



MSMES SCHEMES FOR THE EMPOWERMENT OF WOMEN ENTREPRENEURS – WITH SPECIAL REFERENCE TO KERALA

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Abstract

Micro, small and medium scale enterprises (MSMEs) (Sukshma laghu aur madhyam udyam mantralaya) has been recognised as the engine of economic growth in India. It is the second largest source of employment after agriculture. MSMEs create employment and provide the accessories necessary for the large manufacturing sector. These MSMEs always accept and acquire new technologies, new business ideas and automation in industrial and allied sectors. It is considered as an important institution for women in Kerala who are actively involved in economic activities not only as hired workers but also as budding entrepreneurs. Women's entrepreneurship in Kerala has a tremendous potential in empowering women and transforming society. Several schemes are available through MSMEs for encouraging women entrepreneurs in the business sector. Present study addressed the MSMEs schemes by Government for the development of Women Entrepreneurs.

Keywords: *Micro Small and Medium Scale Enterprises, MSME Schemes, Incentives, Women Entrepreneurs.*

Introduction

Women Entrepreneurship in Kerala is not a widespread phenomenon. But the status of women in Kerala is much better than that of their counterparts in the rest of India. The commercialisation and modernisation of the economy and technological advancement have necessitated the need for entrepreneurship among women. This has resulted in many entrepreneurial women taking challenging avenue of self-employment. They must be able to effectively articulate their vision to others. They must understand the customer needs, satisfy them through quality products and services, pay attention to details in managing the business expertly and create a learning organisation. Despite noticeable increase in the number of women entrepreneurs, the progress is slow. Now, women have started to motivate themselves to undertake risk-bearing challenges by executing strategic decision making in the areas of policy forming, finance, infrastructure, procurement of raw materials etc. to promote their own ventures.

The President under Notification dated 9th May 2007 has amended the Government of India (Allocation of Business) Rules, 1961. Pursuant to this amendment, Ministry of Agro and Rural Industries (Krishi Evam Gramin Udyog Mantralaya) and Ministry of Small Scale Industries (Laghu Udyog Mantralaya) have been merged into a single Ministry, namely, "MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES (SUKSHMA LAGHU AUR MADHYAM UDYAM MANTRALAYA)". Micro, small and medium scale enterprises (MSMEs) have been accepted with its employment potential at low capital cost. Have the labour intensity is much higher than that of the large enterprises.

The schemes or programmes undertaken by the Ministry of MSMEs and its organisers seek to provide an adequate flow of credit from financial institutions or banks, support for technology up gradation and modernization, integrated infrastructural facilities, modern testing facilities and quality certification, access to modern management practices, entrepreneurship development and skill up gradation through appropriate training facilities, support for product development, design intervention and packaging, welfare of artisans and workers, assistance for better access to domestic and export markets and cluster-wise measures to promote capacity-building and empowerment of the units and their collectives.

Micro, small and medium scale enterprises (MSMEs) can provide an avenue for the testing and development of women ability as entrepreneurs. For the existing women entrepreneurs, the MSMEs provide development programs and schemes to enhance competitiveness, technology improvement, adoption of best manufacturing practices, marketing of products, employment generation etc. MSMEs provides Trade related Entrepreneurship assistance and development schemes for women (TREAD), Entrepreneurship development programme (EDP) and other schemes for setting up their own venture, Credit linked capital subsidy scheme (CLCSS) for technological up gradation, capital investment, educational skills and ability to run the business.

The Office of Development Commissioner (Micro, Small and Medium Enterprises) headed by the Special Secretary & Development Commissioner. It is an apex body for formulating and overseeing implementation of the policies for the development of MSMEs in the country. It functions through a network of MSME-DIs, regional testing centers, footwear training institutes, production enters, field testing stations and specialized institutes.

Significance of the Study

Kerala is the forerunner in providing special consideration and assistance for attracting women into the entrepreneurial arena. The higher rate of literacy and high level of education among women are congenial for the growth of entrepreneurship. Specialised institutions, incentives and schemes provide strong support for the development of women entrepreneurship in the state. Thus more and more women are taking up entrepreneurial activity especially in Micro, small and medium scale enterprises (MSMEs). Women entrepreneurs in MSMEs are a major force in innovation and job creation. The purpose of the study is to familiarise various schemes of MSMEs to encourage entrepreneurship, employment, livelihood opportunities and for empowering women entrepreneurs.

Objectives and Methodology

The objective of this study is to understand the MSMEs schemes implemented by the Government for the empowerment of women. The present study is descriptive in nature, based on secondary data. It has been collected from various books, PhD thesis and other publications related to the topic.

MSMEs Schemes

In order to achieve the objective of balanced industrial development and economic growth both central and state Government had initiated a lot of schemes. Schemes and initiatives are the supportive measures to enhance the competitiveness of the MSMEs and women entrepreneurs. Some of the important ongoing schemes are highlighted here;

- **Mahila Udyam Nidhi Scheme (MUN)**

MUN is equity type soft loan assistance from SIDBI exclusively for women entrepreneurs for setting up industrial units in the MSMEs sector and undertaking service activities.

1. 90 percent of the project cost of Rs.10 lakhs is the maximum limit.
2. Repayment period is 3-10 years.
3. Margin is 10 percent of the project cost. Security, assets created out of loan and collaterals as determined by bank (No collaterals upto Rs.5 lakhs).
4. Rate of interest and upfront fee as per SIDBI/Bank guidelines.
5. Special offers provided are soft loan upto the extent of 25 percent of the project cost with a ceiling of Rs.2.50 lakhs is available. No interest is charged on soft loan portion. However, service charge of 1 percent per annum is charged.

- **Mahila Vikas Nidhi (MVN)**

MVN is designed to provide fund for economic empowerment of women. Training and employment opportunities are provided by them through creation of necessary infrastructure. This scheme also covers supply of improved inputs, production and technological improvements.

1. An initial allocation of Rs.3 crore from its technical assistance fund.
2. Agencies with a proven record of performance in managing income-generating programmes would be eligible to receive aid.
3. Assistance would be towards one time capital expenditure, the recurring expenses being met by the voluntary agencies out of its funds or grants/donations from government or other agencies.

- **Prime Minister Employment Generation Programme (PMEGP)**

PMEGP is a credit linked Scheme to facilitate participation of financial institutions for higher credit flow to micro sector. Its objectives are to generate continuous and sustainable employment opportunities in rural and urban areas of the country through start-ups.

1. For setting up of project costing above Rs.10 lakh in the manufacturing sector and above Rs. 5 lakh in the business/service sector, the beneficiaries should possess at least VIII standard pass educational qualification.
2. The bank will sanction 90 percent of the project cost in case of general category of beneficiary/institution and 95 percent in case of special category of the beneficiary/institution and disburse full amount suitably for setting up of the project.
3. Repayment schedule may range between 3 to 7 years after an initial moratorium as may be prescribed by the concerned bank/financial institution.

- **Trade Related Entrepreneurship Assistance and Development (TREAD)**

TREAD schemes aimed to economic empowerment of women through the development of their entrepreneurial skills in non-farm activities. It has been envisaged that the credit will be made available to women applicants through NGOs who would be capable of handling funds in an appropriate manner.

1. The Government's grants up to 30 percent of the total project cost is provided to the Non- Government organisations (NGOs) for promoting entrepreneurship among women. The remaining 70 percent of the project cost are financed by the lending agency as loan for undertaking activities.
2. Government's grant upto Rs.1 lakh per programme to training institutions / NGOs for imparting training to the women entrepreneurs subject to such institutions/NGOs contribute their share to extent of minimum 25 percent of the GoI grant and 10 percent in case of NER.
3. Be a legal entity with a minimum registration of three year.

• **National Manufacturing Competitiveness Programme (NMCP)**

NMCP is introduced by Government to promote growth oriented enterprise through interventions like lean manufacturing, design clinic, quality management systems (QMS), quality technology tools (QTT), marketing development assistance (MDA) etc.

• **ASPIRE**

ASPIRE scheme is to promote innovation and rural entrepreneurship through rural livelihood incubator, technology business incubator and fund of funds to establish technology centre network to promote innovation, entrepreneurship and agro-industry.

1. Livelihood business incubators, one-time grant of 100 percent of cost of plant and machinery other than the land and infrastructure or an amount up to Rs.100 lakhs whichever is less to be provided.
2. In case of incubation centers, one- time grant of 50 percent of cost of plant and machinery other than the land and infrastructure or Rs.50.00 lakhs, whichever is less to be provided.
3. Total budget plan is Rs.62.50 crore for 2014-2016

• **Mahila Coir Yojana (MCY)**

MCY is women oriented self employment scheme in the coir industry, which provide self employment opportunities to rural women artisans in regions producing coir fibre. It assists women workers in coir sector to adopt modern technology and enhance productivity.

1. Women spinners are trained for two months in spinning coir yarn on motorized ratt at the coir board's training centres.
2. A stipend of 750 per month paid to the trainees.
3. Coir board provides motorized ratts/motorized traditional ratts at 75 percent cost subsidy subject to a maximum ceiling of ` 7,500 for motorized ratts and ` 3200 for motorized traditional ratts. The remaining 25 percent has to be raised by the beneficiary.

• **Scheme of Fund for Regeneration of Traditional Industries (SFURTI)**

SFURTI is introduced to make traditional industries more productive and competitive by organizing the traditional Industries and artisans into clusters.

1. Initially, in the first phase, 71 clusters will be developed across the country involving an outlay of Rs.149.44 crores.
2. The financial assistance provided for any specific project shall be subject to a maximum of Rs 8 (eight) crore to support Soft, Hard and Thematic interventions.

• **Performance & Credit Rating Scheme (PCR)**

PCR create an eco-system of MSEs for easier/ cheaper access to credit for the rated enterprises. The rating done for MSEs generates awareness about the strengths and weaknesses of the operations and creditworthiness of the enterprise.

1. For turnover up to Rs 50 lakh, the fee to be reimbursed will be 5 percent of the fee charged by the rating agency subject to a ceiling Rs 15,000.
2. For turnover between Rs 50 lakh and 2 crore, the fee to be reimbursed will be 75 percent of the fee charged by the rating agency subject to a ceiling of Rs 30,000.
3. MSMEs having turnover above Rs 2 crore, the fee to be reimbursed will be 75 per cent of the fee charged by the rating agency subject to a ceiling of Rs 40,000.

• **Assistance to Training Institution (ATI)**

ATI promote entrepreneurship and skill development through capital grant for creation/strengthening of infrastructure and programme support for conducting entrepreneurship development and skill development programmes.

1. Maximum assistance under the scheme will be restricted to Rs. 150 lakh in each case.
2. Assistance under the scheme will be on matching basis, not exceeding 50 percent of the project cost.

3. The financial assistance provided under this scheme would be of non-recurring and capital nature.

- **Marketing Assistance (MA)**

MA is assisting MSMEs to organise/ participate in exhibition of their products and services in domestic and global markets. Organizing buyer-seller meets intensive campaigns and marketing promotion are the major assistance under the scheme.

1. The rates of subsidy available on space charges of women would be micro enterprises 95 percent, small enterprises 85 percent and medium enterprises 50 percent of actual charge.
2. The budgetary support towards net expenditure for organising exhibition/trade fair would normally be restricted to a maximum amount of Rs. 30 lakhs. The corresponding budgetary limit for participation in an exhibition/trade fair shall be Rs. 10 lakhs.
3. Administrative expenditure to the tune of 10 percent of the total expenditure of the MA Scheme shall be reimbursed to NSIC (National Small Industries Corporation) for implementing the scheme.

- **Credit Linked Capital Subsidy Schemes (CLCSS)**

CLCSS enable micro and small enterprises to adopt modern technology to improve their productivity. The scheme aims at facilitating technology upgradation by providing upfront capital subsidy.

1. Providing 15 percent capital subsidy (limited to maximum Rs.15 lakhs) for purchase of plant and machinery.
2. Maximum limit of eligible loan for calculation of subsidy under the scheme is Rs.100 lakhs.
3. The financial assistance by the eligible PLIs for technology upgradation will be need based, 12 percent capital subsidy support would be limited to the loan amount.

- **Coir Udyami Yojana (CUY)**

CUY scheme offer credit-linked subsidy to enterprises in coir sector.

1. Maximum admissible cost of the project is 10 lakhs plus working capital, which shall not exceed 25 percent of the project cost.
2. Beneficiary's contribution 5 percent of the project cost, bank credit 55 percent and rate of subsidy 40 percent of the project

- **Coir Vikas Yojana (CVY)**

For adoption of strategic and aggressive product specific and market specific promotional programmes for popularizing coir and coir products in markets abroad.

1. Coir board provides 75 percent cost of motorized ratt/motorized traditional ratt as one time subsidy.
2. Subject to a ceiling of Rs.7, 500 in the case of motorized ratt and Rs.3, 200 for motorized traditional and electronic ratt.

- **Credit Guarantee Fund Scheme for Micro and Small Enterprises (CGMSE)**

CGMSE helps for collateral free credit from financing institutions. Banks and financial institutions are providing funding assistance under this scheme.

1. Both term loans or working capital facility up to Rs.100 lakh per borrowing unit, extended without any collateral security or third party guarantee, to a new or existing micro and small enterprise.
2. Guarantee cover is extent of maximum 85 percent of the sanctioned amount of the credit facility.
3. Guarantee cover provided is up to 75 percent of the credit facility up to Rs.50 lakh (85 percent for loans up to Rs. 5 lakh provided to micro enterprises, 80 percent for MSEs owned/ operated by women and all loans to NER including Sikkim) with a uniform guarantee at 50 percent for the entire amount if the credit exposure is above Rs.50 lakh and up to Rs.100 lakh.
4. In case of default, trust settles the claim up to 75 percent (or 85 percent/ 80 percent /50 percent wherever applicable) of the amount in default of the credit facility extended by the lending institution.

- **Micro and Small Enterprise Cluster Development programmes (MSE-CDP)**

MSME cluster development programmes aims to enhance and develop cluster infrastructure projects for facilities such as power distribution, water, telecommunication etc.

1. Diagnostic Study - Maximum cost Rs. 2.50 lakhs.
2. Soft interventions - Maximum cost of project Rs. 25.00 lakh, with GoI contribution of 75 percent (90 percent for special category states and for clusters with more than 50 percent women/micro/village/SC/ST units).

3. Hard interventions, setting up of CFCs – maximum eligible project cost of Rs. 15.00 crore with GoI contribution of 70 percent (90 percent for special category states and for clusters with more than 50 percent women/micro/village/SC/ST units).
4. Infrastructure development in the new/ existing industrial estates/areas. Maximum eligible project cost Rs.10.00 crore, with GoI contribution of 60 percent (80 percent for special category states and for clusters with more than 50 percent women/micro/SC/ST units).

• **Mini Tool Rooms**

Technology Development Centres are providing skilling on cutting edge technology to youths and MSME to face the challenges of Globalisation, through technology up gradation.

1. Central assistance will be in the form of one time grant-in-aid equal to 90 percent of the cost of machinery/equipment (restricted to Rs. 9.00 crores in each case).
2. In the case of a new mini tool room, and 75 percent of the cost of machinery/equipment (restricted to Rs. 7.50 crores) in case of an existing mini tool room to be upgraded/modernized.

• **International Cooperation (IC)**

IC scheme helps MSMEs to acquire new markets overseas and exchange business delegations.

1. The organisation must be engaged in such activities for at least last 3 years and have a good track record.
2. The organisation should have regular audited accounts for the past 3 years.
3. Events, for which financial support under the Scheme is sought, must have significant international participation.
4. International events held in foreign countries Rs. 25 lakh per event and in India Rs. 12 lakh per event.

• **Rural Employment Generation Programme (REGP)**

REGP ensure adequate employment and target for industrialisation in rural locations. It enhances entrepreneurial skills and wisdom among the unemployed youth of the rural locations.

1. Individual who is rural artisan or otherwise and concerns like cooperative societies, trusts etc. and will be eligible for a project up to twenty five lakh rupees.
2. Capital subsidy in the form of margin money up to 25 percent of the project cost till ten lakhs and balance project up to 10 percent of twenty five lakh.
3. Borrower would need to spend 10 percent of the cost and rest 90 percent would be paid by the Government via banks assigned for this work.

• **Prime Ministers Rozgar Yojana (PMRY)**

PMRY scheme has been intended to giving employment to learned jobless youth. It recounts the starting of self employment schemes through commerce, service and business means.

1. Project cost Rs.1.00 lakh for business sector. Rs.2.00 lakh for other activities, loan to be of composite nature. If two or more eligible persons join together in a partnership, project upto Rs.10.00 lakh are covered.
2. Subsidy will be limited to 15 percent of the project cost subject to ceiling of Rs.7, 500 per entrepreneur. Banks will be allowed to take margin money from the entrepreneur varying from 5 percent to 16.25 percent of the project cost so as to make the total of the subsidy and the margin money equal to 20 percent of the project cost.
3. Repayment schedule may range between 3 to 7 years after an initial moratorium as may be prescribed.

• **Rajiv Gandhi Udyami Mitra Yojana (RGUMY)**

Its main objective is to promote and support the MSMEs through the handholding support and assistance to the potential first generation entrepreneurs, who have already successfully completed or undergoing entrepreneurship development training programme (EDP), skill developed training programme (SDP), entrepreneurship cum skill developed training programme (ESDP) and vocational training programmes (VT) through the selected lead agencies i.e., Udyami Mitras.

1. For setting up of service enterprises, the Udyami Mitras would be provided handholding charges at the rate of Rs. 4000 per trainee that would include a Central grant of Rs. 3000 under RGUMY and contribution of Rs. 1,000 by the beneficiary (to be deposited in advance).
2. For setting up of micro manufacturing enterprises, the handholding charges would be Rs. 6,000, including Rs. 1000 to be contributed by the beneficiary.
3. For the beneficiaries from special category i.e. SC/ ST/ physically handicapped/ women / beneficiaries from North-Eastern Region, the beneficiary's contribution of Rs. 1,000 shall also be provided as a grant under RGUMY.

- For small manufacturing enterprises having investment (in plant and machinery) of more than Rs.25,00,000, in addition to Government grant (Rs.5000 or Rs. 6,000, as applicable), and entrepreneur's contribution (Rs.1000 or nil, as applicable), the entrepreneur will also have to make additional contribution towards handholding charges at the rate of 0.1 percent of the project cost in excess of Rs.25,00,000, subject to a ceiling of Rs.10,000.

MSMEs play a prominent role in the overall economic development of the country and its contribution to GDP cannot be neglected. The detail of its contribution to GDP over a period of 7 years is depicted in table 1.

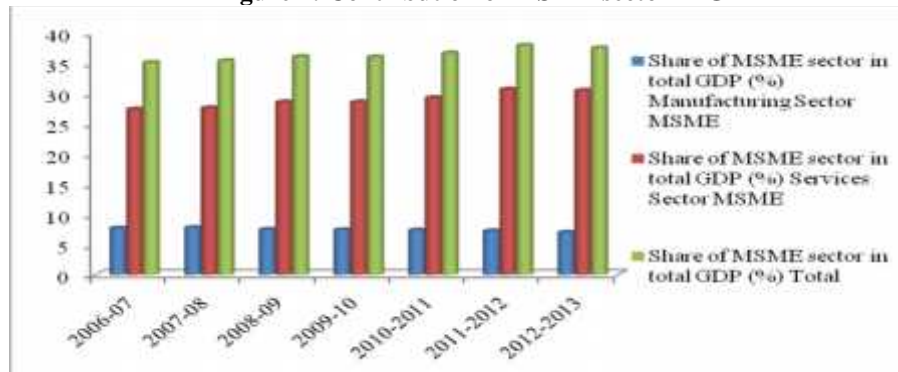
Table 1: Contribution of MSME sector in GDP

| Year | Share of MSME sector in total GDP (%) | | |
|-----------|---------------------------------------|----------------------|-------|
| | Manufacturing Sector MSME | Services Sector MSME | Total |
| 2006-07 | 7.73 | 27.40 | 35.13 |
| 2007-08 | 7.81 | 27.60 | 35.41 |
| 2008-09 | 7.52 | 28.60 | 36.12 |
| 2009-10 | 7.45 | 28.60 | 36.05 |
| 2010-2011 | 7.39 | 29.30 | 36.69 |
| 2011-2012 | 7.27 | 30.70 | 37.97 |
| 2012-2013 | 7.04 | 30.50 | 37.54 |

(Annual report 2015-16, Ministry of MSMEs)

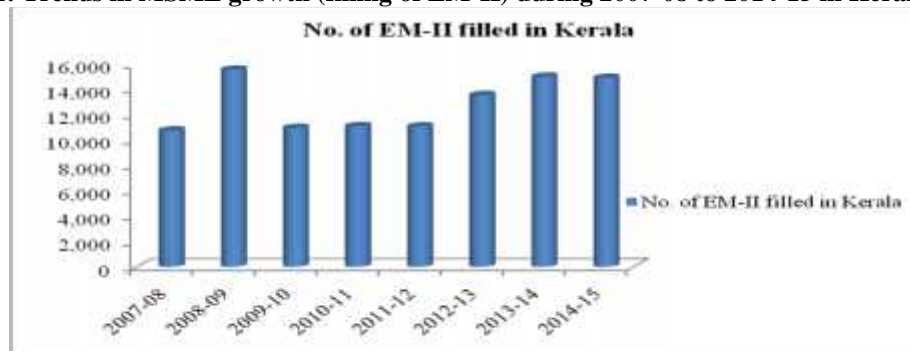
Table 1 shows that MSME sectors contribution to GDP had increased from 35.13 percent in 2006-07 to 37.54 percent during the year 2012-13, In the case of manufacturing sector, contribution of MSMEs shows a declining trend to 7.04 percent during the year 2012-13, from 7.73 percent in 2006-07. At the same time the service sector indicate an increased trend, 27.40 percent in 2006-07 to 30.50 percent in 2012-13. For a detailed understanding, it is depicted in figure 1 also.

Figure 1: Contribution of MSME sector in GDP



Implementation of micro, small and medium scale enterprises development (MSMED) act 2006, filling of entrepreneurs' memorandum part-II (EM-II) came into vogue since September 2015; the same has been replaced with Udyog Aadhaar online filling system.

Figure 2: Trends in MSME growth (filling of EM-II) during 2007-08 to 2014-15 in Kerala



As illustrated in figure 2, MSMEs showed an increasing trend during the last 8 years, i.e. from 10,757 units to 14,906 units.



Government of Kerala for Boosting Women Entrepreneurs

The State Government take measures to overcome the obstacles in the process of women empowerment in Kerala. They provide preferential treatment to women in finding employment in both organised and unorganised sector and also engaged in encouraging, equipping and facilitating to start own units. The Economic Review, 2014 of the state says that 25 percent of the 2, 34,251 working SSIs/MSMEs registered in Kerala were promoted by women. 3354 new enterprises were registered in the state by women during the year 2014.

Various incentives, facilities and schemes made available to women entrepreneurs in Kerala. Entrepreneurship societies formed by girl students in colleges will be given 5per cent grace marks, selected entrepreneurs will be given free training and stipend, financial assistance up to 80 percent of project cost will be arranged through bank loans, advertisement tariff at Government rate will be made applicable for the advertisements of such venture through media, 50 percent subsidy for stalls/advertisements in shopping festivals organized by Government / Quasi Government Institutions, marketing of the products will be arranged through Government/ Quasi Government organisations, interest subvention scheme of State government for woman entrepreneurs – The entire interest on loans availed from any scheduled bank up to a maximum of Rs.5 lakh per annum for three years by industrial units run by women employing not less than 50 percent of women in its work force, will be borne by the government.

Trade Related Entrepreneurship Assistance and Development (TREAD) scheme for women for providing government grant up to 30 percent of project cost, Mahila Udyam Nidhi (MUN) provides soft loan (Quasi equity) assistance to women entrepreneurs for setting up projects in tiny sector, Mahila Vikas Nidhi (MVN) provides training and employment opportunities to women through creation of necessary infrastructure, assistance for participating in State and District level exhibitions organized by State/ District Authorities/ Associations.

Conclusion

Today women participation in the field of entrepreneurship is increasing at a considerable rate. There are several factors contributing to the emergence of women as entrepreneurs. The sustained and coordinated effort from all dimensions especially MSMEs would pave the way for the women moving into entrepreneurial activity. More avenues and platforms are introduced by central and state government to encourage women entrepreneurs to join as business start ups. Undoubtedly the MSMEs have enormous potential to strengthen women entrepreneur.

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