

SCHEMES FOR DEVELOPMENT OF MSMEs IN INDIA-AN ANALYSIS

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INTRODUCTION

Micro, Small and medium Enterprises (MSME) sector is the backbone of any economy. In India it represents 94% of all industrial firms and accounts for 60% of employment. The contribution of MSMEs to the economy in terms of employment generation, manufacturing and export has been splendid over the years. It is said that Indian economy goes with MSMEs. The overall economic growth of any country depends on growth and development of MSME sector. It also play a pivotal role in the economy of developed countries and also a driving force for economic development of many counties .Both developed and developing countries comprehended that MSMEs become one of the key instruments to achieve sustainable economic growth.

In USA, SMEs make up 99.9% of all business and employ 47.1% of the private work force. In UK 99% off privately owned business are classified as SMEs accounting for 60% of private sector jobs. In Canada small business comprises 98% of business with employment to 10.3 million people. In Italy SMEs constitute 95% of total industries which account for 80% of total employment. In Germany, SMEs account for 99.3 % of all German firms.

Their innovation, flexibility, relativity, efficiency and locality all play a part in making them successful.

Objectives

The present paper is developed with following objectives

1. To have a discussion on importance of MSME sector
2. To highlight the constraints faced by entrepreneurs in MSME sector
3. To analyse and discuss various schemes envisage by the Government for growth and development of MSME sector.
4. To suggest some strategic interventions

Methodology

The present paper is basically designed on the basis of secondary data published in various journals, periodicals, magazines, reports etc. The information provided by the Government through Press Information Bureau and the written answer given in the Parliament also taken into consideration. The Annual Reports of various organisations/institutions were also referred.

Scope

The scope of the study is limited within the study and analysis of various schemes meant for development of MSMEs in India. The schemes are not exhaustive and further studies in scheme wise detail are also expected.

Discussions

Keeping the importance of MSMEs in mind, the Ministry of MSME implements various schemes for growth and development of MSME sector in the country. The schemes are envisaged in the area of credit support, development of new enterprises, technological assistance, marketing assistance etc. Some of the important schemes are discussed in following pages.

Prime Minister's Employment Generation Programme (PMEGP)

Prime Minister's Employment Generation Programme (PMEGP) is a credit link subsidy programme which was introduced in 2008 by merging two erstwhile schemes namely Prime Minister Rojgar Yojana (PMRY) and Rural Employment Generation Programme (REGP) with following objectives.

- To generate employment opportunity in both rural and urban areas of the country through setting up new self employed ventures(micro enterprises)
- To bring together widely dispersed traditional artisans and unemployed youth and provide them self employment opportunity
- To increase the earning capacity of the artisans

The scheme is administered by the ministry of Micro, Small and Medium Enterprises (MoMSME) and implemented by Khadi and Village Industries Commission (KVIC). In state level the scheme is implemented by state KVIC Directorate, Khadi and Village Industries Board and District Industries Centre. The maximum cost of the project admissible is Rs.25 lakh for manufacturing sector and Rs.10 lakh for service sector. The rate of subsidy for general category is 15% in urban areas and 25% in rural areas. For SC, ST, Women, ex servicemen and NER the rate of subsidy is 25% and 35% in urban and rural areas respectively.

The financial institutions which are involved in the scheme include 27 public Sector Banks, All RRBs, Cooperative Banks, Private Sector Commercial Banks and SIDBI. These institutions sanction 90% of the project cost in case of general category and 95% in case of special category as loan.

In recent years PMEGP has emerged as the most powerful tool of the Government for self sustainability. A large number of youths, women and migrants were prompted to take up self employment activities under PMEGP. The performance of PMEGP in last three years is portrayed in Table-1

Table-1 Performance of PMEGP in Last Three Years

Activity/Year	2014-15	2015-16	2016-17
No. of projects	48,168	44,340	59,912
Margin money disbursed(Rs. in crore)	1122.54	1020.06	1280.94
Employment	3,57,502	3,23,362	4,07,840

Source: Ministry of MSME

It is evident that during 2016-17 a total number of 59,912 units of MSMEs have been established with employment opportunity for 4, 70,840 individuals which is 35.11 and 26.12 percent higher than the previous years. The state wise performance of PMEGP scheme is incorporated in Table-2.

Table-2 State wise Performance of PMEGP during 2016-17

SL.No.	State	No. of projects	Margin Money Disbursed(Rs.crore)	Employment Generation(Nos.)
1	Andaman & Nicobar	100	195	1398
2	Andhra Pradesh	1357	4916.08	14148
3	Arunachal Pradesh	301	440.34	1984
4	Assam	6028	4910.38	31498
5	Bihar	3234	8336.51	25872
6.	Chhattishgarh	1598	4070.73	12856
7.	Delhi	119	182.41	952
8.	Goa	90	191.44	660
9.	Gujarat*	1386	7561.61	11629

10.	Haryana	1377	3383.53	11016
11.	Himachal Pradesh	941	2185.27	6916
12.	Jammu & Kashmir	1492	2621.40	11691
13.	Jharkhand	1300	2454.35	10400
14.	Karnataka	3575	11609.56	30286
15.	Kerala	1584	3350.68	13068
16.	Lakshadweep	00	00	00
17.	Madhya Pradesh	1940	8346.06	15520
18.	Maharashtra**	2325	6001.36	17799
19.	Manipur	1265	2162.78	8419
20.	Meghalaya	6028	4910.38	31498
21.	Mizoram	425	491.96	3400
22.	Nagaland	1018	2007.48	7783
23.	Odisha	3029	6848.96	20392
24.	Puducherry	66	103.65	699
25.	Punjab	1266	3181.60	9858
26.	Rajasthan	1749	4641.6	13408
27.	Sikkim	27	35.93	201
28.	Tamil Nadu	2941	8213.92	25764
29.	Telangana	664	2561.72	6445
30.	Tripura	2297	3734.66	17961
31.	Uttarakhand	1345	2122.33	9890
32.	Uttar Pradesh	4074	14271.05	36315
33.	UT Chandigarh	47	82.84	376
34.	West Bengal	3528	6270.32	26604

*includes Daman & Diu **includes Dadra & Nagar Haveli

Source:Ministry of MSME

Prime Minister MUDRA Yojana (PMMY)(Micro Credit Development And Refinance Agency Ltd.)

Finance is considered as the backbone of an enterprise for running and surviving effectively and efficiently. Raising fund from various sources involves a complex process and also a tedious job for entrepreneurs particularly in case of Micro small and medium entrepreneurs. In order to assist these unfunded entrepreneurs the union government started MUDRA Bank on 8th April, 2015. MUDRA is a refinance scheme to regulate Micro Finance Institutions and to provide financial assistance to micro and small units. The scheme was launched with three sub schemes to provide funding support to the lending institutions engaged in financing micro and small units. The scheme aims at creating an inclusive, sustainable and value based entrepreneurial culture. The loan is available to micro and small units through commercial Banks, NBFCs, MFIs etc. The MUDRA Bank has 194 partner Institutes all over the country as follows.

Table-3 Partner Institutions of MUDRA

Name of the Partner Institutions	Number
Public Sector Banks	27
Private Sector Banks	18
Regional Rural Banks	31
Co operative Banks	14
MFI-NBFC	47
MFIs	26
NBFCs	31
Total	194

The PM MUDRA yojana has three sub-schemes Shishu, Kishore and Tarun. The name signifies the stages of growth/development of micro enterprises and their funding needs. Various sub schemes with their features are given in Table -4.

Table-4 Schemes of MUDRA Loan

Schemes/Products	Loan Amount	Interest Rate
Shishu	Up to Rs.50000	10% to 12%
Kishore	Rs.50000 to 5,00,000	14% to 17%
Tarun	Rs.5,00,000 to 10,00,000	Above 16%

Source: www.mudra.gov.in

Since inception PM MUDRA yojana has strived for a better entrepreneurship environment across the country. The achievement of PM MUDRA scheme so far is depicted in Table-5.

Table-5 Achievement of PM MUDRA Scheme

PMMY	2015-16	2016-17
No .of Accounts	3.49 cr.	3.97cr.
Amount of Loan sanctioned	1,37,449 cr.	1,80,528 cr.

Table-6 State wise sanction and disbursement of MUDRA loan in India in last two years

State	2015-16			2016-17		
	Nos.	Sanctioned	Disbursed	Nos.	Sanctioned	Disbursed
Andaman & Nicobar Island	24719	218.36	212.78	3353	80.15	78/34
Andhra Pradesh	795688	6104.14	5790.79	587569	6078.01	5731.8
Arunachal Pradesh	4625	74.38	71.62	6109	81.46	78.67
Assam	427272	1817.62	1728.46	1255754	4908.3	4824.54
Bihar	2451439	7553.83	7265.91		3756716	12190.6
Chhattishgarh	639711	2265.5	2156.14	884941	3334.27	3209.86
Dadra & Nagar Haveli	1236	21.72	21.27	2587	23.49	22.61
Daman & Diu	1109	12.43	12.02	774	12.61	12.08
Delhi	394388	2947.68	2857.97	224975	3762.95	3700.51
Goa	45471	399.33	376.04	31289	390.2	372.78
Gujarat	1086407	6034.73	5910.02	1103453	7781.94	7692.07
Haryana	745535	3259.27	3152.62	716622	3843.53	3697.59
Himachal Pradesh	85564	998.78	965.7	82851	1281.72	1214.02
Jammu & Kashmir	57974	185.13	1152.15	89712	1845.37	1663.51
Jharkhand	872868	2944.33	2845.66	1023593	4004.13	3908.00
Karnataka	4459609	16861.35	16469.43	3933578	18002.55	17290.7
Kerala	830411	4857.68	4727.38	982260	6288.62	6140.44
Lakshadweep	740	6.58	5.35	473	5.64	4.51
Madhya Pradesh	2511191	8096.74	7769.29	2683052	10506.45	10191.91
Maharashtra	3535065	13806.48	13372.42	3344154	17286.66	16976.76
Manipur	24021	131.42	120.03	21865	156.05	142.47
Meghalaya	19151	166.48	162.42	23915	189.97	185.74
Mizoram	7772	86.5	77.78	6973	101.2	90.31
Nagaland	5134	85.89	76.54	11051	114.06	103.83
Odisha	2343261	5694.86	5436.26	2606769	7891.34	7600.68
Puducherry	82866	337.84	331.91	130360	490.62	485.49
Punjab	653973	3572.42	3484.49	705569	4640.84	4512.28
Rajasthan	1159819	5484.95	5248.28	1204837	9024.71	8823.3
Sikkim	6889	59.53	54.61	19865	99.88	96.54
Tamil Nadu	4781567	15846.14	15496.86	5309857	18052.68	17756.39
Telangana	400761	3834.55	3694.34	482694	3878.38	3780.49
Tripura	68146	372.06	337.26	253807	999.42	968.55
Uttarakhand	360007	1788.39	1745.08	286579	1974.12	1913.88
Uttar Pradesh	3345382	12275.88	11880.93	3337547	15282.61	14753.59
UT Chandigarh	22605	212.42	204.52	19039	229.01	221.26

West Bengal	2628548	8033.88	7740.41	4566505	15695.01	15480.03
All India	34880924	137449.27	132954.73	39701047	180528.6	175312.2

Source: Ministry of Finance, Govt. Of India

Start Up India

Start Up India is a flagship initiative launched by the Government of India on 16th January, 2016 to build a strong eco-system for nurturing innovation and start up in the country which will drive economic growth and generate large scale employment opportunities. The Start Up India initiative aims at fostering entrepreneurship and promoting innovation by creating and enabling eco system and transforming India in to a country of job creator instead of job seeker .Big cities are top start up destination with their infrastructure and net working power. Hope ever small cities have also emerged as new start up destination with encouragement from the government. The scheme provides numerous benefits like tax exemption, seed funding, relaxation in public procurement norms etc.

Table-6 State wise Start -Ups recognised by DPIIT in last two years

State	2016	2017
Andaman & Nicobar Island	-	2
Andhra Pradesh	4	100
Arunachal Pradesh	-	-
Assam	10	34
Bihar	1	47
Chhattishgarh	9	22
Dadra & Nagar Haveli, Daman & Diu	-	4
Delhi	66	727
Goa	2	19
Gujarat	24	285
Haryana	27	255
Himachal Pradesh	-	9
Jammu & Kashmir	2	14
Jharkhand	2	35
Karnataka	61	842
Kerala	25	163
Lakshadweep	-	-
Madhya Pradesh	7	102
Maharashtra	86	1058
Manipur	-	4
Meghalaya	-	-
Mizoram	-	-
Nagaland	1	4
Odisha	4	108
Puducherry	-	3
Punjab	7	28
Rajasthan	14	137
Sikkim	-	-
Tamil Nadu	49	257
Telangana	20	312
Tripura	-	-
Uttarakhand	4	43
Uttar Pradesh	27	392
UT Chandigarh	9	22
West Bengal	8	171
Total	471	5233

CONCLUSION

The Government of India has strived towards a better and sustainable entrepreneurial eco system throughout the length and breadth of the country .For the purpose, a number of schemes have been envisaged by the government in last few years. PM MUDRA Yojana (PMMY), PMEGP, Start -Up India, Stand UP India, Make in India, and Made in India are some of the schemes implemented by the Government for development of entrepreneurship in MSME sector. PMMY has played a significant role in funding the unfunded. The scheme has acted as a catalyst for growth of micro units across the country. It acts as a motivator for first generation and budding entrepreneurs to boost their morale for entrepreneurship development. PMMY helped in generation of large scale employment opportunities at grass root level and also proved a game changer while boosting Indian economy. PMEGP has laid a positive impact on Indian economy by creating millions of jobs and also establishing self help micro units and driving the growth of Indian economy. The Start -up India scheme support the development of innovative start-ups in the country.

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