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M.A.ECONOMICS

(Second Year)

**ROLE OF MSMES – PRACTICAL OF PUBLIC &
PRIVATE COMPANIES & BANKING
SYSTEMS (SECS41)**

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ROLE OF MSMES – PRACTICE OF PUBLIC AND PRIVATE COMPANIES AND BANKING SYSTEMS

UNIT	Details
I	<p><i>MSMES in India</i></p> <p>Concept of Entrepreneur and Entrepreneurship - Quality and Characteristics of Entrepreneurs - Overview and History of Entrepreneurship - Definition - Overview - History of SMEs in India – Performance (Role/Economic Indicators) -Production-Employment and Export Opportunities in MSMEs - Steps involved in setting up MSMEs.</p>
II	<p><i>Programs Schemes and Services-I</i></p> <p>Schemes Implemented by the ministry/through DC (MSME) Scheme - Scheme under XI Plan - Micro and Small Enterprise Cluster Development Program - Credit Linked Capital Subsidy Scheme for Technology Up gradation - Credit Guarantee Scheme - Assistance to Entrepreneurship Development Institutes. Programs and schemes of ministry of MSME Special Schemes for Backward area (State and UT to be considered backward and industrially backward Districts) Scheme on trade related entrepreneurship assistance and development (TREAD)for Women Promotional Schemes for Women, Schemes Of NSIC, KVIC, COIR Board.</p>
III	<p><i>Programs, Schemes and Services- II</i></p> <p>Programs and schemes of ministry of MSME - Special Schemes for Backward area (State and UT to be considered backward and industrially backward Districts) - Scheme on trade related entrepreneurship assistance and development (TREAD)for women-Promotional Schemes for Women -Schemes of NSIC, KVIC, COIR Board.</p>
IV	<p><i>MSME Policies</i></p> <p>Central Government Policies - SME and Export Promotion Policy -The MSME Development Act, 2006.</p>
V	<p><i>Emerging Trends and Institutions Supporting MSME</i></p> <p>Overview of World Trade Organization, Intellectual property rights, INSME -(International SME Network) - Bar Coding.</p>
<i>Text Books:</i>	
1.Vasant Desai, The Dynamics Of Entrepreneurial Development And Management, Himalaya Publishing House	
2.Paul Burns and Jim Dewhurst, Small Business and Entrepreneurship, Palgrave Macmillan; 2nd edition	

UNIT – I

MSMEs IN INDIA

In India, Micro, Small, and Medium Enterprises (MSMEs) are a vital part of the economy, contributing significantly to manufacturing, exports, and employment, with over 6.3 crore enterprises and employing more than 25 crore people.

Significance:

MSMEs are a vital contributor to India's industrial landscape, playing a crucial role in manufacturing, exports, and employment.

Contribution to GDP:

MSMEs contribute more than 29% to India's GDP and are responsible for 50% of the country's total exports.

Employment:

They employ more than 11 crore people, with the aim to grow this number to 15 crore in the coming years.

Number of Registered MSMEs:

As of March 2024, the number of MSMEs registered on the Udyam portal has reached 4,00,42,875.

Micro, Small, and Medium Enterprises:

- ❖ Micro Enterprises: Investment up to ₹1 crore and turnover up to ₹5 crore.
- ❖ Small Enterprises: Investment up to ₹10 crore and turnover up to ₹50 crore.

Exports:

MSME-related products accounted for 45.73% of India's total exports in 2023-24.

Government Initiatives:

The Ministry of MSME, Government of India, in collaboration with various organizations & institutes has pioneered initiatives that promotes growth and development of the MSME sector, including Khadi, Village and Coir industries.

Key Areas of Focus:

1. **Promoting Innovation:** The new budgetary provisions aim to foster innovation, enhance competitiveness, and ensure better access to resources for MSMEs.
2. **Access to Finance:** Schemes like the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) aim to improve access to credit.
3. **Technology Upgradation:** Initiatives are focused on enhancing the effectiveness of existing Ministry of MSME schemes for technology upgradation.
4. **Market Access:** The Raising and Accelerating MSME Performance (RAMP) scheme aims to improve the access of MSMEs to both the global market and credit.
5. **Public Procurement:** The Public Procurement Policy for Micro and Small Enterprises (MSEs) mandates that 25% of annual procurement by Central Ministries, Departments, and Central Public Sector Enterprises (CPSEs) must be sourced from MSEs.
6. **Skill Development:** Schemes like the Assistance to Training Institutions (ATI) Scheme focus on entrepreneurship and skill development.

The **Ministry of Micro, Small and Medium Enterprises** is the ministry in the Government of India. It is the apex executive body for the formulation and administration of rules, regulations and laws relating to micro, small and medium enterprises in India. The Minister of Micro, Small and Medium Enterprises is Jitan Ram Manjhi.

The statistics provided by the annual reports of Ministry of Small and Medium Enterprises (MSME) shows a rise in the plan amount spent on the khadi sector from ₹1942.7 million to ₹14540 million, and non-plan amounts from ₹437 million to ₹2291 million, in the period from 1994–95 to 2014–15. The interest subsidies to khadi institutions increased from ₹96.3 million to ₹314.5 million in this period.

History

The Ministry of Small Scale Industries and Agro and Rural Industries was created in October 1999. In September 2001, the ministry was split into the Ministry of Small Scale Industries and the Ministry of Agro and Rural Industries. The President of India amended the Government of India (Allocation of Business) Rules, 1961, under the notification dated 9 May 2007. Pursuant to this amendment, they were merged into a single ministry.

The ministry was tasked with the promotion of micro and small enterprises. The Small Industries Development Organisation was under the control of the ministry, as was the National Small Industries Corporation Limited public sector undertaking).

The Small Industries Development Organisation was established in 1954. It has over 60 offices and 21 autonomous bodies under its management. These autonomous bodies include Tool Rooms, Training Institutions and Project-cum-Process Development Centres.

Services provided include:

- Facilities for testing, tormenting, training for entrepreneurship development
- Preparation of project and product profiles
- Technical and managerial consultancy
- Assistance for exports
- Pollution and energy audits

It also provides economic information services and advises Government in policy formulation for the promotion and development of SSIs. The field offices also work as effective links between the Central and State Governments.

CONCEPT OF ENTREPRENEUR AND ENTREPRENEURSHIP

An entrepreneur is an individual who identifies business opportunities, takes initiative, and assumes financial risks to create and manage a business venture, while entrepreneurship is the dynamic process of creating, developing, and managing that venture.

Entrepreneur:

Definition:

An entrepreneur is a person who starts, organizes, and manages a business, often taking on significant risks to achieve financial success.

Key Characteristics:

1. **Innovation:** Entrepreneurs are often driven by a desire to create new products, services, or processes.
2. **Risk-Taking:** They are willing to invest their own resources and time into a venture, even when the outcome is uncertain.
3. **Opportunity Identification:** Entrepreneurs are adept at spotting unmet needs or gaps in the market and developing solutions.
4. **Leadership:** They often take the lead in building and managing a team to achieve their business goals.
5. **Self-Starter:** Entrepreneurs are typically independent and proactive, taking initiative to create and grow their own businesses.

Examples:

Bill Gates, Steve Jobs, and Mark Zuckerberg are examples of entrepreneurs who created successful businesses.

Entrepreneurship:

Definition:

Entrepreneurship is the process of identifying, developing, and managing a new business venture.

Key Aspects:

1. **Innovation:** Entrepreneurship involves creating something new or improving existing products, services, or processes.
2. **Resource Management:** Entrepreneurs need to effectively manage resources, including capital, personnel, and time, to achieve their goals.
3. **Risk Assessment and Management:** Entrepreneurship involves understanding and mitigating potential risks associated with starting and running a business.

4. **Strategic Decision-Making:** Entrepreneurs need to make sound decisions about their business strategy, operations, and growth plans.
5. **Adaptability:** The business environment is constantly changing, so entrepreneurs must be able to adapt to new conditions and challenges.

Entrepreneurship is a process that involves:

- a. Identifying opportunities
- b. Gathering resources
- c. Creating a business plan
- d. Launching the venture
- e. Managing its growth and development

QUALITY AND CHARACTERISTICS OF ENTREPRENEURS

Successful entrepreneurs often exhibit qualities like passion, creativity, risk-taking, adaptability, vision, and leadership, alongside the ability to innovate, make sound decisions, and persevere through challenges.

Core Qualities & Characteristics:

1. **Passion & Motivation:** A deep passion for their venture fuels entrepreneurs to work tirelessly, overcome obstacles, and stay committed to their goals.
2. **Vision & Innovation:** Entrepreneurs possess a clear vision for their business and the ability to identify and capitalize on opportunities, often through innovation.
3. **Risk-Taking & Calculated Decisions:** They are willing to take calculated risks, understanding the potential rewards and consequences, and make informed decisions based on available information.
4. **Creativity & Problem-Solving:** Entrepreneurs are often creative thinkers, able to identify problems and develop innovative solutions.
5. **Leadership & Influence:** They possess strong leadership skills, inspiring and motivating teams to achieve shared goals.

6. **Adaptability & Flexibility:** The ability to adapt to changing circumstances and market conditions is crucial for entrepreneurial success.
7. **Resilience & Perseverance:** Entrepreneurs need to be resilient and persistent in the face of setbacks and challenges, bouncing back from failures and learning from mistakes.
8. **Self-Confidence & Optimism:** A strong sense of self-belief and an optimistic outlook help entrepreneurs navigate uncertainty and stay motivated.
9. **Communication & Networking:** Effective communication and strong networking skills are essential for building relationships, securing funding, and attracting talent.
10. **Discipline & Time Management:** Entrepreneurs need to be disciplined in their work habits and effective time managers to stay on track and meet deadlines.
11. **Financial Acumen:** A strong understanding of financial principles is crucial for managing resources, making sound financial decisions, and ensuring the long-term sustainability of the business.

OVERVIEW OF ENTREPRENEURSHIP

Entrepreneurship involves identifying opportunities, taking calculated risks, and creating value by developing and managing new businesses or innovative solutions to meet market needs, often with the goal of generating profits.

Core Concepts:

1. **Opportunity Identification:** Entrepreneurs are skilled at recognizing unmet needs or gaps in the market and identifying potential business opportunities.
2. **Innovation and Creativity:** Entrepreneurship often involves developing new products, services, or business models that disrupt existing industries or create entirely new ones.

3. **Risk-Taking:** Entrepreneurs are willing to take calculated risks, investing their time, resources, and capital in their ventures, understanding that failure is a possibility.
4. **Value Creation:** The ultimate goal of entrepreneurship is to create value for customers, stakeholders, and society as a whole.
5. **Resourcefulness:** Entrepreneurs must be resourceful in finding and utilizing the necessary resources, including capital, talent, and infrastructure, to bring their ideas to life.

Key Characteristics of Entrepreneurs:

1. **Visionary:** Entrepreneurs have a clear vision of the future and the potential of their ideas.
2. **Resilient:** They are able to bounce back from setbacks and learn from failures.
3. **Problem-Solvers:** They are adept at identifying and solving problems, both within their businesses and for their customers.
4. **Driven and Passionate:** They are driven by a strong desire to succeed and passionate about their ideas and ventures.
5. **Adaptable:** They are able to adapt to changing market conditions and customer needs.

Types of Entrepreneurship:

1. **Traditional Entrepreneurship:** Starting a new business from scratch, often with the goal of generating profits.
2. **Corporate Entrepreneurship:** Innovating within an existing organization, often by creating new products or services.
3. **Social Entrepreneurship:** Using business models to address social problems and create positive social impact.
4. **Serial Entrepreneurship:** Starting multiple businesses over time, often with a focus on innovation and growth.

Motivations for Entrepreneurship:

1. **Financial Independence:** The desire to control one's own income and financial future.
2. **Creativity and Innovation:** The opportunity to pursue creative ideas and develop new solutions.
3. **Independence and Autonomy:** The freedom to make decisions and work independently.
4. **Making an Impact:** The desire to create something meaningful and make a difference in the world.

HISTORY OF ENTREPRENEURSHIP

Entrepreneurship's roots trace back to ancient civilizations and early trading practices, evolving through periods of exploration, industrial revolutions, and the rise of global markets, with key figures like Cantillon, Smith, and Schumpeter shaping its theoretical understanding.

Early Beginnings:

- ❖ **Ancient Civilizations:** The earliest forms of entrepreneurship are linked to the exchange of goods and services between communities, with examples like obsidian trading in New Guinea around 17,000 BCE.
- ❖ **Mesopotamia:** The development of writing, cities, and a monetary system in Mesopotamia gave rise to a merchant class, acting as intermediaries in trade.
- ❖ **Guilds and Artisans:** In ancient Indian society, guilds and self-help groups played a vital role in organizing production and shaping public opinion, with artisans joining these groups for security and social status.

The Rise of Trade and Exploration:

- **European Exploration:** Technological advancements in navigation and shipbuilding led to European exploration and colonization, establishing colonial empires and trading posts worldwide.
- **Global Economic System:** The establishment of colonies, plantations, and trade networks integrated many regions into a growing international exchange of goods, people, and ideas, leading to a global economic system dominated by Western European powers.

Theoretical Developments:

- ✓ **Richard Cantillon:** In his "Essay on the Nature of Trade in General" (1755), Cantillon distinguished between wage earners with fixed incomes and entrepreneurs with volatile incomes, highlighting the adventurous nature of entrepreneurial activities.
- ✓ **Adam Smith:** In "The Wealth of Nations" (1776), Smith asserted that entrepreneurs serve as intermediaries between other factors of production, acting as proprietary capitalists who can fuel the division of labor.
- ✓ **Jean-Baptiste Say:** Say underlined the innovative nature of entrepreneurs, emphasizing their ability to coordinate economic resources to meet market demands.
- ✓ **Joseph Schumpeter:** Schumpeter introduced the concept of "Unternehmergeist" (entrepreneurial spirit) as a driving force of innovation, revolutionizing economic structures and fostering constant economic change.

Modern Entrepreneurship:

- **Industrial Revolutions:** The industrial revolutions spurred technological innovation and mass production, creating new opportunities for entrepreneurs.

- **Global Markets:** The rise of global markets and international trade further expanded the scope of entrepreneurship, leading to the emergence of multinational corporations and global supply chains.
- **Innovation and Technology:** Technological advancements continue to drive entrepreneurship, with new industries and business models emerging based on digital technologies and disruptive innovations.
- **Social Entrepreneurship:** In recent times, social entrepreneurship has gained prominence, focusing on addressing social problems and creating positive social impact through business ventures.

Entrepreneurship, meaning "to undertake," has roots in ancient trading practices and evolved through history, with key figures like Richard Cantillon and Joseph Schumpeter shaping its understanding as a force of innovation and economic change.

Early Roots & Evolution:

- **Ancient Times:** Evidence of early entrepreneurial activity exists from as far back as 20,000 years ago, with tribes exchanging goods, like obsidian for hunting tools, demonstrating the basic principles of trade and finding solutions to customer problems.
- **Middle Ages:** Marco Polo, a merchant, is often cited as an early example of an entrepreneur, establishing trade routes and sharing profits with venture capitalists.
- **17th-18th Centuries:** Richard Cantillon, an Irish-French economist, coined the term "entrepreneur" in the 17th century, viewing them as risk-takers who buy at a certain price and sell at an uncertain price.
- **18th Century:** Jean-Baptiste Say, a French economist, emphasized the innovative nature of entrepreneurs, highlighting their ability to coordinate resources to meet market demands.
- **19th-20th Centuries:** Joseph Schumpeter, an American economist, focused on the role of entrepreneurs as drivers of innovation and "creative destruction," revolutionizing economic structures and fostering constant change.

- **Modern Era:** The concept of "intrapreneur" emerged, referring to entrepreneurs within an existing company who are given autonomy to work on projects that may have a considerable impact on the company.

DEFINITION OF SMEs

SMEs, or Small and Medium-Sized Enterprises, are businesses that fall below certain thresholds in terms of revenue, assets, or the number of employees, and their definition varies by country and industry.

General Definition:

SMEs are independent, non-subsidiary firms that employ fewer than a specified number of employees, often with a focus on localized markets.

Varied Thresholds:

The exact criteria for classifying a business as an SME vary significantly by country and industry, with employee count being the most common factor.

Examples of SME Characteristics:

1. **Employee Count:** Many definitions use a maximum employee count, with 250 employees being a common upper limit.
2. **Revenue:** Some definitions also include annual revenue thresholds.
3. **Asset Value:** In some cases, the value of assets held by the business is a factor.

Importance of SMEs:

SMEs play a crucial role in many economies, particularly in developing countries, contributing to job creation and economic growth.

Examples of SME industries:

- ❖ Retail Trade
- ❖ Accommodation and Food Service
- ❖ Construction
- ❖ Professional, Scientific and Technical Services

❖ Healthcare and Social Assistance

OVERVIEW

In India, Small and Medium Enterprises (SMEs), also known as Micro, Small, and Medium Enterprises (MSMEs), play a crucial role in the economy, contributing significantly to GDP, employment, and exports.

Definition: SMEs are businesses that fall under certain thresholds for investment in plant and machinery or equipment, and turnover.

Categories: The MSME sector is categorized into micro, small, and medium enterprises based on these thresholds.

Types: SMEs can be involved in manufacturing, services, trading, retail, or food and beverage industries.

Importance: SMEs are considered the backbone of the Indian economy, contributing to economic growth, job creation, and innovation.

Contribution to GDP: The MSME sector contributes significantly to India's GDP, with the manufacturing segment contributing around 7.09% and the services sector contributing 30.50%.

Contribution to Exports: MSMEs account for a substantial portion of India's total exports.

Employment: They provide employment to a large number of people in India, with the MSME sector employing around 40% of the country's workforce.

Examples: Garages, grocery stores, local restaurants, and other small businesses that cater to a specific target segment of customers typically fall under the SME category.

Key Facts and Figures:

1. **GDP Contribution:** SMEs contribute around 30% to India's Gross Domestic Product (GDP).
2. **Employment:** They employ an estimated 80 million people.

3. **Industrial Output:** SMEs contribute 45% to India's industrial output.
4. **Exports:** They account for 40% of India's total exports.
5. **Number of SMEs:** India has the second-largest number of SMEs in the world, after China.
6. **Sectoral Focus:** SMEs in India are mainly focused on the manufacturing, trade, and services sectors.

Challenges and Opportunities:

1. **Challenges:** SMEs often face challenges related to access to finance, infrastructure, technology, and skilled labor.
2. **Opportunities:** The government and various organizations are working to support the growth of SMEs through various schemes and initiatives.
3. **Flexibility and Innovation:** SMEs are known for their flexibility and ability to adapt to changing market conditions, fostering innovation and economic growth.
4. **Government Support:** The Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, governs the coverage and investment ceiling of MSMEs in India.
5. **Lending Operations:** SME Lines of Credit provide dedicated bank financing to support SMEs for investment, growth, export, and diversification.
6. **Partial Credit Guarantee Schemes (PCGs):** The design of PCGs is crucial to SMEs' success, and support can be provided to design and capitalize such facilities.

HISTORY OF SMEs IN INDIA

The history of Small and Medium Enterprises (SMEs) in India, which are also known as Micro, Small, and Medium Enterprises (MSMEs), is intertwined with the nation's economic development, evolving from traditional industries to a vital engine of growth, with a dedicated ministry formed in 2007 to promote their development.

- ❖ **Pre-Independence Era:** The roots of MSMEs can be traced back to pre-independence India, where various cottage industries, handicrafts, and small-scale enterprises thrived.
- ❖ **Post-Independence:** After independence, the government recognized the importance of MSMEs and established the Small Industries Development Organization (SIDO) in 1954 to promote and support them.
- ❖ **Evolution of the Sector:** Over the decades, the MSME sector has evolved into a dynamic and vibrant component of the Indian economy, contributing significantly to employment, exports, and overall economic growth.
- ❖ **Ministry Formation:** In October 1999, the Ministry of Small Scale Industries and Agro and Rural Industries was created, later split into two ministries in September 2001. On May 9, 2007, these two ministries were merged again to form the Ministry of Micro, Small, and Medium Enterprises (MSME).
- ❖ **MSME Act, 2006:** The Micro, Small and Medium Enterprises Development Act, 2006, was enacted to provide an enabling policy environment for the promotion and development of the sector, defining MSMEs, developing a framework for enhancing competitiveness, and ensuring credit flow to the sector.
- ❖ **Key Contributions:** MSMEs account for a significant portion of India's GDP, manufacturing output, and exports. They also provide employment to a large number of people, serving as the backbone of the Indian economy.
- ❖ **Current Focus:** The government continues to focus on promoting and supporting the MSME sector through various schemes and initiatives, including the Prime Minister Employment Generation Programme (PMEGP) and the Udyam Registration Portal.
- ❖ **Digital Adoption:** Indian MSMEs are rapidly adopting digital payments, with a significant increase in digital transactions, presenting prospects for further growth in the sector.

THE PERFORMANCE OF MSMEs IN INDIA:

Indian Micro, Small, and Medium Enterprises (MSMEs) are a vital part of the economy, contributing significantly to GDP, employment, industrial production, and exports, with the service sector contributing more than the manufacturing sector to GDP.

Key Contributions & Achievements:

1. **GDP Contribution:** MSMEs contribute approximately 30% to India's GDP. Statista reports that MSMEs account for almost 30 percent of India's GDP.
2. **Employment Generation:** MSMEs provide livelihoods to over 110 million people.
3. **Industrial Production:** They account for 45% of India's total industrial production.
4. **Exports:** MSMEs contribute significantly to India's exports, with their share in total exports steadily growing.
5. **Export Growth:** MSME exports have seen a remarkable rise, increasing from ₹3.95 lakh crore in 2020-21 to ₹12.39 lakh crore in 2024-25.
6. **Number of Exporting MSMEs:** The number of exporting MSMEs has also surged, increasing from 52,849 in 2020-21 to 1,73,350 in 2024-25.
7. **Contribution to total exports:** Their contribution to India's total exports has steadily grown, reaching 43.59% in 2022-23, 45.73% in 2023-24, and 45.79% in 2024-25 (up to May 2024).
8. **Innovation and Adaptability:** MSMEs have consistently driven the nation's growth through resilience, innovation, and adaptability.
9. **Inclusive Development:** MSMEs foster inclusive development by providing employment and contributing to the overall economic growth of the country.

Challenges Faced by MSMEs:

1. **Limited Access to Finance:** Many small businesses struggle to secure loans or adequate capital, making it difficult for them to expand, invest in technology, or manage working capital.

2. **Inadequate Infrastructure:** Lack of proper infrastructure can hinder the growth and competitiveness of MSMEs.
3. **Regulatory Hurdles:** Complex regulations and bureaucratic processes can pose challenges for MSMEs.
4. **Market Access:** Limited access to domestic and international markets can restrict the growth potential of MSMEs.
5. **Late Payment Difficulties:** MSMEs often face issues with delayed payments from larger companies, impacting their cash flow.

THE ROLE AND ECONOMIC INDICATORS OF SMEs

SMEs play a vital role in economic development by contributing to employment, GDP, and innovation, acting as a backbone for many economies, especially in developing countries. Key economic indicators include their contribution to GDP, employment, and exports.

Role of SMEs:

- ❖ **Job Creation:** SMEs are a major source of employment, particularly in developing economies, offering opportunities for both skilled and unskilled workers.
- ❖ **Economic Growth:** They contribute significantly to a nation's GDP, representing a substantial portion of manufacturing output and exports.
- ❖ **Innovation and Entrepreneurship:** SMEs are often at the forefront of innovation and entrepreneurship, fostering a dynamic and competitive business environment.
- ❖ **Regional Development:** They play a crucial role in promoting regional development by creating jobs and economic activity in local areas.
- ❖ **Supply Chain Support:** SMEs often serve as suppliers to larger enterprises, contributing to the overall efficiency and competitiveness of the economy.

Economic Indicators of SMEs:

- ❖ **Contribution to GDP:** SMEs contribute a significant percentage to a country's Gross Domestic Product (GDP).
- ❖ **Employment Rate:** The number of people employed by SMEs is a key indicator of their contribution to the labor market.
- ❖ **Export Performance:** SMEs play a vital role in a country's export performance, contributing to international trade and economic growth.
- ❖ **Innovation and Productivity:** The number of patents, new products, and processes developed by SMEs can indicate their contribution to innovation and productivity growth.
- ❖ **Access to Finance:** The ability of SMEs to access finance is a critical factor in their growth and development.
- ❖ **Sustainability and Social Impact:** SMEs are increasingly recognized for their role in promoting sustainable development and addressing social issues.
- ❖ **Competitiveness:** The competitiveness of SMEs, measured by factors like productivity, efficiency, and innovation, is crucial for their long-term success and economic impact.
- ❖ **Local Economic Development:** SMEs are vital for nurturing local communities and driving economies' and societies' major transitions.

PRODUCTION, EMPLOYMENT AND EXPORT OPPORTUNITIES IN MSMEs

MSMEs (Micro, Small, and Medium Enterprises) are vital for India's economy, contributing significantly to production, employment, and exports, with a focus on sectors like handicrafts, handloom textiles, and leather goods.

Production and Employment:

1. **Significant Contribution:** MSMEs are a vital part of India's industrial landscape, contributing to manufacturing, exports, and employment.

2. **Employment Generation:** They provide employment to millions, with registered MSMEs employing more than 25 crore people.
3. **Manufacturing Output:** MSMEs contribute around 33.4% of India's manufacturing output.
4. **GDP Contribution:** They contribute around 6.11% of the manufacturing GDP and 24.63% of the GDP from service activities.
5. **Key Sectors:** Food products, non-metallic mineral products, and metal products are among the top employment-generating sectors within MSMEs.
6. **Rural and Backward Areas:** MSMEs play a crucial role in the industrialization of rural and backward areas, reducing regional imbalances and promoting more equitable distribution of income.

Export Opportunities:

- a) **Export Contribution:** MSME-related products accounted for 45.73% of India's total exports in 2023-24, reinforcing their role in positioning India as a global manufacturing hub.
- b) **Export Potential:** Sectors like handicrafts, handloom textiles, ayurveda and herbal supplements, leather goods, imitation jewelry, and wooden products offer significant export opportunities for Indian MSMEs.
- c) **Export Promotion:** The government and various organizations are implementing schemes to facilitate MSME participation in international trade.
- d) **Increasing Exports:** MSME exports have witnessed a remarkable rise, increasing from ₹3.95 lakh crore in 2020-21 to ₹12.39 lakh crore in 2024-25.
- e) **Engineering Goods and Gems & Jewellery:** These sectors have the most significant contribution in total export value generated by Registered MSMEs.

- f) **Raising and Accelerating MSME Performance (RAMP):** This World Bank-assisted scheme aims to improve MSMEs' access to both the global market and credit.

THE STEPS INVOLVED IN SETTING UP MSMEs

To set up an MSME (Micro, Small, and Medium Enterprise) in India, you need to first identify your business idea, select a suitable business structure, register your business, obtain necessary licenses and permits, and secure funding.

1. Idea Generation and Business Planning:

- ❖ **Identify the Opportunity:** Conduct market research to understand the needs and opportunities in your chosen industry.
- ❖ **Product/Service Choice:** Determine the specific product or service you will offer.
- ❖ **Process Selection:** Decide on the production or service delivery methods.
- ❖ **Develop a Business Plan:** Create a comprehensive plan outlining your business goals, strategies, and financial projections.

2. Business Structure and Legal Registration:

- **Choose a Business Structure:** Select a suitable legal structure (sole proprietorship, partnership, private limited company, etc.).
- **MSME Registration (Udyam Registration):** Register your business as an MSME through the Udyam Registration portal.
 - Visit the official Udyam Registration website.
 - Enter your Aadhaar number and name.
 - Validate and generate OTP, and enter the OTP you receive on your registered mobile number.
- **Obtain Necessary Licenses and Permits:** Secure the required licenses and permits from relevant authorities based on your business activity.

3. Infrastructure and Operations:

- **Arranging Finance:** Secure funding through loans, investments, or other financing options.
- **Construction of Building:** If necessary, construct or lease a suitable building for your business operations.
- **Getting Utility Connections:** Obtain necessary utility connections (electricity, water, etc.).
- **Procurement of Machinery and Equipment:** Acquire the necessary machinery and equipment for your operations.
- **Hiring and Training Staff:** Recruit and train the necessary workforce.

4. Marketing and Sales:

- **Marketing and Promotion:** Develop and implement a marketing strategy to promote your products or services.
- **Sales and Distribution:** Establish channels for selling and distributing your products or services.

UNIT -II

PROGRAM SCHEMES AND SERVICES - I

The Indian government offers various programs, schemes, and services to support Micro, Small, and Medium Enterprises (MSMEs), including financial assistance, skill development, technology upgrades, and market access initiatives.

Financial Assistance:

1. **Credit Guarantee Scheme for Micro & Small Enterprises (CGTMSE):** Provides collateral-free loans to MSMEs.
2. **Credit Linked Capital Subsidy Scheme (CLCSS):** Offers a subsidy for technology upgrades.
3. **Pradhan Mantri Mudra Yojana (PMMY):** Provides loans to small businesses.
4. **Interest Subvention Scheme for MSMEs:** Provides interest subvention to MSMEs.
5. **Prime Minister's Employment Generation Programme (PMEGP):** Aims to create employment opportunities through the establishment of new micro and small enterprises.
6. **2nd Loan for up-gradation of the existing PMEGP/MUDRA units.**

SCHEMES IMPLEMENTED BY MINISTRY / THROUGH DC (MSME) SCHEME

The Ministry of Micro, Small and Medium Enterprises (MSME) implements various schemes through the Office of the Development Commissioner (DC) MSME, focusing on technology upgradation, market access, capacity building, and financial assistance for MSMEs, including schemes like Credit Linked Capital Subsidy, Micro & Small Enterprises Cluster Development Programme, and more.

1. Technology Upgradation and Quality Certification:

1. **Credit Linked Capital Subsidy Scheme for Technology Upgradation:**

This scheme provides financial assistance to MSMEs for adopting new technologies and improving their quality standards.

2. **National Manufacturing Competitiveness Programme (NMCP):** This program aims to enhance the competitiveness of the manufacturing sector by promoting innovation and quality improvement.
3. **ISO 9000/ISO 14001 Certification Reimbursement Scheme:** This scheme provides financial assistance to MSMEs for obtaining ISO certifications, which helps them improve their quality management systems.
4. **Technology and Quality Upgradation Support to MSMEs:** This scheme provides financial and technical assistance to MSMEs for technology upgradation and quality improvement.
5. **A Scheme for Promoting Innovation, Rural Industry & Entrepreneurship (ASPIRE):** This scheme aims to promote innovation and entrepreneurship in rural areas.

SCHEMES AND INITIATIVES UNDER THE XI PLAN

The XI Plan (2007-2012) focused on various schemes under the University Grants Commission (UGC) to enhance higher education, including infrastructure development, faculty improvement, and support for marginalized groups, with a focus on reducing disparities between urban/rural and developed/underdeveloped areas.

General Development Assistance:

1. **Infrastructure Development:** The UGC provided grants for the consolidation of existing infrastructure and modernization of teaching, research, and administration in universities and colleges.
2. **Financial Assistance for Universities:** The UGC allocated financial assistance to universities to meet their infrastructure, staff, equipment, books, and library needs.
3. **Rejuvenation of Infrastructure:** Schemes were implemented to rejuvenate infrastructure in old colleges and provide "catch-up" grants for young colleges.

4. **Special Grants for Backward/Rural/Remote/Border/Tribal Areas:** Grants were allocated to colleges and universities located in these areas to address regional disparities.
5. **Enhancement of Intake Capacity:** Special grants were provided for enhancing the intake capacity of colleges, aiming to increase access to higher education.
6. **Establishment of UGC Network Resource Centres:** These centers were established to facilitate resource sharing and collaboration among institutions.

Schemes for Specific Groups:

- A. **Coaching Schemes:** Coaching schemes were implemented for Scheduled Castes (SC), Scheduled Tribes (ST), Other Backward Classes (OBC) (non-creamy layer), and minorities to improve their access to higher education and services.
- B. **Equal Opportunity Centers:** Equal Opportunity Centers were established in colleges to address issues of discrimination and promote inclusivity.
- C. **Schemes for Persons with Disabilities:** Schemes were implemented to provide facilities and support for persons with disabilities in higher education institutions.
- D. **Remedial Coaching:** Remedial coaching programs were offered for SC/ST/OBC (non-creamy layer) and minority students.
- E. **Coaching for NET:** Coaching programs were provided for SC/ST/OBC (non-creamy layer) and minority students to prepare them for the National Eligibility Test (NET).
- F. **Coaching for Entry into Services:** Coaching classes were organized for SC/ST/OBC (non-creamy layer) and minority students to prepare them for entry into government services.
- G. **Establishment of Career and Counseling Cells:** Career and Counseling Cells were established in universities to provide guidance and support to students.

MICRO AND SMALL ENTERPRISE CLUSTER DEVELOPMENT PROGRAM

The Micro and Small Enterprises - Cluster Development Programme (MSE-CDP) aims to enhance the competitiveness and sustainability of micro and small enterprises (MSEs) by addressing common issues like technology, skills, quality, and market access, through the creation of Common Facility Centers (CFCs) and infrastructure development.

Objectives of MSE-CDP:

1. **Improve Technology and Skills:** The program focuses on upgrading technology and improving skills within MSE clusters to enhance productivity and quality.
2. **Enhance Infrastructure:** It supports the creation and upgrading of infrastructural facilities in existing and new industrial areas/clusters of MSEs.
3. **Facilitate Market Access:** The program aims to improve market access for MSEs by addressing common challenges and promoting networking within clusters.
4. **Promote Green and Sustainable Manufacturing:** It encourages the adoption of green and sustainable manufacturing technologies within clusters.
5. **Strengthen Value Chain:** The program aims to strengthen the value chain of units within the cluster, resulting in overall productivity growth and increased turnover.

Key Components of MSE-CDP:

- A. **Common Facility Centers (CFCs):** These centers provide shared facilities for testing, training, raw material storage, effluent treatment, and other services that complement production processes.
- B. **Infrastructure Development Projects:** This includes support for developing new industrial estates, flatland factory complexes, and other infrastructure projects.

- C. **Marketing Hubs/Exhibition Centers:** The program also supports the establishment of marketing hubs and exhibition centers by associations of MSEs.
- D. **Thematic Interventions:** It provides financial assistance for thematic interventions within approved/completed CFCs.
- E. **Support to State Innovative Cluster Development Programs:** The program provides co-funding for CFC projects of State Cluster Development Programs.

How MSE-CDP Works:

- ❖ **Demand-Driven:** The scheme is demand-driven, meaning that proposals for CFCs and infrastructure projects are submitted by State Governments based on the needs of the clusters.
- ❖ **Financial Assistance:** The Government of India provides financial assistance for projects under MSE-CDP, with the grant amount varying based on the type of project and the nature of the beneficiaries.
- ❖ **Focus on Clusters:** The program focuses on developing clusters, which are groups of enterprises located within an identifiable area or value chain that produce similar or complementary products/services.
- ❖ **Online Application:** Applications for MSE-CDP can be filled online at: <https://cluster.dcmsme.gov.in/>.

THE CREDIT LINKED CAPITAL SUBSIDY SCHEME (CLCSS) FOR TECHNOLOGY UPGRADATION

The Credit Linked Capital Subsidy Scheme (CLCSS) for Technology Upgradation aims to facilitate technology upgrades in Micro, Small, and Medium Enterprises (MSMEs) by providing an upfront capital subsidy of 15% on institutional finance availed for modernizing their production processes.

Objective:

1. To help MSMEs, including tiny, khadi, village, and coir industrial units, modernize their production equipment and techniques by providing an upfront capital subsidy.
2. The scheme aims to upgrade plant and machinery with state-of-the-art technology, with or without expansion, and also for new MSEs setting up facilities with approved technology.

Key Features:

- A. **Subsidy:** 15% upfront capital subsidy on institutional finance availed for technology upgradation.
- B. **Loan Limit:** The subsidy is applicable on institutional finance up to Rs. 1 crore.
- C. **Eligible Units:** Micro and Small Enterprises (MSEs) having a valid UAM number are eligible.
- D. **Scope:** The scheme covers various sub-sectors and products approved under the scheme.
- E. **Nodal Agencies:** The Small Industries Development Bank of India (SIDBI) and the National Bank for Agriculture and Rural Development (NABARD) are the nodal agencies for implementing the scheme.
- F. **How to Apply:** Applicants should approach loan-lending bank branches/PLIs, who will examine and apply for the subsidy claim through a dedicated online application and tracking management system.
- G. **Timeline for subsidy claim:** The timeline for acceptance of SCLCSS subsidy claims is one year from the reference date (date of release/disbursement of the last installment of the term loan for the purchase of plant & machinery/equipment).

Special	Credit	Linked	Capital	Subsidy	Scheme
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Description:-

Special Credit Linked Capital Subsidy Scheme (SCLCSS) component, introduced under the National SC-ST Hub scheme with an objective to promote new enterprises and support the existing enterprises in their expansion for enhanced participation of SC/ST entrepreneurs in public procurement.

Nature of assistance:

To ease the access to latest technology, under SCLCSS, there is a provision of 25% subsidy to the SC/ST MSEs for procurement of Plant & Machinery/ Equipment through institutional credit (bank loan) with the overall ceiling of Rs. 25 Lacs on the subsidy, without any sector specific restrictions. SCLCSS, is applicable for the purchase of new Plant & Machinery / Equipment eligible for Term Loan from the Prime Lending Institutions (PLIs).

Who can be benefitted:

Sole Proprietorships, Partnerships, Co-operative and Societies, Private Micro / Small enterprises owned by SC/ST Entrepreneurs engaged in the manufacturing and service activities shall be eligible for seeking assistance.

How to apply:

The eligible SC/ST MSEs may submit the application along with requisite documents for SCLCSS subsidy to the concerned Prime Lending Institution (Bank from which term loan has been availed for procurement of plant & machinery / equipment). The Nodal banks/agencies as notified from time to time by the Ministry of MSME shall upload the claim application of SC-ST MSEs on the dedicated MIS Portal. The nodal banks/agencies shall consider the proposals only in respect of credit approved by their respective branches, whereas, for other eligible Primary Lending Institutions (PLIs), SIDBI and NABARD shall be the nodal agencies for the release of subsidy under SCLCSS.

Status of Scheme:

So far, 2499 beneficiaries have received benefit under the scheme the details are as below:

FY	No. of SC/ST Beneficiaries	Amount of Subsidy Released
2019-20	189	23,34,13,280
2020-21	537	53,39,66,076
2021-22	285	34,82,42,204
2022-23	577	69,66,11,137
2023-24	645	72,40,00,981
2024-25	266	34,25,95,629
Grand Total	2499	2,87,88,29,307

THE CREDIT GUARANTEE SCHEME

The Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE), a joint initiative by the Ministry of MSME and SIDBI, aims to facilitate access to credit for MSMEs, particularly those underserved, by providing a guarantee cover for collateral-free loans, according to CGTMSE.

- ❖ **Objective:** To make credit available to MSMEs, especially new entrepreneurs and those lacking collateral, by providing a guarantee cover for loans, according to CGTMSE.
- ❖ **Implementation:** The Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) is responsible for implementing the scheme.
- ❖ **Guarantee Cover:** The scheme provides guarantee cover for collateral-free credit facilities extended by Member Lending Institutions (MLIs) to MSMEs, according to CGTMSE.
- ❖ **Eligibility:** MSMEs with a valid Udyam Registration Number are eligible for the scheme.
- ❖ **Loan Amount:** Loan amounts guaranteed under the scheme can be up to ₹100 crore.

- ❖ **Guarantee Fee:** There is an upfront contribution of 5% of the loan amount at the time of applying for guarantee cover.
- ❖ **Annual Guarantee Fee:** The annual guarantee fee is nil during the year of sanction, 1.5% p.a. for the next 3 years, and 1% p.a. thereafter.
- ❖ **Repayment Period:** For loans up to ₹50 crore, the repayment period is up to 8 years with a moratorium period of up to 2 years.
- ❖ **Where to find more details:** You can find more detailed guidelines on the CGTMSE website <https://cgtmse.in>.
- ❖ **Contact CGTMSE:** You can contact CGTMSE at the following email address: cgtmse@cgtmse.in

The transformative journey of CGTMSE has begun with change of its logo...the new logo a "colorful flying bird" depicts giving wings to entrepreneurial zeal of millions of youth of this great country who are having bankable business ideas but lack collateral security and / or third party guarantee to access credit from formal source... here CGTMSE extends them helping hand by providing guarantee to enable them access credit leading to setting up viable micro and small enterprises. Thereby transforming them from job seekers to job providers and meaningfully contribute in nation building.

OBJECTIVE

Availability of bank credit without the hassles of collaterals / third party guarantees would be a major source of support to the first generation entrepreneurs to realise their dream of setting up a unit of their own Micro and Small Enterprise (MSE). Keeping this objective in view, Ministry of Micro, Small & Medium Enterprises (MSME), Government of India launched Credit Guarantee Scheme (CGS) so as to strengthen credit delivery system and facilitate flow of credit to the MSE sector. To operationalise the scheme, Government of India and SIDBI set up the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE).

Category (including Trading activity)	Maximum extent of Guarantee Coverage		
	where credit facility is		
	Upto ₹ 5 lakh	Above ₹ 5 lakh & upto ₹ 5 0 lakh	Above ₹ 50 lakh & upto ₹ 10 crore
Micro Enterprises	85%	75%	75%
MSEs located in North East Region, UT of Jammu & Kashmir & UT of Ladakh	80%		
Women entrepreneurs / MSE promoted by Agniveers	90%		
SC/ST entrepreneurs / Person with Disability (PwD)/ MSEs situated in Aspirational District / ZED certified MSEs	85%		
All other category of borrowers	75%		
<p>The extent of guarantee coverage for MSEs situated in Identified Credit Deficient Districts (ICDD) by RBI is additional 5% over and above the applicable guarantee coverage wef December 15, 2023</p> <p><i>(i.e for guarantee coverage of 75%, the coverage would be 80%, for 80% it would be 85% and for 85% it would be 90%)</i></p>			

Guarantee will commence from the date of payment of guarantee fee and shall run through the agreed tenure of the term credit in case of term loans / composite loans and for a period of 5 years where working capital facilities alone are extended to borrowers, or for such period as may be specified by the Guarantee Trust in this behalf.

CREDIT GUARANTEE SCHEME ASSISTANCE TO ENTREPRENEURSHIP DEVELOPMENT INSTITUTES

The Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE), a joint initiative by the Ministry of MSME and SIDBI, aims to facilitate access to credit for MSEs, particularly new and underserved entrepreneurs, by providing collateral-free credit facilities.

What is CGTMSE?

Joint Initiative:

The CGTMSE is a joint initiative between the Ministry of Micro, Small & Medium Enterprises (MSME) and the Small Industries Development Bank of India (SIDBI).

Purpose:

The primary goal of CGTMSE is to make credit available from conventional lenders to new generation entrepreneurs and those who lack collateral security or third-party guarantees.

Scheme:

CGTMSE implements the Credit Guarantee Scheme (CGS) to provide guarantee cover to collateral and/or third-party guarantee-free credit facilities.

Operational:

The scheme was launched on August 30, 2000, and is operational since January 1, 2000

CREDIT GUARANTEE SCHEME FOR STARTUPS

The Cr

The Government of India established the Credit Guarantee Scheme for Startups with a fixed corpus for providing credit guarantees to loans extended to DPIIT recognised startups by Scheduled Commercial Banks, Non-Banking Financial Companies (NBFCs) and Venture Debt Funds (VDFs) under SEBI registered Alternative Investment Funds.

CGSS does not provide guarantee cover to DPIIT recognised startups directly, but through a Trustee (NCGTC), which in turn provides guarantee cover to MIs who provide loans to startups. The instruments of assistance would be in the form of Venture debt, working capital, subordinated debt/mezzanine debt, debentures, optionally convertible debt and other fund-based as well as non-fund-based facilities, which have crystallised as debt obligations. Credit guarantee coverage under this model would be either transaction-based or umbrella-based.

BORROWER

The eligibility criteria for an entity to borrow under the Credit Guarantee Scheme for Startups shall be as follows, wherein an entity should be:

1. Startups as recognised by DPIIT as per Gazette Notifications issued from time to time, and
2. Startups that have reached stage of stable revenue stream, as assessed from audited monthly statements over a 12 month period, amenable to debt financing, and
3. Startup not in default to any lending/investing institution and not classified as Non-Performing Asset as per RBI guidelines, and
4. Startup whose eligibility is certified by the member institution for the purpose of guarantee cover

LENDING/INVESTING INSTITUTIONS

The eligibility criteria for the lending/investing institutions under the Credit Guarantee Scheme for Startups shall be as follows:

1. Scheduled Commercial Banks and Financial Institutions,
2. RBI registered Non-Banking Financial Companies (NBFCs) having a rating of BBB and above as rated by external credit rating agencies accredited by RBI and having minimum networth of Rs. 100 crore. However, it may be noted that in case an NBFC subsequently becomes ineligible, due to a downgrade in the credit rating below BBB, the NBFC shall not be eligible for further guarantee cover till upgradation again to eligible category.
3. SEBI registered Alternative Investment Funds (AIFs).

PROGRAMS AND SCHEMES OF MINISTRY OF MSME

The Ministry of Micro, Small and Medium Enterprises (MSME) offers various programs and schemes to promote the growth and development of MSMEs, including financial assistance, skill development, technology upgradation, and market access support.

Financial Assistance & Credit:

- ❖ **Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE):** Facilitates credit flow to MSEs without the need for collateral or third-party guarantees.
- ❖ **Credit Guarantee Scheme for Subordinate Debt (CGSSD):** Provides financial assistance to stressed MSMEs.
- ❖ **Prime Minister Employment Generation Programme (PMEGP):** Aims to create employment opportunities in rural and urban areas through the establishment of new micro and small enterprises.
- ❖ **SELF RELIANT INDIA (SRI) FUND:** Aims to empower MSMEs for Aatmanirbhar Bharat.
- ❖ **Credit Linked Capital Subsidy Scheme for Technology Upgradation:** Provides financial assistance for technology upgradation.
- ❖ **Credit Cards for Micro Enterprises:** A new customisable credit card with a limit of ₹5 lakh, would be issued for micro enterprises registered on the Udyam portal.
- ❖ **Scheme for First-time Entrepreneurs:** A new scheme will support 5 lakh first-time women, SC, and ST entrepreneurs with term loans of up to ₹2 crore over five years.

SPECIAL SCHEMES FOR BACKWARD AREA

The Ministry of MSME (Micro, Small & Medium Enterprises) offers various schemes to promote industrialization in backward areas, including financial assistance, infrastructure development, and skill development initiatives, with some schemes prioritizing specific categories like SC/ST, women, and minorities.

1. Financial Assistance & Credit:

- **Credit Linked Capital Subsidy Scheme for Technology Upgradation (CLCSS):** Provides financial assistance for technology upgradation and modernization of MSMEs.

- **Micro & Small Enterprises-Cluster Development Programme (MSE-CDP):** Aims for holistic and integrated development of MSMEs in clusters through soft and hard interventions, including diagnostic studies, setting up of Common Facility Centres (CFCs), and infrastructure development.
- **Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE):** Provides credit guarantee to MSMEs, enabling them to access loans from financial institutions.
- **Prime Minister's Employment Generation Programme (PMEGP):** Focuses on generating sustainable employment opportunities for rural and unemployed youth, including traditional artisans, with higher margin money subsidy for special categories.
- **Margin Money Subsidy:** Offers margin money subsidy ranging from 15% to 35% of project cost for setting up new micro-enterprises in the non-farm sector, with higher rates for specific categories and areas.

SPECIAL SCHEMES FOR BACKWARD AREA (STATE AND UT TO CONSIDERED BACKWARD AND INDUSTRIALLY BACKWARD DISTRICT)

For backward areas, including industrially backward districts, the Indian government implements schemes like the Backward Regions Grant Fund (BRGF) and industrial development schemes with incentives to promote economic growth and bridge regional disparities.

Key Schemes and Initiatives:

Backward Regions Grant Fund (BRGF):

1. This scheme, implemented by the Ministry of Panchayati Raj, aims to address regional imbalances in development by providing financial resources to identified districts.
2. It focuses on supplementing and converging existing developmental inflows, strengthening local governance, and improving infrastructure.

3. The BRGF includes Capacity Building (CB) and Development Grant components.
4. CB grants are provided to states for training infrastructure and courses for local body functionaries.
5. Development grants are allocated based on population and area of the district.

Industrial Development Schemes:

- a) The government provides incentives like subsidized power, lower transport costs, and other infrastructure to attract industries to backward areas.
- b) Schemes like the Industrial Development Scheme for Himachal Pradesh and Uttarakhand offer incentives such as central capital investment and insurance incentives.
- c) In 1971, a subsidy scheme was announced to develop backward areas, offering a subsidy of one-tenth of fixed capital for new units and one-tenth of additional fixed capital for existing units.

Special Development Grant for Universities in Backward Areas:

- A. This scheme, initiated by the University Grants Commission (UGC), aims to improve the higher education scenario in backward areas by strengthening infrastructure.

Other Initiatives:

- A. The Ministry of Food Processing Industries has a scheme for creating backward and forward linkages in the agri-food sector.
- B. The Ministry of Rural Development implements various schemes like MGNREGA, PMAY-Gramin, PMGSY, and DDU-GKY.

TREAD SCHEME

The "Trade Related Entrepreneurship Assistance and Development (TREAD)" scheme aims to empower women economically by providing financial support, training, and business development services for non-farm activities, particularly for those in micro, small, and medium enterprises (MSMEs).

Objectives:

1. **Empowerment of Women:** TREAD aims to empower women entrepreneurs by providing them with the resources and skills needed to start and grow their businesses.
2. **Financial Assistance:** The scheme provides financial support in the form of loans and grants through NGOs, which are also provided grants for capacity building.
3. **Skill Development:** TREAD offers training and counseling on various trades, products, and services to help women develop their entrepreneurial skills.
4. **Promoting Self-Employment:** The scheme encourages women to pursue self-employment ventures in non-farm activities, contributing to economic growth in the MSME sector.

Key Features:

1. **Government of India Grant:** A grant of up to 30% of the loan/credit sanctioned to NGOs is provided by the Government of India.
2. **Loan Assistance:** Lending institutions/banks finance loan assistance for women through NGOs for undertaking non-farm activities.
3. **Training and Counseling:** Training organizations, including MSME-DIs, EDIs, NIMSME, NIESBUD, and NGOs, conduct training programs for women entrepreneurs.
4. **Information and Extension Activities:** The scheme provides information and counseling on trades, products, and services to support women entrepreneurs.

Activities Covered:

1. **Non-Farm Activities:** The scheme covers a wide range of non-farm activities, including readymade garments, candle making, agarbatti making, paper cup and plate making, masala powder making, and saree weaving.

2. **Focus on SHGs:** The scheme focuses on promoting self-employment and income generation activities for women, especially those from Self-Help Groups (SHGs).

TRADE-RELATED ENTREPRENEURSHIP AND DEVELOPMENT FOR WOMEN

To promote trade-related entrepreneurship and development for women, India offers schemes like TREAD (Trade Related Entrepreneurship Assistance and Development), Stand-Up India, and Mudra Yojana, along with others, providing financial support, training, and business development services.

1. Trade Related Entrepreneurship Assistance and Development (TREAD)

Scheme:

Focus:

To empower women entrepreneurs by providing financial support, skill development opportunities, and business development services.

Components:

1. Financial assistance through loans and grants.
2. Training and capacity building for women entrepreneurs.
3. Support for research, evaluation, and development of training modules.

Implementation:

The scheme is implemented through NGOs and lending agencies, with the government providing grants and the lending agencies financing the remaining project cost.

Eligibility:

NGOs with experience in managing funds and lending agencies approved by the respective State/UT Governments are eligible.

2. Stand-Up India Scheme:

Focus:

To promote entrepreneurship among women and SC/ST entrepreneurs by providing financial support for starting new businesses.

Benefits:

- a. Loans from public sector banks for businesses owned and operated by women.
- b. No collateral requirement for loans up to a certain amount.
- c. Access to training and mentorship programs.

3. Mudra Yojana (PMMY):**Focus:**

To provide financial assistance to micro and small enterprises, including those owned by women.

Benefits:

- a. Loans up to ₹10 lakh without collateral.
- b. Simplified loan application process.
- c. Access to training and mentorship programs.

SCHEMES OF NSIC

The National Small Industries Corporation (NSIC) offers various schemes to support Micro, Small, and Medium Enterprises (MSMEs), including credit support, raw material assistance, marketing facilitation, and technical services, aiming to promote growth and competitiveness.

1. Credit Support:

- A. Financing for Raw Material Procurement:** NSIC provides financial assistance for the purchase of both indigenous and imported raw materials, allowing MSMEs to focus on manufacturing quality products.
- B. Financing for Marketing Activities:** NSIC facilitates financing for internal marketing, exports, and bill discounting, supporting MSMEs in their marketing efforts.
- C. Credit Facilitation Through Banks:** NSIC facilitates credit support to MSMEs (fund-based or non-fund-based limits) through syndication with banks.

2. Marketing Support:

- A. **Marketing Facilitation Scheme (MFS):** This scheme aims to promote the products of Micro and Small Enterprises (MSEs) registered with NSIC under its Single Point Registration Scheme (SPRS), facilitating their marketing efforts individually or collectively through consortia.
- B. **Consortia & Tender Marketing Scheme:** NSIC helps MSMEs participate in government tenders and other marketing opportunities by forming consortia.
- C. **E-Marketing/ Digital Services facilitation for MSMEs:** NSIC offers digital marketing and e-commerce support to help MSMEs expand their reach.
- D. **Marketing Intelligence:** NSIC provides market research and intelligence to help MSMEs identify new opportunities and improve their marketing strategies.
- E. **Exhibitions and Technology Fairs:** NSIC organizes or participates in exhibitions and technology fairs to showcase MSME products and technologies.

3. Technical Support:

- A. **NSIC Technical Services Centers (NTSCs):** These centers provide technical support to MSMEs, including material testing, advice on new techniques, common facility support, product design, energy and environment services, and training.
- B. **National Scheduled Caste And Scheduled Tribe Hub:** NSIC supports the development of MSMEs owned by Scheduled Caste and Scheduled Tribe entrepreneurs.
- C. **International Cooperation Scheme:** NSIC facilitates international partnerships, technology transfer, and business linkages between Indian MSMEs and those in other countries.

4. Other Schemes:

- A. **Single Point Registration Scheme (SPRS):** This scheme facilitates the registration of small businesses with various government agencies, simplifying the process for MSMEs.
- B. **Raw Material Assistance Scheme:** This scheme aims at helping MSMEs by way of financing the purchase of Raw Material (Both indigenous & imported).
- C. **Performance and Credit Rating Scheme:** NSIC provides credit rating services to enhance the credibility and access to finance for MSMEs.
- D. **Assistance to Wholesalers and Retail Traders (AWRT):** NSIC provides assistance to wholesalers and retail traders to facilitate their operations.
- E. **Machines & Equipments Selling Scheme through Aggregation:** NSIC facilitates the purchase of machinery from empanelled manufacturers and authorized Indian importers.
- F. **ASPIRE:** NSIC's ASPIRE (Accelerating Sustainable and Inclusive Growth for MSMEs) scheme aims to promote entrepreneurship, create jobs, and foster innovation in the MSME sector.

SCHEMES OF KVIC

The Khadi and Village Industries Commission (KVIC) implements several schemes to promote rural development and self-employment, including the Prime Minister's Employment Generation Programme (PMEGP), Honey Mission, and the Scheme of Fund for Regeneration of Traditional Industries (SFURTI).

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

- a. **Objective:** To generate self-employment opportunities through the establishment of micro-enterprises in the non-farm sector.
- b. **Implementation:** KVIC functions as the nodal agency at the national level for implementing this credit-linked subsidy program.
- c. **Benefits:** Provides financial assistance for setting up new ventures and expanding existing ones.

- d. **Application:** Applicants can apply online at <https://www.kviconline.gov.in/pmegpeportal/pmegphome/index.jsp>.

2. Honey Mission:

- A. **Objective:** To promote beekeeping activities, creating avenues for honey production and related products.
- B. **Benefits:** Boosts the income of beekeepers and contributes to agricultural pollination.

SCHEMES OF COIR BOARD

The Coir Board implements several schemes to promote and develop the coir industry, including the Coir Vikas Yojana (CVY), a comprehensive umbrella scheme, and the Coir Udyami Yojana (CUY), a credit-linked subsidy scheme, along with other initiatives like the Export Market Promotion Scheme and Mahila Coir Yojana.

1. Coir Vikas Yojana (CVY) - Umbrella Scheme:

- A. **Objective:** To enhance the utilization of raw materials, increase income for stakeholders, promote market potential, develop improved equipment and processes, and foster large-scale investment in the coir industry.
- B. **Focus Areas:** Skill development, empowerment of rural women, employment generation, welfare measures for coir workers, and technological upgrades.
- C. **Implementation:** The Coir Board implements this umbrella scheme for the overall development of the coir industry across the country.
- D. **Sub-schemes:** CVY encompasses various sub-schemes, including Skill Upgradation and Mahila Coir Yojana.

2. Coir Udyami Yojana (CUY) - Credit-Linked Subsidy Scheme:

- A. **Objective:** To provide financial assistance for setting up new coir units and modernizing existing ones.

- B. **Financial Assistance:** The scheme offers a credit-linked subsidy for setting up coir units with project costs up to Rs. 10 lakhs, plus one cycle of working capital (not exceeding 25% of the project cost).
- C. **Subsidy:** The subsidy is 25% of the cost of equipment and infrastructure, with maximum ceilings of Rs. 6 lakhs for defibering units, Rs. 4 lakhs for automatic spinning units, and Rs. 5 lakhs for others.
- D. **Modernization:** For modernization of existing units, the subsidy is limited to 25% of the cost of modernization equipment and infrastructure, up to a maximum of Rs. 2 lakhs.

UNIT - III

PROGRAMS , SCHEMES AND SERVICES - II

The Ministry of Micro, Small and Medium Enterprises (MSME) offers various schemes and services to support the growth and development of MSMEs in India, including credit guarantee schemes, technology upgradation, skill development, and market promotion, among others.

1. Credit and Financial Support:

- A. **Credit Guarantee Scheme for Micro and Small Enterprises:** This scheme, revamped in 2023, provides collateral-free loans to MSMEs with enhanced guarantee coverage (up to Rs 5 crore) and reduced annual guarantee fees.
- B. **Credit Linked Capital Subsidy Scheme for Technology Upgradation (CLCSS):** This scheme provides financial assistance to MSMEs for technology upgradation.
- C. **Micro Finance Programme:** This scheme provides financial assistance to micro-enterprises.
- D. **Self Reliant India (SRI) Fund:** This fund aims to support the growth of MSMEs through various initiatives.

2. Skill Development and Entrepreneurship:

- A. **Entrepreneurship Skill Development:** The ministry offers various skill development programs for aspiring and existing entrepreneurs.
- B. **Entrepreneurship Awareness Programme (EAP):** This program aims to create awareness and motivation for entrepreneurship among different sections of society.
- C. **Entrepreneurship cum Skill Development Programme (E-SDP):** This program provides training in various areas, including agro-based products, food processing, and mechanical engineering.

- D. **Assistance to Training Institutions (ATI) Scheme:** This scheme provides financial assistance to training institutions for conducting skill development programs.

3. Market Promotion and Support:

- A. **Market Promotion & Development Scheme (MPDA):** This scheme aims to promote the products and services of MSMEs in domestic and international markets.
- B. **Export Market Promotion (EMP):** This scheme provides financial assistance to MSMEs for participating in international exhibitions and trade fairs.
- C. **Domestic Market Promotion (DMP):** This scheme aims to promote the products and services of MSMEs in the domestic market.
- D. **Procurement and Marketing Support (PMS) Scheme:** This scheme provides support to MSMEs in accessing public procurement opportunities.
- E. **MSME Market Development Assistance (MDA):** This scheme provides financial assistance to MSMEs for market development activities.

PROGRAMS, SCHEMES, AND SERVICES FOR MSMEs IN INDIA

The Indian government offers various schemes and services to support Micro, Small, and Medium Enterprises (MSMEs), including financial assistance, skill development programs, and market promotion initiatives, with schemes like PMEGP, CGTMSE, and ASPIRE.

Financial Assistance and Support:

- **Prime Minister's Employment Generation Programme (PMEGP):** Provides financial assistance for setting up new micro and small enterprises, with subsidies for manufacturing and service sectors.
- **Credit Guarantee Scheme for Micro and Small Enterprises (CGTMSE):** Offers collateral-free loans to MSMEs.

- **Credit Linked Capital Subsidy Scheme for Technology Upgradation:** Helps MSMEs upgrade their technology.
- **National SC-ST Hub Scheme:** Supports MSMEs owned by Scheduled Castes and Scheduled Tribes.
- **Fund of Funds for Startups:** Provides financial support to MSME startups.
- **Micro & Small Enterprises Cluster Development Programme (MSE-CDP):** Focuses on cluster-based development of MSMEs.
- **Self Reliant India (SRI) Fund:** Supports MSMEs in becoming self-reliant.
- **Unemployed Youth Employment Generation Programme (UYEGP):** Aims to mitigate unemployment among the educated and unemployed by encouraging self-employment.

Skill Development and Entrepreneurship:

- ❖ **Entrepreneurship Awareness Programme (EAP):** Conducts one-day training programs to create awareness and motivation for entrepreneurship

THE BACKWARD REGIONS GRANT FUND

The Backward Regions Grant Fund (BRGF), implemented by the Ministry of Panchayati Raj, is a key scheme addressing regional development imbalances in identified backward districts, including those in Tamil Nadu.

What is BRGF?

The BRGF aims to redress regional imbalances in development by providing financial resources to supplement and converge existing developmental inflows into identified backward districts.

How it works:

1. The scheme provides financial grants to Panchayats and urban local bodies for integrated development, identified through participatory planning.
2. It comprises Capacity Building (CB) and Development Grant components.

3. CB grants are for creating training infrastructure and conducting training courses for local body functionaries.
4. Development grants are allocated based on a formula that includes a basic minimum allocation and a balance allocation based on the population and area of the district.

Historical Context:

The BRGF evolved from the Rashtriya Sam Vikas Yojana (RSVY), which was implemented in 147 districts since 2003-04.

Implementation:

The Ministry of Panchayati Raj (MoPR) has been implementing the BRGF since 2006-07.

Focus Areas:

The scheme focuses on addressing critical gaps in integrated development, identified through participatory planning.

Specifics for Tamil Nadu:

The BRGF is applicable to the five backward districts of Tamil Nadu, including Cuddalore, Villupuram, Tiruvannamalai and Nagapattinam.

Other Schemes:

Besides BRGF, other schemes like the Integrated Action Plan (IAP) for select tribal and backward districts and the Aspirational Districts Programme also focus on development in backward areas.

Backward Area Subsidies:

Subsidies for projects in backward areas can attract projects that might not be viable otherwise, but the effectiveness of these subsidies needs careful evaluation.

Industrial Development:

There are also schemes for industrial development in backward areas, with the aim of attracting investments and creating employment opportunities.

UGC Scheme:

The UGC (University Grants Commission) has a scheme for universities located in backward areas to improve infrastructure and achieve optimum teaching equity.

SCHEMES FOR WOMEN ENTREPRENEURS:

To empower women entrepreneurs and address their financial and training needs, India offers schemes like Stand-Up India, Mudra Yojana (Mahila Udhyami Yojana), and the Trade Related Entrepreneurship Assistance and Development (TREAD) scheme.

1. **Stand-Up India:** This scheme aims to promote entrepreneurship among women and Scheduled Caste/Scheduled Tribe entrepreneurs by providing loans from public sector banks.
2. **Mudra Yojana (Mahila Udhyami Yojana):** This scheme provides micro-loans to women entrepreneurs for starting or expanding their businesses.
3. **Trade Related Entrepreneurship Assistance and Development (TREAD):** This scheme aims to empower women entrepreneurs by providing credit, skill development, and business development services.
4. **Mahila Samriddhi Yojana (MSY):** This scheme, launched by the National Backward Classes Finance and Development Corporation (NBCFDC), aims to benefit women entrepreneurs from backward or poor backgrounds.
5. **Udyogini:** This scheme assists women in gaining self-reliance and economic independence through self-employment, mainly through trade and the service sector, and provides subsidies on loans for business activities.
6. **Mahila e-Haat:** This is an online marketing platform for women entrepreneurs to display and sell their products.
7. **Mahila Shakti Kendra Scheme:** This scheme provides a platform for rural women to approach the government for entitlements and empowers them through training, awareness generation, and capacity building.
8. **Canara Mahila Vikas:** Canara Bank launched this scheme to empower and encourage women for income generation activities in manufacturing, services, trading, or small businesses.
9. **Bharatiya Mahila Bank Business Loan:** This scheme assists women who have ventured into different fields of business and are striving for success.

10. **New Swarnima Scheme For Women:** A term loan scheme by the Ministry of Social Justice and Empowerment for women entrepreneurs from backward classes to obtain a loan of up to ₹2,00,000/- @ 5% per annum.
11. **Skill Upgradation and Mahila Coir Yojana:** This scheme focuses on training women in the coir sector and encourages them to set up their own coir enterprises.
12. **Mahila Coir Yojana:** This scheme aims to train women in the coir sector and provides them with monthly stipends, encouraging them to set up their own coir enterprises.
13. **Women Entrepreneurship Platform (WEP):** This platform supports women entrepreneurs by providing them with resources and networking opportunities.
14. **Support to Training and Employment Programme for Women:** This program aims to provide women with the skills and knowledge they need to enter the workforce or start their own businesses.
15. **Mahila Shakti Kendra:** This scheme aims to empower women through training, awareness generation, and capacity building.
16. **SakhiNiwas– Working Women Hostel:** This scheme promotes the availability of safe and conveniently located accommodation for working women, with day care facilities for their children.
17. **Kishori Shakti Yojna:** This scheme focuses on the holistic development of adolescent girls.
18. **Pradhan Mantri Matru Vandana Yojana:** This scheme provides financial assistance to pregnant women and lactating mothers.

PROMOTIONAL SCHEMES FOR WOMEN

In Karnataka, and India as a whole, several schemes promote women's entrepreneurship and economic empowerment, including the Udyogini Scheme, Stand-Up India, Mudra Yojana, and TREAD, offering financial assistance, training, and support for women-owned businesses.

1. Udyogini Scheme (Karnataka):

- A. **Focus:** Promotes entrepreneurship and economic empowerment among women in Karnataka.
- B. **Benefits:** Provides loans up to ₹3 lakh to women entrepreneurs, with subsidies available.
- C. **Purpose:** To assist women in gaining self-reliance and economic independence.

2. Stand-Up India Scheme:

- A. **Focus:** Promotes entrepreneurship among women and Scheduled Caste/Scheduled Tribe (SC/ST) communities.
- B. **Benefits:** Provides loans from banks to women entrepreneurs for starting or expanding businesses.
- C. **Launch Date:** Launched by the Government of India on April 5, 2016.

3. Mudra Yojana Scheme:

- A. **Focus:** Provides financial assistance to women entrepreneurs for small-scale businesses.
- B. **Benefits:** Offers loans under three categories: Shishu, Kishor, and Tarun, with varying loan limits.
- C. **Purpose:** To improve the status of women in the country by supporting their financial independence.

4. TREAD (Trade Related Entrepreneurship Assistance and Development) Scheme:

- A. **Focus:** Empowers women entrepreneurs by providing financial support and skill development opportunities.
- B. **Benefits:** Addresses challenges women face in accessing funds and training, promoting their active participation in the business environment.

- C. **Components:** Includes grants to NGOs for promoting entrepreneurship, training institutions for imparting skills, and institutions for research and evaluation.

5. Other Relevant Schemes:

- A. **Mahila Coir Yojana:** Aims to provide self-employment opportunities to rural women artisans in the coir sector.
- B. **Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE):** Provides collateral-free credit to micro and small enterprises.
- C. **Startup India Scheme:** An initiative by the Government of India to provide affordable business finance to entrepreneurs.
- D. **Bharatiya Mahila Bank Business Loan:** Offers financial assistance to underprivileged women to start businesses.
- E. **Women Entrepreneurship Platform (WEP):** A platform by NITI Aayog to empower women entrepreneurs in India.

SCHEMES OF NSIC, KVIC, COIR BOARD

NSIC, KVIC, and the Coir Board offer various schemes to support micro, small, and medium enterprises (MSMEs), focusing on credit, marketing, technology, and skill development, with specific schemes for khadi, village, and coir industries.

National Small Industries Corporation (NSIC):

1. **Single Point Registration Scheme (SPRS):** Facilitates registration for MSMEs.
2. **Credit Support:** Provides financial assistance and credit facilities.
3. **Raw Material Distribution:** Helps MSMEs access raw materials.
4. **Consortia & Tender Marketing:** Supports MSMEs in participating in tenders and consortia.
5. **NSIC Technical Services Centers:** Offers technical guidance and support.
6. **E-Marketing/ Digital Services facilitation for MSMEs:** Helps MSMEs with online marketing and digital tools.

7. **National Scheduled Caste and Scheduled Tribe Hub:** Provides support to SC/ST entrepreneurs.
8. **Training-cum-Incubation Centers (NSIC-TIC):** Provides training and incubation facilities for entrepreneurs.

Khadi and Village Industries Commission (KVIC):

- A. **Prime Minister's Employment Generation Programme (PMEGP):** Aims to generate employment and promote rural entrepreneurship through credit-linked subsidies.
- B. **Khadi Vikas Yojana:** Focuses on the development of khadi and village industries.
- C. **Revamped Scheme of Fund for Regeneration of Traditional Industries (SFURTI):** Supports the revival of traditional industries.
- D. **Gramodyog Vikas Yojana (GVY):** Groups activities carried out under different village industries.
- E. **Consortium Bank Credit (CBC):** Provides loans to village industries.

Coir Board:

- A. **Coir Vikas Yojana (CVY):** An umbrella scheme for the development of the coir industry.
- B. **Mahila Coir Yojana:** Aims to provide self-employment opportunities to rural women artisans.
- C. **Coir Udyami Yojana:** A credit-linked subsidy scheme for setting up coir units.
- D. **Development of Coir Industry:** Focuses on promoting the coir industry through various schemes and initiatives.
- E. **Export Market Promotion:** Supports coir exports through participation in international exhibitions and other activities.
- F. **Domestic Market Promotion:** Promotes coir products through showrooms, sales depots, and exhibitions.

G. **Welfare Measures - Coir Workers Group Personal Accident Insurance**

Scheme: Provides financial compensation to disabled or deceased coir workers or their nominees.

H. **Skill Upgradation and Mahila Coir Yojana:** Focuses on skill development and providing training to women artisans.

UNIT - IV

MSME POLICIES AND SCHEMES

The Ministry of Micro, Small & Medium Enterprises (MSME) in India offers various policies and schemes to support the growth and development of MSMEs, including credit guarantee schemes, public procurement policies, and technology upgradation support.

1. Credit Guarantee Scheme (CGS)

Purpose:

To facilitate access to credit for MSMEs, especially those who may not have collateral or a strong credit history.

Features:

- A. The Credit Guarantee Trust Fund for Micro & Small Enterprises (CGTMSE) provides collateral-free loans (up to INR 1 crore) to MSEs.
- B. The government provides up to 80% subsidy to MSMEs under the scheme.
- C. Guarantee coverage ranges from 85% (Micro Enterprise up to Rs 5 lakhs) to 75% (others).
- D. 50% coverage is for retail activity.

Recent Updates:

The credit guarantee cover for micro and small enterprises has been increased from ₹5 crore to ₹10 crore, enabling additional credit of ₹1.5 lakh crore over five years.

2. Public Procurement Policy for MSEs

Purpose: To promote and support MSMEs in marketing their products and services through public procurement.

Mandate: Central Ministries/ Departments/ Central Public Sector Enterprises (CPSEs) are mandated to procure 25% of their annual purchases from MSEs.

Reservations:

- A. 4% of the procurement should be from MSEs owned by SC/ST.

- B. 3% from MSEs owned by Women entrepreneurs.

Policy Effective: The policy is effective from 1st April 2019.

3. Other Key Schemes and Initiatives

- A. **Credit Linked Capital Subsidy Scheme for Technology Upgradation:** Provides financial assistance to MSMEs for technology upgradation.
- B. **Prime Minister's Rozgar Yojana (PMRY) / Prime Minister's Employment Generation Programme (PMEGP):** Focuses on creating employment opportunities in rural areas.
- C. **ISO 9000 certification and reimbursement scheme:** Provides financial assistance for MSMEs to get ISO 9000 certification.
- D. **Participation in International Fairs:** Supports MSMEs in participating in international trade fairs.
- E. **MSME Development Policy 2025:** Identifies key sectors such as Pharmaceuticals & Medical Devices, Food Processing, Apparel, Textiles, Powerloom, Footwear, Furniture, and Toy Manufacturing, along with Research & Development and Circular Economy.
- F. **National MSME Package Insurance Policy:** A unique package product created to cater to the insurance requirement of Micro, Small and Medium Enterprises (MSME).
- G. **Champions:** A handholding mechanism for MSMEs and new entrepreneurs.
- H. **Development of MSME Technology Centres:** Development of MSME Technology Centres at 14 Locations on Public Private Partnership, PPP.
- I. **Scheme for providing financial assistance for R & D activities of Coir Board:**
- J. **Funding support for strengthening of infrastructure of EDIs:**

CENTRAL GOVERNMENT POLICIES AND SCHEMES FOR MSME

The Indian government supports Micro, Small, and Medium Enterprises (MSMEs) through various policies and schemes, including financial assistance, capacity building, market integration, and public procurement policies, aiming to foster entrepreneurship and economic growth.

1. Financial Support and Credit:

- A. **Credit Guarantee Scheme:** This scheme provides collateral-free loans to Micro and Small Enterprises, with enhanced guarantee coverage and reduced annual fees.
- B. **Credit Linked Capital Subsidy Scheme for Technology Upgradation:** This scheme provides financial assistance for technology upgradation and modernization of existing units.
- C. **Prime Minister Employment Generation Programme (PMEGP):** This scheme aims to create employment opportunities in the MSME sector, implemented by Khadi and Village Industries Commission (KVIC) and other relevant bodies.
- D. **Interest Subsidy Eligibility Certificate (ISEC):** This scheme mobilizes funds from banking institutions for khadi programs, filling the gap between budgetary sources and actual fund requirements.
- E. **National MSME Package Insurance Policy:** A unique package product created to cater to the insurance requirement of Micro, Small and Medium Enterprises (MSME).

2. Capacity Building and Skill Development:

- A. **Entrepreneurship Awareness Programme (EAP):** This program conducts one-day training for entrepreneurship and self-employment awareness, targeting various sections of society.
- B. **Entrepreneurship cum Skill Development Programme (E-SDP):** This program provides six-week training in various sectors, including agro-based products, food processing, and engineering.

- C. **Advance E-SDP:** Advanced ESDP programs are conducted through institutions like IIMs, IITs, and other research and educational institutions.

3. Market Integration and Promotion:

- A. **Public Procurement Policy for MSEs:** This policy supports the marketing of products and services produced by Micro and Small Enterprises, ensuring fair, equitable, transparent, competitive, and cost-effective procurement practices.
- B. **Participation in International Fairs:** The government supports MSMEs in participating in international trade fairs to promote their products and services globally.
- C. **SFURTI (Schemes for Formation of Clusters for Rural Technology Upgradation):** This scheme focuses on promoting cluster-based development of MSMEs in rural areas.

4. Other Important Initiatives:

- A. **Udyam Registration Portal:** This portal streamlines the registration process for MSMEs, replacing the earlier Entrepreneur's Memorandum.
- B. **PM Vishwakarma Scheme:** This scheme aims to empower traditional artisans and craftsmen in the country.
- C. **MSMED Act, 2006:** This act provides a legal framework for the development and regulation of the MSME sector.
- D. **MSME Development Facilitation Councils:** These councils facilitate MSMEs in getting timely payment of dues from large industries.
- E. **Reconstitution of the ICC to look into complaints of sexual harassment of women at workplace and etc..**
- F. **Development of MSME Technology Centres at 14 Locations on Public Private Partnership and etc..**

SME AND EXPORT PROMOTION POLICY

To boost exports from the MSME sector, India has various policies and schemes, including the Public Procurement Policy for MSEs, the Export Promotion Capital Goods (EPCG) Scheme, and the Small Exporter's Policy, aiming to facilitate access to capital goods, market access, and financial support.

Key Policies and Schemes:

A. Public Procurement Policy for Micro and Small Enterprises (MSEs):

This policy mandates that 25% of annual procurement by Central Ministries, Departments, and Central Public Sector Enterprises (CPSEs) must be sourced from MSEs.

B. Export Promotion Capital Goods (EPCG) Scheme: This scheme facilitates the import of capital goods at zero customs duty for producing quality goods and services to enhance India's export competitiveness.

C. Small Exporter's Policy (SEP): This policy, which is a modified version of the standard policy, aims to encourage small exporters by offering certain improvements in terms of cover. It is issued to exporters whose anticipated export turnover for the period of one year does not exceed Rs. 5 crores.

D. Marketing Promotion Schemes: The Ministry of Micro, Small & Medium Enterprises (MSME) implements marketing promotion schemes to educate MSMEs about packaging, import-export policies, and market access developments.

E. International Cooperation Scheme: This scheme facilitates MSME participation in international exhibitions, trade fairs, and buyer-seller meets to enhance marketability of products and services.

F. National Manufacturing Competitiveness Programme (NMCP): This is an umbrella scheme that aids MSMEs through sub-schemes like Credit Linked Capital Subsidy for Technology Upgradation (CLCSS) and Financial Assistance on GS1.

G. SME Export Promotion Facilitation Centre: This center provides value-added services to entrepreneurs and their workforce dealing in international

trade, particularly in ensuring procedures, compliances, and formalities related to international trade.

- H. **SME Export Promotion Council:** This council provides support services to Indian SMEs, manufacturers, exporters, and service export companies to initiate and enhance export business, identify emerging markets, and establish business contacts.
- I. **Export Promotion Councils:** There are fourteen Export Promotion Councils under the administrative control of the Department of Commerce, which are registered as non-profit organizations.
- J. **Make in India Programme:** This programme promotes ease of doing business and improved credit availability for MSMEs.
- K. **MUDRA and Stand-Up India:** These schemes provide financial support and credit to MSMEs.

THE MSME DEVELOPMENT ACT 2006 DETAILS

The Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, aims to promote, develop, and enhance the competitiveness of MSMEs in India, offering benefits like easier access to funding, dispute resolution, and protection against delayed payments.

Key Objectives and Features:

- A. **Promotion and Development:** The Act aims to facilitate the growth and development of MSMEs, recognizing their crucial role in India's economy.
- B. **Enhanced Competitiveness:** It seeks to improve the competitiveness of MSMEs in the market, enabling them to thrive and contribute to economic growth.
- C. **Timely Payments:** The Act addresses the issue of delayed payments to MSMEs, stipulating that buyers must make payments within a specified timeframe (45 days) and imposing penalties for non-compliance.
- D. **Dispute Resolution:** It provides mechanisms for resolving disputes between MSMEs and buyers, including conciliation and arbitration.

- E. **Facilitation Councils:** The Act mandates the establishment of Micro and Small Enterprises Facilitation Councils to monitor delayed payments and facilitate dispute resolution.
- F. **Entrepreneur's Memorandum:** Enterprises are required to file an Entrepreneur's Memorandum (EM) with the District Industries Centre (DIC) to avail benefits under the Act.
- G. **Revised Definitions:** The Act, along with the notification dated 26th June, 2020, revised the definition of MSME, with Micro Enterprises including investments of Rs. 1 crore in Plant and Machinery or equipment and turnover of Rs. 5 crores; Small unit's includes investment in Plant and Machinery or equipment of Rs. 10 crore and turnover of Rs. 50 crore; and Medium Enterprises includes investment in Plant and Machinery or equipment of Rs. 50 crore and turnover of Rs. 250 crore.

Benefits for MSMEs:

- A. **Easier Access to Funding:** The Act facilitates access to credit and financial assistance for MSMEs.
- B. **Preference in Government Procurement:** MSMEs are given preference in government procurement policies.
- C. **Protection against Delayed Payments:** The Act provides legal protection against delayed payments by buyers, ensuring timely payment for goods and services.
- D. **Skill Development Programs:** The Act supports skill development programs for MSME employees, enhancing their capabilities.
- E. **Networking Opportunities:** The Act fosters networking opportunities for MSMEs, enabling them to connect with other businesses and stakeholders.
- F. **Benefits from Stamp Duty, Cost reduction in electricity bills, Reservation policies for manufacturing/production through mediation and arbitration, Reimbursement of ISO Certification Expenses**

UNIT – V

EMERGING TRENDS AND INSTITUTIONAL SUPPORTING MSME

Emerging trends for MSMEs include digital transformation, green financing, and increased focus on innovation, while key institutions supporting them are the Ministry of MSME, Small Industries Development Bank of India (SIDBI), and the National Small Industries Corporation (NSIC).

Emerging Trends:

1. **Digital Transformation:** MSMEs are leveraging technology to streamline operations, enhance productivity, and improve customer experience through e-commerce, digital marketing, cloud computing, and automation.
2. **Green Financing:** Financial institutions are increasingly offering green financing options and favorable conditions to MSMEs that are committed to sustainability initiatives.
3. **Innovation:** MSMEs are focusing on innovation to improve their competitiveness and adapt to changing market conditions.
4. **Focus on Startups and First-Time Entrepreneurs:** There's a growing emphasis on supporting startups and first-time entrepreneurs through financial aid and policy support.
5. **Enhanced Credit Availability:** MSMEs are seeking enhanced credit availability to enable investment in expansion, technology upgrades, and working capital.
6. **Collaboration and Alliances:** MSMEs are forming collaborative alliances to enhance their competitiveness and access to resources.
7. **Human Entrepreneurship:** There is a growing awareness of the importance of coaching and mentoring in nurturing employees' potential within MSMEs.
8. **Focus on Labour-Intensive Sectors:** There is a focus on labour-intensive sectors and manufacturing and clean tech initiatives.

Institutions Supporting MSMEs:

1. **Ministry of Micro, Small and Medium Enterprises (MoMSME):** The Ministry of Micro, Small and Medium Enterprises (M/o MSME) was formed by merging the Ministry of Small Scale Industries and the Ministry of Agro and Rural Industries.
2. **Small Industries Development Bank of India (SIDBI):** SIDBI is the principal financial institution for promoting, financing, and developing the MSME sector.
3. **National Small Industries Corporation (NSIC):** NSIC promotes, aids, and fosters the growth of micro, small, and medium enterprises in the country.
4. **Khadi and Village Industries Commission (KVIC):** KVIC implements the Prime Minister Employment Generation Programme (PMEGP) at the national level.
5. **National Institute for MSMEs (NI-MSME):** NI-MSME is a premier institution for the promotion, development, and modernization of the SME sector.
6. **State-Level Institutions:** Directorates of Industries, District Industries Centers, State Financial Corporations, State Industrial Development Corporations, and State Small Industrial Development Corporations also play a role in supporting MSMEs.
7. **Other Institutions:** Trade associations and business incubators provide mentorship, networking opportunities, and valuable resources.
8. **Fintech Companies:** Collaboration with fintech companies is also emerging as a trend in MSME financing.
9. **Government Initiatives:** The government has implemented initiatives such as the Udyam Registration Portal, PM Vishwakarma scheme, PMEGP, SFURTI, and the Public Procurement Policy for MSEs.

OVERVIEW OF WTO

The World Trade Organization (WTO) is the only global international organization dealing with the rules of trade between nations, aiming to ensure trade flows smoothly, predictably, and freely, and to improve global welfare. It operates a global system of trade rules, facilitates trade negotiations, resolves disputes, and supports developing countries.

Key Functions:

1. **Operates a global system of trade rules:** The WTO provides a framework for negotiating trade agreements and enforcing compliance, aiming to reduce trade barriers and promote free trade.
2. **Forum for trade negotiations:** It serves as a platform for member countries to negotiate trade agreements, covering goods, services, and intellectual property.
3. **Dispute settlement body:** The WTO provides a mechanism for resolving trade disputes between member countries, ensuring that trade agreements are respected.
4. **Supports developing countries:** The WTO recognizes the specific needs of developing countries and provides them with technical assistance and flexibility to participate in the global trading system.
5. **Promotes transparency:** The WTO requires member countries to make their trade policies transparent by notifying the WTO about laws in force and measures adopted.

The **World Trade Organization (WTO)** is an intergovernmental organization headquartered in Geneva, Switzerland that regulates and facilitates international trade. Governments use the organization to establish, revise, and enforce the rules that govern international trade in cooperation with the United Nations System. The WTO is the world's largest international economic organization, with 166 members representing over 98% of global trade and global GDP.

The WTO facilitates trade in goods, services and intellectual property among participating countries by providing a framework for negotiating trade agreements, which

usually aim to reduce or eliminate tariffs, quotas, and other restrictions; these agreements are signed by representatives of member governments and ratified by their legislatures. It also administers independent dispute resolution for enforcing participants' adherence to trade agreements and resolving trade-related disputes. The organization prohibits discrimination between trading partners, but provides exceptions for environmental protection, national security, and other important goals

It officially commenced operations on 1 January 1995, pursuant to the 1994 Marrakesh Agreement, thus replacing the General Agreement on Tariffs and Trade (GATT) that had been established in 1948.

Its top decision-making body is the Ministerial Conference, which is composed of all members and usually convenes biennially; consensus is emphasized in all decisions.^[15] Day-to-day functions are handled by the General Council, made up of representatives from all members. A Secretariat of over 600 personnel, led by the Director-General and four deputies, provides administrative, professional, and technical services. The WTO's annual budget is roughly 220 million USD, which is contributed by members based on their proportion of international trade.

Studies show the WTO has increased trade and reduced trade barriers. It has also influenced trade agreement generally; the vast majority of preferential trade agreements (PTAs) explicitly reference the WTO, with substantial portions of text copied from WTO agreements. Goal 10 of the United Nations Sustainable Development Goals also referenced WTO agreements as instruments of reducing inequality. However, critics contend that the benefits of WTO-facilitated free trade are not shared equally.

History

The WTO precursor, General Agreement on Tariffs and Trade (GATT), was established by a multilateral treaty of 23 countries in 1947 after the end of World War II, in the wake of other new multilateral institutions dedicated to international economic cooperation—such as the World Bank (founded 1944) and the International Monetary Fund (founded 1944–1945). A comparable international institution for trade, named the International Trade Organization (ITO), never started, since the United States and other signatories did not ratify the establishment treaty, and so the GATT slowly became a *de facto* international organization.

GATT negotiations before Uruguay

Seven rounds of negotiations occurred under the General Agreement on Tariffs and Trade (1949 to 1979). The first real GATT trade rounds (1947 to 1960) concentrated on further reducing tariffs. Then the Kennedy Round in the mid-sixties brought about a GATT anti-dumping agreement and a section on development. The Tokyo Round during the seventies represented the first major attempt to tackle trade barriers that do not take the form of tariffs, and to improve the system, adopting a series of agreements on non-tariff barriers, which in some cases interpreted existing GATT rules, and in others broke entirely new ground. Because not all GATT members accepted these plurilateral agreements, they were often informally called "codes". (The Uruguay Round amended several of these codes and turned them into multilateral commitments accepted by all WTO members. Only four remained plurilateral (those on government procurement, bovine meat, civil aircraft, and dairy products), but in 1997 WTO members agreed to terminate the bovine meat and dairy agreements, leaving only two.) Despite attempts in the mid-1950s and 1960s to establish some form of institutional mechanism for international trade, the GATT continued to operate for almost half a century as a semi-institutionalized multilateral treaty régime on a provisional basis.

Uruguay Round: 1986–1994

Well before GATT's 40th anniversary (due in 1987–1988), GATT members concluded that the GATT system was straining to adapt to a globalizing world economy. In response to problems identified in the 1982 Ministerial Declaration (structural deficiencies, spill-over impacts of certain countries' policies on world trade which GATT could not manage, etc.), a meeting in Punta del Este, Uruguay, launched the eighth GATT round—known as the "Uruguay Round"—in September 1986.

In the biggest negotiating mandate on trade ever agreed, the Uruguay Round talks aimed to extend the trading system into several new areas, notably trade in services and intellectual property, and to reform trade in the sensitive sectors of agriculture and textiles; all the original GATT articles were up for review. The Final Act concluding the Uruguay Round and officially establishing the WTO regime was signed on 15 April 1994, during the ministerial meeting at Marrakesh, Morocco—hence known as the Marrakesh Agreement.

The GATT still exists as the WTO's umbrella treaty for trade in goods, updated as a result of the Uruguay Round negotiations (a distinction is made between *GATT 1994*, the updated parts of GATT, and *GATT 1947*, the original agreement which is still the heart of GATT 1994). GATT 1994 is not, however, the only legally binding agreement included via the Final Act at Marrakesh; a long list of about 60 agreements, annexes, decisions, and understandings was adopted. The agreements fall into six main parts:

- A. the Agreement Establishing the WTO
- B. the Multilateral Agreements on Trade in Goods, including the GATT 1994 and the Trade Related Investment Measures (TRIMS)
- C. the General Agreement on Trade in Services (GATS)
- D. the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS)
- E. dispute settlement
- F. reviews of governments' trade policies

In terms of the WTO's principle relating to tariff "ceiling-binding" (No. 3), the Uruguay Round has been successful in increasing binding commitments by both developed and developing countries, as may be seen in the percentages of tariffs bound before and after the 1986–1994 talks.

Ministerial conferences

The highest decision-making body of the WTO, the Ministerial Conference, usually meets every two years. It brings together all members of the WTO, all of which are countries or customs unions. The Ministerial Conference can take decisions on all matters under any of the multilateral trade agreements. Some meetings, such as the inaugural ministerial conference in Singapore (1996) and the inaugural ministerial conference in Cancún, Mexico (2003) involved arguments between developed nations and low-income and lower-middle income countries, referred to as the "Singapore issues", such as agricultural subsidies; while others such as the Seattle conference in 1999 provoked large demonstrations. The fourth ministerial conference in Doha, Qatar in 2001 approved China's entry to the WTO and launched the Doha Development Round which was supplemented by the sixth WTO ministerial conference in Hong Kong, which agreed to phase out agricultural export subsidies and to adopt the European Union's Everything but Arms initiative to phase out tariffs for goods from the least developed countries. At the sixth

WTO Ministerial Conference of 2005 in December, WTO launched the Aid for Trade initiative and it is specifically to assist developing countries in trade as included in the Sustainable Development Goal 8 which is to increase aid for trade support and economic growth.

The Twelfth Ministerial Conference (MC12) was due to be held in Nur-Sultan, Kazakhstan, in June 2020 but was canceled because of the COVID-19 pandemic. It was later held in Geneva, Switzerland from 12–17 June 2022. The Thirteenth Ministerial Conference (MC13) was held in Abu Dhabi, UAE on 26–29 February 2024, and extended to Friday 1 March 2024 to complete deliberations.

Doha Round (Doha Agenda): 2001–present

The WTO launched the current round of negotiations, the Doha Development Round, at the fourth ministerial conference in Doha, Qatar in November 2001. This was to be an ambitious effort to make globalization more inclusive and help the world's poor, particularly by slashing barriers and subsidies in farming. The initial agenda comprised both further trade liberalization and new rule-making, underpinned by commitments to strengthen substantial assistance to developing countries.

Progress stalled over differences between developed nations and the major low-income and lower-middle income countries on issues such as industrial tariffs and non-tariff barriers to trade particularly against and between the EU and the US over their maintenance of agricultural subsidies—seen to operate effectively as trade barriers. Repeated attempts to revive the talks proved unsuccessful, though the adoption of the Bali Ministerial Declaration in 2013 addressed bureaucratic barriers to commerce.

As of June 2012, the future of the Doha Round remained uncertain: the work programme lists 21 subjects in which the original deadline of 1 January 2005 was missed, and the round remains incomplete. The conflict between free trade on industrial goods and services but retention of protectionism on farm subsidies to domestic agricultural sectors (requested by developed countries) and the substantiation of fair trade on agricultural products (requested by developing countries) remain the major obstacles. This impasse has made it impossible to launch new WTO negotiations beyond the Doha Development Round. As a result, there have been an increasing number of bilateral free trade agreements between

governments. As of July 2012 there were various negotiation groups in the WTO system for the current stalemated agricultural trade negotiation.

Functions

Promotion of growth by facilitating trade is the most important function of WTO. Other important functions include:

- ❖ It oversees the implementation, administration and operation of the covered agreements (with the exception that it does not enforce any agreements when China came into the WTO in December 2001)
- ❖ It provides a forum for negotiations and for settling disputes.

Additionally, it is WTO's duty to review and propagate the national trade policies and to ensure the coherence and transparency of trade policies through surveillance in global economic policy-making. Another priority of the WTO is the assistance of developing, least-developed and low-income countries in transition to adjust to WTO rules and disciplines through technical cooperation and training:

1. The WTO shall facilitate the implementation, administration, and operation and further the objectives of this Agreement and the Multilateral Trade Agreements, and shall also provide the framework for the implementation, administration, and operation of the multilateral Trade Agreements.

2. The WTO shall provide the forum for negotiations among its members concerning their multilateral trade relations in matters dealt with under the Agreement in the Annexes to this Agreement.

3. The WTO shall administer the Understanding on Rules and Procedures Governing the Settlement of Disputes.

4. The WTO shall administer a Trade Policy Review Mechanism.

5. to achieve greater coherence in global economic policymaking, the WTO shall cooperate, as appropriate, with the International Monetary Fund (IMF) and with the International Bank for Reconstruction and Development (IBRD) and its affiliated agencies.

The above five listings are the additional functions of the World Trade Organization. As globalization proceeds in today's society, the necessity of an International Organization to

manage the trading systems has been of vital importance. As the trade volume increases, issues such as protectionism, trade barriers, subsidies, violation of intellectual property arise due to the differences in the trading rules of every nation. The World Trade Organization serves as the mediator between the nations when such problems arise. WTO could be referred to as the product of globalization and also as one of the most important organizations in today's globalized society.

The WTO is also a center of economic research and analysis: regular assessments of the global trade picture in its annual publications and research reports on specific topics are produced by the organization. Finally, the WTO cooperates closely with the two other components of the Bretton Woods system, the IMF and the World Bank.

Key Publications

The WTO is recognized for producing authoritative annual reports that provide clarity on the complexities of global trade. These documents are essential for anyone involved with or interested in trade policies and trends.

1. **World Trade Report** The World Trade Report stands as a key publication from the WTO. It delves into the current trade trends and policy challenges, offering comprehensive insights into the evolving dynamics of the global multilateral trading system and its socioeconomic implications.
2. **WTO Annual Report** The WTO Annual Report compiles a complete overview of the organization's activities, operations, and progress over the year. Detailed reports on the WTO's budget and staffing highlight its commitment to transparency and accountability within the realm of global trade management.
3. **World Trade Statistical Review** The World Trade Statistical Review has taken the place of the previously issued *International Trade Statistics*. As the WTO's premier source for annual trade data, it provides thorough analysis and statistics on the latest developments in world trade, proving to be an indispensable resource for global trade information.

Principles of the trading system

The WTO establishes a framework for trade policies; it does not define or specify outcomes. That is, it is concerned with setting the rules of "trade policy". Five principles are of particular importance in understanding both the pre-1994 GATT and the WTO:

1. **Non-discrimination.** It has two major components: the most favored nation (MFN) treatment and the national treatment. Both are embedded in the main WTO agreements on goods, services, and intellectual property, but their precise scope and nature differ across these areas. The MFN rule requires that a WTO member must apply the same conditions on all trade with other WTO members, i.e., a WTO member has to grant the most favorable conditions under which it allows trade in a certain product type to all other WTO members. "Grant someone a special favor and you have to do the same for all other WTO members." Some exceptions exist, such as when states participate in a free trade agreement or for preferential treatment given to developing countries. National treatment means that imported goods should be treated no less favorably than domestically produced goods (at least after the foreign goods have entered the market) and was introduced to tackle non-tariff barriers to trade (e.g. technical standards, security standards et al. discriminating against imported goods).

2. **Reciprocity.** It reflects both a desire to limit the scope of free-riding that may arise because of the MFN rule and a desire to obtain better access to foreign markets. A related point is that for a nation to negotiate, it is necessary that the gain from doing so be greater than the gain available from unilateral liberalization; reciprocal concessions intend to ensure that such gains will materialize.

3. **Binding and enforceable commitments.** The tariff commitments made by WTO members in multilateral trade negotiation and on accession are enumerated in a legal instrument known as a schedule (list) of concessions. These schedules establish "ceiling bindings": a country can change its bindings, but only after negotiating with its trading partners, which could mean compensating them for loss of trade. If satisfaction is not obtained, the complaining country may invoke the WTO dispute settlement procedures.

4. **Transparency.** The WTO members are required to publish their trade regulations, to maintain institutions allowing for the review of administrative decisions affecting trade, to respond to requests for information by other members, and to notify changes in trade policies to the WTO. These internal transparency requirements are

supplemented and facilitated by periodic country-specific reports (trade policy reviews) through the Trade Policy Review Mechanism (TPRM). The WTO system also tries to improve predictability and stability, discouraging the use of quotas and other measures used to set limits on quantities of imports.

5. **Safety values.** In specific circumstances, governments are able to restrict trade. The WTO's agreements permit members to take measures to protect not only the environment but also public health, animal health and plant health.

There are three types of provision in this direction:

1. Articles allowing for the use of trade measures to attain non-economic objectives.
2. Articles aimed at ensuring "fair competition"; members must not use environmental protection measures as a means of disguising protectionist policies.^{[75][76]}
3. Provisions permitting intervention in trade for economic reasons.^[74]

Exceptions to the MFN principle also allow for preferential treatment of developing countries, regional free trade areas and customs unions.^{[12]:fol.93}

Organizational structure

The highest authority of the WTO is the Ministerial Conference, which must meet at least every two years. The Ministerial Conference met most recently in June 2022 in Geneva.

In between each Ministerial Conference, the daily work is handled by three bodies whose membership is the same; they only differ by the terms of reference under which each body is constituted:

- The General Council
- The Dispute Settlement Body
- The Trade Policy Review Body

The General Council, whose Chair as of 2020 is David Walker of New Zealand,^[79] has the following subsidiary bodies which oversee committees in different areas:

Council for Trade in Goods

There are 11 committees under the jurisdiction of the Goods Council each with a specific task. All members of the WTO participate in the committees. The Textiles

Monitoring Body is separate from the other committees but still under the jurisdiction of the Goods Council. The body has its chairman and only 10 members. The body also has several groups relating to textiles.

Council for Trade-Related Aspects of Intellectual Property Rights

Information on intellectual property in the WTO, news and official records of the activities of the TRIPS Council, and details of the WTO's work with other international organizations in the field.

Council for Trade in Services

The Council for Trade in Services operates under the guidance of the General Council and is responsible for overseeing the functioning of the General Agreement on Trade in Services (GATS). It is open to all WTO members and can create subsidiary bodies as required.

Trade Negotiations Committee

The Trade Negotiations Committee (TNC) is the committee that deals with the current trade talks round. The chair is WTO's director-general. As of June 2012 the committee was tasked with the Doha Development Round.

The Service Council has three subsidiary bodies: financial services, domestic regulations, GATS rules, and specific commitments. The council has several different committees, working groups, and working parties. There are committees on the following: Trade and Environment; Trade and Development (Subcommittee on Least-Developed Countries); Regional Trade Agreements; Balance of Payments Restrictions; and Budget, Finance and Administration. There are working parties on the following: Accession. There are working groups on the following: Trade, debt and finance; and Trade and technology transfer.

As of 31 December 2022, the number of WTO staff on a regular budget is 340 women and 283 men.

Decision-making

The WTO describes itself as "a rules-based, member-driven organization—all decisions are made by the member governments, and the rules are the outcome of negotiations among members".^[86] The WTO Agreement foresees votes where consensus cannot be reached, but the practice of consensus dominates the process of decision-making.

Richard Harold Steinberg (2002) argues that although the WTO's consensus governance model provides law-based initial bargaining, trading rounds close through power-based bargaining favoring Europe and the U.S., and may not lead to Pareto improvement.

Dispute settlement

The WTO's dispute-settlement system "is the result of the evolution of rules, procedures and practices developed over almost half a century under the GATT 1947". In 1994, the WTO members agreed on the Understanding on Rules and Procedures Governing the Settlement of Disputes (DSU) annexed to the "Final Act" signed in Marrakesh in 1994. Dispute settlement is regarded by the WTO as the central pillar of the multilateral trading system, and as a "unique contribution to the stability of the global economy". WTO members have agreed that, if they believe fellow-members are violating trade rules, they will use the multilateral system of settling disputes instead of taking action unilaterally.

The operation of the WTO dispute settlement process involves case-specific panels appointed by the Dispute Settlement Body (DSB) the Appellate Body, the Director-General and the WTO Secretariat, arbitrators, and advisory experts.

The priority is to settle disputes, preferably through a mutually agreed solution, and provision has been made for the process to be conducted in an efficient and timely manner so that "If a case is adjudicated, it should normally take no more than one year for a panel ruling and no more than 16 months if the case is appealed... If the complainant deems the case urgent, consideration of the case should take even less time. WTO member nations are obliged to accept the process as exclusive and compulsory.

According to a 2018 study in the *Journal of Politics*, states are less likely and slower to enforce WTO violations when the violations affect states in a diffuse manner. This is because states face collective action problems with pursuing litigation: they all expect other states to carry the costs of litigation. A 2016 study in *International Studies Quarterly* challenges that the WTO dispute settlement system leads to greater increases in trade.

However, the dispute settlement system cannot be used to resolve trade disputes that arise from political disagreements. When Qatar requested the establishment of a dispute panel concerning measures imposed by the UAE, other GCC countries and the US were quick to

dismiss its request as a political matter, stating that national security issues were political and not appropriate for the WTO dispute system.

Since 2019, when the Donald Trump administration blocked appointments to the body, the Appellate Body has been unable to enforce WTO rules and punish violators of WTO rules. In March 2020, the European Union and 15 other WTO members agreed to a *Multiparty Interim Appeal Arbitration Arrangement* (MPIA). This gave access to an alternative appellate mechanism (arbitration as an appellate mechanism) while the Appellate Body is not functional.

WTO INTELLECTUAL PROPERTY RIGHTS

The WTO's Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) sets minimum standards for intellectual property protection across WTO member countries, covering areas like copyrights, trademarks, patents, and more, to facilitate trade and innovation.

What is TRIPS?

The TRIPS Agreement is an international legal agreement administered by the WTO that introduced intellectual property law into the multilateral trading system.

Scope of TRIPS:

It covers a wide range of intellectual property rights, including:

1. Copyright and related rights
2. Trademarks (including service marks)
3. Geographical indications (including appellations of origin)
4. Industrial designs
5. Patents (including the protection of new varieties of plants)
6. Layout-designs of integrated circuits
7. Undisclosed information (including trade secrets and test data)

Purpose of TRIPS:

The agreement aims to ensure that adequate rules on the protection of intellectual property are applied in all member countries, promoting trade and innovation by providing a framework for intellectual property protection and enforcement.

Enforcement:

TRIPS requires WTO members to provide mechanisms for the enforcement of intellectual property rights, including civil actions for infringement, actions at the border, and in some cases, criminal actions.

TRIPS and Trade:

The agreement is a legal recognition of the significance of links between intellectual property and trade and the need for a balanced intellectual property system.

Flexibility for Members:

While TRIPS sets minimum standards, WTO members have considerable scope to tailor their approaches to IP protection and enforcement to suit their needs and achieve public policy goals, balancing the long-term benefits of incentivizing innovation with the potential short-term costs of limiting access to creations of the mind.

Dispute Settlement:

The Agreement's provisions on IP enforcement are subject to the WTO dispute settlement system.

INTELLECTUAL PROPERTY RIGHTS

Intellectual property rights (IPRs) are legal rights that protect creations of the mind, such as inventions, artistic works, and designs. IPRs give creators the exclusive right to use their creations for a set period of time.

INTELLECTUAL PROPERTY RIGHTS

What they protect	Creations of the mind, such as inventions, artistic works, designs, symbols, names, and images
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Who they protect	Individuals or entities who create the intellectual property
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What they do	Prevent others from misusing, selling, reproducing, or distributing the intellectual property
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Why they're important	Promote innovation and economic growth, and ensure the balance between public access to knowledge and rewarding inventiveness
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Examples of intellectual property rights include:

1. Patents
2. Copyrights
3. Industrial design rights
4. Trademarks
5. Plant variety rights
6. Trade dress
7. Geographical indications
8. Trade secrets
9. Layout design of integrated circuits
10. New plant varieties

The World Intellectual Property Organization (WIPO) is a United Nations agency that helps creators and innovators bring their ideas to market.

INTELLECTUAL PROPERTY IN INDIA

Intellectual property in India refers to the patents, copyrights and other intangible assets in India.

India's colonial history has significantly influenced its intellectual property (IP) laws. During British rule, India adopted several legal frameworks based on British laws, including those related to intellectual property. The first copyright law in India, for example, was the Copyright Act of 1847, which was essentially an extension of the British Copyright Act 1842.

After gaining independence in 1947, India began to develop its own legal systems and policies, but the foundation laid during the colonial period continued to shape its approach to intellectual property. The Indian Patent Act of 1970 and the Copyright Act of 1957, for example, were influenced by earlier British laws but were modified to suit India's socio-economic needs and priorities.

India's colonial history also influenced its approach to IP in terms of balancing the rights of creators with the needs of the public. The emphasis on access to knowledge and affordable medicines, for example, can be traced back to the colonial experience of dealing with monopolies and restrictive practices.

Government Policy

Indian government approved its first Intellectual Property Rights Policy in May 2016.

Laws

Copyrights The "Copyright Act, 1957" (as amended by the Copyright Amendment Act 2012) governs the subject of copyright law in India. The history of copyright law in India can be traced back to its colonial era under the British Empire. The Copyright Act, 1957 was the first post-independence copyright legislation in India and the law has been amended six times since 1957. The most recent amendment was in the year 2012, through the Copyright (Amendment) Act 2012.

Trademarks "Indian trademark law" statutorily protects trademarks as per the Trademark Act, 1999 and also under the common law remedy of passing off. Statutory

protection of trademark is administered by the Controller General of Patents, Designs and Trade Marks, a government agency which reports to the Department of Industrial Policy and Promotion (DIPP), under the Ministry of Commerce and Industry.

Patents The Patents Act, 1970 was brought into force on 20 April 1972, and further amendments were carried in 1999, 2002 and 2005. The Patent Rules, 2003 was introduced along with the Patent Act (amendment), 2002 on 20 May 2003,¹ and recent amendments were carried in 2016, and 2017. The Patents (Amendment) Rules 2016 mainly focused on expediting the grant process, benefits to startup, and increase in official fees. Patent filing has increased drastically, with over 138,000 patents filed between 2015- 21, with over 85,000 filed in emerging technologies. There is a growing space of research literature about the Indian Patent regime, for example, in the context of how the working of pharmaceutical patents remains low in India, and how the Form 27 amendment does not sync with the reality of how it brings quality to Indian patents.

Authority

The Intellectual Property India is administered by the Office of the Controller General of Patents, Designs & Trade Marks (CGPDTM). This is a subordinate office of the Government of India and administers the Indian law of Patents, Designs, Trade Marks and Geographical Indications.

Economic Effects of Intellectual Property Reform

The economic effects of intellectual property reform in India is a complex subject area, and would require a separate detailed article. A beginning may be made by referring to Sunil Kanwar and Stefan Sperlich (2020), who study the effect of intellectual property reform on technological advancement and productivity increases in manufacturing industry in the emerging market context of India.

INSME AT A GLANCE

The International Network for Small and Medium Enterprises (INSME) is a non-profit association that fosters transnational cooperation and public-private partnerships to promote innovation and technology transfer for SMEs, operating under the auspices of the OECD.

Key Features and Objectives:

- ❖ **Non-profit Association:** INSME is a legally recognized, non-profit organization.
- ❖ **International Focus:** It's open to international membership and aims to stimulate transnational cooperation and partnerships.
- ❖ **SME Focus:** INSME's primary focus is on supporting small and medium-sized enterprises (SMEs).
- ❖ **Innovation and Technology Transfer:** It aims to bridge the innovation and knowledge gap for SMEs by promoting innovation and technology transfer.
- ❖ **OECD Auspices:** INSME operates under the auspices of the Organisation for Economic Co-operation and Development (OECD).
- ❖ **Public-Private Partnerships:** It promotes the creation of public and private partnerships to support SMEs.
- ❖ **Membership:** INSME has members from various countries, including governmental bodies, international organizations, NGOs, business support organizations, and chambers of commerce.

The International Network for Small and Medium Enterprises – INSME is a legally recognized not-for-profit association working under the auspices of the OECD – Organisation for Economic Co-operation and Development.

The Association gathers innovation and technology transfer stakeholders including governmental bodies, international organizations, NGOs, business support organizations, chambers of commerce on an international scale.

As of March 2023, INSME can count on the support of 64 Members from 34 different countries.

The Network is a facilitator for the creation of public-private partnership, a gateway to innovation good practices for the support of SMEs and entrepreneurship and a catalyst of information on opportunities, latest trends and insights on innovation, SMEs, technology transfer and entrepreneurship.

INSME offers a wide array of services helping its Members to better achieve their goals by taking advantage of cross border connections and collaborations enhanced by the Network:

- **Observatory of Innovation Best Practices.** Programmes, initiatives, projects and policies endorsed and implemented by key innovation players that represent successful and ‘best in class’ approaches in the field of entrepreneurship and innovation.

- **INSME Annual Meetings.** The Association’s major event gathering Members and innovation stakeholders worldwide in a dense programme of initiatives including workshops and an International Conference to discuss emerging trends, share ideas and put the basis for potential business partnerships.

- **INSMEAcademy.** The capacity building offer of the Network consisting of two typologies of services:

- The **INSME webinar-based training programme** providing seminars that address the latest trends and topics on tools and techniques to support innovation, entrepreneurship, SMEs, economic macro trends and innovation policies.

- **Customized Training Programs.** Given its rich database of experts available in the Network, INSME is in the position to offer tailor-made training programs on a wide variety of topics in the following fields: innovation policies, entrepreneurship, innovation management, economic macro trends, IPRs management.

- **Matchmaking partners and scouting of business and funding opportunities,** for international collaborations and project development.

- **Promotion, Dissemination and Information** activities through INSME communication channels:

- **INSMEnews.** The monthly newsletter is released both in English and Spanish and reaches 19.000+ innovation stakeholders worldwide. The newsletter offers up-to-date information on initiatives, current innovation trends, funding opportunities and events regarding innovation and technology transfer.

- **INSMEblog.** A virtual window to share and discuss ideas, hints, and visions on innovation.

– **INSME Alerts.** Customized e-mail alerts to INSME Members covering selected thematic and geographic priorities.

The International Network for Small and Medium Enterprises (INSME) is a non-profit association that promotes transnational cooperation and public-private partnerships in innovation and technology transfer for SMEs, while bar coding is an automatic identification technology used for data collection, often used by SMEs for inventory and product management.

Definition:

INSME is a non-profit association based in Rome, Italy, focused on stimulating international cooperation and partnerships in the field of innovation and technology transfer to Small and Medium-sized Enterprises (SMEs).

Mission: INSME's mission is to foster collaboration between governmental bodies, international organizations, NGOs, business support organizations, chambers of commerce, and other stakeholders to support the development of SMEs.

Membership: INSME has members from various countries, including governmental bodies, international organizations, NGOs, business support organizations, and chambers of commerce.

Activities: INSME organizes events, promotes best practices, and provides information and resources to support SMEs in their innovation and technology transfer efforts.

OECD Sponsorship: INSME operates under the auspices of the OECD.

What is Bar Coding?

Definition: Bar coding is an automatic identification technology that uses a series of parallel vertical lines (bars and spaces) to encode information that can be read by scanners.

Purpose: It allows for rapid and accurate data collection, making it useful for a wide range of applications, including manufacturing, inspection, transportation, and inventory management.

Benefits for SMEs: Bar coding can help SMEs improve efficiency, reduce errors in data entry, and manage inventory effectively.

Examples: Bar codes are commonly used in retail for product identification and inventory tracking, and they can also be used in libraries, hospitals, and other settings.

Bar Code Components: A typical barcode consists of a quiet zone, a start character, data characters, a stop character, and another quiet zone.

Global Item Trade Number (GTIN): Barcodes, along with EANs, are embedded with a Global Item Trade Number (GTIN).

How Bar Coding Relates to INSME's Goals

- ❖ **Innovation and Technology Transfer:** Bar coding is a technology that can be used by SMEs to improve their efficiency and competitiveness, which aligns with INSME's goals of promoting innovation and technology transfer.
- ❖ **Data Management:** Bar coding can help SMEs manage their data more effectively, which is important for businesses of all sizes, including SMEs.
- ❖ **International Trade:** Bar codes are a standardized way of identifying products, which can facilitate international trade and help SMEs reach new markets.
- ❖ **SENET:** The Small Enterprise Information and Resource Centre Network (SENET) is a part of the International SME Network (INSME).