



A Strategic Perspective on Entrepreneurship Development in Urban India

Suma d. G. Assistant professor, Department of political science
Government first grade college , Ramanagara, (district), Karnataka

Abstract

Small and Medium Enterprises (SMEs) play a pivotal role in driving the overall industrial and economic development of a nation. They contribute towards balanced urban development, economic diversification, and social stability in addition to creating employment and driving GDP growth. Hence, today, most parts of the world consider nurturing entrepreneurship among the foremost priorities for overall economic development. The entrepreneurial spirit and innovative nature of these SMEs have been crucial in driving competitiveness in the URBAN economy.

Keywords: Urban development, Economic diversification, Social stability

Introduction

The Indian government has passed the Micro, Small, and Medium Enterprises Development (MSMED) Act, 2006 to address policy issues affecting SMEs and to extend the coverage and investment ceiling of the sector. Further, the Act aimed to facilitate development of the sector along with enhancing its competitiveness. The MSMED Act, 2006, classified enterprises broadly into: (i) Manufacturing enterprises and (ii) Services enterprises. The Act further classifies these enterprises into micro, small, and medium enterprises based on their investment in plant and machinery (for manufacturing enterprises) or investment in equipment (for services

enterprises). The following is the present ceiling on investment for enterprises to be classified as micro, small, and medium enterprises.

Women entrepreneurship opportunity in urban SME's:

Women entrepreneurs create new jobs for themselves and others and also provide society with different solutions to management, organization and business problems. Women's entrepreneurship can make a particularly strong contribution to the economic well-being of the family and communities, poverty reduction and women's empowerment. Indian SMEs have played a very significant role in India achieving its current robust overall economic growth. The SME sector located in the Urban



India currently contributes to over 40 percent of exports, and creates over 1.3 million jobs per year. About 60 million are employed in this sector. A well-thought out SME-driven entrepreneurial ecosystem can take the industry and India, to the next level. A strategic and holistic approach of encouraging entrepreneurship can tap into India's entrepreneurial gene and redirect a few million of the job seekers into jobs creators. Nationwide entrepreneurship development with the appropriate scale, scope and relevance can catapult India into the higher orbits of socio-economic prosperity.

Key industries in which SME operate:

Small and medium enterprises (SMEs) have been the backbone of the Indian economy. That is both a good and a bad thing. The good part first. Employing close to 40% of India's workforce and contributing 45% to India's manufacturing output, SMEs play a critical role in generating millions of jobs, especially at the low-skill level. The country's 1.3 million SMEs account for 40% of India's total exports. In India, the Micro, Small & Medium Enterprises development organizations, various State Small Industries Development Corporations, the nationalized banks and even NGOs are conducting various programmes including Entrepreneurship Development

Programmes (EDPs) to cater to the needs of potential women entrepreneurs.

Lending SME'S in India: For millions of small businesses in India, hunting for credit has always been a challenge. They represent the 'missing middle' - un-catered to by financial lenders that would rather reach for the top of the pyramid or the bottom. But the middle is large. India has about 57.7 million small business units, many of them small proprietorships. Addition to the special schemes for women entrepreneurs, various government schemes for MSMEs also provide certain special incentives and concessions for women entrepreneurs. For instance, under Prime Minister's Rozgar Yojana (PMRY), preference is given to women beneficiaries. The government has also made several relaxations for women to facilitate the participation of women beneficiaries in this scheme. Similarly, under the MSE Cluster Development Programme by Ministry of MSME, the contribution from the Ministry of MSME varies between 30-80% of the total project in case of hard intervention, but in the case of clusters owned and managed by women entrepreneurs, contribution of the M/o MSME could be up to 90% of the project cost. Similarly, under the Credit Guarantee Fund Scheme for Micro and Small Enterprises, the guarantee cover is generally available



up to 75% of the loans extended; however the extent of guarantee cover is 80% for MSEs operated and/or owned by women. To 'fund the unfunded' self-employed as well as small businesses, Prime Minister Narendra Modi today launched the MUDRA Yojana that will offer loans of up to Rs 10 lakh at low rate of interest.

Issues and challenges of Indian M-SME Sector

Women continue to expand their place in the workforce, including roles as entrepreneurs. And though start-ups launched by women account for a significant share of new business ventures. Women Entrepreneurs face a variety of challenges unique to start-up ventures while it is a challenging environment for both genders, successful women overcome additional obstacles to succeed as entrepreneurs. Male-dominated business structures, for example, sometimes make it harder for women to land capital and other start-up resources. And once established, women fight an uphill battle earning credibility and respect.

Inadequate access to credit:

MSMEs have traditionally relied on bank finance for their operations as well as for business expansion. Hence, access to timely and adequate finance is crucial for the growth and development of these enterprises. According to the Fourth Census of

MSME sector conducted in 2009, only 5.18% of the MSME units (both registered and unregistered) availed finance through institutional sources, 2.05% had availed finance from non-institutional sources, and 92.77% of the units had no access to finance or depended on self-finance. These figures clearly highlight the extent of financial exclusion in the MSME sector.

Inadequate marketing and branding:

Marketing and branding has been another key area of concern for SMEs mainly due to unavailability of finance and lack of awareness on appropriate marketing and branding strategy. Most of the MSMEs fail to get enough buyers or generate enough enquiries because of their inability to develop Unique Selling Point (USP) for their products or services. Their lack of market awareness and difficulty in identifying the USP of their product and service makes it difficult for them to understand their target audience.

Lack of availability of skilled labour:

Despite playing a major role in employment creation, SME entrepreneurs find it difficult to obtain skilled labour. While the competitiveness of MSMEs depends on availability of timely and adequate finance, effective marketing and branding strategy, and use of appropriate and updated technology, the availability of skilled labour is the



key parameter that can enable an MSME to become competitive. Though the National Policy on Skill Development has set a target of training 500 million people by 2022, the industry has to contribute to building up a large base of appropriately skilled workforce available for employment in MSMEs. Industry associations have to play a pivotal role to upgrade the skills of the workers and acquaint them with skills compatible with the new technology.

Lack of availability of adequate and appropriate technology:

MSMEs need to be technology literate to compete effectively, on the backdrop of increased competition in a global environment and uncertainty due to the global downturn. MSMEs will have to continuously incorporate latest technology into their production processes as well as in their marketing and management functions to cut costs, gain efficiency, and achieve economies of scale. However, the cost associated with implementation or adoption of technology, installing and maintaining information systems, and maintaining skilled workforce to operate the technology are high and as such would be of concern for many small firms.

Inadequate infrastructure:

Unlike MSMEs which operate through clusters and have access to

adequate infrastructure such as uninterrupted power supply, access to tool room and testing centres, and adequate logistics and transport facilities, fragmented geography of non-cluster MSMEs makes it difficult for them to access quality infrastructure, thereby, constraining growth of these enterprises. To enable Indian MSMEs become globally competitive, it is necessary that they avail quality infrastructure, which enables them to increase production, improve quality, lower the costs, and achieve economies of scale. Hence, there is need for infrastructure development in the MSME sector, inclusive of all sorts of basic and supporting infrastructure facilities as well as up gradation of the existing infrastructure.

Government initiatives for women entrepreneurship, development of MSME sector

The credit support to medium and small enterprises is provided by the Office of Development Commissioner under Ministry of Micro Small and Medium Enterprises. Information is available on credit support facilities operated through various financial institutes like Small Industries Development Bank of India (SIDBI), National Small Industries Corporation (NSIC) and others. Credit Guarantee Trust Fund (CGT-MSE), Micro Finance Programme and Trade Related Entrepreneurship Assistance and Development



(TREAD) for assistance to women entrepreneurs.

National Manufacturing Competitiveness Program (NMCP)

National Manufacturing Competitiveness Program (NMCP) With a view to develop the capacity of Indian MSMEs engaged in manufacturing operations and to enable them compete effectively in the global and local markets, Government of India (GoI), in 2005, announced the formulation of National Manufacturing Competitiveness Program (NMCP), which is currently being implemented by the Ministry of MSME in the Public-Private-Partnership (PPP) mode. Economic development and growth is not achieved fully without the development of women entrepreneurs. The Government of India has introduced the following schemes for promoting women entrepreneurship because the future of small scale industries depends upon the women-entrepreneurs: Trade Related Entrepreneurship Assistance and Development (TREAD) scheme was launched by Ministry of Small Industries to develop women entrepreneurs in rural, semi-urban and urban areas by developing entrepreneurial qualities. Women Component Plan, a special strategy adopted by Government to provide assistance to women entrepreneurs. Jayanti Gram Swarozgar Yojana and Swarn Jayanti Sekhari Rozgar Yojana were

introduced by government to provide reservations for women and encouraging them to start their ventures. New schemes named Women Development Corporations were introduced by government to help women entrepreneurs in arranging credit and marketing facilities. State Industrial and Development Bank of India (SIDBI) has introduced following schemes to assist the women entrepreneurs. These schemes are:

- *Mahila Udyam Nidhi
- *Micro Credit Scheme for Women
- *Mahila Vikas Nidhi
- *Women Entrepreneurial Development Programmes
- *Marketing Development Fund for Women

Mahila Vikas Nidhi:SIDBI has developed this fund for the entrepreneurial development of women especially in rural areas. Under Mahila Vikas Nidhi grants loan to women are given to start their venture in the field like spinning, weaving, knitting, embroidery products, block printing, handlooms handicrafts, bamboo products etc. Rashtriya Mahila Kosh was set up to grant micro credit to poor women at reasonable rates of interest with very low transaction costs and simple procedures.



Conclusion: Women entrepreneurs in India face challenges of cultural bias and lack of public safety, in addition to pressures of balancing work, home and family. It is certainly possible to strike out on your own, but family support helps greatly. Love from your spouse can sustain you even after their demise.

References

1. Annual Reports, Ministry of Small Scale Industries, Government of India
2. "Micro, Small and Medium Enterprises Development Act – Background Paper", Jessica Wade,

Small Enterprise Finance Centre, IFMR.

3. "Ministry of Micro, Small & Medium Enterprises, 2007: Micro, Small and Medium Enterprises in India: An Overview", Ministry of Micro Small and Medium Enterprise, Government of India
4. MSME Development Act 2006, Ministry of MSME, Government of India
5. "Final Results: Third All India Census of Small Scale Industries 2001-2002", August 2004 Edition, Ministry of Small Scale Industries, Government of India.