Bank of America

Bridging the Gap Between Data, Finance, and People



At IIT Bombay, an applied effort is underway to better connect financial systems with the realities of people and businesses across India. India's financial ecosystem has expanded rapidly in recent years, supported by digital innovation and wider market participation. Yet, important gaps remain. Many micro, small, and medium enterprises (MSMEs) continue to face challenges in accessing timely credit and often lack adequate mechanisms to manage financial risks.

Large sections of the population remain outside formal financial systems altogether. Compounding this, a growing gap between industry needs and workforce skills is becoming more visible — particularly in areas requiring data, analytical, and policy-relevant capabilities.

In response to these challenges, the Department of Economics at IIT Bombay, supported by Bank of America, has established the **Department of Economics Innovation Lab (DoEIL)**. The Lab serves as a platform for applied research, focusing on generating insights that inform policy and practice across MSME financing, financial inclusion, and skill development to enhance workforce employability.

Turning Insights into Impact

The Lab's work begins with a simple premise: meaningful solutions require a clear understanding of real-world constraints. Through a combination of data analysis and field engagement such as focus group discussions, stakeholder consultations, and interviews, the Lab is examining why access to finance remains uneven. This includes understanding the barriers MSMEs face not only in obtaining credit but also in managing risks such as income uncertainty, limited financial buffers, and changing market conditions. Concurrently, the Lab is investigating skill gaps that limit workforce readiness and employability, particularly among graduates. By bringing together data and on-ground insights, the Lab is building a more nuanced understanding of financial behaviour, workforce constraints, and the structural factors that shape economic participation.

Connecting Research, Policy, and Practice

A key feature of the Innovation Lab is its role as a bridge between different stakeholders. It creates opportunities for dialogue between academia, industry, and policymakers through roundtables, workshops, and symposiums. These interactions help ensure that research remains aligned with practical needs and that emerging insights can be shared and discussed in relevant forums. At the same time, they support the development of collaborative approaches to addressing financial inclusion, MSME financing challenges, and skill development pathways that strengthen employability across sectors.

Laying the Foundation for Scalable Change

As an early-stage initiative, the Lab has focused on building a strong foundation:

- Setting up a dedicated applied research platform within IIT Bombay
- Initiating research projects aligned with financial inclusion, MSME finance, and workforce skill development
- Engaging with stakeholders through structured consultations and events
- Strengthening research capacity through training and academic interaction

Skills for Tomorrow

As the Lab's work evolves, individual research initiatives are also beginning to contribute to broader development and policy discussions. One such area focuses on workforce readiness and employability. With India projected to face a skilled workforce deficit of 47–49 million workers by 2027, while only 42.6%–54.8% of graduates are currently considered employable in industry-relevant roles (India Skills Report 2025; World Economic Forum, Future of Jobs Report 2025), one of the Lab's ongoing research studies seeks to better understand emerging skill gaps and workforce needs.

The study aims to generate evidence that may support more targeted and industry-aligned approaches to skilling, employability, and workforce preparedness in a changing economic environment.

The work of the DoEIL is guided by the objective of making financial systems more responsive and inclusive and of closing critical skill gaps. By integrating data-driven analysis with field-based insights and stakeholder engagement, the Lab is contributing to a deeper understanding of how financial systems function in practice. Over time, this approach is expected to support improvements in MSME credit access, strengthen risk coping mechanisms, and enhance workforce readiness in a changing economic environment.

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