

Business Idea Generation and Entrepreneurship Case Studies

W2L5 - Ministry of MSME

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Hello friends. In today's class, we will be looking into a group of institutions under the Ministry of Micro, Small and Medium Enterprises. Which support the budding entrepreneurs in different ways and these institutions have a definite role to play in development of entrepreneurship by providing various support services to the potential entrepreneurs. Before coming to these institutions. Let us understand the definitions of micro, small and medium enterprises. As an entrepreneur, where I want to enter in which sector that I want to enter or or rather understand it in a this particular way that if my investment or my turnover is going to be this much in which category I will be classified and from where I have to move from which sector to which sector in due course of time, this is the target that you can send. With that idea, the classification of MSME Ministry of Micro, Small and Medium Enterprises has come out with a classification that if your investment is 1,00,00,000 or if your power of your enterprise is less than 5,00,00,000 or investment of less than 1,00,00,000 that enterprise is considered as a micro enterprise. Any enterprise with less than 1,00,00,000 investment or less than 5 crores of turnover is coming under the definition of micro and the small enterprise means any investment more than 1,00,00,000 and up to 10 crores more than 1,00,00,000 up to 10 crores and any turnover. 75 crore up to 50 crores of turnover is coming under the definition of small enterprise. Then to continue with the medium enterprises, any investment more than 10 crores and up to 20 crores. 10 to 20 crores investment and if it is, turnover is more than 50,00,00,000 and if it is up to 100 crores. So then that enterprise will be classified at the medium enterprise.

So here we are not covering the large enterprises. Obviously with this definition we can very well understand that any investment more than ₹20,00,00,000 or any term or more than 100 crore will be classified under larger enterprises. Right now, we are not discussing about that but we will be focusing on micro, small and medium enterprises. As a potential entrepreneur in whatever the sector that you want to invest and to start with this enterprises. So normally we start in a smaller way then we go on expanding that. So with that idea, so we will be discussing about that.

So for which the Government of India is making an effort to create an environment in which such enterprises can be established. So this gives you an idea with these facts and figures, so around 6.3 crore enterprises are already established in the country over a period of time and they are generating an employment of about. 11.5 or 12,00,000 rupees 12,00,00,000 people

providing employment. So this is in the traditional sector that what we are talking about. But if you look into the schemes that what we have already discussed like startup and startup India, so we are making remarkable changes in, in, in the market because the incentives that the ministries providing them. The six environmental laws and the three labor laws are being exempted for a period of three years tax holiday of another three years and support of hand holding. All these things are motivating the individuals to be a successful partner.

If you look into the participation of rural and urban, so we can very well understand the participation of male in case of rural as well as in urban areas is dominating the participation of female in rural as well as urban areas almost minimum. It is to the extent of 18 to 22% that what we consider, but the behavior of the female in urban and rural, there is no much. Difference. So how the female is behaving the similar way? The urban female also behaving because it is somewhere around 18 to 20% of these 6.3 crore enterprises are owned by beginning. If you look into the category wise, the enterprises micro, medium and small enterprises, so it is being dominated by the micro enterprises, then the small enterprises are there and the medium enterprises get in the third position that one becomes.

So the number of msme in different states. If you look into Uttar Pradesh and the states of West Bengal, then Tamil Nadu, Maharashtra are taking away the major states. Then the rural and urban divisions, if you that there is no much difference between these enterprises, so almost there is equal participation of the rural and as well as urban network. We can say if you look into the micro industries, they are dominating in the rural areas. They are small and medium enterprises, they are dominating in the urban areas put together 51% of the enterprises. That you find in the rural areas and 49% of the enterprises like you can find in the urban areas. So, of which majority are coming under the manufacturing as well as trade sectors, all all these enterprises that what we can say service is also another important aspect which is contributing to these areas. So based on the startup ecology in one of the our previous class also we discussed the. In 2019, there were only 7 in accounts in 2020 that increased to 11. For 21, it was 44 and 22 it is 108 and in 2023 is 111 and unicorns started coming. So when we look into these encouraging figures. So this gives us an idea that see the entrepreneurial ecology is being developed in the country and majority of the youth are being participating in this particular activities.

So now let us look into the institute. Which are helping the potential entrepreneurs in different ways. So before entering into understanding these discussions, so let me show you that this particular course does not give you a particular idea that you should approach this institution to be a successful entrepreneur and these are the forms and formats that you should fill up then you will get the support from these institutions. So we are making an effort to expose you to a range of institutions which help the entrepreneurs. Now it is you to decide the nature of

enterprise, what kind of products or services. That you are planning to work kind of size of the organization that you are planning. All these things are dependent on. Each and everyone of you but the main objective of this course is to expose you to different institutions which are available. And again, it is not that it is an exhaustive coverage we are giving you the exposure to major institutions, but there are many solutions apart from the tools of what we are discussing also, that depends on your exploration and your interest in that particular area.

There are 4 institutions that what we are discussing in this sector under MSME they are small industries, development organization, national Small Industries Corporation, then three national level entrepreneurship development institutions at Hyderabad, Noida and Guwahati. And one institution focusing on the unorganized sector, the enterprises of unorganized sector, that is National Commission for enterprises for unaware sector which is having the headquarter at New Delhi. So what are the roles of these institutions that have a look at. Small industry development organisation it is an advisory body to the Government of India. To facilitate the credit flow to the micro as well as the small industries than. It provides techno economic and managerial consultancy, common facilities and extension services to the small scale units. To providing appropriate information to the interested users, so that is what is the basic objective of this.

Then creation and application of infrastructure facilities so that you can develop your industry there and they are also focusing on development of clusters so that similar products and services are being developed in a particular region so that it gets the better market in the region, then human resource development is another important focus of these organizations so that they can cater to the information needs of the different stakeholders, then providing the market analysis services so that whatever the product of the services that what we are planning to come out with. Where is the potential market for that? So that is another important aspect taken by this institution, then conducting periodical sensors as well as survey of small scale industries so that it helps in identifying in which sector it is growing and where the focus is needed and where there are gaps so that we can fill up those gaps. All these services are being provided by Sido- Small industries development organization.

Coming to the next Institution it is National Small industries corporate. The major activities of this institution include promoting, aiding and fostering the growth of small scale industries and industry related small scale services with these enterprises in the country on a commercial fostering. Basically, we are focusing on the marketing, technology, financing and information support to the small enterprises throughout the country. National Institute for Small Industry Extension Training Institute at Hyderabad. So they are focusing mainly on assisting and promoting and development and modernization of small and medium enterprises in the country. So when you start with an enterprise, so when you want to expand it. So from where

you will get the support. These are institutions which are coming forward to or help it. Then NIESBUD Another prominent institution under MSME sector, that their basic responsibility is to a human resource development that work with the National Institute for Agriculture and Small Business Development. It's an apex body for coordinating and reversing the activities of various institutions under this mainstream as well as which are involved in entrepreneurship development and particularly in the area of Small industries and the small business.

These management is involved in development of model syllabus for training of various target groups, focusing on entrepreneurship, developing, then designing effective training strategies and methodologies, manuals and tools and facilitating the training is another major task of NIESBUD, but easement offers regular training programs around the year. They keep on organizing the training programs so those interested potential entrepreneurs or the building entrepreneurs can visit the website of Leesburg and look for the training programs that are being organized and you can be part of that in the course of talk in supporting central as well as state governments and other agencies in executing the programs of entrepreneurship and small business development. For example, government keeps on coming out with various schemes, as well as programs. It may be Rajiv Gandhi will stand up start. There are many such programs. The central government as well as state governments keeps on coming out with as a part of their developmental initiatives, but these are the regular institutions, the permanent institutions which take care of the these schemes and its execution at different levels.

The mission of this particular effort is to promote, support and sustain entrepreneurship and small business through training, research, education, consultancy and other interventions. So with you can very well understand that it is not that they are only giving you the training or education they are giving you the consultancy. That is what we refer it to when we hand holding support on payment basis or on the free basis that depends on the sector that in which you will be entering into. Then. The management is involved in developing the standardized materials and the process for selection of training, support and the sustenance of these entrepreneurs, and it helps the entrepreneurs and the affiliated organizations in carrying out the training and other partnership development related activities then it also serves as an apex national Level Resource Institute for Entrepreneurship Development, ensuring its impact across the country and among all the start of the social. Newsport provides information and support to trainers and promote entrepreneurship development and it offers consultancy at national as well as international level for promotion of entrepreneurship and small business development then it shares the international experiences and expertise with the potential entrepreneurs so that they can enter into this particular sector.

Then Indian Institute of Entrepreneurship. It's focusing on the training and research consultancy activities in the small industrial sector, focusing on the entrepreneurship development as an

autonomous national institution, focusing on the needs of the northeastern region. So this institute is taking care of the all the southern states of the northeastern region, then National Commission for enterprises in the unorganized sector. It is basically an advisory body and a watchdog for this informal sector because there are so many sectors like and another sectors like agriculture is one of the largest sector. Under another sector that what we can say, so there are many such activities that are going on South. They keep on observing these activities and what kind of facilities that they can be provided to this sector that they are doing that. Harbin Village Industries Commission is another institution of the Government of India, which is a 33 body now in the 1956.

So it is basically an institution which takes care of the small and cottage industries, especially in the rural areas. So it provides the marketing support as well as the Technical Support for all types of products as well as services which are developed in the village areas. So KVIC will provide you the marketing network also because for a small and produce or the micro enterprises, they may not be having that much well organized marketing network. So KVIC is one such institution which provides you the marketing support also means with your own brand name, you can sell your product with the help of this Harian Village industries outlets that what we find in almost all cities. So when we look into the transactions of this KVIC, so, in their financial year 2022, the KHADI sector recorded 43% growth with the sale of about 5000 crore rupees. So this is what is the basic transaction that you can. Of the village industries also have recorded the the sale of about 1,30,264 crore rupees, the transaction that what you can think of. So this is the volume of transaction this KHADI village industries that they are doing with the institutions like KVIC. So this can give you some motivation but even though I'm a small producer or a micro level entrepreneur, so there are situations which can help me and which can take my business to the different levels.

With this, so we have discussed so far about the main bodies of the Ministry of Micro, Small and Medium Enterprises and how they support the potential entrepreneurs and also we discussed about the definition of micro, small and medium. Enterprises so that it gives us an idea that in which area that I can operate and what is my potential in this particular thing. So with this, we are closing today's discussion.

Thank you.