



GOVERNMENT INSTITUTIONAL SUPPORT SYSTEM TO SC ENTREPRENEURS IN KARNATAKA

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Abstract:

The purpose of this study is to understand the various schemes offered by Government Institutional Support System to SC Entrepreneurs in Karnataka. Entrepreneurship development is a key of economic development. In Karnataka some strata of the society excluded from the development have been identified such as poor people. Rural people, women and some marginalized groups like SC, ST and OBC etc., To provide equal opportunities the central and state governments have taken initiative in the field of Entrepreneurial Finance and Self – Employment (motivation to entrepreneurial activity) especially for these excluded categories of the people. The institutional support system for entrepreneurship development in India has been designed at four levels, viz., (i) Central Government, (ii) State Government, (iii) Non-government Support System, and (iv) District Industries Centres. Following sections outline brief description of the role of institutions each level. There has been some increase in the number of SC/ST owned enterprises in the recent past and this needs to increase substantially to enable the socio-economic empowerment of the SC/ST communities. Therefore, in an endeavour to mainstream SC/ST groups into the entrepreneurial ecosystem, a number of schemes have been launched by the Ministry of MSME. Additionally, the Hon'ble Prime Minister also launched Start-Up India initiative, facilitating bank loans aimed at promoting entrepreneurship at the grass root level enabling economic empowerment and subsequent job creation. To expedite achievement of the policy target, the Government has established the National SC/ST Hub with an aim not only to increase market access and ensure higher participation of SC/ST entrepreneurs in public procurement but also to promote the creation of new enterprises. Ministry of Micro, Small and Medium Enterprises, Government of India has made an initial allocation of Rs. 490 Crore for the period 2016-2020 for the National SC/ST Hub. This study is purely based on secondary sources of data such as Websites, books, journals, articles, government reports and so many.

Keywords: Government, Institutional, Support System, SC Entrepreneurs, Karnataka etc,

INTRODUCTION:

Entrepreneurship development is a key of economic development. In Karnataka some strata of the society excluded from the development have been identified such as poor people. Rural people, women and some marginalized groups like SC. ST and OBC etc., To provide equal opportunities the central and state governments have taken initiative in the field of Entrepreneurial Finance and Self – Employment (motivation to entrepreneurial activity) especially for these excluded categories of the people. The institutional support system for entrepreneurship development in India has been designed at four levels, viz., (i) Central Government, (ii) State Government, (iii) Non-government Support System, and (iv) District Industries Centres. Following sections outline brief description of the role of institutions each level.

The Government of India formulated the Micro, Small and Medium Enterprises Development Act, 2006 and established the National Board for Micro, Small and Medium Enterprises (NBMSME) and made rules there under in 2006. This Board examines the factors affecting promotion and development of MSMEs and reviews policies and programs related to these enterprises from time to time and makes recommendations to the Government in formulating policies for the growth of MSMEs. The Government of India also constituted the National Commission for Enterprises in the Unorganized Sector (NCEUS) to examine the problems of the enterprises in the unorganized/ informal sector. The Commission has made recommendations to provide technical, marketing and credit support to these enterprises. SSIB was established in 1954 to provide effective coordination and inter-institutional linkages for the benefit of small-scale sector. It consists of the union industry minister, state industry minister, selected members of parliament, secretaries of department concerned, and eminent experts in the field.

National Bank for Agriculture and Rural Development (NABARD) NABARD is designated as an apex development bank in the country. It was established in 1982 by a Special Act of the Parliament with a mandate to uplift rural India by facilitating credit flow in agriculture, cottage and village industries, handicrafts, and small-scale industries. It is also required to support non-farm sector while promoting other allied economic activities in rural areas. NABARD functions to promote sustainable rural development for attaining prosperity of rural areas in India. It is basically concerned with matters concerning policy, as well as planning and operations in the field of credit for agriculture and other economic activities in rural areas in India. It is worth noting with reference to NABARD that RBI has sold its own stake to the Government of India. Therefore, Government of India holds 99 Percent stake in NABARD. It is an apex institution having power to deal with all matters concerning policy, planning as well as operations in giving credit to agriculture and other economic activities in the rural areas. It is a refinancing agency for those institutions that provide investment and production credit for promoting several developmental programs for rural development. It is improving the absorptive capacity of the credit delivery system in India, including monitoring, formulation of rehabilitation schemes, restructuring of credit institutions, and training of personnel. It coordinates the rural credit financing activities of all sorts of institutions engaged in developmental work at the field level while maintaining liaison with Government of India, and State Governments, and RBI and other national level institutions that are concerned with policy formulation. NABARD prepares rural credit plans annually for all districts in the country, and promotes research in rural banking, and in

the field of agriculture and rural development. The services offered by NABARD include: (i) attracting youth to rural non-farm sector, (ii) preparing district industries rural project (DRIP), and rural entrepreneurship development program (REDP).

OBJECTIVE OF THE STUDY:

The purpose of this study is to understand the various schemes offered by Government Institutional Support System to SC Entrepreneurs in Karnataka.

RESEARCH METHODOLOGY:

This study is purely based on secondary sources of data such as Websites, books, journals, articles, government reports and so many.

GOVERNMENT INSTITUTIONAL SUPPORT SYSTEM TO SC ENTREPRENEURS IN KARNATAKA:

UNNATI SCHEME:

The scheme is aimed at improving the welfare of the SC/ST community, providing a remedy to the issues concerning them, availing the services of the youth for development of the rural habitats, and creating job and self-employment opportunities.

Salient Features of the Scheme

- The scheme is developed for offering financial assistance to candidates with innovative business ideas. Sustainability and rural development are considered as key objectives.
- The products and solutions offered by the organizations are utilized towards the betterment of people residing in the rural habitats.
- The State Government will provide a sum of Rs. 50 lakhs to the chosen owners of enterprises.
- The Government has extended the scheme to Adivasi and Dalit individuals.
- The Government will shortlist and categorize the beneficiaries, who in-turn are required to make venture plans with a long-term objective.
- The tech-based ideas will be aimed at solving the issues witnessed in the rural locales, which includes the likes of waste disposal, health, education, among other domains.

Targeted Beneficiaries

The scheme is designed to assist start-up aspirants' belonging to the SC/ST and other communities. To make it more precise, the scheme will financially support entrepreneurs who are technologically driven to develop the products or solutions designed to improve the rural habitats. Under the scheme, the beneficiaries are classed into the following categories:

First Category: The first category involves SC/ST entrepreneurs with a pioneering thought, irrespective of the domain they may be involved in.

Second Category: This category includes start-ups operated by any community with a notable innovative idea. The idea of the entrepreneurs' in this case, must be a solution to the real-world problems in areas pertaining to health; education; sanitation; waste segregation; and mechanized scavenging.

Quantum of Assistance

The Unnati scheme will provide beneficiaries with a sum of Rs. 50 lakhs to support their endeavours. The current allocation for the scheme is affixed at Rs. 20 crores, which may be enhanced to Rs. 100 crores based on the response. The Government will be ably assisted by social welfare organizations in funding the scheme.

Eligibility: The scheme is applicable to:

- Startups operated by SC/ST residents of Karnataka.
- Startups comprising of entrepreneurs from the SC/ST community holding key managerial stakes.
- Startups catering to the areas of health, waste generation, sanitation, education and mechanized scavenging.
- Organizations of the State which are operational for less than four years.

4% INTEREST SUBSIDY SCHEME FOR SC/ST

Implementing Agency: Govt of Karnataka

Target Group:

- SC & ST (Ownership – 100% by SC/ST)
- SC/ST Caste Certificate to be produced
- The unit should provide employment to 50% SC/ST

Type of Activities:

- Manufacturing/Industry /Service Activities
- First Time entrepreneurs and Expansion/Modernisation/Diversification but
- not availed Interest Subsidy earlier.

Loan Limit:

- Term loan and Working Capital- Minimum 20 lakhs Maximum 10 crores
- Working Capital maximum-50 lakhs.
- Banks are at liberty to consider any amount of project cost/loan. Interest
- Subsidy is restricted upto Rs. 10 crores only

Interest Subsidy: Over and above 4% charged by Banks

Repayment Period: 8years upto Rs. 5 crores

Subsidy Claims:

- Subsidy Claims to be sent to the Nodal Officer of the respective Bank.
- The nodal officer has to submit the claim to the Commissioner for Social Welfare to SC category and the Director for Scheduled for SC category.

DR. B R AMBEDKAR DEVELOPMENT CORPORATION –ISB, SAMRUDHI AND AIRAVATHA SCHEMES

Sponsoring Agency: Dr. B R Ambedkar Development Corporation

Target Group: SC

Age Limit: Upto 60 Years

Income Ceiling:

- Rural Area-Rs.81000/- pa
- Urban Area-Rs.103000/- pa

Scheme:	Project Cost	Subsidy (Front End)
ISB (Industries, Service & Business)	Rs.1lakh to 5lakh Rs.5lakh to 10lakh Rs.10lakh to 20lakh	70% of project cost or Rs.3.50lakh whichever is lesser 60% of project cost or Rs.5lakh whichever is lesser 50% of project cost or Rs.5lakh whichever is lesser
Samrudhi – to make available dealership / franchise of Branded Companies for making retail business units		Maximum Rs.10lakh
Airavatha – Taxi scheme in collaboration with UBER. Beneficiaries to undergo training with UBER and undertake business using UBER platform.		Rs 5lakh subsidy and remaining cost of taxi Bank loan.

PASHUBHAGYA SCHEME:

Sponsoring Agency: Dept of Animal Husbandry and Veterinary Services

Target Group: Marginal farmers SC/ST/BPL/APL

Particulars	DAIRY	GOATS	POULTRY
Unit Size	2 Cross Bred cows	10+1	500Broilers
Project Cost	1,20,000@Rs.50000/- per cow and Rs.20000/-for transportation, insurance & Feed	67440	Rs.85000
Subsidy for SC/ST	50% Maximum Rs.60000/-	50%-Rs.33720	50%-Rs.42500
Administration of Subsidy	Front Ended	Front Ended	Front Ended

UDYOGINI SCHEME OF WOMEN & CHILD DEVELOPMENT DEPARTMENT:

Sponsoring Agency	Women Child Development Dept (Through Child Dev Project Officers CDPO's)
Target Group	Women only
Age Limit	18-55
Income Ceiling	SC/ST Category – Rs.200000/-Pa Gen/ Special Category –Rs.150000/- Pa
Education	Not Stipulated
Type of Activities	All Viable & Lawful activities
Ceiling for project Cost	Min Rs.100000/- Max Rs.300000/- for all
Subsidy	SC/ST Category – 50%Project Cost Gen/ Special category- 30% of Project Cost
Margin	NIL
Training	Three days training compulsory

STAND UP INDIA:

The objective of the Stand Up India scheme is to facilitate bank loans between Rs. 10 lakh and Rs. one crore to at least one Scheduled Caste (SC) or Scheduled Tribe (ST) borrower and at least one woman borrower per bank branch for setting up a greenfield enterprise. This enterprise may be in manufacturing, services or the trading sector. In case of non-individual enterprises at least 51 per cent of the shareholding and controlling stake should be held by either an SC/ST or Woman entrepreneur.

The Stand Up India scheme is based on recognition of the challenges faced by SC/ST and women entrepreneurs in setting up enterprises, obtaining loans and other support needed from time to time for succeeding in business. The scheme therefore endeavors to create an eco-system which facilitates and continues to provide a supportive environment for doing business. The scheme, which covers all branches of Scheduled Commercial Banks, can be accessed in three potential ways:

- i. directly at the branch ; or
- ii. Through Stand Up India portal (www.standupmitra.in) ; or
- iii. through the Lead District Manager (LDM).

NATURE OF LOAN:

The loan shall be a Composite Loan i.e. to meet requirements of assets such as plant and machinery and working capital. It is expected to cover 75 per cent of project cost and the rate of interest would be lowest applicable rate of the bank for that category (rating) not to exceed at base rate (Marginal Cost of Funds based Lending Rate or MCLR + 3 per cent + tenor premium). It shall be repayable in up to seven years with a moratorium of up to 18 months. A RuPay card will be issued to enable operation of the working capital component. The stipulation of the loan being expected to cover 75 Percent of the project cost would not apply if the borrowers' contribution along with convergence support from any other scheme exceeds 25 per cent of the project cost.

NATIONAL SC/ST HUB

The Hub provides professional support to SC/ST entrepreneurs to fulfil the obligations under the Central Government Public Procurement Policy for Micro and Small Enterprises Order 2012, adopt applicable business practices and leverage the Stand-up India initiative. The scheme is implemented through National Small Industries Corporation Ltd (NSIC). National SC/ST Hub carries out the following functions:

- i. Collection, collation and dissemination of information regarding SC/ST enterprises and entrepreneurs.
- ii. Capacity building among existing and prospective SC/ST entrepreneurs through skill training and EDPs.
- iii. Vendor Development involving CPSEs, NSIC, MSME-DIs and industry associations including DICCI.
- iv. Promoting participation of SC/ST entrepreneurs in exhibitions and organising special exhibitions for this purpose.
- v. Mentoring and hand-holding support to SC/ST entrepreneurs.

vi. Working with states as well as other organisations for SC/ST entrepreneurs so that these enterprises can benefit from all of them.

vii. Facilitating SC/ST entrepreneurs participating in public procurement, e-platform of DGS&D and monitoring the progress.

viii. Facilitating credit linkages for SC/ST entrepreneurs. The Guideline of National SC/ST Hub Scheme is available on the Ministry's Website i.e., www.msme.gov.in.

SPECIAL MARKETING ASSISTANCE SCHEME (SMAS)

The Ministry of Micro, Small & Medium Enterprises has been operating various schemes to provide marketing support to the MSMEs and also facilitate them in tapping and developing overseas markets to the MSMEs. It has been felt that there is abysmal representation of the MSMEs owned by SC/ST entrepreneurs in participation of events under above schemes. With the objective to encourage SC/ST enterprises for availing marketing support for their development and growth, such schemes have been synergized to form Special Marketing Assistance Scheme (SMAS). Under the above scheme, marketing support is provided to the SC/ST enterprises for enhancement of competitiveness and marketability of their products through National SC-ST Hub by way of the following type event:

1. Organizing Visit to International Exhibitions/Trade Fairs/Seminars Abroad
2. Participation in International Exhibitions/Trade Fairs Abroad
3. Organizing Visit to Domestic Exhibitions/Trade Fairs
4. Participation in Domestic Exhibitions/Trade Fairs
5. Vendor Development Programmes
6. Organizing Workshops/Seminars/Awareness Campaigns.

Activity	Component	Scale of Assistance
1. Organizing Visit to International Exhibitions/Trade Fairs/Seminars Abroad	Airfare	100% of the economy class Airfare by the shortest route for one representative belonging to SC/ST from each participating SC/ST enterprise
	Daily Allowance	Double of the rate of the country-specified daily allowance as per MEA guidelines. This would include expenses for accommodation, transport, etc.
	Maximum Budgetary support	Rs. 1.50 Lac for a participating SC/ST enterprise per event
2. Participation in International Exhibitions/Trade Fairs Abroad	Built-up stall charges	100% subsidy on minimum stall size.
	Airfare	100% of the economy class Airfare by the shortest route for one representative belonging to SC/ST from each participating SC/ST enterprise
	Daily Allowance	Double of the rate of the country-specified daily allowance as per MEA guidelines. This would include expenses for accommodation, transport, etc.

Freight	Rs. 30000 maximum	
Maximum	Micro SC/ST Enterprises	Rs.3.00 Lacs
Budgetary support		
	Small SC/ST Enterprises	Rs.2.50 Lacs
	Medium SC/ST Enterprises	Rs.1.50 lacs

CONCLUSION:

MSMEs play an important role in the nation's economy. The development of MSMEs is critical to meet the national imperatives of financial inclusion and generation of significant levels of employment across urban and rural areas across the country. Further, the sector can nurture and support the development of new age entrepreneurs who have the potential to create competitive businesses at global level. The Government of India envisions entrepreneurship as an integral part of accomplishing rapid and robust economic growth. To ensure, that benefits of growth spread across all sections of the society, especially the marginalized groups including SC/ST entrepreneurs, Government is trying to make procurement activities of the public sector more inclusive and participative. In this regard, the "Public Procurement Policy for MSEs" mandates that Central Government Ministries, Departments, and Public-Sector Undertakings procure a minimum of 25% of their total annual value of goods or services from Micro and Small Enterprises including 4% of total procurement of goods and services from Micro and Small Enterprises owned by SC & ST entrepreneurs and 3% of total procurement of goods and services from Micro and Small Enterprises owned by women entrepreneurs.

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