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**Seminar Report**

**On**

**MICRO, SMALL AND MEDIUM ENTERPRISES IN AGRICULTURE**

**Submitted to**

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## **Micro, Small and Medium Enterprises in Agriculture**

Micro, Small and Medium Enterprises have been accepted as the engine of economic growth and for promoting equitable development all over the world, especially in India in view of second highly populated country in the world. Micro and small-scale enterprises have existed in rural India since ages in the form of traditional skills. Recently, rural entrepreneurship has emerged as a dynamic concept. There is lot of scope for rural entrepreneurship in SMEs (Small and Medium Enterprises) sector economy which plays a vital role in providing employment and income for the poor and unemployed in rural areas. As the population grows there will be pressure on land and the growth in the agricultural production cannot absorb the ever increasing rural labor force in agricultural employment. This leaves the rural non-farm sector in the form of rural SMEs to absorb those released from agriculture but not absorbed in the urban industries. The scope of rural industries is considered basically a question of properly utilizing the unexploited natural and human resources and tapping vast material existing in the countryside. The features of rural industrialization are low investment of capital, labour intensity and use of simple technology by employing local human and material resources. Thus, a judicious mix of local manpower with the local resource is necessary to bring about a viable development in these areas. In the era of globalization, entrepreneurship development in the rural context is a challenge. According to 2011 Census 68.84% people are living in rural areas of India. People in rural areas suffer with unemployment, poor infrastructure facilities which may be solved with the development of the rural entrepreneurs. "Rural Entrepreneurship can be defined as entrepreneurship emerging at village level which can take place in a variety of fields of endeavor such as business, industry, agriculture and acts as a potent factor for economic development". But, these rural entrepreneurs are suffering with various problems like fear of risk, lack of finance, illiteracy, and competition from the urban entrepreneurs. Rural entrepreneurs increase the standard of living and purchasing power of the people by offering employment opportunity to the people in villages. This paper is an attempt to understand the problems and challenges of rural entrepreneurship in the context of rural development in India and possible suggestions are given to overcome the problems. With this background, the present seminar has been conceptualized with the following objectives:

1. To understand the concept of MSME
2. To study the growth and development of MSME in rural and urban areas.
3. To know the programmes implemented by ministry of MSME.
4. To review research studies related to MSME.

The MSME became operational on October 02, 2006. As per MSME Act-2006, MSMEs are classified into two categories. They are:

**1. Manufacturing Enterprises-**The enterprises engaged in the manufacture or production of goods (as per Development and regulation) Act, 1951 or employing plant and machinery in the process of value addition to the final product having a distinct name or character or use.

**2. Service Enterprises:-**The enterprises engaged in providing or rendering of services and are defined in terms of investment in equipment.

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In February, 2018, the Union Cabinet chaired by the Prime Minister Shri Narendra Modi has approved changes in the definition of the MSMEs. Now, MSMEs will be defined on the basis of **‘annual turnover’ instead of earlier definition of investment in plant & machinery/equipment**. It is expected that the changes made in the definition of the MSMEs will enhance the ease of doing business and very soon the contribution of manufacturing sector in the Indian GDP will touch to 25 percent. The revised classification of MSMEs is based on turnover has made it easier for both the government and industries to recognize a business as an MSME. The following table reveals the new definition of the MSMEs in India:

<b>Goods &amp; Services</b>	
Micro Enterprises	Annual turnover is less than Rs.5 Crores.
Small Enterprises	Annual turnover is between Rs. 5 Crores to Rs. 75 Crores.
Medium Enterprises	Annual turnover is between Rs. 75 Crores to Rs. 250 Crores.

### **Objectives of MSME:**

- To create immediate employment opportunities
- To make small industries export oriented
- To encourage growth in village and small towns
- To remove economic backwardness
- To provide steady source of income to the low income group

### **Benefits of MSME under the MSMED Act, 2006**

The MSMED Act provides a legal framework to the concept of Enterprise, which includes manufacturing as well as service sectors. The MSMED Act also provides for the

- Establishment of a National Board for Micro, Small, and Medium Enterprises
- Measures for promotion, development and enhancement of competitiveness of micro, small and medium enterprises

The benefits of the MSMED Act 2006 are as follows:

- Preference in procuring Government tenders (procure min. 20% of total annual value of goods and services from MSME)

- Protection against the delay in payment from Buyers (payment can exceed no more than 45 days)
- Right of interest on delayed payment (on failed payments, buyer will be liable to pay compound interest with monthly rests to the supplier on the amt. from the date falling after due date)
- Time-bound resolution of disputes with Buyers through conciliation & arbitration (MSE can refer the dispute to the MSE Facilitation Council)

### **Scope of MSME**

- Less capital intensive
- Effective tool for promotion of balanced regional development
- It is extensively promoted and supported by the Government
- Finance and subsidies are provided by the government
- Produced goods are purchased by the Government

### **Challenges faced by MSME**

- Absence of adequate and timely banking finance
- Limited capital and knowledge, non-availability of suitable technology
- Low production capacity
- High cost of credit
- Ineffective marketing strategy
- Lack of skilled man power for manufacturing, services, marketing etc.
- Lack of access to global markets.
- Constraints on modernization of expansion.

- Problems of storage, designing, packing and product display.
- In adequate infrastructure facilities, including power, water, roads.

## **2. Growth and development**

Based on Ghandhi model

- Industrial policy resolution 1948 that defined the role of state in industrial development for the first time
- At that time India accorded high priority to small and medium enterprises
- Despite numerous protection and policy measures MSME has remained mostly small & technologically backward

### **Hisory**

The scenario of small scale sector changed with industrial policy

establishment in 1991

- This reflected the growth of SSI's
- In 1991 the growth rate of SSI was almost 3 times of the total industrial sector from 1992 to 1995.
  - Clusters of micro, small and medium enterprises (MSMEs) are found in abundance across the globe more than 9 years ago
  - The Foundation for MSME Clusters (FMC) was conceptualized to contribute towards this process of cluster based development of MSMEs
  - The United Nations Industrial Development Organisation (UNIDO) conceptualized and initiated the process of creating the Foundation for MSME Clusters (FMC)
  - The Foundation for MSME (FMC) was supported by Ministry of Small Scale Industries (SSI), UNIDO & Entrepreneurship Development of India and was legally constituted in 2005

- The Ministry of Small Scale Industries and Agro and Rural Industries (SSI&ARI) was created in October 1999. In September 2001, the ministry was split into the Ministry of Small Scale Industries (SSI) and the Ministry of Agro and Rural Industries (ARI)
- The President of India amended the Government of India (Allocation of Business) Rules, 1961, under the notification dated 9 May 2007. Pursuant to this amendment, the ARI and SSI were merged into a single ministry, the current MSME

#### Estimated Number of MSMEs (Activity Wise)

Activity Category	Estimated Number of Enterprises (in lakh)			Share (%)
	Rural	Urban	Total	
Manufacturing	114.14	82.50	196.65	31
Trade	108.71	121.64	230.35	36
Other Services	102.00	104.85	206.85	33
Electricity*	0.03	0.01	0.03	0
<b>All</b>	<b>324.88</b>	<b>309.00</b>	<b>633.88</b>	<b>100</b>

#### Estimated Employment in the MSME Sector (Activity Wise)

Broad Activity Category	Employment (in lakh)			Share (%)
	Rural	Urban	Total	
(1)	(2)	(3)	(4)	(5)
Manufacturing	186.56	173.86	360.41	32
Electricity*	0.06	0.02	0.07	-
Trade	160.64	226.54	387.18	35
Other Services	150.53	211.69	362.22	33
<b>All</b>	<b>497.78</b>	<b>612.10</b>	<b>1109.89</b>	<b>100</b>

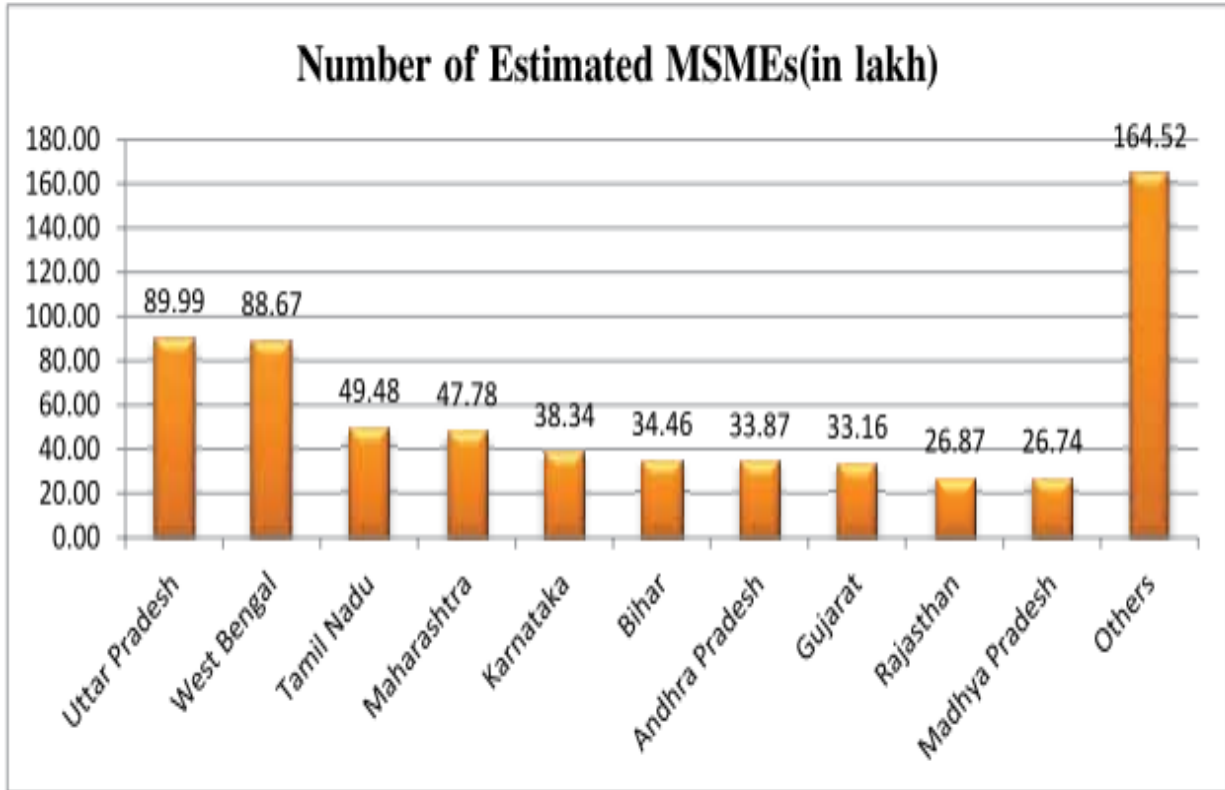
**Percentage Distribution of Enterprises in rural and urban areas. ((Male/ Female ownership) category wise)**

<b>Sector</b>	<b>Male</b>	<b>Female</b>	<b>All</b>
<b>Rural</b>	<b>77.76</b>	<b>22.24</b>	<b>100</b>
<b>Urban</b>	<b>81.58</b>	<b>18.42</b>	<b>100</b>
<b>All</b>	<b>79.63</b>	<b>20.37</b>	<b>100</b>

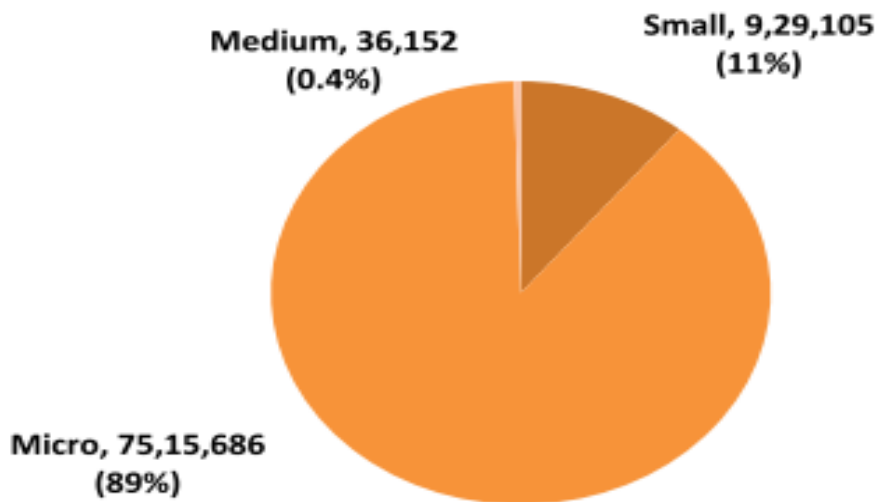
**Percentage distribution of enterprises owned by Male/ Female entrepreneurs wise**

<b>Category</b>	<b>Male</b>	<b>Female</b>	<b>All</b>
<b>Micro</b>	<b>79.56</b>	<b>20.44</b>	<b>100</b>
<b>Small</b>	<b>94.74</b>	<b>5.26</b>	<b>100</b>
<b>Medium</b>	<b>97.33</b>	<b>2.67</b>	<b>100</b>
<b>All</b>	<b>79.63</b>	<b>20.37</b>	<b>100</b>

### Distribution of MSMEs in Top Ten States



### Distribution of Micro, Small and Medium Enterprises as per UAM filings



**Role of MSMEs in India's Rural Economic Development:** The scope of rural industries is considered basically a question of properly utilizing the unexploited natural and human resources and tapping vast material existing in the countryside. The features of rural industrialization are low investment of capital, labour intensity and use of simple technology by employing local human and material resources. Thus, a judicious mix of local manpower with the local resource is necessary to bring about a viable development in these areas. MSME are the backbone, vibrant and dynamic sector of the Indian economy. **The estimated contribution of MSME sector (including service segment) to GDP** during 2010-11, 2011-12 & 2012-13 are 36.69 per cent, 37.97 per cent and 37.54 per cent respectively. Based on the export data maintained by Director General of Commercial Intelligence & Statistics, Ministry of Commerce about **the share of MSMEs in India's total export**, for the year 2012-13, 2013-14 and 2014-15, has been estimated as 43.00 per cent, 42.38 per cent and 44.70 per cent respectively. According to the assessments of the Ministry of MSME, Government of India, the sector generates around 100 million jobs through over 46 million units situated throughout the country and contributes to 45% of India's total industrial employment, 45% of India's total exports and 95% of all industrial units of the country and more than 6000 types of products are manufactured in these industries (As per msme.gov.in). MSMEs contribute around 6.11% of the manufacturing GDP and 24.63% of the GDP from service activities. MSME sector has consistently growing at the average rate of 10% annually. The contribution of this sector to the country's Gross Domestic Product is about 8%. A study done by the Confederation of Indian Industries (CII) on the Indian MSMEs ministry reveals that the MSME's contribution will be around 50% in the India's GDP by 2025. Many units of MSMEs are located in rural areas, which are checking the migration from rural areas to urban areas. MSMEs are transforming into a new business environment characterized by the emergence of national and global supply chains where they share a symbiotic relationship with hefty corporations.

#### **Factors which led to growth of MSMEs:**

**Campaigns** like Skill India, Startup India, Digital India and Make in India aim to provide MSME players with a level playing field and a definitive push towards enhanced productivity.

**Digitization:** Increasing internet penetration, customer's familiarization with digital payments fuelled by B2C ecommerce players facilitate MSME sector growth.

Tie-ups with new-age **non-banking finance (Fin. Tech) companies** allowed access to timely collateral free finance to MSMEs.

**Changing employment patterns:** Younger generation shifting from agriculture towards entrepreneurial activities creating job prospects for others.

#### **Advantages of MSMEs:**

**Inclusive growth:** MSMEs promote inclusive growth by providing employment opportunities in rural areas especially to people belonging to weaker sections of the society.

**Financial inclusion:** Small industries and retail businesses in tier-II and tier-III cities create opportunities for people to use banking services and products.

**Promote innovation:** It provides opportunity for budding entrepreneurs to build creative products boosting business competition and fuels growth.

**Boosting Economic Growth and Development:** MSMEs are boosting economic growth and development at regional, national and global levels. With its dexterity and dynamism, the sector has shown venerable innovativeness and malleability to survive economic shocks, even of the gravest nature.

**Maximum Opportunities for both Self-employment and Wage-employment:** Indian MSME sector offers maximum opportunities for both self-employment and wage-employment outside the agricultural sector and contributes in constructing an inclusive and sustainable society in numerous ways through making of non-farm livelihood at meager cost, balanced regional development, gender and social balance, environmentally sustainable development etc. As MSMEs are usually labour-intensive, they have the ability to create more jobs. Further, in view of the on-going implications of climate change, it is necessary that the MSME sector is prepared to absorb millions who may be rendered unemployed in the agriculture sector. Many more rewarding opportunities can be tapped by Indian MSMEs in the foundry industry, electronics industry, chemicals, leather, textiles, agro and food processing, pharmaceuticals, transport and tourism industries, etc. The globalization of industries has gradually drawn SMEs into global value chains through diverse types of cross-border activities.

**MSMEs in India is of diversity:** MSME sector in India claims diversity in terms of its size, level of technology employed, range of products and services provided and target markets. MSMEs have been credited to provide at least ten components that were used in India's Mangalyaan (Mars Orbiter Mission probe) and in ISRO's most ambitious mission like Chandrayaan I & II.

**Decentralized Industrial Development, Better Distribution of Wealth and Investment:** MSMEs expansion, especially in rural play imperative role in the economic expansion of the country and results in decentralized industrial development, better distribution of wealth and investment.

**Reduction of Poverty and Unemployment:** Most of the MSMEs are of labour intensive and creates large scale employment opportunities for the rural people. MSMEs provides a solution to the growing problem of large-scale unemployment and underemployment of rural India. Through rural entrepreneurship development programme, unemployed people can opt for self-employment. In this respect, several programmes like National Rural Employment Programme (NREP), Integrated Rural Development Programme (IRDP), etc. are in operation in India to help the potential entrepreneurs.

**Check on migration of rural population:** Rural population moves towards urban for various reasons like income generation, searching good job, utilize various facilities etc. MSMEs will bring in or develop infrastructural facilities like roads, power, bridges etc. It reduces the gaps and disparities in income between rural and urban areas. Rural MSMEs can avoid the migration of people from rural to urban areas in search of jobs.

**Formation of Capital:** MSMEs by placing profitable business proposition attract investment to ensure private participation in the industrialization process. The otherwise idle savings are channelized for investment in business ventures which in turn provides return. Again the savings are invested giving a multiplier effect to the process of capital formation.

**Balanced regional development:** MSMEs in rural areas controls the concentration of industry in urban areas by setting small scale units in remote areas, successful entrepreneurship development programmes can help in achieving balanced regional development.

**Promotion of artistic activities:** Rural industries also help protect and promote the art and handicrafts, i.e. the age-old rich heritage of the country.

**Check on social evils:** The growth of MSMEs in rural areas reduces the social evils like poverty, social tensions, atmospheric pollution, the growth of slums and ignorance of inhabitants etc.

**Awaken the rural youth:** MSMEs in rural areas encourages young and promising entrepreneurs to develop and carry out entrepreneurial activities in the rural sector.

**Improves standard of living:** MSMEs in rural will also increase the literacy rate of rural people. Their education and self-employment will prosper the community, thus improving their standard of living.

**Proper utilization of local resources:** MSMEs in rural will help in the maximum utilization of local resources like raw materials and labour for productive purposes and thus increase productivity. Efficient and effective use of limited resources by the entrepreneurs leads to overall economic development of an area.

**Improvement in per capita income:** MSMEs generates more output, employment and wealth by exploiting new opportunities, thereby helping to improve the per capita income of rural people.

**General Employment:** MSMEs are not the job seekers but job creators and job providers. With the globalization process the government jobs are shrinking leaving many unemployed. In the circumstances, the entrepreneurs and their enterprises are the only hope and source of direct and indirect employment generation. Employment is generated directly by the requirement of the large enterprises and indirectly by ancilliariation and consequential development activities.

**National Self-reliance:** They are the corner stores of national self-reliance. They help to manufacture indigenous substitutes to imported products which reduce the dependence on foreign countries. There is also a possibility of exporting goods and services to earn foreign exchange for the country. Hence, the import substitution and export promotion ensure economic independence and the country becomes self-reliance.

**Planned Production:** MSMEs are considered as economic agents since they unite all means of production. All the factors of production i.e., land, labour, Capital and enterprise are brought together to get the desired production. This will help to make use all the factors of production with proper judgment, perseverance and knowledge of the world of business. The least combination of factors is possible avoiding unnecessary wastages of resources.

**Promote prosperity:** Improvements in local productivity can promote prosperity.

**Earnings of foreign exchange:** MSMEs play significant role in increasing the foreign exchange earnings of the country through export of their produce.

**Challenges of MSMEs:** Fiscal discipline, Support from Government Departments, Capital, Modern technology, Market Strategy, Skilled labour, Regulatory burden and Annual filings etc.

**Problems of MSMEs:** Lack of adequate capital and timely finance. Non-availability of suitable technology. Competition from MNCs. Low production capacity. Ineffective marketing strategy. Constraints on modernization & expansions. Inferior quality impact export competitiveness. Cumbersome government procedures and rules for establishing new units. Bureaucratic delays in getting clearances. Poor litigation system in the country. Non availability of skilled labour at affordable cost. Lack of training and skill development programmes. Complex labor laws and red-tapism. Poor infrastructure. Access to modern technology. Getting statutory clearances related to power, environment, labour etc. Problem of quality raw material. Use of traditional machines results in low productivity. Under-utilization of installed capacities. Technological obsolescence. Lack of organized market channels. Imperfect knowledge of market conditions. Unorganized nature of operations. Deficient managerial and technical skills. Government schemes to promote MSMEs

### **3.Schemes implemented by Ministry of MSME**

#### **Khadi and Village Industries Commission (KVIC)**

Khadi and Village Industries Commission (KVIC) established under the Khadi and Village Industries Commission Act, 1956 (61 of 1956) is a Statutory Organization under the aegis of the ministry of MSME. It is responsible for the planning, promotion, organizing and implementation of programmes for the development of Khadi and Village Industries in the country. Established in 1957, it took over the work of the former All India Khadi and Village Industries Board.

The main objectives of KVIC include :-

- The social objective of providing employment in rural areas;
- The economic objective of producing saleable articles; and
- The wider objective of creating self-reliance amongst people and building up a strong rural community spirit.

### **Khadi Sector : Employment**

**(Artisan in Lakh)**

<b>Year</b>	<b>Employment</b>
2017 - 18 #	4.65
2018 - 19 #	4.96
2019 - 20 #	4.97
2020 - 21 #	4.97
2021 - 22 (up to 31 - 12 - 2021) #	4.97
<b>2021 - 22 (Projected up to 31 - 03 - 2022) #</b>	<b>4.97</b>

@ Including Polyvastra # Including Polyvastra & Solarvastra

### **Prime Minister's Employment Generation Programme (PMEGP)**

- PMEGP is a credit linked subsidy scheme to generate employment opportunities in rural as well as urban areas of the country, in non-farm sector, through setting up of new self-employment ventures/micro enterprise.

The Scheme is implemented by Khadi and Village Industries Commission (KVIC), as the nodal agency at the National level.

### **Objective**

- To generate continuous and sustainable employment opportunities in Rural and Urban areas of the country
- To provide continuous and sustainable employment to a large segment of traditional and prospective artisans, rural and urban unemployed youth in the country through setting up of micro enterprises.
- To facilitate participation of financial institutions for higher credit flow to micro sector.

### **Salient features of the scheme**

- In Urban and Rural areas in ratio of 30:30:40 between KVIC / KVIB / DIC respectively.
- Per capita investment should not exceed Rs. 1.00 lakhs in plain areas and Rs. 1.50 lakhs in Hilly areas.
- Maximum project cost of Rs. 25.00 lakhs in manufacturing sector and Rs. 10.00 lakhs in Service Sector.
- Margin money subsidy varies from 15 to 35% for different categories. The maximum cost of projects is Rs.25 lakh in the manufacturing sector and Rs.10 lakh in the service sector.
- Scheme is available for setting up of new units only. Since inception in 2008-09 and up to 31.12.2021, a total of about 5.7 lakh micro enterprises have been assisted with a margin money subsidy of Rs 13,033.3 crore providing employment to an estimated 47 lakh persons.
- During the current Financial Year 2020-21, a target has been fixed for setting up of 73241 new micro-enterprises, by disbursing Rs.2247.10 crore of margin money subsidy, generating estimated employment opportunities for 5.8 lakh persons

**PMEGP performance during last three years and current year:**

<b>Year</b>	<b>Margin Money Disbursed (Rs. Crore)</b>	<b>Micro Units Assisted (Number)</b>	<b>Estimated Employment Generated (Number)</b>
2018-19	2070.00	73,427	5,87,416
2019-20	1950.82	66,653	5,33,224
2020-21	2188.80	74,415	5,95,320
2021-22*	1633.48	52,994	4,23,952

**Scheme of Fund for Regeneration of Traditional Industries (SFURTI)**

- It is Cluster-based scheme of Govt. of India.
- Govt. of India has launched the Scheme of Fund for Regeneration of Traditional Industries (SFURTI)
- It aim to recognize the talent, creativity, enterprise of hard work of rural Artisan in a variety of fields, ranging from food products to handicraft; leather products, to ayurvedic medicines and to make the Traditional
- Industries more productive, profitable and capable for generating sustained employment for traditional industry Artisans and subsequently empower and convert them as self-governing entrepreneurs.
- Under this scheme, **63** Clusters (Khadi : 10 and Village Industries: 53) were assisted, since inception till 31-12-2020

**Objectives**

- The objectives of the scheme is to organize traditional industries and artisans into clusters to make them competitive and provide support for their long term sustainability, sustained employment,
- To enhance marketability of products of such clusters,
- To equip traditional artisans of the associated clusters with the improved skills,

- To make provision for common facilities and improved tools and equipment for artisans,
- To strengthen the cluster governance systems with the active participation of the stakeholders, and
- To build up innovative products, improved technologies, advanced processes, market intelligence and new models of public-private partnerships.

**The scheme covers three types of interventions:**

Soft interventions– Activities to build general awareness, counseling, skill development & capacity

building, exposure visits, market development initiatives, design and product development, etc.

ii) Hard interventions– Creation of common facility centres, raw material banks, upgradation of production infrastructure, warehousing facility, tools and technological upgradation, etc.

iii) Thematic interventions– Interventions on a cross-cutting basis for brand building, new media marketing, e-commerce initiatives, research and development, etc.

**A Scheme for promoting Innovation, Rural Industry & Entrepreneurship (ASPIRE)**

**Objective:**

(i) Create new jobs and reduce unemployment

(ii) Promote entrepreneurship culture in India

(iii) Boost Grassroots economic development at district level

(iv) Facilitate innovative business solution for un-met social needs, and

(v) Promote innovation to further strengthen the competitiveness of the MSME sector.

**Activities covered**

i) Create a database of technologies available with various Government/ private agencies and setup a Network of Technology Centres for sharing of best practices and experiences.

ii) Develop the required skilled Human Resources necessary for mentoring and handholding the incubates.

iii) Set up Livelihood Business Incubators (LBI) under National Small Industries Corporation (NSIC ), KVIC or Coir Board or any other Institution/agency of GOI/State Govt.

iv) Incubation and Commercialisation of Business Ideas Programme through technical/research institutes, Ministries of GOI and Private incubators.

v) Business Accelerator programme for scaling up.

vi) Create a framework for Start-up Promotion through Small Industries Development Bank of India (SI DBI) by using innovative means of finance to enable ideas/innovation & to convert these into commercial enterprises.

Status:

- 76 Common Facility Centres and
- 169 Infrastructure Development Project have been commissioned so far.

#### **Credit Linked Capital Subsidy Scheme (CLCSS )**

- The Scheme has been re-launched by Hon'ble Minister of MSME on 05th September 2019.
- The objective of CLCS component of CLC-TUS is to facilitate technology to MSEs through institutional finance for induction well established and proven technologies
- 15% on institutional credit up to Rs. 1.0 crore
- 11 nodal agency

#### **Coir Board Schemes**

Coir Board is a statutory body established under the Coir Industry Act, 1953 for promoting the overall development of the coir industry and improvement of the living conditions of the workers engaged in this traditional industry.

Objective:

The Coir Board is tasked with promoting the overall development of the coir industry and improvement of the living conditions of the workers engaged in this traditional industry.

### **Coir Vikas Yojana (CVY)**

The activities are in the areas of

- Modernization of production processes,
- Development of machinery and equipment,
- Product development and diversification,
- Development of environment friendly technologies, technology transfer, incubation, testing and service facilities, etc.

### **Mahila Coir Yojana**

- Mahila Coir Yojana is a women oriented, self-employment scheme being implemented by Coir Board.
- The scheme envisages imparting training with stipend to women artisans on coir technology and scale up the skill of women coir workers.
- The trained women artisans will be provided financial assistance for procurement of machinery/equipment under the Prime Minister's Employment Generation Programme (PMEGP) with necessary handholding support by the Coir Board through its field offices.
- The financial assistance for procurement of machinery/equipment can be obtained under PMEGP scheme for setting up of new coir units for which the maximum project cost is Rs.25 Lakhs.
- During the year 2020 the Board has imparted training to 1416 Coir
- Artisans in spinning of Coir Yarn and manufacturing of value added products and during the remaining period, the Board has proposed to train 784 Nos. of artisans under the scheme.

### **Coir Udyami Yojana (CUY)**

During the year 2020-21, the Board has released an amount of Rs.173.89 lakhs for General category to the financing banks towards pro-rata grant for assisting 76 coir units

### **AatmaNirbhar Bharat Abhiyan**

It was launched on 12<sup>th</sup> May 2020.

The Prime Minister has announced a Rs. 20 lakh crore economic package under the 'AatmaNirbhar Bharat Abhiyan', to aid our country out of the Coronavirus crisis (by making us self-reliant).

- Five pillars —
  - ✓ Economy
  - ✓ Infrastructure
  - ✓ Technology-driven system
  - ✓ Vibrant demography and
  - ✓ demand to make India Atmanirbhar (Self-reliant).
- The Government boost to MSMEs is through the emphasis on using local products to boost the businesses of local manufacturers and retailers

### **Incentives Announced in Atmanirbhar Package for MSME**

- i)Subordinate Debt :
  - Government will facilitate provision of Rs. 20,000 crore subordinate debt to NPA or stressed MSMEs.
  - Govt. would further provide support of Rs. 4000 crore to CGTMSE who in turn will provide partial Credit guarantee support to the bank.
  - Promoters of the MSME will be given debt by banks, which will then be infused by promoter as equity in the Unit.
- ii)Equity Infusion:
  - Fund of Funds with Corpus of Rs. 10,000 crores will be set up which will be operated through Mother and Few Daughter Funds.
  - Fund structure will help leverage Rs. 50,000 crores of funds at daughter funds level which will help MSME to grow in size and capacity.

### **Incentives Announced in Atmanirbhar Package for MSME**

- Global tenders will be disallowed in Government procurement tenders of value upto Rs. 200 crores.
- e-market linkage for MSMEs to be promoted to act as a replacement for trade fairs and exhibitions.
- Fintech will be used to enhance transaction based lending using the data generated by the e-marketplace.

- MSME receivables from Gov and Central Public Sector Enterprises (CPSEs) to be released in 45 days.

### **Udyam Registration**

- With effect from 1st July 2020, the process of registration of Udyog Aadhar is known as Udyam Registration.
- Udyog Aadhar is a government registration provided with a recognition certificate known as Udyog Aadhar Certificate.

### **Benefits of Udyam registration**

- It Helps businesses to apply for numerous services which are offered by the Government
- Provides identity without a fee to the concerned business as an MSME unit.
- Helps prioritize MSMEs to get orders from the government departments and PSUs.
- MSMEs can avail funding under the Credit Guarantee
- Trust Fund without providing collateral.
- Provides a platform for resolving problems such as delay in receiving outstanding payments.
- MSME's can get subsidy/concessions in electricity bills, interest rates on bank loans, trademark registration fees, etc.

### **Other initiatives**

- **Udyami Mitra Portal** : launched by SIDBI to improve accessibility of credit and handholding services to MSMEs.
- **MSME Sambandh** : To monitor the implementation of the public procurement from MSMEs by Central Public Sector Enterprises.
- **MSME Samadhaan** -MSME Delayed Payment Portal — will empower Micro and Small entrepreneurs across the country to directly register their cases relating to delayed payments by Central Ministries/Departments/CPSEs/State Governments.
- **Digital MSME Scheme** : It involves usage of Cloud Computing where MSMEs use the internet to access common as well as tailor-made IT infrastructure

- **Prime Minister Employment Generation Programme** : It is a credit linked subsidy program under Ministry of MSME.
- **Revamped Scheme of Fund for Regeneration Of Traditional Industries (SFURTI)** : organizes traditional industries and artisans into clusters and make them competitive by enhancing their marketability & equipping them with improved skills.
- **A Scheme for Promoting Innovation, Rural Industry & Entrepreneurship (ASPIRE)** : creates new jobs & reduce unemployment, promotes entrepreneurship culture, facilitates innovative business solution etc.
- **National Manufacturing Competitiveness Programme (NMCP)** : to develop global competitiveness among Indian MSMEs by improving their processes, designs, technology and market access.
- **Micro & Small Enterprises Cluster Development Programme (MSE-CDP)** - adopts cluster development approach for enhancing the productivity and competitiveness as well as capacity building of MSMEs.
- **Credit Linked Capital Subsidy Scheme (CLCSS)** is operational for upgradation of technology for MSMEs.

**Other recent initiatives to promote MSMEs:**

- In June 2019, **RBI committee** headed by former **SEBI Chairman UK Sinha** suggested a **Rs 5,000 crore stressed asset fund** for the MSME sector to provide relief to small businesses hurt by **demonetization, GST,** and an ongoing **liquidity crisis**.
- It has also recommended doubling **the cap on collateral-free loans to Rs 20 lakh** from the current Rs 10 lakh extended to borrowers falling under the Mudra scheme, self-help groups, and MSMEs.
- MSME Ministry announced in June 2019 to lift the ban on entry of **corporates and private players** in the MSME sector to pave way for the formation of **700 clusters** to reduce dependence on imports as well as for job creation.

- MSME Ministry is also planning to set up **enterprise facilitation centres** across the country to make smaller businesses more competitive and help them integrate with big enterprises.

Therefore, the government should continue to put concerted efforts for holistic development of MSMEs in key areas like **human capacity development, knowledge services, access to finance, technology, infrastructure, market access, and ease of doing business.**

## MSME schemes for agriculture

### Enterprise Development Schemes

#### Agricultural Marketing Divisions

Related scheme      1. Marketing Research and Information Network

Description              To collect and disseminate price and market related data to increase efficiency, to sensitise and orient farmer's response to new challenges

Nature of assistance    100% grant

Who can apply            Agricultural Marketing Boards / Directorates of Agriculture of the State Governments, Market Committees

Related scheme            2. Strengthening of Agmark Grading Facilities

Description                Assistance for analysing samples for determining standards

Nature of assistance    100% grant

Who can apply            Agmark Laboratories, offices of DMI

Related scheme	3. Development/Strengthening of Agricultural Marketing Infrastructure, Grading & Standardisation
Description	The scheme provides for contract farming, etc., credit linked subsidy on capital cost
Nature of assistance	25% of capital cost
Who can apply	Agmark Laboratories, offices of DMI

Related scheme	4. Gramin Bhandaran Yojana: A Capital Investment Subsidy for Construction/Renovation of Rural Godowns
Description	Creation of scientific storage capacity and prevention of distress sale
Nature of assistance	Subsidy @ 25% to farmers, 15% of project cost to companies
Who can apply	NGOs, SHGs, companies, cooperatives

Related scheme	5. Small Farmers' Agriculture-Business Consortium – Agriculture-Business Development
Description	Provides venture capital assistance in the form of equity, and arranges training and visits of agripreneurs
Nature of assistance	Financial assistance with a ceiling of Rs.5 lakh
Who can apply	Individuals, farmers, producer groups, partnership/propriety firms, SHGs, agripreneurs, etc.

Related scheme	6. Assistance to NCDC Programmes for Development of Cooperatives
Description	Provides assistance to integrated cooperative development projects, share capital participation in growers / weavers cooperative spinning mills
Related scheme	7. Establishment of Agri-Clinics and Agri-Business Centres
Description	Provides agripreneurship training for two months on payment basis, with free hand-holding support for one year
Nature of assistance	100% funding by Govt of India
Who can apply	Agriculture graduates

#### **4.To review research studies related to MSME**

##### **Role of MSMEs in Growth and Development of Indian Economy**

##### **A Study of Meerut District in Uttar Pradesh-Gola *et al.*(2019)**

##### **Objective:**

The primary objective of the paper is to investigate the Role of MSMEs in Growth and Development of Indian Economy

##### **Methodology:**

Research is based upon primary and secondary data.

80 officials responded by the MSMEs and it was taken as the sample for this study.

## Analysis of Employment Generation for Skilled and Unskilled Worker in Meerut

Year	Skilled	Year	Unskilled
2012-13	4908	2012-13	3914
2013-14	5643	2013-14	4639
2014-15	6848	2014-15	5012
2015-16	7217	2015-16	6381
2016-17	8551	2016-17	7716

### Implication

In the last five year there has been an increasing number of skilled and unskilled labour that are being employed by SMEs, which is a positive indicator to the growth and development of SMEs sectors in India.

### 2. A Study on Start-up and its Impact on MSME in India( Patel and Shah (2021))

objective of the study was to know the start-up of entrepreneurs and their activities

#### Methodology:

- The research design of this study is descriptive in nature. Both primary and secondary data used to study the start-up and its impact on MSME in India.
- The data is gathered using a structured questionnaire, and the sample size is 100 respondents. The data were collected through convenient sampling method and samples are collected from start-up entrepreneurs. Secondary data were collected through internet, annual report, research papers.

## Representing type of organization for start-up

Valid	Frequency	Percent
Sole Proprietary	41	41
Partnership	20	20
Family Business	34	34
Limited liability partnership	3	3
Company	2	2
Total	100	100

### Implication

- As per the study, majority of the entrepreneurs wants to do business through sole proprietary and family-owned organization.

**Conclusion:** MSMEs plays a vital role in the economic development of India, particularly in the rural economy. It helps in generating employment opportunities in the rural areas with low capital, raising the real income of the people, contributing to the development of agriculture by reducing disguised unemployment, reducing poverty, migration, economic disparity, unemployment. Government should go for periodical appraisal of MSMEs development schemes and programmes in order to uplift rural areas. MSMEs finds it difficult to take off is due to lack of capital, risk taking and innovation. They are the way of converting developing country into developed nation. Promotion of MSMEs are extremely important in the context of producing gainful employment and reducing the widening disparities between the rural and urban. MSME's provide self dependency and it is the only way to solve the problem of unemployment in a populous country like India. MSME's are boon for reducing regional imbalances and a means to utilize the natural and abundant human resources available in India.

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## DISCUSSION

**1. is udyam registration is compulsory ?**

no , its not compulsory

**2 . Name some MSME in rural areas?**

Khadi hand looms etc...

**3. Who is the union minister for MSME?**

Narayan

**4. what is UAM ?**

Udyog Aadhaar Memorandum (UAM) is a one- page registration form for the Micro, Small and Medium Enterprises to get registered under MSME.

**5. How to overcome challenges in MSME ?**

Providing adequate and timely banking finance, and subsidies are provided by the government, adequate infrastructure facilities, including power, water, roads.

**6. is all the produced goods in MSME will purchased by government ?**

NO only certain notified produce is purchased by govt.

