

# ISED Global SME Day 2026

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Driving Business Resilience: The “ISED Enterprise Security Framework” in Action

**By**

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‘Insecurity’ in the enterprise space needs no introduction today, as the world economy is reeling under the strains of a geo-political turmoil. Historically, any such episodes in world history have produced major first-order and second-order effects in the economy. The message is this: Whether the Iran-Israel-USA conflict ends sooner or later, it will redraw the business geography of the world- some businesses will survive it: many will disappear from the scene. Existing opportunities may be lost; but new opportunities will emerge. The challenge and opportunity for business today, therefore, is to keep agile, and to follow and ensure the principles and practice of “Enterprise Security”.

At the Institute of Small Enterprises and Development (ISED), the innovative concept and framework of “ISED Enterprise Security” offers an answer to the problem. It provides an integrated strategy to protect MSMEs by addressing administrative, legal, and environmental risks through a five-pillar approach- the so-called “Pentagon Initiative”. Based on data from ISED’s national communication program, the India MSME Communication Programme(IMCP), this framework aims to move beyond today’s fragmented institutional support mechanism, to a more agile approach.

The Institute’s experiments have seen the light of practice, as the ISED Model adopted by States like Punjab through legislation, eg: the Punjab Right to Business Act 2020. In a nutshell, the ISED offers a ‘Unified Strategy for MSME Survival and Growth’. More details, please go through ISED Impacts Handbook 2026.

## **The Core Problem: Fragmented Support**

MSME promotion involves a spectrum of activities, such as, debates, motivational seminars, and capacity-building programs, start-up mentoring etc, yet real solutions remain rare. Most available fixes are piecemeal rather than integrated. This happens because, such support flows mostly from fragmented institutional channels with conflicting mandates. Because the entrepreneur is rarely placed at the centre-stage, these programs fail to address the core vulnerabilities of an individual business adequately and satisfactorily.

## **The Solution: “Enterprise Security”**

Developed by the Institute of Small Enterprises and Development (ISED), “**Enterprise Security**” is a proactive, actionable framework. Based on field-level evidence directly from entrepreneurs, financial institutions, and promotional agencies, it focuses holistically on the key vulnerability factors that threaten small businesses. It integrates financial, non-financial, social, and environmental components to ensure that businesses survive and thrive over the long term. The Institute offers a practical ‘De-risking Strategy’ for individual businesses, clusters and subsectors, in a need-based manner.

### **ISED’s “Pentagon Framework”: 5 Core Pillars**

The ISED model delivers structured solutions built across five critical dimensions:

1. **Administrative Solutions:** Streamlining day-to-day regulatory interactions and operational compliance.
2. **Legal Solutions:** Protecting business interests, contracts, and intellectual property.
3. **Institutional Solutions:** Aligning support agencies to work for the entrepreneur's benefit.
4. **Political Solutions:** Driving policy advocacy to ensure small businesses have a voice in governance.
5. **Environmental & Social Solutions:** Building long-term resilience against market and external disruptions.

### **Proven Real-World Impact**

This framework is not just theoretical; it translates complex economic data into practical policy. Progressive State governments have successfully implemented ISED’s recommendations to improve the local business climate:

- **Punjab:** Enacted the landmark "**Punjab Right to Business Act 2020**" to drastically reduce bureaucratic hurdles for entrepreneurs.
- **Tamil Nadu:** Initiated targeted policy reforms based directly on the ISED model to enhance regional MSME capabilities.

### **Multi-Stakeholder Relevance: The Framework in Practice**

Government policy, sometimes, fail to achieve ground-level results because competing stakeholder interests create gridlock. The law acts as a vital bridge by standardizing expectations and enforcing convergence, but it is inherently reactive. Because the law cannot proactively identify every evolving conflict, proactive stakeholders and policymakers must actively inform it with empirical evidence, transparent feedback, and clear data. Only then can the legal framework effectively mediate disputes and clear the path for successful implementation. Multi-stakeholder discussions and dialogue alone can lead to this. The Institute has been successfully performing its role as a facilitator, in support of stakeholders such as , promotional and mentoring agencies, financial institutions, development financing institutions,, insurers, and the corporate sector.

**BANKS:** For banks, the ISED framework offers a transformative roadmap to minimize non-performing assets (NPAs) and build a high-quality, resilient MSME portfolio. By collaborating with the Institute, financial institutions can adopt a "Security-First" lending model—moving beyond mere balance-sheet checks to proactively assess non-financial, legal, and environmental vulnerabilities that actually drive borrower defaults. Collaborating with the Institute provides banks with data-driven early warning systems, subsector stress-testing, and the ability to offer bespoke revival packages to stressed local clusters. Ultimately, adopting the ISED framework allows banks to shift from reactive loan recovery to proactive risk mitigation, transforming vulnerable MSMEs into highly bankable, long-term commercial partners. This new framework directly benefits banks in their daily operations by streamlining loan processing, lowering administrative workloads, and minimizing default-related crises. It enables branch managers and credit teams to make faster, higher-quality lending decisions using precise localized data.

**INSURANCE COMPANIES:** The 'ISED Enterprise Security Framework' offers insurers a data-driven opportunity to reduce MSME portfolio risk and develop tailored, high-margin products using the "Pentagon Initiative's" holistic approach to business vulnerability. By partnering with the Institute, insurance companies can underwrite more resilient businesses while mitigating administrative, legal, and environmental risks. The 'ISED Enterprise Security Framework' and the 'Pentagon Initiative' enhance insurers' day-to-day operations by enabling automated, data-driven risk profiling of MSMEs. By holistically identifying business vulnerabilities, insurers can streamline underwriting processes, reduce exposure to defaults, and deploy tailored, high-margin commercial policies. Automated Risk Assessment integrates vulnerability data into daily underwriting, allowing for faster, more accurate evaluation of administrative, legal, and environmental risks. Proactive Portfolio Management shifts daily operations from reactive claims management to proactive loss prevention by monitoring 'MSME security' and operational health. 'New Product Development' provides the exact data points required to design and price specialized, high-margin insurance products, boosting premium revenues. It leads to fewer daily claims due to insuring highly resilient businesses that have been vetted against systemic vulnerabilities.

**DEVELOPMENT FINANCE INSTITUTIONS (DFIs):** The ISED Enterprise Security Framework provides a holistic, five-pillar approach to protect MSMEs from administrative, legal, and environmental risks, addressing core vulnerabilities that piecemeal financial solutions often miss. For DFIs, the ISED framework is an unparalleled catalyst for de-risking SME portfolios and maximizing developmental impact. By moving beyond traditional, strictly financial assessments, this holistic model arms DFIs with a structured, empirically backed mechanism to address the root causes of business failure. When DFIs collaborate with the Institute, they integrate the "Pentagon Initiative", a strategy that aligns institutional, political, and environmental support around the entrepreneur. This integrated approach not only safeguards the DFI investments against external market or regulatory shocks, but also

empowers them to fund highly resilient, policy-backed business clusters, ultimately transforming high-risk MSME financing into secure, scalable, and sustainable long-term economic growth. DFIs like SIDBI, NABARD, EXIM Bank, National Housing Bank, SFCs, and other non-banking institutions like NSIC, directly benefit in their day-to-day operations by utilizing the new framework to replace high-risk, guesswork-heavy lending with structured, data-driven assessments. This shift optimizes loan lifecycles, proactively protects assets, and enables scalable, sustainable lending.

#### **PUBLIC PROMOTIONAL AGENCIES & ENTREPRENEURSHIP DEVELOPMENT INSTITUTIONS:**

Today, traditional training and fragmented support are no longer enough to help MSMEs survive global economic shifts and market challenges. The ISED Model breaks away from piecemeal solutions and adopt the powerful, field-tested "Enterprise Security" framework. This simple, five-pillar strategy combines administrative, legal, institutional, political, and environmental support to protect and grow small businesses from every angle. Progressive States like Punjab and Tamil Nadu have already used this model to transform their local business climates. Joining forces with ISED allows a promotional agency to stop running isolated programs and start delivering a unified, high-impact strategy that ensures long-term economic resilience, empowers entrepreneurs, and drives real regional growth. Collaborating with the Institute directly streamlines day-to-day operations by replacing fragmented, localized efforts with a cohesive, data-driven framework. This alignment saves time, reduces administrative overhead, and empowers your staff to focus on strategic execution rather than trial-and-error programming.

**CORPORATE SECTOR:** The ISED "Enterprise Security" framework is a proactive, integrated strategy designed to protect and empower businesses against compounding geopolitical and economic vulnerabilities. By focusing on administrative, legal, institutional, political, and socio-environmental risks, the model offers a holistic solution to fragmented, piecemeal institutional support. Collaborating with the Institute on this framework provides the corporate sector with a strategic, high-yield opportunity to de-risk their supply chains and stabilize local economies. Corporations directly benefit in their day-to-day operations by gaining resilient, compliant, and highly capable vendors, which drastically reduces procurement disruptions. By advancing the "Pentagon Initiative", companies can foster a stable, supportive business ecosystem where small-to-medium enterprises face fewer bureaucratic hurdles and enjoy better legal and operational compliance. Ultimately, partnering with ISED allows major players to shape public policy, expand sustainable market opportunities, and secure long-term, profitable growth in a volatile global market.

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