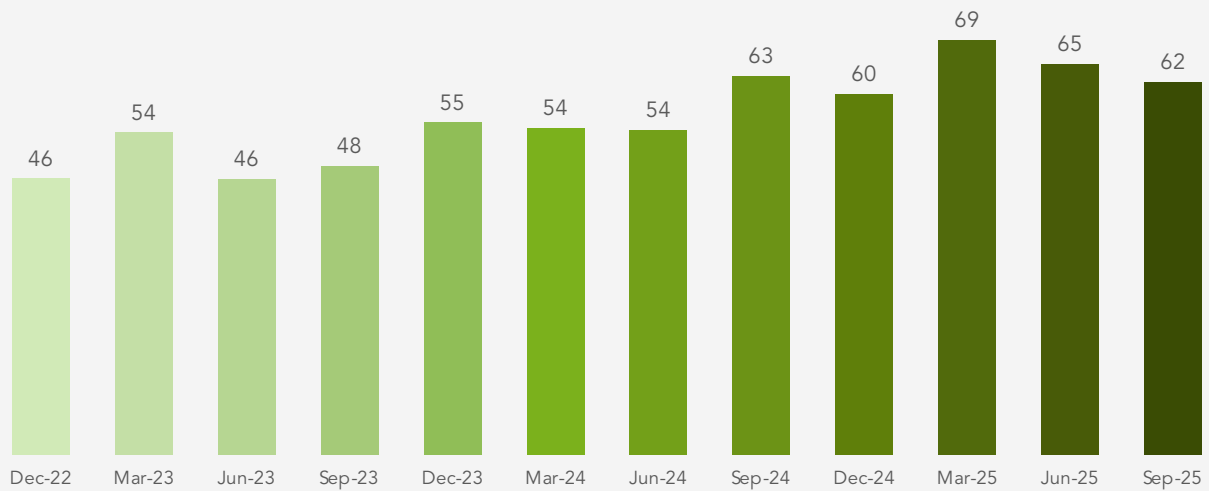


A quantitative measurement for policymakers, enablers, and businesses, measuring:

- 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.

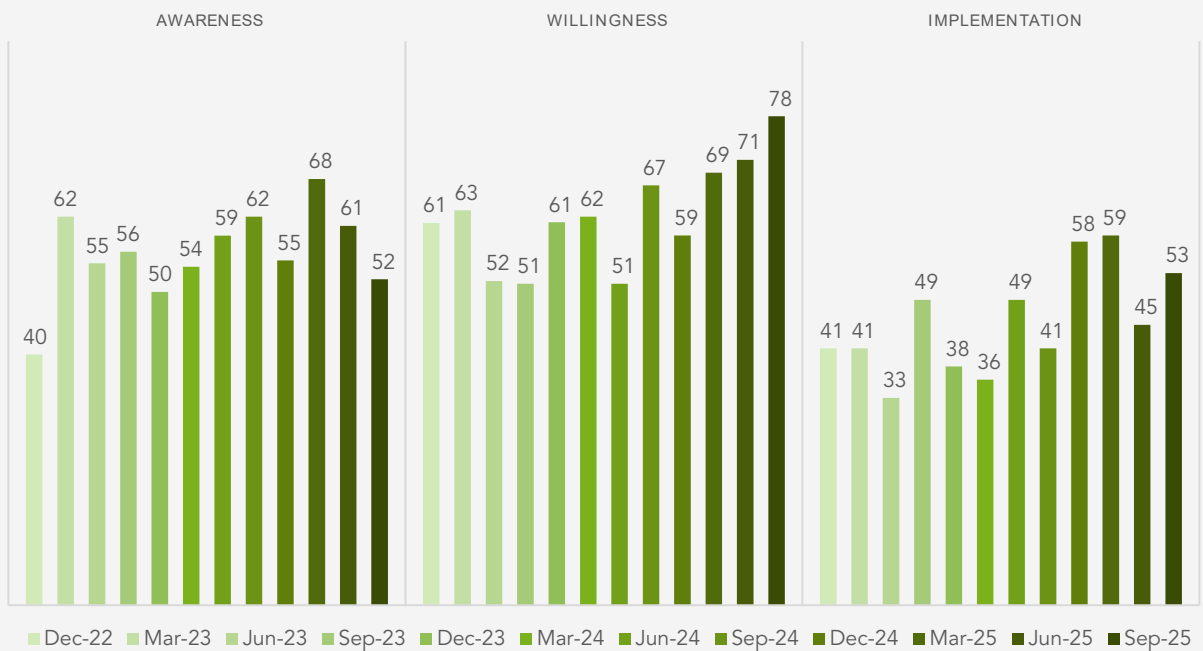


Sustainability Perception Index (SPeX)



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, July - September 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, July - September 2025

Executive Summary



AWARENESS

- In Q3 2025, the awareness dimension declined by 14% QoQ, a 10-quarter low.
- Awareness among medium and micro enterprises fell by 14 and 12 percentage points, respectively.
- Mid-aged (5–10 years) and older firms (25+ years) experienced a 12-percentage point decline in awareness, QoQ.
- Older firms continue to link adoption of sustainability practices with increased export market access, and a growing majority of businesses now also associate it with increased profitability (86%) and reputational gains.
- An average of 74% of total MSMEs believe that adoption of sustainability measures translates to an increased access to export markets, reflecting increased awareness and perceived importance of these practices.
- An average of 69% of total businesses surveyed feel that adoption of sustainability measures will lead to a reduction in production costs, an increase of 11 percentage points QoQ.
- Social media and News (37%) emerged as a more reliable source for sustainability related information, surpassing government platforms (20%), especially among micro businesses.
- Around 49% of businesses across age groups are aware of policies promoting sustainability but are yet to leverage and benefit from them.
- The share of MSMEs tracking environmental reforms and policies rose by 12 percentage points quarter-on-quarter.



WILLINGNESS

- Willingness to implement sustainability measures increased by 10% QoQ, led by older and mid-aged businesses.
- The top three factors driving sustainability adoption among MSMEs in Q3 were regulatory reforms, cost efficiency, and the pursuit of financial gains.
- MSMEs prioritised Reduce, Reuse, Recycle (3R) (31%) and DEI reforms (25%), over employee welfare (18%) in Q3 2025.
- Medium enterprises have shown strong intent, with 90% planning to expand environmental initiatives, a 53 percentage point surge, while micro enterprises saw a 22-point rise in full implementation readiness.
- On average the percentage of MSMEs working on making supply chains more sustainable rose to 60% (marking a 16 percentage points increase QoQ), while those committed to updating their existing sustainability strategies rose to 57%.
- Peer pressure (20%), cost efficiency, and monetary and non-monetary incentives (21%) remain key motivators across business sizes and ages to adopt sustainability practices--with younger firms and micro enterprises especially influenced by competitive dynamics.
- Among all states surveyed, medium-sized businesses in Andhra Pradesh exhibited the strongest intent to enhance their environmental initiatives over the next six months.



IMPLEMENTATION

- Implementation scores rose by 18% QoQ, led by medium businesses aged 10–25 years, indicating a strong recovery from Q2 2025.
- On average 47% of businesses are in the process of increasing the use of sustainable packaging, and 37% aim to lower the carbon emissions.
- Recycling and sustainable packaging have gained traction, with 46% of MSMEs implementing recycling procedures and 53% of micro enterprises adopting sustainable packaging, an increase of 31 percentage points QoQ.
- 24% of MSMEs feel availability of capital is a major hinderance while implementing sustainability measures.
- Cost of implementation and lack of technical expertise and capital availability, remain consistent challenges for MSMEs, though internal management resistance has notably declined.
- Younger businesses are increasingly planning full compliance, with 58% of firms aged 1–5 years and 41% of firms aged (5–10 years) preparing for prompt implementation, while older firms continue to face cost-related barriers despite high intent.
- Goa is the only state out of the total states surveyed, where majority of respondents – 14% are already implementing sustainability measures.

Evaluating Sustainability Adoption and Investment Trends Among Indian MSMEs

State-wise SPeX scores reveal varying levels of leadership in sustainability adoption across India. Bihar, Tripura, and Goa showed a positive trend, each recording a 5% QoQ increase in their SPeX scores, indicating growing intent to implement sustainability policies and measures. In contrast, Chhattisgarh and Madhya Pradesh experienced notable declines, with scores falling by 10% and 8% QoQ respectively.

Currently, 54% of MSMEs fall under the "integrator" category, reflecting a significant share of businesses actively progressing toward sustainability implementation. However, funding remains a challenge. A majority (45.2% of MSMEs) do not have a fixed allocation for sustainability reforms. Meanwhile, 23.8% have allocated less than 5% of their total expenditure, and only 16.3% are investing between 5% to 10%.

Encouragingly, 53.2% of MSMEs plan to increase their investment in sustainability by an additional 5%, though only 18.7% intend to raise funding beyond that. These figures align with survey findings that highlight cost of implementation as one of the major barriers preventing MSMEs from fully adopting sustainability measures.



MSMEs Display Increased Intent to Implement Sustainable Policies Despite SPeX Decline



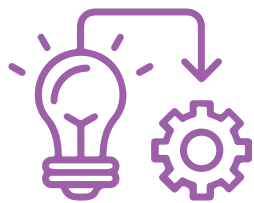
Awareness Dimension Moderates:

Awareness among MSMEs declined 14% QoQ (the steepest decline in 10 quarters), micro and medium businesses noting the most pronounced declines. In-terms of age of businesses, older businesses recorded the sharpest drop. Despite this, MSMEs are actively consolidating information on social and governance reforms, signaling a shift toward implementation readiness.



Willingness Dimension Strenthens:

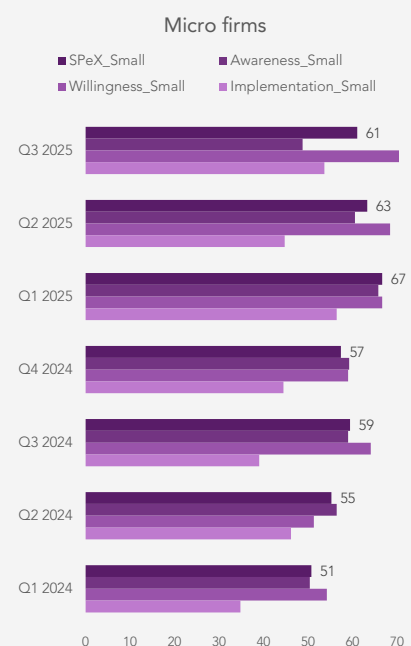
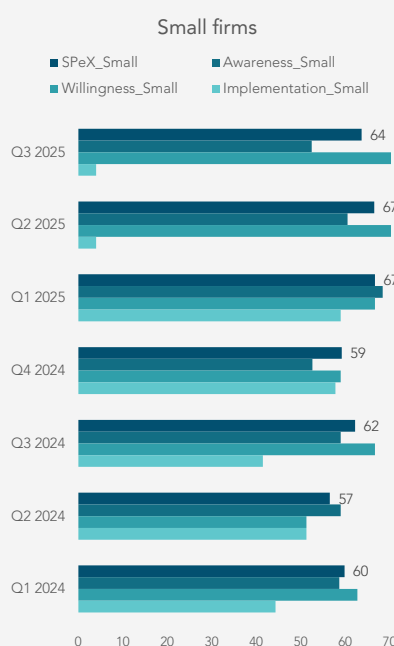
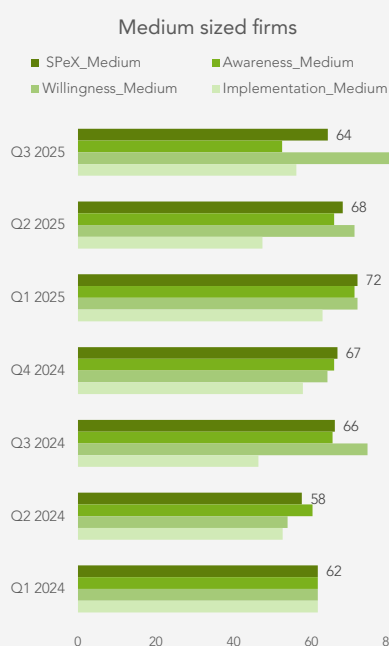
A 10% QoQ increase, primarily driven by medium-sized businesses, highlights the growing intent among MSMEs to integrate environmental and social sustainability into their core operations, signaling a deepening commitment to sustainable business practices.



Implementation Dimension Faces Headwinds:

Implementation scores for medium and micro businesses rose by 9 points QoQ, contributing to an overall 18% QoQ increase. In Q3, more firms prioritised environmental reforms, sustainable supply chains, and ethical sourcing, supported by complimentary domestic and global regulations.

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, July - September 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, July - September 2025



SPeX by Pillars

AWARENESS



Sustainability Awareness Paradox: A Declining Trend Amid Growing Implementation Intent

Key Trends

- Awareness amongst MSMEs has reduced by 14% QoQ, the steepest decline in 10 quarters, led by a 13 point decline in the score for medium businesses.
- The awareness score for mid-aged firms (5–10 year) and older firms (25+) reduced by 12 points QoQ.
- 44% of MSMEs reported limited familiarity with sustainability policies in Q3, worsening from 34% in Q2.
- Among small and micro businesses, awareness of governance policies declined by 4 and 12 points respectively, reflecting reduced familiarity with governance-related measures.
- Medium businesses led social awareness growth with a 21-percentage points QoQ rise, followed by small (9 percentage points) and micro (4 percentage points) businesses, reflecting growing familiarity across all sizes.
- On average awareness about green financing (47%) has improved across all the business sizes, compared to Q2. Awareness of green financing is highest among the younger businesses aged 1 to 5 years (68%), followed by businesses aged 10 to 25 years (50%).
- On average awareness around policies meant for promoting circular economy (Reduce, Reuse and Recycle) stands at 58% in Q3.
- Awareness among older businesses (25+ years) has declined sharply, with a 19% QoQ drop. Younger businesses (1–5 years and 5–10 years) also saw a decline in awareness compared to Q2, though at a more moderate pace.
- Despite the overall decline, older businesses remain highly aware of environmental (63%) and social (62%) initiatives. However, awareness of governance-related initiatives is comparatively lower at 57%.
- In Q3, awareness of the MSE Green Investment and Financing for Transformation policy reached 71%, making it the most recognised sustainability-related policy across all business age groups.

Information Gathering & Implementation Readiness

- 41% of firms overall are in the stage of consolidating information to implement social suitability-related policy measures, and an increasing number of businesses (55% in Q3, compared to 47% in Q2 2025) are in the process of gathering information for implementation of governance reforms.
- Among micro businesses, 48% are currently in the process of gathering information to support the implementation of environmental initiatives. This reflects a 12-percentage point increase QoQ, indicating growing familiarity with environmental sustainability measures.
- Awareness among micro businesses about environmental and governance policies increased by 13 percentage points in Q3, as compared to Q2.
- 41% of the small businesses surveyed availed the benefits of green financing as compared to medium (40%) and micro (29%) in Q3.

Perceptions & Benefits of Sustainability

- 71% of MSMEs surveyed believe the adoption of sustainability measures will enhance their appeal to stakeholders and 72% feel that it will help enhance access to the exports markets.
- A majority of MSMEs (86%) believe that adopting sustainability measures will lead to increased profitability, a 10 percentage point rise, QoQ.
- An increasing number of micro businesses (88%) now believe adoption of sustainability measures will help boost profitability, a six-quarter high. Additionally, 80% of medium and 69% of small businesses see cost reduction as a major advantage of implementation of sustainability measures.
- In Q3, 90% of businesses aged 25+ years expressed confidence that sustainability adoption will improve profitability, marking the highest sentiment level in the past five quarters.
- Moreover, 81% of older businesses (25+ years) believe sustainability initiatives enhance access to export markets, compared to just 47% of younger businesses who share this view.
- Among businesses aged 10–25 years, 66% identify cost reduction as a key benefit of adopting sustainability measures, a 13 percentage point rise from Q2 2025.

Regional Insights

- A notable 29% of small businesses in Haryana remain cautious about investing in ESG initiatives, which may contribute to delays in adopting sustainability policies and practices.
- Perceived lack of incentives remains a key reason for MSMEs to hold back investments towards sustainability measures in Chhattisgarh (29%) and West Bengal (14%).
- A lack of sufficient regulatory push at the domestic level is also a key factor hampering the implementation of the sustainability measures in Assam and West Bengal (10%).
- Goa is the only state out of the total 22 states surveyed, where majority of respondents (14%) are already implementing sustainability measures.

WILLINGNESS



MSMEs Deepen Sustainability Efforts in Q3 2025: Supply Chain Upgrades and 3R-Driven Environmental Actions Lead the Way

Key Trends

- Willingness to implement sustainability measures increased by 10% QoQ, led by older and mid-aged businesses.
- 60% of MSMEs surveyed are prioritising the greening of their supply chains, while 57% are working on updating their existing sustainability strategies.
- In Q3, the proportion of businesses planning to launch new initiatives rose across all sustainability pillars, up 7 percentage points for environmental actions, 10 for social development, and 18 for governance.
- Medium businesses have witnessed a pivotal shift in expansion of willingness to participate in environmental initiatives. 90% of medium businesses are planning to expand the existing initiatives on environmental actions, marking an increase of 53 percentage points QoQ, an all-time high.

Sustainability Priorities

- MSMEs prioritised Reduce, Reuse, Recycle (3R) (31%) and DEI reforms (25%), over employee welfare (18%) and full compliance with the guidelines and the regulations (11%) in Q3 2025.
- The number of small businesses willing to fully implement sustainability measures has increased by 25 percentage points QoQ, compared to medium (13 percentage points), and micro (11 percentage points).
- The majority of small businesses (56%) are focusing on prioritising adoption of sustainability measures, compared to updation of supply chains (51%), and assessing and improving waste management (50%).
- A majority (74%) of younger businesses (aged 1–5 years) are actively building expertise in sustainable supply chain practices, a remarkable 37 percentage point increase compared to Q2 2025.

Business Size-wise Insights

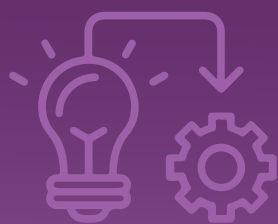
- The percentage of medium enterprises (25%) displaying willingness to implement DEI has maintained a status quo since Q2 2025, which indicates a steady interest in putting social sustainability reforms into practice.
- Share of businesses prioritising employee welfare has reduced substantially in Q3, indicating a shift towards other areas of sustainability, with only 18% of small and 17% of micro businesses focusing on employee welfare.

- Micro businesses are more influenced by competitor actions when it comes to sustainability adoption, with 20% citing peer pressure as a key motivator, higher than small (16%) and medium (15%) businesses.
- Contrastingly, medium-sized businesses are primarily driven by cost efficiency gains and compliance with both domestic and international regulations when implementing sustainability measures.
- 60% of medium-sized businesses are now focused on making their supply chains more sustainable, while 55% are working on updating existing strategies, a 28 percentage point increase from Q2 2025.
- 62% of micro businesses are focused on strengthening sustainability policies and procedures, compared to 55% of small and 50% of medium businesses.
- 64% of micro businesses are presently involved in building an expertise in sustainable supply chains, marking a 14 percentage points increase from Q2 2025 levels.
- Percentage of the micro enterprises focusing on assessing and improving waste management remains high (at 62%) in Q3, compared to small (50%) and medium businesses (40%).

Age-wise Insights

- Older businesses led the improvement in the willingness parameter, having registered a 10% improvement QoQ, followed by young businesses (aged 5 to 10 years), where willingness rose by 9 percentage points.
- Younger firms are increasingly willing to adopt sustainability measures, driven by cost efficiency (23%), incentives (23%), and peer pressure (19%).
- Older firms (25+ years) are mainly driven by compliance (24%), followed by cost efficiency (20%) and peer pressure (19%) when adopting sustainability measures.
- For mid-aged firms (5 to 10 years), peer pressure (19%), access to monetary and non-monetary benefits (19%), and cost efficiency (18%) are the key factors driving the implementation of sustainability measures.
- Mid-aged businesses (10-25 year) give more precedence to cost efficiency when adopting sustainability measures, with 22% motivated by expected savings and related incentives.

IMPLEMENTATION



From Intent to Action: MSMEs Deepen Sustainability Adoption

Key Trends

- The implementation score has risen by 18% QoQ, rebounding from Q2 2025 levels, driven by a marked improvement among medium enterprises.
- In Q3 2025, businesses aged 10–25 years recorded the steepest rise in implementation score by 11 percentage points compared to Q2.
- 55% of small businesses are in the process of implementing sustainability reforms, a sharp 27-point increase from Q2.
- 45% of micro enterprises cite having implemented Reduce, Reuse and Recycle reforms (3R) in Q3 2025, the highest level since Q3 2024.
- Businesses aged 5 to 10 years (51%) and 1 to 5 years (63%) are in process of implementing sustainability targets, an increase of 20 and 25 percentage points, respectively, from Q2 2025.
- Older businesses (+25 years) have shown progress in implementing sustainability targets, with 51% doing so in Q3 2025, a 21 percentage point increase from Q2.
- The absence of established operating procedures poses a major challenge for MSMEs implementing sustainability measures in Assam, Madhya Pradesh, Rajasthan, and Uttar Pradesh, with 11% of businesses in each state reporting this issue.
- In West Bengal, 6% of MSMEs cite the lack of formal procedures as a barrier to sustainability adoption, indicating relatively lower but still notable concern.

Sustainability Practices & Initiatives

- Recycling and sustainable packaging have gained traction, with 46% of MSMEs implementing recycling procedures (a 20 percentage point increase from Q2 2025) and 50% of micro enterprises adopting sustainable packaging (an increase of 31 percentage points QoQ).
- 53% of micro and 38% of small businesses anticipate increased use of sustainable packaging, reflecting growing momentum toward eco-friendly practices across business sizes.
- 45% of medium businesses plan to reduce waste generation marking a 20-point increase from Q2, reflecting increased policy focus on recycling.
- Small businesses reported a notable rise in firms aiming to reduce emissions, at 41% in Q3, a 16-point increase from Q2 levels.
- Micro businesses planning to reduce emissions rose from 27% in Q2 to 31% in Q3 2025, although expected increases in water usage highlight the need for better resource optimisation.

- An increasing number of businesses reported to be planning sustainable initiatives in Q3, with 58% of firms (aged 1–5 years) and 41% of businesses (aged 5–10 years) targeting full compliance. Emission reduction is a key sustainability goal for 42% of younger firms and 44% of older ones.
- For medium-sized businesses in Andhra Pradesh and Uttar Pradesh, the absence of established operating procedures at the state level is a significant barrier to implementing sustainability measures, with 25% of businesses in each state reporting this challenge.

Training & Capacity Building

- 65% of medium-sized businesses are in the process of training in sustainability measures and procedures, which is higher as compared to small (42%) and micro businesses (38%).
- Currently, 33% of MSMEs are engaged in sustainability training, marking a 3 percentage point decline compared to Q2.

Operational Challenges & Barriers

- Businesses across all sizes-small (29%), medium (27%) and micro (26%) identified implementation costs as a key barrier to adopting sustainability measures.
- A lack of technical expertise, and capital availability also remain consistent challenges across all sizes and ages, though internal management resistance has notably declined.
- Younger businesses (1–5 years) identify implementation costs as a major operational barrier and 28% struggle to find technical expertise for implementing sustainability measures.
- The challenges stemming from internal management's unwillingness to implement sustainability measures has eased across all business age groups in Q3, with a 24 percentage point drop among firms (aged 1–5 years), and a 17 point decline in firms aged 5–10 years.
- 19% of young businesses (aged 1- 5 years) find it challenging to get environmental certification when it comes to implementing or planning sustainability measures.

Resource Use & Environmental Impact

- 83% of MSMEs expect higher water use per unit of production, deteriorating from 50% in Q2, pointing to greater operational intensity and slow adoption of water-saving technology.
- Businesses aged 10 - 25 years are anticipating an increase in waste generation (59%) and emissions (59%), pointing towards potential challenges that firm face in reaching sustainability targets.

Appendix

How is SPeX calculated?

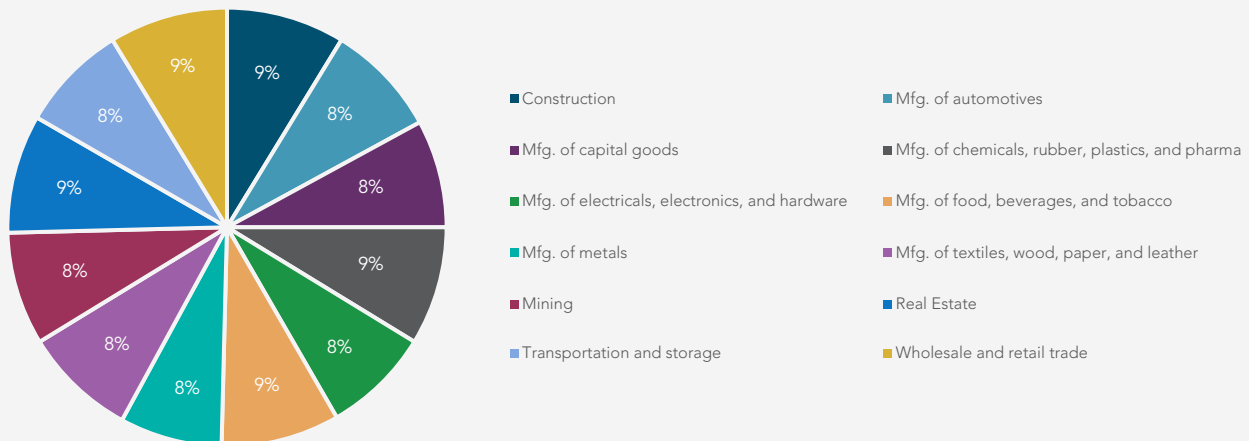
SPeX is a quantitative measurement of sustainability perception of MSMEs in India. For quantitative measurement, Dun and Bradstreet conducted survey of 250+ MSMEs across India during July - September 2025. Survey participants are to fill a digital questionnaire containing questions aimed to elicit their perception, understanding and implementation of sustainability practices/measures. Based on the responses, Dun and Bradstreet calculates 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

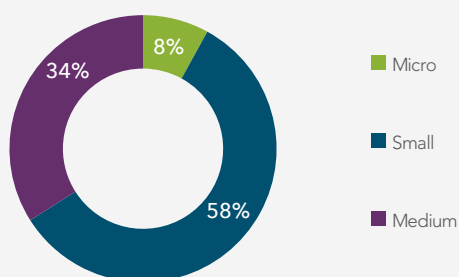
Sector-wise survey participation



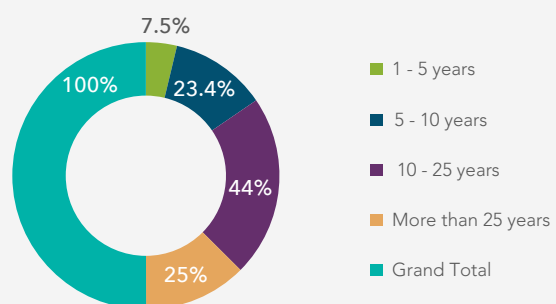
Source: SIDBI - D&B Sustainability Perception Index Survey, July - September 2025

Size and age of business

Respondents by turnover (% share)



Respondents by age of businesses (% share)



Source: SIDBI - D&B Sustainability Perception Index Survey, July - September 2025



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