

Inclusive Globalization and Collaborative Innovation as Drivers of Rural MSME Development in India: Challenges, Strategies and Pathways

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Abstract: *Rural Micro, Small and Medium Enterprises (MSMEs) are a vital component of India's development, contributing around 30% to GDP, 45% to exports and supporting over 110 million livelihoods, while promoting traditional skills and rural employment across sectors like handicrafts, agro-processing and tourism; however, their growth is constrained by challenges such as poor infrastructure, limited credit access, digital divides and weak market linkages. This paper examines how inclusive globalization and collaborative innovation can address these barriers through a descriptive-analytical approach based on secondary data and case studies, arguing that their convergence—supported by enabling policies, digital infrastructure and multi-stakeholder partnerships—is essential for transforming rural MSMEs into globally competitive enterprises. Evidence from initiatives like the Pochampally Ikat cluster, Moradabad brassware industry, Palash Scheme in Jharkhand and IIT Madras incubation models demonstrates the role of cluster development, public-private partnerships and digital platforms, while the paper concludes by proposing a strategic roadmap focused on smart villages, green infrastructure and entrepreneurship, aligned with the goals of Atmanirbhar Bharat and the Sustainable Development Goals.*

Keywords: *rural MSMEs; inclusive globalization; collaborative innovation; sustainable development; digital transformation; cluster development; India*