



Msme and Role of Government in Msme Development

Dr. Sanjay P Sawant Dessai

Vice- principal/ Associate Professor VVMs Shree Damodar College of Com and Eco Margao Goa

ABSTRACT

Study deals with identifying the different schemes offered under MSME by Govt. of India, and amount of financial support provided and performance is studied over the period of 5 years. Despite constituting more than 80 % of the total number of industrial enterprises and supporting industrial development in country, MSMEs in India suffer from the problems of financial support from the Govt, which has resulted in overall MSME growth of just 10 to 15 percent over the last 5 years. There is a need of more allocation of funds for MSME development which can increase in employment generational especially in village level and can accelerate overall GDP growth

KEYWORDS

Educational Thoughts of John Dewey and Present Educational Context

Introduction

Worldwide, the micro, small and medium enterprises (MSMEs) has been accepted as the engine of economic growth and for promoting equitable development. The MSMEs constitute over 90% of total enterprises in most of the economies and are credited with generating the highest rates of employment growth and account for a major share of industrial production and exports. The major advantage of the sector is its employment potential at low capital cost.

Definition of MSME

Micro, Small and Medium Enterprise is defined by RBI/GOI differently for the Manufacturing and the Services Sector

Manufacturing Sector

Manufacturing sector refers to enterprises engaged in manufacture or production, processing or preservation of goods. The definition of Micro, Small and Medium Enterprises under the manufacturing sector is based on the Investment in plant and machinery excluding land and building

Enterprise	Manufacturing sector	Service sector
	Investment in plant and machinery	Investment in equipments
Micro	Up to Rs 25 Lakh	Up to 10 Lakhs
Small	Rs. 25 lakh to 5 crore	Rs 10 lakhs to 2 crore
Medium	Rs 5 Crore to 10 crore	Rs 2 crore to 5 Crore

Objectives of the study

- To identify different schemes offered by MSME
- To study the financial support provided by Govt to MSME
- To study the performance of MSME for last 5 years

Methodology

Study is based on secondary data collected from ministry of MSME and Budget document of finance department of Govt. of India for last 5 years

MSME current profile

Micro, Small and Medium Enterprises (MSME) sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. MSMEs not only play crucial role in providing large employment opportunities at comparatively lower capital cost than large industries but also help in industrialization of rural & backward areas, thereby, reducing regional imbalances, assuring more equitable distribution of national income and wealth. MSMEs are complementary to large industries as ancillary units and this sector contributes enormously to the socio-economic development of the country.

No. of units	3.6 crore
Employment generation	8 crore
Number of products manufactured	6,000
Contribution to GDP	8 percent
Contribution to Manufacturing output	45 percent
Contribution to export	40 percent
Source – Ministry of MSME	

Role of Ministry of MSME

Ministry of Micro, Small & Medium Enterprises envisions a vibrant MSME sector by promoting growth and development of the MSME Sector, including Khadi, Village and Coir Industries, in cooperation with concerned Ministries/Departments, State Governments and other Stakeholders, through providing support to existing enterprises and encouraging creation of new enterprises

The primary responsibility of promotion and development of MSMEs is of the State Governments. However, the Government of India, supplements the efforts of the State Governments through various initiatives.

The schemes undertaken by the Ministry to facilitate MSME

Adequate flow of credit from financial institutions/banks

Support for technology up gradation and modernization

Integrated infrastructural facilities

Modern testing facilities and quality certification

Access to modern management practices

Entrepreneurship development and skill up gradation through appropriate training facilities

Support for product development, design intervention and packaging

Welfare of artisans and workers

Assistance for better access to domestic and export markets

Cluster-wise measures to promote capacity-building and empowerment of the units and their collectives.

Major schemes

Performance and credit rating scheme

To improve performance MSME and keep check on quality,

Govt. has offered rating scheme which is carried out through empanelled rating agencies i.e. CRISIL, CARE, ICRA and Brick-work India Ratings. Under this Scheme, rating fee payable by the micro & small enterprises is subsidized for the first year and that is subject to maximum of 75% of the fee or Rs. 40000/-, whichever is less

Number of units rated for last 2 years		
Year	No. of units opted for rating	Amount spent (subsidy)
2014-15	23,048	80 Crore
2015-16(for first six months)	12,842	28 Crore

Marketing assistance scheme

To enhance the marketing competitiveness, platform for interaction with the individual/institutional buyers, update them with prevalent market scenario and to provide a forum for re-dressing their problems Govt. is offering marketing assistance scheme.

MSMEs are supported under the Scheme for capturing the new market opportunities through organising/ participating in various domestic & international exhibitions/ trade fairs, buyer-seller meets intensive campaigns and other marketing events

During the year 2015-16, Ministry of MSME organized 8 international events and 66 domestic events with budget allocation of Rs 14 Crore . The other activities viz. buyer-seller meets, co sponsorship, marketing campaigns, etc. were also undertaken by NSIC.

International cooperation scheme

Technology infusion, up gradation of MSME, modernization and promotion of their exports are the principal objectives of assistance under this Scheme. Deputation of MSME business delegations to other countries for exploring new areas of technology infusion/up gradation, facilitating joint ventures, improving market of MSMEs products and foreign collaborations are covered under this scheme.

During the year2015-16, financial assistance provided for 42 events and 650 entrepreneurs have been taken part in such events

Assistance to training institutions scheme

The assistance provided to training institutions in the form of capital grant for creation/strengthening of infrastructure and programme support for conducting entrepreneurship development and skill development programmes. Maximum assistance for creation or strengthening of infrastructure will be Rs. 1.5 Crore on matching basis, not exceeding 50% of project cost

During the year 2015-16, 1146 programmes were held and 31275 persons were trained under this scheme

Prime Minister’s Employment Generation Programme (PMEGP)

Nodal Agency at the national level for setting up new self-employment ventures/projects/micro enterprises to generate employment opportunities in rural as well as urban areas of the country.

The other objective is to bring together widely dispersed traditional artisans/rural and urban unemployed youth and give them self employment opportunities to the extent possible, at their place so as to help arrest migration of rural youth to urban areas.

Financial assistance

Financial assistance under PHEMEGP (2014-15)		
	Manufacture sector	Service sector
Financial assistance	25 lakhs	10 Lakhs

Subsidy	25 percent of project cost in rural area (35 percent for special category)
	15 percent in urban area (25 percent for special category)

Achievements of PHEMEGP during

Achievements of PHEMEGP during FY 2014-15 and 2015- 16			
Year	Subsidiary released (Crore)	No. of projects assisted	Employment generation
2014-15	Rs.1070	48,168	3,57,502
2015-16	(Till Dec 2015) Rs. 850	27,887	2,02,557

Scheme of fund for Regeneration of Traditional Industries (SFURTI)

Funding pattern under the scheme has provision for soft interventions including skill training, capacity building, design development, etc. hard interventions including Common Facility Centers, Raw Material Banks(RMB), training centers, etc. and cross cutting thematic interventions which include brand building & promotion, news media marketing, e-commerce, innovation, R&D initiatives and developing linkages between clusters

ASPIRE: A Scheme for Promoting Innovation and Rural Entrepreneurship

The scheme is formulated to set up a network of technology centres and to set up incubation centers to accelerate entrepreneurship and also to promote start-ups for innovation and entrepreneurship in agro-industry with annual fund of Rs.200 crore.

The financial support under livelihood business incubators is up to Rs.1 Crore for National small industries corporation (NSIC)s and Rs.50 Lakh for PPP incubators

Other financial support includes funds for incubation of ideas @Rs.3 lakh per idea and a seed capital of Rs.1 Crore for setting up of start-ups by the incubators. And Govt has target of setting of 500 new incubation centers over the next year.

Financial assistance to MSME

Budget allocation for MSME for last 5 years

Year	Plan	Non plan	Total	Growth in allocation of funds
2012-13	2037	287	2324	-
2013-14	2277	354	2631	13.20 %
2014-15	3327	375	3702	40.70 %
2014-15 RE	2620	400	3020	-18.42%
2015-16	3000	464	3467	14.80%

If one look at contribution of MSME in Indian economy in terms of employment, manufacturing , export the fund allocated to MSME is negligible

Number of enterprises registered

Year wise number of enterprise registered and their growth								
Year	Micro	Growth	Small	Growth	Medium	Growth	Total	%Growth
2007-08	153010		16730		467		172603	
2008-09	170261	11	18792	12	703	50	193026	12
2009-10	185180	09	23870	27	1407	100	213204	11
2010-11	205680	11	29397	23	1265	(10)	231271	8
2011-12	243557	18	34658	18	2952	133	283882	23
2012-13	275807	13	42035	21	5473	85	323315	14

There is no consistency in growth in all size of enterprises, large size enterprises at growing at faster pace than medium and small enterprise, which shows that , smaller entrepreneurs converting their business in to large

Number of MSME registered in Goa

Number of MSME registered in Goa						
Year	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Number of units registered	57	76	112	88	97	103

Conclusion

Despite constituting more than 80 % of the total number of industrial enterprises and supporting industrial development in country, MSMEs in India suffer from the problems of financial support from the Govt. Budget allocation of last 5 years it shows there is no consistency in allocation of funds, which has resulted in overall MSME growth of just 10 to 15 percent over the last 5 years. There is a need of more allocation of funds for MSME development which can increase in employment generational specially in village level and can accelerate overall GDP growth.

References

1. www.indiabudget.nic.in
2. www.msme.gov.in
3. www.finmin.inc.in