

Entrepreneurship in Small Scale Industries: New prospects and opportunities amidst Covid-19 Pandemic

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Abstract

Small scale industries have an important contribution in generating employment in our country.. While lakhs of people are unemployed, a large number of the country's population is passing through poverty and unemployment during this unprecedented covid-19 pandemic times. In such a situation, this sector is able to solve both these problems by providing immediate large scale employment with low investment. The need of the hour is to develop small scale industries to accomplish impartial economic growth. The vigor of small scale enterprises lies in their extensive reach in rural, semi-urban and urban areas, promoting entrepreneurial base, small gestation period and impartial division of revenue and wealth. Therefore, by promoting and encouraging this industry, further boost can be given to the development of the country.

The current research based on secondary data is an attempt to identify various Government promoted schemes and flagship programmes for supporting and inhibiting start-up culture in the SSI sector for boosting up entrepreneurship spirits among youth and to become job creators and not job seekers. Entrepreneurship is not only a new business model; rather they are new job opportunities, new ideas and solutions to many existing problems. The paper also explores how the Government supported them during unprecedented times of COVID-19.

Key words:

Entrepreneurship, Small scale industry, Government schemes

I. Introduction

Small Scale Industries (SSEs) are a significant part of the Indian industry. Its share in the value added and construction sector is about 40 per cent and contributes about 35 per cent to the total direct exports. Due to its organizational characteristics and excellent economic cooperation, the it plays a significant economic, social and political role in employment generation, income generation and

resource development. Its role in nation building and capital mobilization is huge, which requires even more radical changes.

Globally, most of the developing economies today are primary sector dominated economies and India is no exception to this. Therefore, “in the overall economic development of the country, there is a need to not only recognize the small scale industries along with the large industrial sector, but also need to develop it”. The ultimate aim of economic development of any country is to improve the quality of life of the people of that country and society. The role of an entrepreneur is to create an environment which is conducive to optimum utilization of resources such as money, labor or materials. In a very rapidly changing world at the technological level, no small or big companies can survive only if they also keep on changing with the times. Therefore, a rapid and rapid economic growth is not possible only through dynamic and cautious innovations and technology, unless it is enhanced through a grand plan. In a country like India, state and private entrepreneurs work together. Therefore, to accelerate the rate of growth based entrepreneurial class in India, there is always a need to promote entrepreneurship in the medium and small scale sectors. In the last several years, the Indian government has created around 50 start-up initiatives. Some of these schemes provide financial assistance, while others provide tax and registration process flexibility, and yet others provide additional benefits and concessions to women and the under privileged.

II. Review of Literature

In his book *Enterprise and Entrepreneurs* (2001), Dilip Gangopadhyay highlights the strong link between the two, emphasising the importance of entrepreneurship development for a country's economic progress. Entrepreneurship is a factor that is influenced by a country's desire for economic growth, and the growth horizon is influenced by the country's national aspirations. They are aimed at: a) Social fairness; b) Eliminating regional disparities and dispersing entrepreneurial operations in underdeveloped rural areas; c) Equitable income distribution by providing jobs for the unemployed; and d) Significant appreciation to our country.

Prasad L, 1983 says that “small scale industry plays an important role in the economic development of a nation”. If these enterprises are developed effectively, they can solve the problem of mass and unemployment and raise the income and standard of living of the low-income people which will help in reducing the inequalities in regional development. while, M.R. Narayana, 2004 conducted a study to reveal the “low quality and high transport facilities, power, water supply, lack of market information; inadequate credit facility and low technology definitely hinder the competitiveness of SSI”.

Sudhansu Sekharnanda, (2016). said “the MSMEs contribute to economic development in various ways such as providing goods and services at affordable costs by offering an innovative solution and sustainable development of the economy as a whole”.

Manshani (2017) investigated the contribution of women entrepreneurs to the country's economic development. The study highlights the benefits and problems experienced by women entrepreneurs as a result of government initiatives such as start-up India and stand-up India. These schemes aid in the creation of simple funding methods as well as flexible exit rules. It also identifies how

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programmes such as the Prime Minister's Rojgar Yojana, Women's Development Corporations, and the Entrepreneurial Development Program have aided in the promotion of women entrepreneurship in India.

Sunil et al. (2018) in their study, examined and discussed the growth of start-ups in India by sector. The MSME sector has grown by 17 percent in the last five years, according to the data. They also showed the impact of Kerala's Start-up Policy 2004, Angel List, Amrita TBI, and MSME on the expansion of entrepreneurship in the state. The impact of government policies on firms in many categories, including as the number of rural enterprises, women-owned enterprises, employment possibilities created, and per-unit employment opportunities, was also identified.

The promotion of the startup culture in India was highlighted by Jain (2019). He went on to discuss the elements that influence the ease of doing business for newly cultivated business concepts that develop into startups. The research goes on to discuss the building of a startup ecosystem and the promotion of entrepreneurship in India. StartUp India, Atal Innovation Missions to establish Atal Incubation Labs and Atal Tinkering Labs, and incubation labs in premier institutes are examples of government initiatives that benefit the startup culture in India.

Singh (2020) discussed the startup India initiative launched in January 2016 by the government of India which aimed at promoting startup culture and allow youth to transform to job creators. It discusses the challenges and possible solutions arising from Startup Action Plan (SAP), 2016 and different government policies. It says that a better environment can be shaped by providing tax reliefs, well developed infrastructure, ease of doing business, exit policy. Also focusing on other sectors rather than just IT and software based start-ups for funding will also be a value addition.

Singh (2020) mentioned the government of India's startup India project, which was established in January 2016 with the goal of boosting startup culture and allowing youth to become job creators. It examines the issues and potential solutions posed by the 2016 Startup Action Plan (SAP) and other government programmes. It claims that by offering tax breaks, well-developed infrastructure, ease of doing business, and an exit policy, a better environment can be established. Focusing on other areas for investment rather than only IT and software-based start-ups can also be beneficial.

III. Objectives of the study:

1. To discuss the role and importance of SSI
2. To know about the major government schemes for promotion of entrepreneurship in small scale industries.
3. To understand the scope and amendments in the schemes during Covid-19 pandemic

IV. Research Methodology

The descriptive method has been used to collect the data for this research paper. The data is collected through secondary sources like various magazines, books, articles, annual reports published by the government and websites, which have been analyzed.

V. Small Scale Industry in Indian context

A small scale industry is defined as an industrial endeavour in which the fixed asset investment in plant and machinery or equipment, whether owned outright or leased or hired out, does not exceed Rs. 10 crore for manufacturing and Rs. 5 crore for services. However, the government sets an investment cap that changes over time. “Micro, Small and Medium Enterprises (MSME) are divided into two categories under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006”.

V. a. Prospects and performances of small scale industries

Small scale industries (SSI) are critical to every country's socioeconomic success. Small-scale firms have been given a prominent place in India's economic strategy due to the country's limited capital resources and abundant labour and natural resources. Small-scale businesses in India account for 35 percent of the manufacturing sector's gross value added and 45 percent of the country's overall exports. There is a wide range of important contributions that can be made by entrepreneurs and entrepreneurship in the small scale industries. These consist of the following:

- Require limited capital resources and establishment expenses;
- Provides for large scale employment opportunities;
- Effective mobilization of untapped resources;
- Promotes balanced regional development;
- strategic role in the commercialization of inventions and products
- Huge potential for exports
- Identifies unseen talents and becomes a participant in the welfare of the country and society;
- generate fresh markets and facilitate growth into international markets

“Small scale industries are the second largest employer of human resource after the agricultural sector and produce a wide variety of products ranging from traditional to high-tech. SSI plays a pivotal role in the Indian economy as of being labour-intensive, helps to generate employment in rural as well as in urban areas. The SSIs had also played a cardinal role in the growth operation of Indian economy since independence despite of drastic competition from the big industrial houses and not immensely enriching support from the government”.

1. Generation of employment:

The fundamental concern affecting the Indian economy is the growing strain of population on land, as well as the necessity to develop huge employment opportunities. This crisis can be remedied on a bigger scale with the help of small-scale enterprises, which are labor-intensive by nature and have experienced phenomenal growth in the last decade.

Table I. Employment generation by SSIs YEAR

Year	Employment Generated (in lakh)	Growth %
2004- 05	260.12	-
2005- 06	271.42	4.31
2006- 07	282.57	4.11
2007- 08	294.91	4.37
2008- 09	805.23	4.57

Pandemic

2009- 10	842.0	4.61
2008- 09	880.84	4.65
2010- 11	921.79	4.70
2011- 12	965.15	4.82
2012- 13	1011.69	4.91
2013- 14	1061.40	4.96
2014- 15	1114.29	5.12
2015- 16	1171.32	5.26
2016-17	1292.24	5.75
2017- 18	1311.76	5.89

Source: Annual report, Government of India, Micro, Small and Medium Enterprises

2. Impartial distribution of income:

“Small scale industries trigger the equitable distribution of wealth and income within societies in ways that are economically positive and without being politically turbulent, which is chiefly categorized by more concentration of income and wealth in the organized sector keeping behind the unorganized sector underdeveloped”.

3. Mobilization of savings and entrepreneurial skill:

Small scale industries be able to assemble adequate funds of savings and entrepreneurial skill from semi-urban and rural areas which otherwise remain unblemished from the clench of large scale industrial sector, also helps to improve the social welfare in the country by identifying hidden talents from the weaker section of the society and investing the intellectual skill for producing or manufacturing commodities. The investment by small scale industries had increased over the last decade as shown in Table IV.

Table II. Investment by small scale industries

Year	Investment (in crore)
2006- 07	868546.79
2007- 08	920459.84
2008- 09	977144.72
2010- 11	1038546.08
2011- 12	1105934.09
2012- 13	1182757.64
2013- 14	1268763.67
2014- 15	1363700.54
2015- 16	1471992.94
2016- 17	1511098.76
2017- 18	1562345.74

Source: Annual report, Government of India, Micro, Small and Medium Enterprises

4. Regional dispersion of industries:

There has been an enormous agglomeration of industries in few metropolitan cities of different states of India. Citizens in sea rich of employment migrate from semi-urban and rural to these developed metropolitan cities to earn a better standard of living . SSI promotes balanced regional development reducing regional disparity and providing solutions to many problems like- congestion, sanitation, pollution, slums etc

If we look at the activities ranging from small business to large manufacturing, the scope and dimensions of small business is huge and massive. There are specific areas of economic activity that are being managed effectively by small scale industries like-

- Businesses that involve buying and selling of goods and services require a smaller amount of capital and time.
- Activities requiring personal care like motor repairing, tailoring, carpentry, beauty parlor etc. come under small scale industry.
- Small scale industry is a very good option for those people who do not want to work under anyone and want to set up their own business or enterprise.
- In the age of Business Process Outsourcing (BPO), various new areas have unwrapped up for small and medium venture today.

VI. Major government Schemes for Promotion of Entrepreneurship and start-up

The Government of India has been very vocal and supportive for the encouragement of the SSI the establishment of entrepreneurship for startups. The GOI has earmarked MSME's contribution to increase 50% from 29% of India's GDP by the end of 2024 and also increase the jobs in this sector up from 11 crores to 15 crores. Thus to provide them with a framework and support, GOI has introduced several schemes for entrepreneurial growth. This section discusses the major prominent schemes.

1. Atal Incubation Centre (AIC)

AIC is an innovative finance scheme started by the NITI Aayog in 2016 to boost entrepreneurs by covering their capital operational expenditures. Students, researchers, and newly created organizations can apply for funding of up to Rs 10 crore over a five-year period in subjects such as transportation, health, energy, education, agriculture, water, and sanitation.

2.Pradhan Mantri Mudra Yojana: is a government scheme where Micro Units Development and Refinance Agency Bank (MUDRA) Banks helps in providing low-interest loans to micro units making the findings to start ups accessible and promoting and developing entrepreneurship.

3. Credit Guarantee Trust Fund For Micro & Small Enterprises (CGT SME): The Ministry of MSME has created one of India's largest startup credit programmes. This initiative allows eligible entrepreneurs and MSMEs to obtain a no-collateral loan of up to Rs 1 crore.

4.Credit Linked Capital Subsidy For Technology Up gradation (CLCSS): The government helps entrepreneurial start ups upgrade their systems and use cutting-edge technical platforms. The CLCSS programme offers a 15% subsidy to startups and MSMEs in India who invest up to Rs 1

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crore in technology upgrades. More than 7500 products and services are covered by this programme.

- 5. Start up:** Another initiative for encouraging innovation and startup initiate, the government of India launched a flagship programme “Start-up-India”, resulting in long-term financial growth and potential for job creation. Through this scheme, the government plans to empower startups to nurture through innovation and design. Since its inception on January 16, 2016, Startup India has initiated a number of promotional programmes aimed at assisting entrepreneurs and changing India into a country of job creators from job seekers.
- 6. Stand up India:** This scheme particularly focuses on encouraging entrepreneurship among SC, ST and women. It makes the provision of loans, business acumen and other resources required to strive in business. As a result, the policy aims to build an ecosystem that facilitates and continues to provide a constructive business environment.
- 7. Atmanirbhar Bharat Abhiyaan:** or the Self-Reliant India movement is the desire of the new India to make our country and its residents autonomous and self-sufficient in all ways. The programme intends to reduce import dependency by focusing on replacement while also enhancing safety compliance and quality goods in order to obtain market share on a global scale. “To combat the COVID-19 epidemic in India, a special financial and comprehensive package worth INR 20 lakh crores – equal to 10% of India's GDP – has also been proposed”.

VII. Special Changes/ Amendments for Startups during COVID-19

Entrepreneurship plays a significant role, but COVID-19 crisis had unprecedented challenges and detrimental impact on their formation, survival and expansion. In recent months, business registrations have decreased dramatically, and the absence of a new generation of businesses has important ramifications for economic outcomes, particularly employment. To overcome, the government has initiated schemes and teamed up with a variety of stakeholders to provide assistance to entrepreneurs.

1. SIDBI for startups

SIDBI, India's Small Industries Development Bank, has recognized the operational and financial issues that entrepreneurs face across the country. It has been working to assist affected firms by implementing a programme called COVID-19 Startups Assistance Scheme (CSAS). “This programme will help creative firms that have proved their ability to adjust to the economic impact of Covid-19 while also ensuring the safety and financial security of their employees. Through this scheme, startups can receive a loan of up to INR 2 crore”.

2. SBI COVID-19 funding scheme

The State Bank of India, one of India's top lenders, has launched a financial support scheme to help small and medium businesses carry their operations without hurdles. According to a Business Standard storey, SBI will make ad-hoc supplementary credit available to its existing borrowers through the Covid-19 Emergency Credit Line (CECL).

3. Atmanirbhar Bharat

“On 12 May, 12 October, and 12 November 2020, the government announced three Atma Nirbhar Bharat packages totaling Rs. 29.87 lakh crore (US\$420 billion). The second and third economic stimulus packages were dubbed Atmanirbhar Bharat Abhiyan 2.0 and 3.0, respectively”. As part of the Atmanirbhar Bharat scheme, number of government decisions were made, “including changing the definition of MSMEs, increasing the range for private participation in numerous sectors, and increasing FDI in the defence sector; and the vision has found support in many sectors, including the solar manufacturing industry”.

4. Indian Govt. Schemes / Initiatives for pandemic COVID-19 Affected People

- **Corpus for MSMEs:** MSMEs will benefit from a fund of funds with a mass of Rs 10,000 crore. This will give entrepreneurial/start-up development potential and viability with equity finance. Through this fund structure, Rs 50,000 crore is likely to be leveraged.
- **Subordinate debt for MSMEs:** This programme is designed to assist troubled MSMEs with non-performing assets (NPAs). MSMEs' promoters will be provided bank debt, which will be injected into the MSMEs as equity, under the scheme. MSMEs would be able to borrow Rs 20,000 crore in subordinate debt from the government.
- **Production Linked Incentive (PLI) Scheme for Promotion of Domestic Manufacturing :** The central government has approved a budget of Rs. 6,940 crore for the PLI project. “This programme will increase domestic production and attract substantial investments in mobile phone manufacture and certain electronic components, such as ATMP units (Assembly, Testing, Marking, and Packaging)”.

VIII. Conclusion

The efficient utilization of the employment opportunities available in any developing nation is critical to its economic progress. Entrepreneurship is identified as the most important drivers of economic growth, accounting for over half of all new jobs created on average. The government has introduced a number of schemes aimed at encouraging middle-class citizens' ideas and assisting them in thriving. The government has been providing the necessary platform and funding to enable concerned parties to grow up their businesses, adapt to changing conditions, and survive in the long run.

The study also highlighted government initiatives and attempts to capitalize on the massive economic disruption created by Covid-19. The government has also made changes to the schemes to help the country's struggling entrepreneurs during pandemics.

Despite the fact that the number of new business registrations declined during this time, crises bring with them possibilities and innovative ideas. It is worth noting that the policymakers should consider interventions designed at raising awareness of these opportunities, predominantly in industries that appear to be more resistant to COVID-19, such as digital intensive sectors, Technology induced sectors, E-commerce, internet marketing etc which also have higher post-entry employment growth and contribute disproportionately to job creation.

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