



# ENTREPRENEURS' PERSPECTIVES ON GOVERNMENT POLICIES AND INITIATIVES THAT ENCOURAGE MICRO, SMALL AND MEDIUM ENTERPRISES IN INDIA

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## ABSTRACT

MSMEs have played a major role in India's socioeconomic development during the past 60 years. This sector has robust, stable growth. India's MSMEs industry includes micro, cottage, and village industries. The MSME sector is vital to the country's industrial economy because of its minimal investment, strong employment potential, and widespread presence in rural and semi-urban areas. This sector ensures a more equitable distribution of national wealth and mobilises capital and skills that could otherwise go unused. The MSMEs sector ensures balanced and sustained economic growth, creating more jobs. Thus, the present study focuses on entrepreneurs' awareness of government programmes for MSMEs and the rate of availing them.

**KEYWORDS:** MSMES, cottage and village industries, balanced and sustained economic growth.

## INTRODUCTION

In the past, the Indian economy was based on villages, which were separate economic units that could run on their own. Based on the division of labour, the village was able to meet its basic needs on its own, and only very rarely did the products go beyond the needs of the village market. In those days, people traded things using a barter system. India is mostly an agricultural country, but there is evidence that shows that before 500 B.C., India was one of the top manufacturing countries in the world. Up until about the middle of the 19th century, India was known for its industrial goods and handicrafts. This was before the British took over. From ancient times until 1850, India's most important industry was the textile industry. And it went on until cotton textiles. Silk was the most popular, and it was made in many places in India.

During the time before the British took over, India made a lot of popular things out of wood. In many parts of India, gold and silver were used to make jewellery of very high quality. Brass was also used to make copper and bell metal, among many other things. Handicrafts from that time show how well Indians used to

be able to make things. In those days, many cities in India were known for their ivory, wood, stone, and marble carvings. Industries are a big part of how the economy of a country works. Almost every country in the world depends on the industries they have. During the British rule of India, the idea of industries was developed, and the start of Indian Industries changed the country's social, economic, and cultural life. Iron and steel industries, which have been around for more than 122 years, are the most important industries in India today. Engineering, machinery, and electronics are all big exporters. The textile industry, which employs about 20 million people, is the largest in the country and accounts for one-third of its exports. But industries in the public sector helped build the initial infrastructure and make the industrial base more diverse. The Indian government has put in place a number of policies and incentives over the years to help the country become more industrialised quickly.

Micro, Small, and Medium-Sized Enterprises (MSMEs) have become a very active and dynamic part of the Indian economy over the past 50 years. Over the years, MSMEs have become so important to the growth of our economy that we can't do without them. In most economies, they make up more than 90% of all businesses and are credited with having the highest rate of job growth and a large share of industrial production and exports. In some countries, micro, small, and medium-sized businesses are also called small and medium enterprises (SMEs) or small and medium-sized businesses (SMBs). The Government of India passed the Micro, Small and Medium Enterprises Development Act, 2006 on October 2, 2006. This was in response to a long-standing request from the MSME Sector and in recognition of the need to set up a legal framework to address their development concerns. So, the old "Small Industries Department" is now called the "Micro, Small, and Medium Enterprises Department," in line with the policy of the Government of India as of February 22, 2008.

On July 1, 2020, the new classification becomes effective. Prior to 2006, the classification requirements for MSMEs under the MSMED Act were dependent on investments in machinery and/or equipment. It varied for manufacturing and service units. In terms of finances, it was likewise pretty limited. Since then, the economy has altered substantially. The Aatma Nirbhar Bharat package announced adjustments to the MSME classification requirements on 13 May 2020. This has been done to facilitate company operations, create an objective classification system, and be realistic with regard to time.

**Table 1 Revised Classification of Micro Small and medium Enterprises**

<b>Classification</b>	<b>Micro</b>	<b>Small</b>	<b>Medium</b>
Manufacturing and Services	Investment < Rs. 1 Cr. and Turnover <Rs.5 Cr.	Investment < Rs. 10Cr. and Turnover <Rs.50 Cr.	Investment < Rs. 20 Cr. and Turnover <Rs.100 Cr.

Source: Annual Report MSME, 2021-22

## STATEMENT OF THE PROBLEM

All of India's national plans have accorded the Micro, Small, and Medium-Sized Enterprises (MSME) considerable consideration. In an effort to protect, support, and promote small enterprises and aid in their transition to self-sufficiency, the government has established a variety of protective and promotional measures. The promotional measures include services for industrial extension, institutional support for credit facilities, development of shed construction sites, provision of training facilities, supply of machinery on a hire-purchase basis, assistance for domestic and international marketing, etc., technical consulting, and financial support for technological advancement. However, the degree of awareness among business owners regarding these plans is relatively low. Thus, it will not achieve complete success.

## OBJECTIVES OF THE STUDY

1. To assess the awareness level of the entrepreneurs regarding various schemes offered by government.
2. To analyse the rate at which government-offered programmes are utilised by entrepreneurs.

## METHODOLOGY

The nature of the study is descriptive. The study's data and other necessary information were gathered from both primary and secondary sources. Secondary data was acquired from several published research studies pertaining to MSMEs, magazines such as Kurukshetra, Economic and Political monthly, SEDME, Southern Economist, and the Economic Review of the Kerala State Planning Board, and various websites.

During the year 2021-22, 1,51,606 registered Micro, Small and Medium Enterprises were functioning in this State. The sample size was determined using the Cochran formula. For the gathering of data from the sampling respondents, the Multi-Stage Random Sampling technique was utilised. 384 devices were used as sample units for the current study, and data was obtained from the owners of these units. Initially, a list of the entire number of Micro, Small, and Medium-Sized Enterprises registered in Kerala State was collected from the District Industries Centres (DIC). In the first stage of sampling among the 14 districts in Kerala, three districts have been selected for the study i.e., Thiruvananthapuram (southern region), Calicut (Northern region), Ernakulam (Central regions). In the second stage two taluks from each district namely Nedumangad and Attingal from Thiruvananthapuram district, Aluva and Kochi from Ernakulam district and Chalakudy and Kodungallur from Thrissur district was selected randomly. In the third stage using simple random sampling the units which are registered in District Industries Centre from each taluk are identified.

## ANALYSIS AND DISCUSSIONS

### **Awareness on various assistance that offered by government for the promotion of MSME sector.**

An entrepreneur would do well to familiarise themselves with the aforementioned strategies and programmes. Although the ministry of MSMEs offers a wide variety of programmes, only a subset of those falling within the broad categories of "financing," "infrastructure," "technology," "marketing," and "other significant schemes," etc. were considered for this research. Here, the study assesses the respondents' familiarity with the aforementioned programmes.

H<sub>0</sub>: There is no significant difference between the awareness of groups based on their activity.

The extent to which people are aware of different government programmes is depicted in Table 2. The table shows HUA (Highly unaware), UA (unaware), MA (Moderately Aware), A (Aware) and HA (Highly Aware).

**Table 2 Awareness on various assistance that offered by Government for the promotion of MSME sector (t test)**

Awareness		HUA	UA	MA	A	HA	Mean	SD	t	Sig
Credit Guarantee Scheme	N	26	56	42	86	174	3.85	1.31	57	0.00
	%	6.8	14.6	10.9	22.4	45.3				
One-time settlement scheme	N	95	107	67	107	8	2.55	1.2	42	0.00
	%	24.7	27.9	17.4	27.9	2.1				
SME-Exchange	N	54	153	132	19	26	2.51	1.02	48	0.00
	%	14.1	39.8	34.4	4.9	6.8				
Integrated Infrastructure Development Scheme (IID)	N	123	95	68	77	21	2.42	1.27	37	0.00
	%	32	24.7	17.7	20.1	5.5				
Cluster Development Programme MSE-CDP	N	123	185	47	16	13	1.99	0.96	41	0.00
	%	32	48.2	12.2	4.2	3.4				
Credit linked Capital subsidy scheme (CLCSS)	N	61	58	170	35	60	2.93	1.23	47	0.00
	%	15.9	15.1	44.3	9.1	15.6				
Technology and Quality Upgradation Support to MSMEs	N	155	112	97	20	0	1.95	0.93	41	0.00
	%	40.4	29.2	25.3	5.2	0				
Entrepreneurial and Managerial Development of Incubators scheme	N	384	0	0	0	0	1.0	0.78	42	0.00
	%	100	0	0	0	0				
Building awareness on Intellectual Property Rights IPR for MSME	N	110	169	71	23	11	2.1	0.98	39	0.00
	%	28.6	44	18.5	6	2.9				
Design Clinic Scheme for design expertise to Manufacturin	N	104	134	77	39	30	2.37	1.2	43	0.00
	%	27.1	34.9	20.1	10.2	7.8				

g sector Design										
Promotion of ICT in Indian Manufacture Sector ICT scheme	N	311	46	27	0	0	1.26	0.58	78	0.00
	%	81	12	7	0	0				
Setting up Mini Tool Room & Training Centre (MTR)	N	11	142	209	18	4	2.64	0.67	48	0.00
	%	2.9	37	54.4	4.7	1				
Marketing Assistance to MSME Bar Code under NMCP	N	69	111	167	11	26	2.52	1.04	40	0.00
	%	18	28.9	43.5	2.9	6.8				
Marketing Assistance and Technology Upgradation Scheme for MSMEs	N	99	92	84	78	31	2.61	1.28	55	0.00
	%	25.8	24	21.9	20.3	8.1				
Participation in International Exhibitions/Fairs	N	47	106	188	26	17	2.64	0.94	51	0.00
	%	12.2	27.6	49	6.8	4.4				
Lean Manufacturing Competitiveness Programme Scheme	N	62	130	140	44	8	2.49	0.96	43	0.00
	%	16.1	33.9	36.5	11.5	2.1				
Scheme of National Award	N	325	59	0	0	0	1.71	0.78	63	0.00
	%	84.6	15.4	0	0	0				

Source: Primary Data

According to the data presented above, the Finance sector has a greater familiarity with the credit guarantee scheme than with any other government scheme. Credit guarantee scheme has the highest level of awareness among entrepreneurs (mean value 3.85), followed by one-time settlement scheme (2.55), and small and medium-sized enterprise (SME) exchange scheme (mean value 2.51).

The average level of consistent knowledge about the Integrated Infrastructure Development Scheme (IID) under the heading "Infrastructure" is (mean value 2.42). Cluster Development Scheme awareness is very low (mean value 1.99). This allows us to determine that the IID scheme has the highest level of awareness among the infrastructure-based systems.

Respondents have a high level of awareness (mean value 2.93) about the credit linked subsidy scheme, but a lower level of awareness (mean value 1.95) about the technology and quality upgradation support scheme, the Entrepreneurial and Managerial Development of Incubators scheme (mean value 0.78), the Building awareness on Intellectual Property Rights (IPR) for MSME (mean value 2.1), or the Design Clinic Scheme for design expertise to the Manufacturing sector (mean value 2.93) about the ( mean value 2.64). The preceding information shows that CLCSS has the highest level of awareness among business owners, closely followed by the MTR Scheme.

Under the head marketing, there is a moderate level of awareness regarding the Marketing Assistance to MSME Bar Code under NMCP (mean value 2.52), the Marketing Assistance and Technology Upgradation Scheme for MSMEs (mean value 2.61), the Participation in International Exhibitions/Fairs (mean value 2.64), and the Lean Manufacturing Competitiveness Programme Scheme (mean value 2.64). (Mean value 2.49). From this, we can infer that, when it comes to marketing, the most effective strategy is to take part in exhibitions and fairs on a global scale. National awards, which fall under "other schemes," have an extremely low degree of awareness (1.71).

One sample t-test is used to assess whether the mean significantly deviates from the mean of response scale 3. As the significant level of all the frequencies was less than 0.05, it can be said that the entrepreneurs were aware of only some schemes of MSMEs.

**Availing of various assistance that offered by government for the promotion of MSME sector (Chi Square)**



**Table 3****Availing of various assistance offered by Government (Chi Square test)**

Availing of Schemes	Yes		No		Chi Square Value	Sig.
	N	%	N	%		
Credit Guarantee Scheme	325	84.6	59	15.4	184.260	.000
One-time settlement scheme	349	90.9	35	9.1	256.760	.000
SME-Exchange	217	56.5	167	43.5	6.510	.011
Integrated Infrastructure Development Scheme (IID)	234	60.9	150	39.1	18.375	.000
Cluster Development Programme MSE-CDP	190	49.5	194	50.5	.04211	.838
Credit linked Capital subsidy scheme (CLCSS)	296	77.1	88	22.9	112.667	.000
Technology and Quality Upgradation Support to MSMEs	302	78.6	82	21.4	126.042	.000
Entrepreneurial and Managerial Development of MSMEs through Incubators scheme	103	26.8	281	73.2	82.510	.000
Building awareness on Intellectual Property Rights IPR for MSME	254	66.1	130	33.9	40.042	.000
Design Clinic Scheme for design expertise to Manufacturing sector Design	149	38.8	235	61.2	19.260	.000
Promotion of ICT in Indian Manufacture Sector ICT scheme	144	37.5	240	62.5	24.000	.000
Setting up Mini Tool Room & Training Centre (MTR)	122	31.8	262	68.2	51.042	.000
Marketing Assistance to MSME Bar Code under NMCP	212	55.2	172	44.8	4.167	.041
Marketing Assistance and Technology Upgradation Scheme for MSMEs	239	62.2	145	37.8	23.010	.000
Participation in the International Exhibitions/Fairs	150	39.1	234	60.9	18.375	.000
Lean Manufacturing Competitiveness Programme (LMCP) Scheme	137	35.7	247	64.3	31.510	.000

Scheme of National Award	140	36.5	244	63.5	28.167	.000
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\*Df=1

Source: Primary Data

The percentage of respondents who took use of availing of respondents on various schemes of MSMEs is shown in Table 4.8. Under the heading "Finance," the report notes that 84.6% of respondents used the Credit Guarantee Scheme, 90.9% used the One-Time Settlement Scheme, and 56.5% used the SME Exchange. When asked about infrastructure, 60.9% of respondents used the Integrated Infrastructure Development Scheme (IID), while 49.5% used the Cluster Development Programme for Micro, Small, and Medium-Sized Enterprises (MSE-CDP).

Technology and Quality Upgrading Support to MSMEs accounted for 78.6%, and the Credit linked Capital subsidy scheme (CLCSS) was utilised by 77.1%. Building awareness on Intellectual Property Rights (IPR) for MSME (66.1%), Design Clinic Scheme for design expertise to Manufacturing industry (Design; 38.8%), Promotion of ICT in Indian Manufacture Sector (ICT); 37.5%, Setting up Mini Tool Room & Training Centre (MTR; 31.8%).

55% of NMCP participants have used the Marketing Assistance to MSME Bar Code scheme, 62% have used the Marketing Assistance and Technology Upgradation Scheme for MSMEs, 39% have used the International Exhibitions/Fairs scheme, 35% have used the Lean Manufacturing Competitiveness Programme (LMCP) scheme, and 36.5% have used the "other schemes" category to take advantage of National Awards.

In order to find out whether there is any significant association among the availing of different schemes, one sample chi square is used.

H<sub>0</sub>: There is no significant association among the entrepreneurs regarding the availing of schemes based on their activities.

The result of the chi square statistic appears in the Value column of the Chi-Square Tests table immediately to the right of "Pearson Chi-Square". The *p*-value appears in the same row in the "Asymptotic Significance (2-sided)" column (.000). The result is significant if this value is equal to or less than the designated alpha level (normally .05). In this case, the *p*-value is smaller than the standard alpha value, so we'd reject the null hypothesis that asserts the two variables are independent of each other. To put it simply, the result is *significant*. While analysing all other schemes and its availing rate, the *p* value is less than 0.05 per cent except Cluster Development Programme MSE-CDP. Hence, it can be concluded that all the schemes except CDP are significant.

## CONCLUSION

The study examines the entrepreneur's level of awareness on various assistance provided by government and also the rate of availing of these services by the entrepreneurs was studied. Based on the

study, it is concluded that the lack of MSMEs ministry awareness programmes was identified as the leading source of ignorance in the field survey. Only newspapers, certain television networks, radio stations, and other comparable media outlets broadcast these awareness efforts. If proper awareness programmes are implemented from the bottom up, the public will be well-informed about all present and future projects.

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