

Government Schemes Towards MSMEs During Pandemic – An Analysis

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Abstract

The Covid-19 epidemic has had a devastating effect on the global economy. Among other things, Micro, Small and Medium Enterprise are the worst hit. Many small, medium and micro enterprises have temporarily closed their businesses due to the impact of the COVID-19 disaster. So, the Government of India announced Atma Nirbhar package to assist MSME sectors. So the study focuses on how much extend the government schemes adopted in MSMEs during this pandemic period. The study is taken both primary and secondary data. Convenience sampling method is used here. 100 samples is taken from different parts of India. Percentage analysis, Likert point scaling techniques and mean is used for primary data analysis. The findings and recommendations were also discussed in this paper.

Key words: Government Schemes, MSME, Pandemic period.

1. INTRODUCTION

The Covid-19 pandemic has impacted economies across the globe on different scale. Among others, the Micro, Small and Medium Enterprise are the hardest hit. Due to the COVID-19 crisis' effects, a large number of micro, small, and medium-sized businesses have temporarily closed their doors. In the first two weeks of June, Endurance International Group's study received responses from around 500 Indian MSMEs (micro, small, and medium-sized businesses). A third of the respondents acknowledged that they are temporarily closing down their operation till things return to normal. The poll also found that MSMEs in metro areas, individuals working in the manufacturing and retail industries, and women were more likely to experience this business lull. The MSME Department has a number of support programs and at once to help entrepreneur's especially small businesses. Although ours is dedication MSME Department, number of other services to the Government of India has always supported the cause. Usage information will apply potential and existing entrepreneurs to improve their business opportunities. To inform, understand and apply the combined information, of course Recommended for all entrepreneurs (emerging, existing), institution (Government, private) is involved in training coaches, businesses and skills development, etc., to use this opportunity to create businesses.

Efforts taken by the government to uplift MSME Industry after COVID 19

A new definition for MSMEs has been provided by the "Atma Nirbhar Bharat Abhiyan" or Self-Reliant India Scheme of 2020 by the Indian government. The Atma Nirbhar Package, which the government recently unveiled, offers several forms of support to the economy, particularly businesses in the MSME Sector. The government launched a special economic package under Atmanirbhar Bharat worth Rs. 20 lakh crores for all facets of society, including MSMEs and industries. The following actions have been made by the government to support the MSME sector in the nation:

- i. Rs 20,000 crore Subordinate Debt for MSMEs.
- ii. Rs 3 lakh crores Collateral free Automatic Loans for business, including MSMEs.
- iii. Rs. 50,000 crore equity infusion through MSME Fund of Funds.
- iv. New revised criteria for classification of MSMEs.
- v. New Process of MSME Registration through 'Udyam Registration'.
- vi. No global tenders for procurement up to Rs. 200 crores, which will help MSMEs.

The government has rolled out various schemes and recasted some old schemes to deal with the financial hardship of the MSMEs. Some of the schemes/programmes for promoting the MSME Industry are as follows: -

1.) Prime Minister's Employment Generation Programme (PMEGP)

The Scheme is implemented by Khadi and Village Industries Commission (KVIC), as the nodal agency at the National level. At the State level, the Scheme is implemented through State KVIC Directorates, State Khadi and Village Industries Boards (KVIBs) and District Industries Centres (DICs) and banks. The Government subsidy under the Scheme is routed by KVIC through the identified Banks for eventual distribution to the beneficiaries.

2.) Scheme of Fund for Regeneration of Traditional Industries (SFURTI)

The SFURTI scheme aims to strengthen the traditional industries which mean produce products for marketing from locally available raw materials, skills, technologies and having common fears and risks, produced and processed by a group of artisans, service providers, traders, suppliers of raw materials.

3.) Scheme for Promoting Innovation, Rural Industry and Entrepreneurship (ASPIRE)

ASPIRE was launched to set up a network of technology centres and to set up incubation centres to accelerate entrepreneurship and also to promote startups for innovation in agro industry.

4.) Entrepreneurship and Skill Development Programme (ESDP)

The objective of the programme is to motivate youth representing different sections of the society including SC/ST/Women, differently-abled, Ex-servicemen and BPL persons to consider self-employment or entrepreneurship as one of the career options.

5.) Credit Guarantee Fund Scheme for Micro and Small Enterprises

The Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) was launched by the Government of India to make available collateral-free credit to the micro and small enterprise sector. The number of Guarantees approved under the CGTMSE during the last 2 years

Year	No. of Credit Facilities Approved (in lakhs)	Amount of Guarantees Approved (in Rs. crore)
2017-18	2.63	19065.91
2018-19	4.36	30168.57

6.) Pradhan Mantri Mudra Yojana (PMMY)

Pro-entrepreneurship and self-employment Scheme, Pradhan Mantri Mudra Yojana (PMMY) was launched by Prime Minister Narendra Modi in 2015. It has disbursed 91 per cent of the loan amount sanctioned during a little over the first three quarters of the financial year 2020-21.

7.) Credit Linked Capital Subsidy - Technology Up-gradation Scheme (CLCS-TUS)

8.) Micro & Small Enterprises - Cluster Development Programme (MSE-CDP)

9.) National Scheduled Caste and Scheduled Tribe Hub (NSSH), etc.

Champions Portal

It truly is an all-in-one MSME Ministry solution. On June 1, 2020, the Prime Minister officially opened the "Champions" internet portal. The portal addresses a variety of e-governance topics, such as handling MSMEs' needs and grievance resolution. Up to September 17, 2020, 19,593 complaints had been resolved through the portal.

Samadhan Portal

Ministry of MSME has launched SAMADHAAN portal to enable Micro & Small Enterprises (MSEs) to directly register their cases on the portal relating to delayed payments by Central Ministries / Departments/ CPSEs/ State Government & other buyers.

The 59-minute loan approval scheme

MSMEs launched by Prime Minister Narendra Modi in November 2018 has enabled the disbursement of 2,03,120 loans involving Rs 56,773 crores as of November 30, 2020, according to the data sourced from the MSME Ministry

Steps by organizations under the Ministry: MSME-Dis

- Office Readiness & Appointment Officer COVID-19: All 31 DIs and their branch offices are fully monitored and was repaired
- MSME guidance: DI is directed at all attempts separately from their normal practice.
- MSMEs produce Medical Supplies (39) and Aids items (61) - MSME list modification, List sharing and the State Government. and GeM, Passing Earth unit operation, UAM / GeM / GST Registration, Debt Preparation etc.
- Active sanitizer performance demonstrations, sharing information Mask, PPE production, composition, Raw Material Providers, Quality Standards, Testing Labs etc.
- Dissemination of Information - Dissemination of relevant material communication from the Ministry of MSME, SIDBI, Ministry of Steel etc. between MSMEs and Industrial Organizations.
- Help Desk: Dedicated Help Desks to help MSMEs started working just after Lockdown

2. OBJECTIVES

- To study the extent to which government schemes adopted in MSMEs during pandemic period
- To analyse the problems faced by MSME for sanction government subsidies
- To analyse the satisfaction level of MSMEs for the Government schemes.

3. RESEARCH METHODOLOGY

The study is explanatory in nature. For the study both primary and secondary data is used. Here the population is the MSME entrepreneurs in different parts of India and 100 samples are selected by using convenience sampling method. Primary data collected through a structured questionnaire. Secondary data is taken from MSME Annual Report 2020-2021, Ministry of MSME covid -19 relief measures reports are referred for further details. Percentage Analysis, Likert scaling techniques and Mean are used for Primary Data Analysis.

4. DATA ANALYSIS AND INTERPRETATIONS

4.1 Extent to which Government Schemes adopted by MSMEs during pandemic period

SL No.	Government Schemes	No. of Respondents	Percentage
1	Prime Minister Employment Generation Programme (PMEGP)	24	24
2	Scheme of Fund for regeneration of Traditional Industries (SFURTI)	5	5
3	Scheme for promoting innovation Rural industry and Entrepreneurship (ASPIRE)	-	-
4	Credit Guarantee Fund Scheme for Micro and Small Enterprises (CGTMSE)	12	12
5	Pradhan Mantri Mudra Yojana (PMMY)	56	56
6	Credit Linked Capital Subsidy Technology Upgradation	3	3
Total		100	100

Source: Primary Data

Table 4.1 shows majority (56%) respondents choose Pradhan Mantri Mudra Yojana, it got wide reach in MSME during pandemic period, 24% took PMEGP, 12% taken CGTMSE and No one adopt for ASPIRE because of lack of knowledge about this scheme.

4.2 Problems faced by MSMEs for sanction Government Subsidy

SL No.	Problems	No. of Respondents	Mean	Rank
1	Lack of Awareness about government subsidies	25	5	2
2	Documentation Procedure	42	8.4	1
3	Absence of Clear Direction	15	3	3
4	Lack of Proper communication & follow up of DIC Officials	12	2.4	4
5	Poor Support from Financial Institutions	6	1.2	5
Total		100		

Source: Primary Data

Table 4.2 reveals that Documentation procedure is the major problem faced by MSMEs with mean score 8.4 and poor support from financial institution with least mean score of 1.2.

4.3 Satisfaction level of MSMEs towards Government schemes

Opinion	Score	No. of Respondents	Total Score
Highly Satisfied	5	67	335
Satisfied	4	22	88
Moderately Satisfied	3	8	24
Dissatisfied	2	3	6
Highly Dissatisfied	1	0	0
Total		100	453

Source: Primary Data

Mean Score = 4.53

The mean score of satisfaction level of MSMEs towards Government schemes is 4.53. As the mean score is falls with in the range of 4.0 to 6.0, so here the MSMEs satisfaction level is high towards government schemes.

5. SUGGESTIONS

- Government should update the MSME entrepreneurs about the new government schemes through media.
- DICs and Financial Institution must provide adequate awareness classes and seminars about government schemes and policies to MSMEs.
- Government must introduce more Entrepreneurial Support Services for the motivation of entrepreneurs during this pandemic period.

6. CONCLUSION

MSME Ministry has been announcing policies that lead to developing schemes and programs to improve the competitiveness of businesses. New service initiatives and a market driven economy offer increase in product portfolio. Various services extend support skills development areas, market development assistance, technical support, credit flow, public procurement policies, participation shows inland and overseas, etc. Many programs are sometimes confusing, especially for small businesses that may not have the experts to help them identify the right programs and apply them. Government should look into the possibility of simplifying these programs and integrating these disparate ones. It should also consider classifying schemes and their merits based on the size of the business.

REFERENCE

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