

# TAKING STARTUPS TO NEXT LEVEL-ROLE OF AGENCIES FOR CONSULTANCY AND SUPPORT

**<sup>1</sup>Monica Bansal & <sup>2</sup>Diksha Gupta**

<sup>1</sup>*Assistant Professor in Commerce, Panjab University Rural Centre, Kauni, Shri Muktsar Sahib (Punjab)*

<sup>2</sup>*Former Assistant Professor in Commerce, SBS Govt. College, Kotkapura*

**Abstract:** In this paper, we have learned about institutions striving for the growth and development of SSEs. These institutions are developed by the Government of India at central and state levels. Some of the central level institutions include SSI Board, KVIC, MSME-DO, NSIC, and NIESBUD, while state level institutions include SIDCs, SDIs, and DICs. These institutions provide marketing assistance, advocacy, and business promotion services to SSEs as well as conduct training programs for entrepreneurs. In addition, the paper has discussed two major institutions providing financial assistance to SSEs, namely SIDBI and SFCs. In the end, it has detailed upon various schemes and programs implemented by the Government of India.

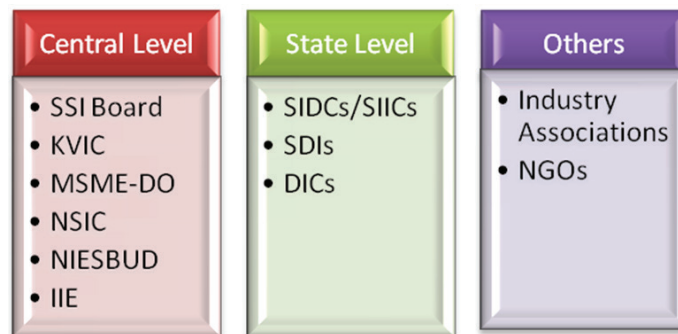
**Keywords:** Startups, Entrepreneurs, Institutions, India

## INTRODUCTION

The Ministry of MSME, formed by the Government of India, is an administrative body that looks after matters and issues related to SSEs. It formulates various policies and programs for the development and growth of small scale enterprises

through its various offices. The ministry has created several institutions at central and state levels to support SSEs. These institutions provide consultancy, managerial, training, material testing, and marketing assistance services to SSEs. The institutions formed by Ministry of MSME are shown in the following figure:

**Figure-1: Institutions at Central and State Levels**



### *Small Scale Industries (SSI) Board*

In 1954, the SSI Board was formed which is an apex body for the development and growth of the small-scale enterprises in India. This SSI board provides recommendations to the government on different policy matters and other related issues regarding the promotion

and development of the small-scale sector. The board is reconstituted after every two years. The board operates mainly in the following areas:

- Policies and programs for SSEs
- Credit facilities, taxation, and modernization of enterprises under the small-scale sector

- Development of enterprises in backward and needy regions, such as the north east
- Ancillary growth, quality improvement, and marketing assistance for SSEs

Agency named Khadi and Village Industries Commission (KVIC)

The KVIC is termed as a legal organization that is established and regulated by the Parliament Act in the month of April 1957. Some of the objectives of KVIC are as follows:

- Promoting and developing khadi and village industries
- Helping in eliminating various social problems, such as poverty, and improving living standards by providing employment
- Creating self-reliance among people and building up of a strong rural community spirit
- Providing opportunity to the rural population to undertake creative and productive activities

KVIC generally organizes, plans, promotes, and regulates in the establishment and development of khadi and village industries in the rural and backward areas in collaboration with the other agencies that are engaged in rural area development. Most of the features and functions of KVIC are depicted as follows:

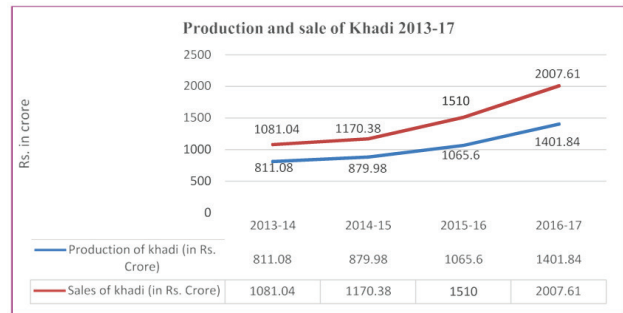
- Maintaining and establishing quality standards and ensuring that products of khadi and village industries adhere to the set standards.
- Establishing and maintaining reserves of raw material and distributing them to individuals engaged or likely to be engaged in production of handspun yarn, khadi, or village industries in India.
- Organizing and planning, training of individuals employed or seeking employment in khadi and village industries in the country.
- Assisting and encouraging in the creation of common service facilities for the processing of raw material or semi-finished goods.
- Issuing certificates or letters of recognition to industries meeting quality standards.
- Helping marketing and manufacture of

khadi goods or products produced by village industries.

- Enhancing research in the technology used in khadi and village industries.
- Increasing the cooperative efforts among the manufacturers of khadi or individuals engaged in village industries in the country.

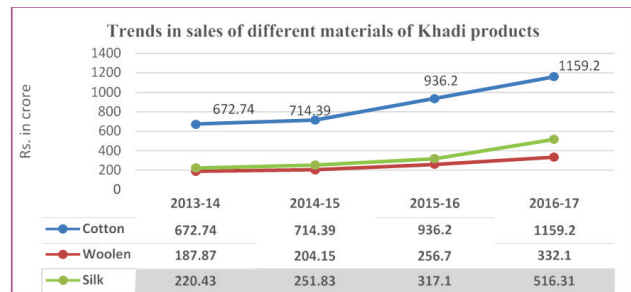
This agency is bound by directions given by central government in performing its functions and operations.

Figure 2: Production and sale of Khadi 2013-2017



The production of khadi has grown from 879.98 crores in (2014-2015) to 1401.84 crores in (2016-2017) and the sale in also increasing consistently from 1170.38 in (2014-2015) to 2007.61 in (2016-2017). Sale in (2016-17) is twice the sale in (2014-15).

Figure 3: Trends in sales of different materials of khadi products



Total sale goes double in 2016-2017 from 2014-2015 but according to material cotton is more preferable than silk and woolen. The increase in cotton from 2014-15 to 2016-17 is 444.81.

### Micro, Small, and Medium Enterprises Development Organization (MSME-DO)

MSME-DO which was earlier known as Small Industries

Development Organizations (SIDO), serves as a nodal agency formed by MSME. Formed in 1954, it coordinates, formulates, implements, and monitors different policies for the development and growth of SSEs. Apart from this, MSME-DO provides advocacy and handholding to SSEs. It operates more than 60 offices and 21 autonomous bodies including training institutions, tool rooms, and project-cum-process development centers. This also provides a wide range of services, such as testing facilities, like training for entrepreneurship development, evaluation and preparation of project and commodities profiles, helping and assistance for exports, many technical and managerial consultancy approaches, and pollution and energy audits in the system. MSME-DO is currently focused on providing support in terms of credit, infrastructure, technology, and marketing to SSEs. The main services rendered by MSME-DO are as under:

- Giving benefits for quality improvement, technology up gradation, modernization, and infrastructural development.
- Giving advice to the government agencies for the formulation of policies for the development and promotion of SSEs.
- Providing managerial consultancy, techno-economic and common facilities, and extension services to SSEs.
- Maintaining human resources development through skill Up gradation and training techniques.
- Giving economic information services.
- Maintaining a close co-ordination and link with the ministries at central level, state governments, planning commission, financial institutions and other institutions related with the development of SSEs.

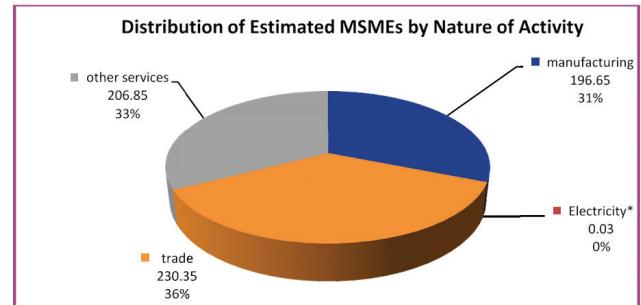
**Table 1: Estimated numbers of MSMEs activity wise**

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
All	324.88	309.00	633.88	100

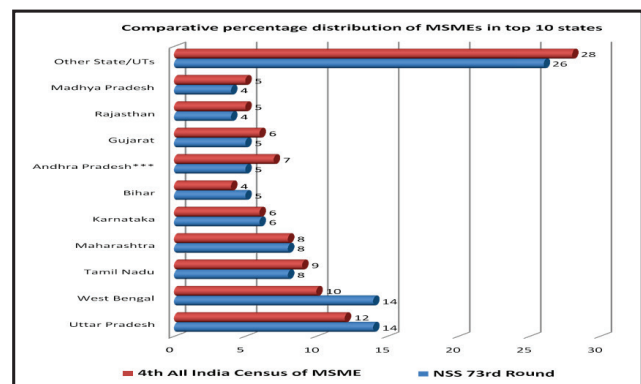
It is found that 31% share is acquired from

manufacturing activities, 36% by trade and 33% by other services. Among all the 633.88 lakh MSMEs 324.88 is rural and 309 is urban enterprises.

This is the diagrammatic representation of the MSMEs services share in different sectors. Like 31% in manufacturing, 33% in other services and 36% in trade.



Shares of top 10 states in comparative percentage distribution of MSMEs



This comparison is in between 4th all India census of MSMEs (2006-2007) and NSS 73rd round (2015-2016). In this Telangana is included in 4th all India census of MSMEs.

### National Small Industries Corporation Limited (NSIC)

Established in 1955, NSIC is an ISO 9001 certified institution with the objective of the promotion, growth and development of Small Scale Industries. Over five decades, NSIC has proved its worth within the country and abroad through its following contributions:

- Promoting technological up gradation and modernization, and quality consciousness.
- Strengthening linkage between large and medium enterprises.

- Increasing export products from SSEs.

NSIC works through over 120 offices, supported by a team of more than 500 professionals spread across the country. This helps the small enterprises with a set of specially designed schemes. Apart from this, NSIC gives the following services for technical support to small undertakings through its technical service and extension centers:

- Advising on application of new techniques.
- Providing facilities for material testing through accredited laboratories.
- Designing of products facilitation through Computer Aided Design (CAD).
- Giving energy and environment services at selected centers.
- Providing facilities for classroom and practical training for skill Up gradation.

NSIC also provides international consultancy services to SSEs. The areas of consultancy are:

- Building the Capacity Programmes
- Framing the Policy and institutional framework
- Developing the Entrepreneurship Skills
- Services for Business Development

In addition, NSIC insures the export credits of small enterprises through entering into the schemes of strategic alliance with Export Credit Guarantee Corporation of India Limited. Government of India has formed National Small Industries Corporation Ltd (NSIC) which is an undertaking under the aegis of Ministry of MSME and has gained record operational and financial performance in terms of gross volume of business and profitability in the current concluded financial year 2009-10. In this year the Corporation achieved new heights on all the selected parameters. There was a substantial improvement in enhancing the company's outreach and its volume of operations after that year. New offices have opened and the institution has expanded its area and scope to serve larger number of MSMEs by making the total number of NSIC offices to 123. The Corporation's turnover for the year increased to Rs. 4336 crore (pre-audited) over the previous year's turnover of Rs. 3508 crore in the comparison of the data.

The institution continued with its efforts to give different raw materials like copper, paraffin wax, steel, aluminum, zinc to MSMEs by making the arrangements with bulk manufacturers of these materials and the quality is also taken care of. Moreover the Corporation also started supply of Coal to MSMEs in West Bengal region. The total distribution of raw material to MSMEs jumped from 302164 MTs in the year 2008-09 to 354725 MTs in the year 2009-10.

- The Institution provided credit support of Rs. 1094 crore to MSMEs as against Rs. 688 crore provided during the previous financial year, registering a growth of 59 per cent.
- During the year 2009-10, total 3327 new units were registered under Single Point Registration Scheme, while in the previous year 2677 units were registered in the country.
- The revenue of the corporation from its above mentioned two membership schemes during the year 2009-10, increased to Rs. 5.52 crore from Rs. 4.12 Crore in the year 2008-09, recording the growth of 34 per cent.
- Under B2B portal, total 3802 members were added during the year 2009-10, as against 2808 members made under Infomediary Services in the year 2008-2009.
- NSIC's Technical Centers also showed remarkable improvement in the year 2009-10. The aggregate income of the technical centers rose from Rs. 12.54 crore in the year 2008-09 to Rs. 17.15 crore in the year 2009-10, registering a growth of 37%.
- As per the Performance & Credit Rating Scheme, total 7505 micro & small enterprises were rated during the year, as against 5011 units rated in the previous year.

Overall improved performance has resulted in achievement of greater profits. During the year, the corporation achieved operating profit of Rs.17.17 crore (pre-audited), showing a jump of 86 per cent over the operating profit of Rs. 9.21 crore in the previous financial year. After amortization of VRS expenditure of Rs. 2.12 crore, the Corporation has earned a net profit (before tax) of Rs. 15.05 crore, as compared to Rs. 6.92 crore earned.

The important highlights of the achievements of the institution for the financial year 2009-10 are briefly summed up here-as follows:

- As per the Performance & Credit Rating Scheme, total 7505 micro & small enterprises were rated during the year, as against 5011 units rated in the previous year.
- The Corporation has organized 963 Marketing Promotion events including participation / organization / co-sponsoring of exhibitions, buyer-sellers meets and marketing campaigns as compared to 874 events in the previous year 2009-10. NSIC's 'Techmart 2009' organized at the India International Trade Fair during November, 2009 was awarded 'Gold Medal' for outstanding display of the MSMEs technology and products.
- NSIC continued its initiative to set up new Training-cum Incubation centers under Public-Private Partnership (PPP) mode for the purpose of inculcating entrepreneurial skills in the youth by way of skill development through which they become employable or create their own enterprises. So far, 45 such centers have been established at various locations in the country. These are in addition to three incubation centers opened at our technical centers. During the year, 8364 candidates were trained.

**Table 2: Financial Performance of NSIC 2013-2017**

Financial performance of NSIC 2013-2017 (Rs. in Lakh)				
Particulars	2014-15	2015-16	2016-17	2017-18 (Up to Dec. 17)
Gross Profit Margin	33,577	37,710	36,744	23497.42
Net Profit before Tax	13,256	15,695	16,507	11723.05
Less : Provision for Tax	4,399	5,549	5,867	4057.11
Net Profit after tax	8,860	10,146	10,640	7665.94

This table shows about the Growth Profit Margin, Net profit before tax and Net profit after tax. In the year, (2017-18) our gross profit margin and net profit both gets reduced.

### **National Institute for Entrepreneurship and Small Business Development (NIESBUD)**

It is an apex body formed by MSME in 1983. It is responsible for the smooth running and maintaining & coordinating the activities of agencies involved in development of entrepreneurship skills for small scale enterprises.

Various objectives of the NIESBUD are as under:

- Formulating scientific selection procedure.
- Evolving quality and standard materials and processes for recruitment, training, support and sustenance of entrepreneurs in the country.
- Organizing training programs for promoters, trainers as well as for the entrepreneurs.
- Formation of training aids, manuals, and tools.
- Maintaining and creating environment suitable for the emergence of entrepreneurship.
- Experiencing the vast international exposure and creating the expertise in entrepreneurship development skills.
- Enhancing and increasing the research and exchange experiences globally in development and growth of entrepreneurship in the country.

### **Indian Institute of Entrepreneurship (IIE)**

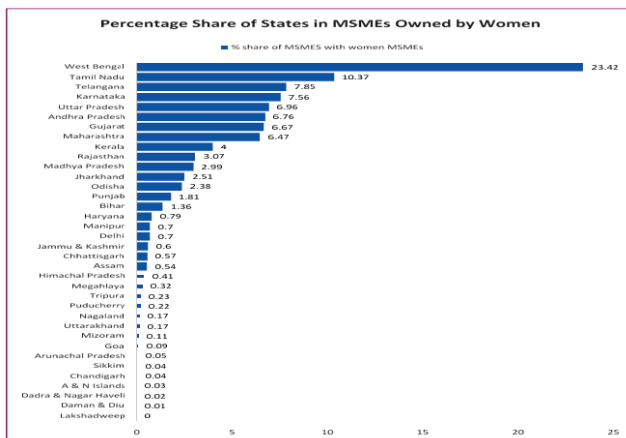
IIE was established in 1993 at Guwahati in Assam by MSME which focuses on entrepreneurship development in the country by assisting in training, research, and consultancy services to small scale enterprises. Following are some of the activities of IIE:

- Organizing and conducting training for entrepreneurship development.
- Creating and maintain the strategies for different target groups and locations and conducting field surveys and vast implementation of these strategies.
- Identifying needs of training and suggesting training programmers to non-government organizations (NGOs) as well as to the government organizations engaged in promoting and supporting entrepreneurship in India.

- Disseminating information needed for policy formulation and implementation and documenting related to self-employment.
- Designing, identifying, and conducting training programs for existing entrepreneurs for their development.
- Publishing and preparing literature related to entrepreneurship and industrial development.
- Doing various research activities for generating knowledge power to accelerate the process of entrepreneurship development skills.
- Behaving as a catalyst for skill development of self-employment and entrepreneurship, industry and business.
- Preparing, evolving, designing and helping in the utilization of various media for creating entrepreneurship development.

Some key government programmes that have been initiated by the MSME ministry to nurture this sector. State schemes like SIDCs\SIICs, SDIs, DICs. These agencies helps in the infrastructure development, helps SSEs in development and promotions in various states and also helps in the technical upgradations.

### Activities targeted at welfare of women



This data shows the percentage share of states in MSMEs owned by women. As per the NSS 73rd round of NSSO, the total area estimated approximately 12390523 women owned proprietary MSMEs in the country. More than 20% proprietary is owned by women's.

### State Industrial Development/ Investment Corporations (SIDCs/SIICs)

SIDCs, established under the Companies Act, 1956, work for the promotion and development of SSEs. These corporations are also engaged in developing industrial infrastructure, such as industrial estates and industrial parks as well as establishing industrial projects in various states. This helps prospective entrepreneurs in establishing enterprises. SIDCs provide technical and financial assistance to industrial units.

The important activities of SIDCs are as under:

- For the subscription of shares and debentures of enterprises for financial help.
- Giving term finance to all small, medium and large enterprises.
- Conducting various feasibility studies for fields and motivating private entrepreneurs to establish their own enterprises in the state of the country.
- Encouraging and motivating entrepreneurs by maintaining and establishing the scheme of Industrial Development Bank of India.
- Formation of various ventures for industrial growth in joint and assisted sector by collaborating with private and individual entrepreneurs of the country.

### State Directorate of Industries (SDIs)

SDIs are set up in each state for executing policies and programs in SSEs. According to the Indian Constitution, the state governments are primarily responsible for the promotion and development of SSEs in their respective states. It acts under the guidance of MSME-DO and concerned central institutions. SDIs functions through district industry centers. The main activities of SDIs are as follows:

- Registering SSEs
- Granting certificates for import of raw material.
- Providing financial assistance.
- Distributing scarce raw materials to SSEs.
- Establishing industrial estates and industrial co-operatives.

- Developing industrial infrastructure.
- Conducting surveys and collecting information on industry.
- Arranging concessions and incentives for enterprises.
- Managing village and small enterprises.
- Retaining connection with other agencies for development of enterprises.

### **District Industry Centers (DICs)**

DICs were set up in 1978 under SDIs for promoting various SSEs in the backward and rural areas and small towns. The activities of DICs are as follows:

- Conducting surveys to assess industrial potential of a district.
- Preparing an action plan for industrial development.
- Evaluating investment proposals received from entrepreneurs.
- Guiding entrepreneurs in procuring machinery, equipment, and raw material.
- Making recommendations for appropriate marketing strategies to entrepreneurs.
- Maintaining links with research and development institutions for quality improvement and technology Up gradation.
- Organizing training programs for artisans.
- Giving self-employment to educated unemployed youth.

### **Industry Associations**

Apart from central and state government agencies, there are several industry associations that provide institutional support to SSEs. Industry associations support small enterprises by giving them with a platform to raise industry related issues and promote their activities. These associations help in setting up facilities in various areas, such as technology and marketing. Some of the major industry associations are Federation of Indian Chambers of Commerce and Industry, PHD Chamber of Commerce and Industry (PHDCCI),

World Association for Small and Medium Enterprises and Indian Council of Small Industries (ICSI). Let us discuss these associations in the next sections.

- Federation of Indian Chambers of Commerce and Industry

FICCI, constituted in 1927, is an industry and trade network of India, which is closely attached with the central and state government for making different policies related to SSEs. It works with the government for increasing efficiency, competitiveness, and global opportunities for SSEs by providing specialized services. FICCI formulates business-friendly policies and helps in international promotional activities of the SSEs. For this, it has set up joint business councils that promote trade, investment and technology flows.

- PHD Chamber of Commerce and Industry

PHDCCI, established in 1905, is a proactive multi-state apex organization. It plays a crucial role in the promotion of entrepreneurship, industry, and trade. It works with the senior government officials and task forces that pool knowledge and experience for overall benefit of the business community. PHDCCI launched Small Industries and Business (SIB) Help Line in 1995 to support the small-scale sector. This helpline has 289 SSEs and 11 association members that assist entrepreneurs and interacts with the banks connected with small scale sector. It has a tie up with the Konrado Adenauer Foundation, which helps in organizing training programs for SSEs.

- World Association for Small and Medium Enterprises

Established in 1980, WASME is a global, non-profit organization serving MSMEs. Its members include small business authorities, banks, financial institutions, and training and consultancy agencies. It performs the following functions:

- Informing the promotion of SMEs in member countries
- Marketing the products of SMEs
- Identifying the facilities for training entrepreneurs
- Maintaining contacts with sources providing technologies and equipment for SMEs

- Indian Council of Small Industries (ICSI)

Established in 1979, ICSI aims at extending assistance to the small and cottage enterprises that further leads to the overall growth of the economy. It represents around 1500 associations of decentralized sector. ICSI helps in entrepreneurial development and gives suggestions for appropriate policy making for SSEs. Consultancy, entrepreneurship development, training and research are the major functions of ICSI. The group approach is followed by ICSI to extend facilities for market related services and quality control outlets.

### Non-Governmental Organizations

The NGOs give financial as well as other assistance viz. marketing, training, and legal advice to SSEs. These organizations help entrepreneurs in different states by conducting various micro-financing activities for them. As per the SSI policy of Government of India, NGOs assist SSEs by providing them some development training programs. They have set up sub-contract exchanges, which act as the storehouse of the data for recording the capacity of SSEs in the terms of products manufactured. These exchanges help in the following ways:

- Establishing the data bank to give the information to SSEs and large industries.
- Conducting buyer-seller meets to display products of SSEs required by large undertakings.
- Upbringing of the data on the manufacturing capacities of SSEs.
- Collecting the details of the items that are required by large units and can be produced in SSEs.
- Organizing programs for promoting the products manufactured by SSEs.
- Completing the requirements of large undertakings with the capacity of SSEs.
- Creating the export opportunities for SSIs.
- Organization and collection of data for rapid

retrieval of information related to SSEs.

Initially only two sub-contract exchanges were set up in 1970s, then this scheme was extended in 1974-75. For acquiring hardware, such as computers, machines and telephone, NGOs were provided with a grant of Rs 4.7 lakh, which is paid by DC (SSI), ministry of SSI, Government of India.

### CONCLUSION

In this paper, we have learned about institutions striving for the growth and development of SSEs. These institutions are developed by the Government of India at central and state levels. Some of the central level institutions include SSI Board, KVIC, MSME-DO, NSIC, and NIESBUD, while state level institutions include SIDCs, SDIs, and DICs. These institutions provide marketing assistance, advocacy, and business promotion services to SSEs as well as conduct training programs for entrepreneurs. In addition, the paper has discussed two major institutions providing financial assistance to SSEs, namely SIDBI and SFCs. In the end, it has detailed upon various schemes and programs implemented by the Government of India.

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