



Capacity building for enterprise growth and sustainability in MSME: A Study

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Abstract: *The MSME`S also have the vital role in dispersal of industries and generation of employment opportunities .The MSME's are providing job more than 6 crore people. The MSME sector is contributing 8% of country's GDP, 45% of manufacture and 36% its exports. The distribution of MSME`S in all over India is not equal because of unavailability of raw material, unawareness or lack of entrepreneurial skills development and lack of support of financial and technical assistance from concerning local authorities at district or state and central level. The mutual change of technology among the different types of MSME`s, financial and technical assistance, liberal labour laws , training and skills formation will assist in the development of MSME's.*

Key words: *Entrepreneur Skills, MSME Technology, Entrepreneur Training & development,*

Introduction

The Micro, Small and Medium Enterprises (MSMEs) play a pivotal role in the economic and social development of the country, often acting as a nursery of entrepreneurship. They also play a key role in the development of the economy with their effective, efficient, flexible and innovative entrepreneurial spirit. The MSME sector contributes significantly to the country's manufacturing output, employment and exports and is credited with generating the highest employment growth as well as accounting for a major share of industrial production and exports. MSMEs have been globally considered as an engine of economic growth and as key instruments for promoting equitable development. The major advantage of the sector is its employment potential at low capital cost. The labour intensity of the MSME sector is much higher than that of large enterprises. MSMEs constitute more than 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. In India too, MSMEs play an essential role in the overall industrial economy of the country. In recent years, the MSME sector has consistently registered higher growth rate compared with the overall industrial sector. With its agility and dynamism, the sector has shown admirable innovativeness and adaptability to survive the recent economic downturn and recession. The MSME sector in India is highly heterogeneous in terms of the size of the enterprises, variety of products and services, and levels of technology. The sector not only plays a critical role in providing employment opportunities at comparatively lower capital cost than large industries but also helps in industrialization of rural and backward areas, reducing regional imbalances and assuring more equitable distribution of national income and wealth. MSMEs complement large industries as ancillary units and contribute enormously to the



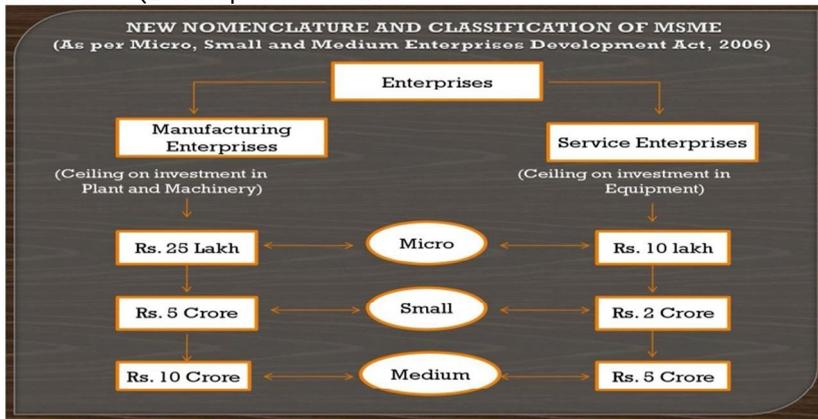
socioeconomic development of the country.

Definitions of In accordance with the provision of Micro, Small & Medium Enterprises Development (MSMED) Act, 2006 the Micro, Small and Medium Enterprises (MSME) are classified in two Classes:

Manufacturing Enterprises-he enterprises engaged in the manufacture or production of goods pertaining to any industry specified in the first schedule to the industries (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. The Manufacturing Enterprise are defined in terms of investment in Plant & Machinery.

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



Review of Literature:

Jain (1990) in his article entitled "Assistance of Small Industry", has pointed out that the institutional assistance to small business would be to set up the right type of institutions and provide infrastructure facilities to small enterprises. There is a need for a liberal and sympathetic attitude in administrating the policies of the government.

James Manalel (1994) in his article entitled "Role of Incentives in the Development of SSI Units in Kerala" reports that the working of banks and

financial institutions showed that the total assistance made available in Kerala for SSI units was comparatively small. The effectiveness of any incentive packages, however well designed it may be depends on the quality of the system of delivery. The state has comparable package on record, but the quality of delivery of the same was perceived by the entrepreneurs to be poor in relation to what units in others get.

Prasad (1995) in his article entitled "Financing Small Scale Industries: Some Recent Changes", states that the expression of the bank credit is not only desirable but also the economic



development of a country. Commercial banks have to take up the task of credit expansion on a challenging basis and should exploit the tremendous potentiality by establishing personal contact with small industrialist.

Importance of MSMEs

The MSMEs contributed significantly to the Indian economy, developing a group of diverse and competitive micro small and medium enterprises (MSMEs) is a central theme towards achieving sustainable economic growth. MSMEs are crucial to the economic growth process and play an important role in the country overall production network. Some advanced economies have succeeded because MSMEs form a fundamental part of the economy, comprising over 98% of total establishments and contributing to over 65% of employment as well as over 50% of the gross domestic product. Although the numbers might be lower in India MSMEs have the potential to contribute substantially to the economy and can provide a strong foundation for the growth of new industries as well as strengthening existing ones, for India's future development.

Objectives of the study:

1. To develop Human Resources through training and skill upgradation.
2. To extend facilities for technology upgradation.
3. To examine modernisation, quality improvement and infrastructure.

Methodology:

Research Design:- This is a descriptive study. The data and the other information required for the study were

collected from both primary and secondary sources. Primary data were collected from the respondents directly, using a structured interview Questioner and the secondary data were collected from various sources including libraries, journals, newspapers and websites.

Sampling Design: - It is a definite plan for obtaining a sample from a decided population. The decided population is **Micro, Small & Medium Enterprises.**

Place of Study: - This study was conducted in the Micro, Small & Medium Enterprises Telangana only.

Sampling Unit: - The sampling unit is the area or field from where the sample will be collected. In this study the Micro, Small & Medium Enterprises.

Sampling Size: - Sample of this study is Micro, Small & Medium Enterprises. The total sample size was small.

Data Collection: - The collected data should be appropriate & sufficient, hence to be collected by two methods i.e. Primary and Secondary. The primary data was composed directly by the researcher from respondents of Micro, Small & Medium Enterprises. The Secondary data was composed from text books, journals and websites.

Research Instrument: - Structured Questionnaire based on premeditated and interviewed the Micro, Small & Medium Enterprises from selected area.

Limitation of the study

Time is the major restriction in collecting the data from the Micro, Small & Medium Enterprises respondents. The organization or industry survey was



conducted only in Telangana. Hence, the results arrived from the study is applicable to the study area only. The samples collected have been classified into small sample size only.

POTENTIALS IN MSME'S

Employment generation- There is numerous possibilities in the field of manufacturing and service rendering of MSME'S. In recent year, the MSME'S are generating different and sufficient amount of employment in the field of retail and manufacturing sector. The rate of employment generation extended more by promoting the Indian MSME'S.

Customer satisfaction oriented- The MSME'S produce goods according to the needs or expectations of the customers. Primarily, the MSME'S manufacture goods considering the taste and preferences, liking and disliking of the local consumer .So, the MSME'S can be ore customer satisfaction oriented.

Minimization of regional imbalance- The MSME'S can be a good motor vehicle to reduce or remove the regional imbalances. The rural areas of the nation can uniformly developed through the running of MSME units in such areas. The MSME'S will operate the work force of rural areas and lead to the removal of regional imbalance.

Enhancement of export- The MSME'S can be a mean to enhance the export of India. There will be a great demand of Indian creation at international level of market. The Indian items like –wooden items and other hand- made souvenir articles demanded in the world.

Attraction to the foreign investment
–Though, the Indian MSME'S are the

active field and the growth rate and return on investment is satisfactory. This sector is more responsive than other sector of economy. Therefore, this sector might be a source to attract foreign investment in India.

MSME Testing Centres (TCs) and MSME Testing Stations (TSs)

1. MSME - Testing Centres(TCs)

Office of DC (MSME) is operating four MSME -Testing Centres (formerly RTCs) located at New Delhi, Mumbai, Chennai and Kolkata. MSME – Testing Centres provide testing and calibration facilities to industries in general and Micro, Small & Medium Enterprises in particular for raw materials, semi-finished and finished products, manufactured by them. The centers are equipped with the State-of-the-art indigenous and imported equipments in the disciplines of Chemical, Mechanical, Metallurgical and Electrical Engineering to undertake Performance test, Type test and Acceptance test of semi- finished, finished products etc. The centers also undertake calibration works for Measuring Instruments and Equipment conforming to international standards. These centres are accredited by internationally recognized National Accreditation Board of Testing & Calibration laboratories (NABL) certification as per ISO (17025).

2. MSME - Testing Stations (TSs)

2.1 In order to provide testing facilities in the areas with cluster of industries and some strategic areas, the Government of India have set up MSME- Testing Stations (formerly FTSS) at Jaipur, Bhopal, Kolhapur, Hyderabad, Bangalore, Puducherry and Ettumanur. These Testing Stations extend facilities for testing of various products viz. chemicals, dye-stuffs, lamps, rubber products, castings and forgings, paints and



varnishes, domestic electrical appliances, general engineering etc.

2.2 These Testing Stations in fact act as extension of the MSME- TCs thereby serving the needs of the industries situated in far- flung areas. The MSME- Testing Stations are regularly modernizing/upgrading their facilities to cater to the need of industries in general and Micro, Small & Medium sector in

particular, situated in their locality. For the year 2015- 16, an amount of Rs 1000.00 lakh has been allocated for day to day functioning and modernization of MSME-Testing Centres / Stations. The Overall performance of MSMETCs & MSME-TSS has been taken up to 31.01-2016

Perforamnce of MSME Testing Centres (TCs) and MSME Testing Stations (TSS)

Year	Revenue earned in Rs		Recurring expenditure		No of jobs completed		No of units benifited	
	Testing Centres	Testing Stations	Testing Centres	Testing Stations	Testing Centres	Testing Stations	Testing Centres	Testing Stations
2007-08	326.06	106.81	430.4	111.84	12214	14261	2428	4662
2008-09	348.11	122.91	568.32	175.21	14013	21916	2608	5844
2009-10	387.96	137.04	638.37	209.92	14497	22471	6805	8163
2010-11	389.77	175.12	701.76	229.1	13981	26488	6304	8497
2011-12	425.28	213.37	727.38	187.34	19436	24542	7302	8906
2012-13	468.23	249.07	775.41	214.91	15472	17123	5602	8627
2013-14	581.69	275.9	787.7	238.4	14135	17523	6657	8155
2014-15	559.81	288.11	935.15	275.93	12709	14185	7295	6741
*2015-16	418.96	282.46	629.7	240.79	9746	10556	4765	5230

*2015-16 values were taken up to 31-January-2016

(** Rupees in Lakhs)

Source: Annual Report MSME 2015-16

The broad features of the training activity during the year 2015-16 (till 31-1-2016) are:

i. For 2015-16, the Institute was allotted 1075 Entrepreneurship and Skill Development Programmes with a target of 31775 participants under the Scheme of Assistance to Training Institutions (ATI), of Ministry of MSME. 824 programmes for 24368 participants were completed and 251 programmes for 7407 participants were in progress as on 31st January, 2016.

ii. The Institute conducted 154 announced national programmes in different areas for the benefit of officials of various Central/State Government departments, NGOs, Banks, and MSME service providers. 369 national sponsored programmes in skill development were conducted specifically for construction workers sponsored by Government of Andhra Pradesh and **Telangana** in different locations. During the year 2015-16, the Institute conducted 15 Seminars and Workshops on different themes.

iii. Thirteen announced and Four sponsored international programmes for the benefit of executives coming from



different countries were conducted during 2015-16. (d) The Institute has also been playing an important role in rendering research and consultancy services to different Ministries of Govt. of India. During the year under report, the Institute undertook consultancy projects sponsored by Khadi and Village Industries Commission (KVIC), **Govt of Telangana**, National Mineral Development Corporation (NMDC), Ministry of Textiles and NBCFDC. (e) The Institute has also been rendering services to the MSMEs through Intellectual Property Facilitation Centre (IPFC) and to the Handicraft Artisans through Resource Centre for Traditional Paintings (RCTP).

Training, Entrepreneurship Development and Other Schemes

1. The Micro, Small and Medium Enterprises (MSMEs) sector has emerged as a highly vibrant and dynamic sector of the Indian economy. 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 contribute enormously to the socioeconomic development of the country. The Ministry of Micro, Small and Medium Enterprises (M/o MSME) promotes the development of micro and small enterprises in the country with the objective of creating self-employment opportunities and upgrading the relevant skills of existing and potential entrepreneurs. Entrepreneurship

development is one of the key elements for promotion of micro and small enterprises, particularly, the first generation entrepreneurs. Entrepreneurship, and resultant creation of employment and wealth, is a major means for inclusive development. Hence, entrepreneurship development has been one of the priorities in countries the world over. In order to ensure that young entrepreneurs are encouraged and suitably equipped to go into new ventures, the Ministry has set up a National level Entrepreneurship Development Institutes namely, National Institute for Micro, Small and Medium Enterprises (NI-MSME), Hyderabad to undertake the task of entrepreneurship and skill development training on a regular basis. The Ministry has also been supporting the efforts of State Governments/Union Territories, Industry Associations, Financial Institutions, Technical/Management Institutions, other Non-Government Organizations (NGOs), etc. for establishment of new training institutions as well as strengthening of the infrastructure of existing training institutions. In order to accelerate and promote entrepreneurship by providing support for strengthening of training infrastructure as well as training programmes, the Ministry has been implementing an important scheme viz. "Assistance to Training Institutions (ATI)". The main objectives of the scheme are development of indigenous entrepreneurship from all walks of life for developing new micro and small enterprises, enlarging the entrepreneurial base and encouraging self-employment in rural as well as urban areas, by providing training to first generation entrepreneurs and assisting them in setting up of entrepreneurs.

2.



Table-1 State-wise details: units assisted, margin money utilised and estimated employment generation during 2015-16 (upto 31st January, 2016) under PMEGP

Sr..No	State/UT	No. of units assisted	Margin Money subsidy utilised	Estimated Employment opportunities created
			(in Lakhs)	(No. of persons)
1	Jammu& Kashmir	1477	2395.57	8337
2	Himachal Pradesh	384	686.34	1856
3	Punjab	406	1097.08	2883
4	UT Chandigarh	18	40.96	148
5	Uttarakhand	349	518.22	1852
6	Haryana	738	1817.8	5904
7	Delhi	105	104.12	821
8	Rajasthan	810	1650.35	5747
9	Uttar Pradesh	3466	10804.91	34281
10	Bihar	1451	3846.68	11792
11	Sikkim	6	14.09	16
12	Arunachal Pradesh	26	30.05	93
13	Nagaland	234	531.81	1822
14	Manipur	393	659.75	1820
15	Mizoram	194	206.07	1552
16	Tripura	397	610.01	3438
17	Meghalaya	359	738.29	2872
18	Assam	3483	2869.74	9026
19	West Bengal	1702	3151.23	11689
20	Jharkhand	1260	2094.41	9744
21	Odisha	2009	3720.31	12275
22	Chhattisgarh	916	1830.59	6646
23	Madhya Pradesh	1149	4300.71	8449
24	Gujarat*	1006	4655.48	10047
25	Maharashtra **	1773	3808.97	14338
26	Maharashtra **	499	1761.83	6092
27	Telangana	447	1524.35	5322
28	Karnataka	1470	4410.95	11647
29	Goa	20	27.5	81
30	Lakshadweep	0	0	0
31	Kerala	977	2202.56	7375
32	Tamilnadu	1544	3478.14	13179
33	Puducherry	45	82.43	300
34	Andaman & Nicobar Islands	61	33.1	157
	Total	29174	65704.4	211601

Source: Annual Report MSME 2015-16 * including Daman & Diu. ** including Dadra & Nagar Haveli



3. Assistance is also provided under the scheme to following Training Institutions, for conducting Entrepreneurship Development Programmes (EDPs) and Entrepreneurship cum Skill Development Programmes (ESDPs) and Training of Trainers (ToTs) programmes in the areas of Entrepreneurship and/or Skill Development.

- National level EDIs (including branches),
- Training Institutions established by Partner Institutions (PIs) of national level EDIs,

- Training/Incubation Centres of NSIC,
- Training cum Incubation Centres (TICs) set up by NSIC
- Other training institutions with proven professional competency, capacity and experience, approved under the scheme.

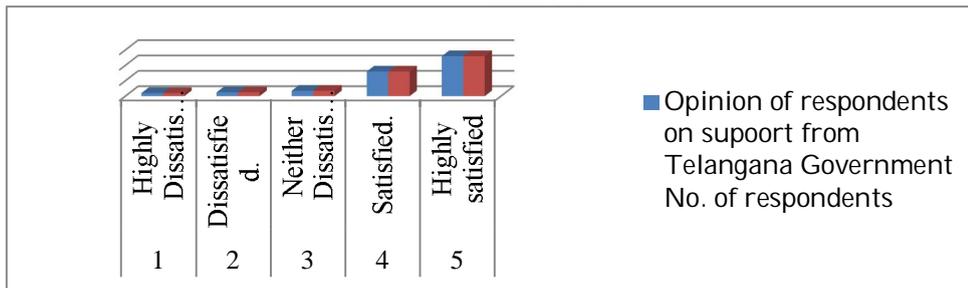
1. Opinion of respondents on support from Telangana Government.

Table-2

Opinion of respondents on support from Telangana Government			
Sl. No	Rating scale	No. of respondents	Percentage
1	Highly Dissatisfied.	4	4
2	Dissatisfied.	5	5
3	Neither Dissatisfied/nor Satisfied.	7	7
4	Satisfied.	32	32
5	Highly satisfied	52	52
Total		100	100

Source: Field survey

Chart -1



Interpretation: The above table reveals that 52 percent of the respondents have highly satisfied and 32 percent of the respondents have satisfied regarding the support from Telangana Government. Only 7 percent respondents have neither

dissatisfied nor satisfied, 5 percent have dissatisfied and 4 percent of the have highly dissatisfied. On the whole majority of the respondents' i.e. 84 percent have satisfied with the majority of support from Telangana Government.

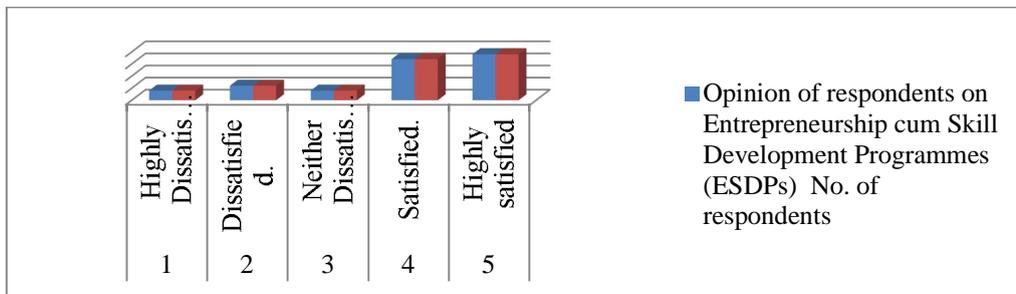


Table-2 Opinion of respondents on Programmes (ESDPs) Entrepreneurship cum Skill Development

Opinion of respondents on Entrepreneurship cum Skill Development Programmes (ESDPs)			
Sl. No	Rating scale	No. of respondents	Percentage
1	Highly Dissatisfied.	8	8
2	Dissatisfied.	12	12
3	Neither Dissatisfied/nor Satisfied.	8	8
4	Satisfied.	34	34
5	Highly satisfied	38	38
Total		100	100

Source: Field survey

Chart -2



Interpretation: The above table reveals that 38 percent of the respondents have highly satisfied and 34 percent of the respondents have satisfied regarding the Entrepreneurship cum Skill Development Programmes (ESDPs). Only 8 percent respondents have neither dissatisfied nor satisfied, 12 percent have dissatisfied and 8 percent of the have highly dissatisfied. On the whole majority of the respondents' i.e. 72 percent have satisfied with the majority of Entrepreneurship cum Skill Development Programmes (ESDPs).

Interpretation:

The below table reveals that 46 percent of the respondents have highly satisfied and 40 percent of the respondents have satisfied regarding the development of

micro and small enterprises in the Telangna with the objective of creating self-employment opportunities and upgrading **the relevant skills of existing and potential entrepreneurs.** Only 3 percent respondents have neither dissatisfied nor satisfied, 5 percent have dissatisfied and 6 percent of the have highly dissatisfied. On the whole majority of the respondents' i.e. 86 percent have satisfied with the majority of the development of micro and small enterprises in the Telangna with the objective of creating self-employment opportunities and upgrading **the relevant skills of existing and potential entrepreneurs.**

Table-3: Opinion of respondents on the development of micro and small



enterprises in the Telangna with the objective of creating self-employment opportunities and upgrading the relevant

skills of existing and potential entrepreneurs.

SI No	Rating scale	No. of respondents	Percentage
1	Highly Dissatisfied.	6	6
2	Dissatisfied.	5	5
3	Neither Dissatisfied/nor Satisfied.	3	3
4	Satisfied.	40	40
5	Highly satisfied	46	46
Total		100	100

Source: Field survey

Chart -3

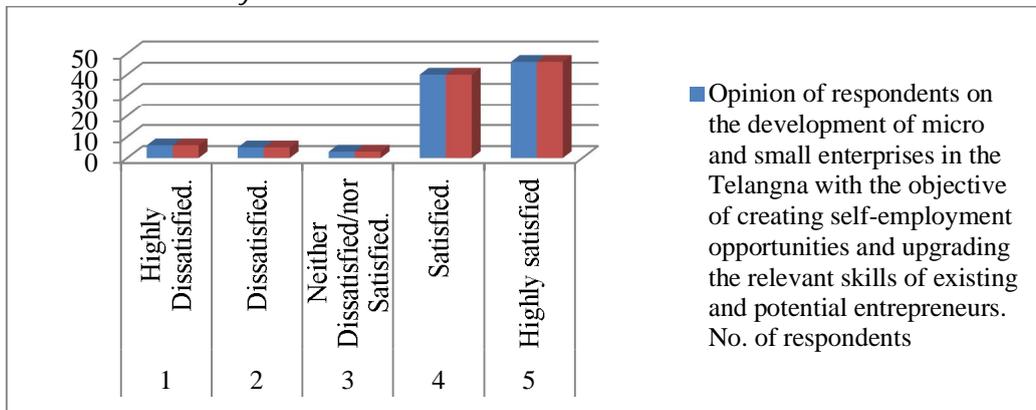


Table -4: Opinion of respondents on Customer satisfaction of MSME’s produced goods

Opinion of respondents on Customer satisfaction of MSME’s produced goods			
SI. No	Rating scale	No. of respondents	Percentage
1	Highly Dissatisfied.	7	7
2	Dissatisfied.	5	5
3	Neither Dissatisfied/nor Satisfied.	9	9
4	Satisfied.	29	29
5	Highly satisfied	50	50
Total		100	100

Source: Field survey

Interpretation: The above table reveals that 50 percent of the respondents have highly satisfied and 29 percent of the respondents have satisfied regarding the **on** Customer satisfaction of MSME’s produced goods. Only 9 percent respondents have neither

dissatisfied nor satisfied, 5 percent have dissatisfied and 7 percent of the have highly dissatisfied. On the whole majority of the respondents’ i.e.79percent have satisfied with the majority of on Customer satisfaction of MSME’s produced goods



CONCLUSION & SUGGESTIONS FOR IMPROVEMENT

According to our study and the annual reports of MSME'S, we strongly recommend the following suggestions for the growth and development of the MSMEs in India:

1. Technology: A number of appropriate technologies for the MSME sector have developed in various sectors. While each MSME has its areas of strengths and weaknesses, therefore, it would be mutually valuable if already developed technologies made available to each other. A comprehensive list of all sorts of technologies should be prepared and made available accordingly to the MSMEs requiring it.

2. Consultants: For the purpose of technological advancement and guidance a panel of experts and consultants should be prepared, who can help the MSMEs within the region for effectively transfer the available technologies. The constitution of panel of these consultants could be nature wise of the activities of the MSME. At the time of constitution of panel of experts, there should be inclusion of the owners of different sectors of MSME'S.

3. Technological Needs: There should be detailed survey to assess the technical and financial needs of the MSME. So that, the proper arrangement could be made to fulfill the needs of the MSME'S.

4. Training & Development: Training and development, awareness programs: There must be conduction of training and development programs by the MSME ministry. The currently running programs are not so effective and sufficient. One of the important reasons

for slow intake in the utilization of schemes is the lack of knowledge about schemes and their likely benefits. The current knowledge dissemination system is limited in its outreach. There is a need to develop a better communication strategy and use of new age media tools.

5. Credit- Our banking system does not provide sufficient amount of credit to fulfill their requirement of establishment of MSME and as well as not for the operational activities. Therefore, there must be availability of credit according to the requirement at cheaper rate.

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