



Micro, Small and Medium Enterprises (MSME) sector and role of MSME DI Kolkata

Samiran Acharyya^{1*}, Dr. Bijender Kumar Singh²

¹Research Scholar, ²Assistant Professor

¹Dept. Of Commerce, Shri JJT University, Rajasthan, 333001, India.

E mail: samiran_acharyya@yahoo.co.in

² Dept. Of Commerce, Shri JJT University, Rajasthan, 333001, India.

E Mail: bbijenderrana@gmail.com

* Corresponding author

Abstract: Micro, Small and Medium Enterprises (MSME) are one of the most dynamic and important sectors in the Indian economy. It contributes a significant percentage to both the country's GDP and employment. With low capital costs, it provides a large number of people with direct and indirect employment. In a liberal economic scenario, it faces strong competition and also problems like a shortage of cheaper capital, upgraded technology, and skilled labour supply. MSME's Directorate Industries offers various types of assistance for survival in competitive situations.

Key Words: MSME, MSME-DI, SSI, UAM, SDP, EDP, MDP

Over the last five decades, the micro, small and medium enterprises (MSME) sector has emerged as a highly vibrant and dynamic sector of the Indian economy. It contributes significantly to the economic and social development of the country by fostering entrepreneurship and generating the largest employment opportunities at a comparatively lower capital cost, next only to agriculture. MSMEs are complementary to large industries as ancillary units, and this sector contributes significantly to the inclusive industrial development of the country. MSMEs are widening their domain across sectors of the economy, producing a diverse range of products to meet the demand of local and global markets.

A number of statutory and non-statutory bodies work under the aegis of the Ministry of MSME. These include the Khadi Village Industries Commission (KVIC) and the Coir Board besides National Small Industries Corporation (NSIC), National Institute for Micro, Small and Medium Enterprises, and the Mahatma Gandhi Institute for rural industrialisation.

In India MSME sector has continuously acted as the rampart for our economy by providing capacity to defend against global economic adversities. It contributes a share of 37.5 percent to the country's GDP, 45

percent of the manufacturing output and 40 percent of the exports. There are 346.12 lakh units spread across the country which provide employment to 805.24 lakh workers. SSIs/MSMEs contribute the second largest share of In India, SSI employment after agriculture.

MSME-DI, Kolkata is an attached/subordinate office of Development Commissioner, Ministry of Micro, Small and Medium Enterprises (DC-MSME) for the State of West Bengal, established in the year 1954 with the following mandate in the State of West Bengal and UT of Andaman & Nicobar:

- To identify new entrepreneurs, motivate and train them.
- To provide techno economic consultancy and facilitation service to the existing entrepreneurs
- To provide need based skill training through Skill Development Programmes (SDP).
- To promote, develop and foster the growth of micro & small sector for socio economic growth.

Literature review: A number of studies on the role of MSMEs in a competitive environment have been done. Some of them are briefly discussed below.

Mesut Savrul et al. (2014), have mentioned that due to small size, MSME have faced a lot of problems in a competitive market, but through the description of the fact that the size of the MSMEs had put them in a disadvantageous position in the global market; but with the help of E-Commerce they are competing on the global platform. For survival in a competitive market, they need to cost curtailment and quality-improve their products and services.

Chandraiah (2013) focused on economic policies introduced by the government of India in 1991 to make the MSME sector more competitive in the globalised era. He further stated that the policy shift at the command of the IMF and World Bank has led to unequal competition between multinational companies and small Indian enterprises and there is a need to promote the MSME sector. Grant Thornton and FICCI (2013) had emphasised on development of value chain to make the MSME sector more competitive in the liberalised environment.

Das and Joseph (2013) mentioned that India has a large number of SMEs and subcontracting has been promoted through a number of measures such as learning, innovation, and competitive building systems. However, the real outcome is yet to come.

Lahiri (2012) discussed the opportunities and constraints faced by the MSME sector in India in the era of globalization. Further, he mentioned that MSMEs in India faced tough competition from large industries.

Shastri et al. (2011) discussed the impact of globalization and liberalization on small-scale industries' performance in terms of units, employment, output, and exports. They also suggested some measures for the survival and development of small scale industries in India.

Dalberg (2011) mentioned that MSME accounted for nearly 95% of firms and 60–70% of total employment and 55% of GDP in the Organization for Economic Cooperation and Development (OECD) economies.

Harvie (2010) emphasised the importance of improving SMEs' access to capital, technology, and red tape, concluding that the primary issues should be addressed in order to improve MSMEs' international competitiveness, notably in terms of R&D, quality control, and skills. He also argued that governments should promote the development of local parts and supplier industries. This is likely to be an effective

strategy to expand the domestic content of multinational companies operating in a country. The development of networks of domestic suppliers, along with access to and availability of finance, together with increased linkages between SMEs and large firms, are critical.

Rathod (2007) studied the impact of globalization on SSIs and identified the problems with SSIs. For survival, they need legal safeguards, adequate capital, and sufficient infrastructure. Sudan (2005) mentioned the challenges of small scale industries in the present competitive situation and the measures taken by the Government of India for their survival.

Subrahmanya (2004a, b) mentioned the impact of globalisation on the performance of small scale industries. He advised technological development and financial restructuring to survive the SSI.

Subrahmanya (2004a) found the impact of economic reforms on small scale industry's performance. He recommended technological upgradation and financial restructuring for the development of small scale industries in India.

Naik (2002) mentioned the competition faced by small scale industries in the liberal period.

Mukherjee (2001) mentioned the role of small scale industries in the liberalised economy, the challenges to be faced and the legitimate protection available to them under WTO rules.

Mali (1998) found that SMEs and microenterprises have faced increasing competition in the present scenario of globalization. To cope with the current scenario, they have to improve themselves in the fields of management, marketing, product diversification, infrastructural development, and technological upgradation. Lastly, new small and medium enterprises moving from a slow growth area to a high growth area have to form strategic alliances with the entrepreneurs of the adjoining countries.

BRIEF ACTIVITIES OF MSME-DI, KOLKATA & ITS BRANCH INSTITUTES.

* Technical consultancy services * Management consultancy services * Economic information services * Seminars/Workshops on Energy Conservation, IPR, Product certification, Design Clinic, Lean, ZED, Business Incubation * Ancillarization * Export promotion, sending samples to international Trade fairs * Training on Export packaging * Entrepreneurship Development Programme * Entrepreneurship & Skill Development Programme * Skill Development Programme * Special Programmes under PD Account. * Industrial Motivational campaign * Vendor Development Programmes (VDP)- State Level & National Level * Market Development Assistance & Technology Upgradation. * Common facility Workshop * Bar-Coding Re-imbursement Scheme * Product certification Re-imbursement Scheme * ISO consultancy and reimbursement * Trade fairs(Domestic & International) Re-imbursement Scheme * Small Enterprise Net Work (SENET) * MSE-CLUSTER Development Programme * Other Action plan Target assigned by Headquarter office- Implementation of NMCP Schemes * NSIC single point registration * Preparation of Project Reports * Awareness programmes on Public Procurement Policy * Industrial Potential Survey Reports of the districts & State. * Free registration for Udyog Aadhaar Memorandum (UAM) & Data Bank.

JURISDICTION

Micro, Small & Medium Enterprises-Development Institute, Kolkata consists of four Branches covering 23 districts in the state of West Bengal and Union Territory of Andaman & Nicobar Administration.

Districts covered by MSME-DI, Kolkata and its Branch Institutes in West Bengal & Union Territory of Andaman & Nicobar (A & N) Islands includes

MSME-DI, Kolkata covers:

1. Kolkata 2. North 24-Parganas 3. South 24-Parganas 4. Howrah 5. Hooghly 6. Nadia 7. Purba Midnapore 8. Paschim Midnapore

Br. MSME-DI, Durgapur covers:

9. Burdwan 10. Bankura 11. Purulia

Br. MSME-DI, Siliguri covers:

12. Darjeeling 13. Jalpaiguri 14. Cooch Behar 15. Uttar Dinajpur 16. Dakshin Dinajpur 17. Malda 18. Alipurduar

Br. MSME-DI, Suri covers

19. Birbhum 20. Murshidabad

Br. MSME-DI, Port Blair (A & N) includes:

21. South Andaman 22. North & Middle Andaman 23. Nicobar Islands

ORGANISATIONAL STRUCTURE

This institute is headed by a Director, the Director is supported by 3 Deputy Directors and 22 Assistant Directors in different trades of Electrical, Mechanical, Chemical, Hosiery, Glass & Ceramics, Economic Investigation, Statistics, Leather, Metallurgy, etc., besides secretarial staff members.

INFRASTRUCTURE This Institute is well equipped with the following infrastructure facilities

* Well equipped Training Halls of various capacity * Air conditioned Conference hall * Facilitation centre with free On-line registration facility for Udyog Aadhaar Memorandum * (UAM) * Well-equipped library with variety of technical books, Journals, Periodicals, Project * Profiles, Government Circulars and books relating to Industry, Entrepreneurship, * Management etc. * Workshop with training facility * Spacious Parking facility for the visitors * Staff Canteen for light refreshments * Recreation club for staff within the campus.

THE VARIOUS FUNCTIONS OF THE INSTITUTE CAN BE GROUPED UNDER THE FOLLOWING HEADS:

SUPPORT FOR HUMAN RESOURCE DEVELOPMENT

In order to improve the skills of workers engaged in the MSME sector & to equip them with better technologies of production, the MSME-Development Institute, Kolkata organizes regular training courses like Entrepreneurship Development Programme (EDP), Entrepreneurship and Skill Development Programme (ESDP), Management Development Programme (MDP) and also Skill Development Programme (SDP) in technical trades attached to the Institute.

MARKETING SUPPORT

While marketing is primarily an entrepreneurial function, all possible efforts have been made to help the MSME sector in their marketing endeavours. The following services are offered under this category of assistance.

(i) MSME Enterprises applying for NSIC registration under the stores-purchase programme of the Govt. of India are inspected and assisted to enlist them under NSIC. This service is chargeable.

(ii) MSME Enterprises are periodically invited to Vendor Development Programmes, Exhibitions, Trade Fairs etc. for participation to broaden their marketing network. Short-term training courses on marketing management are conducted to update their marketing skill & knowledge.

(iii) Online UAM Registration and filing of Data Bank particulars for MSME entrepreneurs are regularly done by the officers of the Institute to assist the MSME sector participate in Go

FINANCIAL SUPPORT

One of the major problems facing the MSME sector is a shortage of capital or limited borrowing facilities. Timely and adequate credit facilities are one of the long standing demands of this sector.

To help the MSME sector overcome this hurdle, our institute provides financial assistance under various schemes so that the MSME entrepreneurs can reduce their cost levels and build up financially viable & sustainable projects with opportunities for employment generation. This includes reimbursements for acquiring barcode registration, ISO/HACCP certification, product certification, spreading awareness among MSME entrepreneurs about the CGTMSE Scheme so that they may avail collateral/third party guarantee free loan up to Rs. 2 crore and forwarding applications of MSME entrepreneurs with viable schemes under the STAND UP INDIA Scheme.

Further, the MSME sector is also facing another problem of delayed payment by the large scale sector/PSUs, consequently cost of capital for MSME has also risen. This issue has been focused on by the Central & State Governments and a Delayed Payment Cell or the WBMSE Facilitation Council has been opened under the Chairmanship of the Director, Deptt. of MSME, Govt. of West Bengal for the redressal of delayed payment. Under the chairmanship of Director, Deptt. of MSME, Govt. of West Bengal Every year, numerous applications are received at MSME-DI, Kolkata complaining about delayed payment. These applications are carefully scrutinized and forwarded to WBMSEFC for early redressal.

The MUDRA Scheme is another notable intervention in the financial sector which offers credit facilities upto Rs. 50,000/- under the Sishu category, Rs. 5 lakh under the Kishore category and finally Rs. 10 lakh under the Tarun category.

It is also worth mentioning that MSME-DI, Kolkata upholds the principles of the DBT Policy under which all stipends payable to trainees under the Stipendiary Training Programme are transferred directly to their Bank A/cs.

TECHNOLOGY SUPPORT

The need for providing specialised services to the small scale sector is increasing every day with the rapid development of these industries in the state. Apart from new products and items introduced, new raw materials have also come into existence, throwing open a vast field of operation & exploitation. MSMEs are, however, handicapped by a lack of competent technical & managerial personnel as well as financial resources. In order to help MSMEs in such areas, the MSME - Development Institute, Kolkata offers

technical and managerial consultancy services through field visits to the MSME units. The officers visit the units to guide them in the following areas.

(a) Requirement of plant & machinery including layout (b) Use of improved mfg. Technology/design/process (c) Improvement in tooling (d) Product development (e) Consultancy for diversification (f) Management Capability improvement (g) Offering Management training (h) Improvement in marketing (i) Availability of finance (j) Other registration/policies of Govt./support services by other agencies etc.

CREATING AWARENESS & MOTIVATION

MSME-DI, Kolkata regularly organizes Awareness Programmes and Motivational Campaigns, both in rural & urban areas, focusing upon the salient features, guidelines & benefits of MSME Schemes. These programmes aim at knowledge dissemination and motivation of prospective entrepreneurs. Wide publicity is given to these programmes through newspapers, social media (Face book) and the institute website so that maximum participation of local youths and existing & prospective entrepreneurs is ensured.

Conclusion: MSME sector is an important sector in the economy that generates a large volume of employment in the country with small investment and small time. But they are facing a lot of problems at the time of liberalisation and globalization like competition from large industries, shortage of capital at low cost, lack of upgraded technologies, etc. In the Corona period, due to lockdown problems with labour supply (migrant workers returning to their homes), shortages of demand for products, lack of communication facilities etc. Recently in unlock period gradually products demand have risen, migrant workers return to job, communication facilities started, some facilities in loan capital supply like repayment period extended, some amount of interest waived, additional capital at low cost given for the survival of MSMEs in India.

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