



# A STUDY ON THE AWARENESS ABOUT MSME SCHEMES IN KERALA SPECIAL REFERENCE TO THIRUVANANTHAPURAM DISTRICT

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## **Abstract**

MSME stands for Micro Small and Medium Enterprises. After the agricultural sector, MSMEs are the most hailed as the engine of economic growth, as it provide large and small scale employment opportunities at lower cost of capital. As per the MSME Annual Report 2019 – 2020, Kerala has the 12<sup>th</sup> largest number of MSMEs in India – around 23.79 lakh units of which, 23.58 are micro enterprises generally employment for approximately 44.64 lakh people. With the implementation of schemes such as interest subvention for fresh/incremental loan for MSMEs, the stand-up India scheme and credit guarantee fund trust for Micro and Small enterprises which provides a collateral free flow of credit from lending institutions this sector poised for further growth in India. MSMEs have structured various schemes to provide maximum support for each and every entrepreneur in every phase of their business. MSMEs are the backbone of our economy and need assistance and protection from other big companies as they lack resources and technology. To do this the Government provides some schemes, rebates or counseling to these enterprises. There are many financial and non-financial schemes are implemented by the Government to support the entrepreneurs. So this study relates to the awareness regarding the various beneficiary schemes implemented by the Government of Kerala, special reference to Thiruvananthapuram District.

**Keywords:** MSMEs, approximately, subvention, incremental loans, collateral free flow of funds, entrepreneurs, implement



## INTRODUCTION

The industrial sector in Kerala includes medium and large industries Micro, Small and Medium Enterprises (MSMEs) and traditional industries. There are a number of agencies that deals with their industrial sectors. The agency which deals with the MSMEs is Department of Industries and Commerce, Directorate of Handloom and Textiles, Directorate of coir Department, Khadi and Village Industries Board and . These agencies provide various types of assistance and schemes to improve the efficiency and effectiveness of MSMEs. The MSME sector is fast emerging into a major income generating and employment providing sector in Kerala with relatively lower investment. Kerala is one of the main centers of MSMEs in the country. As per the MSME survey and Quick Result of 4<sup>th</sup> census 5.62% of all India shares of MSM Enterprises is in Kerala. The MSME sector can lead the state economy by increasing exports through quality production, techniques and products. Now both the Central and State Governments provide various schemes in MSME sector by targeting various social groups like SC, ST, Women, Youth, handicapped etc. in Kerala. In Kerala, Government and banks are providing lot of schemes, subsidies and facilities for MEME sector. There are over 6000 various MSME products ranging from traditional to high tech items which are produced in this type of business units. Government also provides various assistance programs to improve the working capacity of MSMEs. The three primary factors essential for the growth in MSME sector are credit availability, connectivity and power. Seamless connectivity is essential for MSMEs to keep pace with customer demands and smooth operations. The various schemes and assistance provided by the MSMEs gave confidence to investors and improving ease of doing business in Kerala.

## STATEMENT OF THE PROBLEM

In the wake of new legislation, the states intends to take a more proactive role in promoting itself as an emerging hub for

investments in MSMEs and it leads to growth of the country. The landmark bill along with the single window clearance system will trigger revolutionary changes in the industrial sector of Kerala and will create a large volume of job opportunities for the state's work force. Under the chairmanship of Honorable Prime Minister Shri.NarendraModi, the Ministry of Micro, Small and Medium Enterprises implements various programs and schemes for the development and promotion of MSMEs across the country. The aim of introducing such scheme is to setting up a network of incubation and technology centers to promote innovation and entrepreneurship to strengthen the competitiveness of MSME sector. However there are lots of schemes are implemented by the Government, but some of the people are still unaware about its importance in present scenario. The ministry of MSME has launched various to support MSME enterprises in finance, technology up gradation, quality enhancement, management training. A lot of officials and managers feel the waste of time and money for getting the scheme passed by the government. Various other factors such as bureaucratic apathy, corruption, red-tapism, inefficiency and lackluster attitude of government officials create hindrances in SMEs growth. A slew of schemes and sops for SMEs offered by the government, a majority didn't utilize them due to lack of awareness and education about the schemes. The industry bodies and MSME ministry should create awareness about these schemes so that maximum entrepreneurs can avail the benefits of these schemes. So my study is about to enlighten to give awareness about the MSME scheme in Kerala especially in Thiruvananthapuram District.

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## OBJECTIVES OF THE STUDY

- 1) To study about the various MSME scheme launched by the Kerala Government.
- 2) To study about the entrepreneur's awareness regarding the MSME schemes.

## REVIEW OF RELATED LITERATURE

**Shamal Arvind Pawar (2023)<sup>6</sup>** conducted a study which aims to analyze the performance of MSMEs and its role in employment generation in India. The literature and data that are now accessible demonstrate that the MSME sector has expanded steadily over time and has contributed to increasing employment prospects for young people in both rural and urban India. In the end, MSMEs have promoted entrepreneurship and worked to promote the sustainable growth of the economy as a whole. The majority of MSMEs make use of locally accessible natural resources, aiding the Indian economy in achieving its regionally balanced growth. According to research, MSMEs require more care and are creating more jobs per unit, which will help India become a more powerful economic nation. The study concludes that the MSME sector in India has a promising future because it creates more employment possibilities and aids in reducing other macroeconomic issues including poverty, uneven growth, inflation, sizable budget deficits, and balance of payments.

**Sagar R. Shah (2023)<sup>7</sup>** conducted study and the research paper mainly highlights the role of NBFCs in promoting MSMEs growth in India. It also sets forth various analyze the role NBFC Finance to MSME and other sectoral growth the way forward. The accessibility and adaptability of the Indian NBFCs in terms of resource access are unmatched. Due to their aggressive attitude and specialised solutions, NBFCs thrive even in difficult circumstances. The NBFC industry is currently evolving into a financial supermarket that acts as a one-stop financial hub. To close the credit gap in the MSME sector, more work and technological disruptions are required to expand capital availability. The study concludes that the NBFC is utilising its extensive network of executives and branches to make last-mile borrowing simple and available for its clients. To secure the greatest results for its MSME customers, the sector is continuing to grow its footprint and improve its technology.

**Koppala Venugopal, and Saumendra Das (2022)<sup>10</sup>** in their research paper titled

"Assessment of operational functions affecting on the micro and small enterprises' sustainability" conducted deep primary research through direct population survey and proved that marketing, technology and financial competence positively impact the success of MSMEs and are supported at 5% significant level (95% level of confidence). Similarly, government support to MSMEs and entrepreneurial orientation have significant and positive impact on the success of MSMEs and both are supported at 5% significant level. Entrepreneurial orientation is another significant parameter relating to the success of MSMEs.

**Anita Mary Alex, et.al. (2022)<sup>16</sup>** conducted a study to ascertain the difficulties encountered by MSMEs during the pandemic and to gain knowledge of the corrective measures being taken to improve the MSMEs. The study is based on secondary data collected from various secondary sources such as the annual reports of MSME sector published by Government Journals, blogs, newspapers and other online resources. COVID out breaks and COVID induced lockdowns had a significant impact on MSMEs. It was difficult for many small-scale businesses to balance production and operating costs during the lockdown period.

**Nikitha Gopal and Greeshma S. Nair (2022)<sup>17</sup>** conducted a study which aims to analyze the impact of the COVID-19 pandemic on MSME food processing units in the state of Kerala. The study utilises primary nature and data was collected from 200 MSME units. The food MSME sectors consist of various variations, such as cake processing, sea food cracker processing, herbal medicine production etc. It is observed that COVID-19 had a major impact on the MSME food units in Kerala, such as employee's layoffs, reduction in working hours and salary, difficulties in the access of raw materials, decreased production levels, hindrances to obtain individual capital, marketing the food products and maintaining administrative procedure. So the study concluded that food processing units should concentrate on facilities like maintenance of

employee's safety and health, change of conditions in working for improving their productivity level.

**Silu Mudull (2022)** has conducted a study to examine the impact of Covid-19 packages on MSME financing in India. The small, micro, and medium enterprise (MSME) sector in India was severely affected during the COVID-19 pandemic. The Government of India and the Reserve Bank of India brought numerous policy measures to revive and provide external liquidity support to borrowers in the MSMEs sector. Credit growth picked up in the MSME sector following the introduction of the Emergency Credit Line Guarantee Scheme (ECLGS) scheme in May 2020, particularly of a loan of size less than 10 lakh. Initially, it benefited borrowers already having a relationship with the bank, later the benefit passed to new borrowers. On the usage of funds, nearly 45 per cent of these loans were used for clearing dues of vendors and 29 per cent to restart the business. On the performance of ECLGS loans, 88 per cent of loans are standard assets and 1.96 per cent is non-performing assets as of March 31, 2021.

**Syamala Devi Bhoganadam(2017)** conduct a study on various challenges faced by the Indian MSME sector and divides them into internal and external factors. The study also provides a literature mixture in which all the challenges are classified into external issues, environmental issues, socio cultural issues, marketing issues, financial issues, HR development issues and infrastructural issues.

**Gilda Farajollahzadeh., AbdolRahman Noorinasab., and BabakYazdanpanah (2016)** in their study "Role of MSME in Economic

Growth" studied the policy support and opportunities for MSME and examined the growth and contribution of MSME in India and they found various assistance that were rendered by Ministry of MSMEs and other commercial banks in order to develop the Indian economy and improve the employment opportunities.

#### **RESEARCH METHODOLOGY**

There are a number of MSME entrepreneurs in Thiruvananthapuram district, so I collected the data from only 175 entrepreneurs through convenient sampling method. The data collected for the study is both primary and secondary in nature. The primary data is collected through the interview method and the secondary data is collected from various journals, books and websites. There are a number of scheme, so I selected only a few number of scheme for analysis. The data were studied with the help of statistical tools like percentage analysis, weighted rank method etc.

#### **OVERVIEW OF MSMEs**

The Government of India has introduced **MSME or Micro, Small, and Medium Enterprises** in agreement with Micro, Small and Medium Enterprises Development (MSMED) Act of 2006. These enterprises primarily engaged in the production, manufacturing, processing, or preservation of goods and commodities. MSME stands for Micro, Small and Medium Enterprises. These industries or enterprises form the backbone of our economy and need assistance and protection from other big companies as they lack resources and technology. To do this the government provides some schemes, rebates or counseling to these enterprises.

## Existing and Revised Definition of MSMEs



| Existing MSME Classification                            |                         |                        |                         |
|---------------------------------------------------------|-------------------------|------------------------|-------------------------|
| Criteria : Investment in Plant & Machinery or Equipment |                         |                        |                         |
| Classification                                          | Micro                   | Small                  | Medium                  |
| Mfg. Enterprises                                        | Investment < Rs. 25 lac | Investment < Rs. 5 cr. | Investment < Rs. 10 cr. |
| Services Enterprise                                     | Investment < Rs. 10 lac | Investment < Rs. 2 cr. | Investment < Rs. 5 cr.  |

  

| Revised MSME Classification                         |                                                |                                                  |                                                   |
|-----------------------------------------------------|------------------------------------------------|--------------------------------------------------|---------------------------------------------------|
| Composite Criteria : Investment And Annual Turnover |                                                |                                                  |                                                   |
| Classification                                      | Micro                                          | Small                                            | Medium                                            |
| Manufacturing & Services                            | Investment < Rs. 1 cr. and Turnover < Rs.5 cr. | Investment < Rs. 10 cr. and Turnover < Rs.50 cr. | Investment < Rs. 20 cr. and Turnover < Rs.100 cr. |

### MSME SCHEME LAUNCHED BY THE GOVERNMENT

**1) Udyog Aadhaar Memorandum:** Aadhaar card is a 12 digit number given to all individuals by the government. In this, the Aadhaar card is a mandatory requirement. The benefit of registering in this scheme is the ease in availing credit, loans, and subsidies from the government. Registration can be done both ways in the online mode or the offline mode.

**2) Zero Defect Zero Effect:** In this model, goods that are manufactured for export have to adhere to a certain standard so that they are not rejected or sent back to India. To achieve this government has launched this scheme. In this, if the goods are exported these are eligible for some rebates and concessions.

**3) Entrepreneur Support Scheme – ESS:** A scheme named the Entrepreneur Support Scheme (ESS) initiated by the Government of Kerala. To combine and replace all the schemes implemented for the benefit of entrepreneurs in the state. The ESS intends to join and substitute all the previous schemes titled the Entrepreneur Support Scheme 2012. To operate in the State of Kerala with the following objectives from 01.04.2012. Also, the ESS scheme offers various types of services to avail. Investments in land, construction, industry, machinery, electrical installation, key office

equipment, waste management equipment, and other planned assets are worth investing in.

**4) Quality Management Standards and Quality Technology Tools:** Registering in this scheme will help the micro, small and medium enterprises to understand and implement the quality standards that are required to be maintained along with the new technology. In this scheme, activities are conducted to sensitize the businesses about the new technology available through various seminars, campaigns, activities etc.

**5) Grievance Monitoring System:** Registering under this scheme is beneficial in terms of getting the complaints of the business owners addressed. In this, the business owners can check the status of their complaints; open them if they are not satisfied with the outcome.

**6) Incubation:** This scheme helps innovators with the implementation of their new design, ideas or products. Under this from 75% to 80% of the project cost can be financed by the government. This scheme promotes new ideas, designs, products etc.

**7) Credit Linked Capital Subsidy Scheme:** This scheme helps innovators with the implementation of their new design, ideas or products. Under this from 75% to 80% of the project cost can be financed by the government. This scheme promotes new ideas, designs, products etc.



**8) Women Entrepreneurship:** This scheme is especially started for women who want to start their own business. The government provides capital, counseling, training and delivery techniques to these women so that they manage their business and expand it.

**9) MSME Loan Scheme:** The Micro, Small and Medium Enterprises (MSMEs) need funding to establish and grow. The Government of India has taken many steps and launched many schemes to provide credit to MSMEs. MSMEs contribute significantly to our country for building a strong economy. One of the key aspects of MSMEs is access to credit. MSMEs require credit or funding to establish the business or the expansion of the business. The main MSME loan schemes are as follows;

- ❖ Pradhan Mantri Mudra Yojana (PMMY)

- ❖ Prime Minister’s Employment Generation Program (PMEGP)
- ❖ Credit Guarantee Trust Fund for Micro & Small Enterprises (CGT MSE)
- ❖ Credit Linked Capital Subsidy Scheme (CLCSS)
- ❖ Equity Infusion for MSMEs through Fund of Funds
- ❖ Credit Guarantee Scheme for Subordinate Debt (CGSSD)
- ❖ SIDBI Make in India Loan for Enterprises (SMILE)
- ❖ MSME Business Loan for Startups in 59 Minutes
- ❖ MSME Loan Scheme by Banks

The business profile of the selected respondent is discussed in the following table;

**TABLE 1**

| Factors                   | Criteria        | Total | Percentage (%) |
|---------------------------|-----------------|-------|----------------|
| Age ( in years)           | Below 30        | 31    | 18             |
|                           | 30 – 40         | 80    | 46             |
|                           | 40 - 50         | 40    | 23             |
|                           | 50 above        | 24    | 13             |
| Marital status            | Married         | 103   | 59             |
|                           | unmarried       | 72    | 41             |
| Monthly Income            | Below 20000     | 38    | 22             |
|                           | 20000 - 30000   | 70    | 40             |
|                           | 30000 – 40000   | 53    | 30             |
|                           | 40000 above     | 14    | 8              |
| Educational qualification | Matriculation   | 26    | 15             |
|                           | HSS             | 35    | 20             |
|                           | Graduates       | 62    | 35             |
|                           | Above graduates | 52    | 30             |
| Type of business          | Micro           | 90    | 51             |
|                           | Small           | 78    | 45             |
|                           | Medium          | 7     | 4              |

(Source: Primary data)

The above table shows that most of the respondents are fall under the age group of 30 to 40 and it is about 46% of the total respondents. The monthly income of the respondents is fall mostly in the category of 20000 to 30000 and it represents 40% of the

respondents. Most of the respondents are graduates and it represents 35% of the total respondents. Most of the entrepreneurs are engaged in Micro type of business (51%), 45% has doing Small type of business also.



**TABLE 2**  
**WAYS TO KNOW ABOUT THE SCHEME**

| SI.NO | Ways to know about the scheme | No.of respondents | Percentage |
|-------|-------------------------------|-------------------|------------|
| 1     | Words of mouth                | 20                | 11         |
| 2     | News paper                    | 68                | 39         |
| 3     | Television                    | 22                | 12         |
| 4     | Radio                         | 15                | 9          |
| 5     | Internet                      | 40                | 23         |
| 6     | Govt.representatives          | 10                | 6          |
|       | Total                         | 175               | 100        |

(Source: Primary data)

**TABLE 3**  
**AWARENESS ABOUT THE SCHEME**

| Scheme                         | Familiar with the scheme(2) | Unfamiliar with the scheme(1) | Total | Weighted mean | Rank |
|--------------------------------|-----------------------------|-------------------------------|-------|---------------|------|
| Udyog Aadhar Memorandum        | 135 <sub>(270)</sub>        | 40 <sub>(40)</sub>            | 310   | 1.78          | III  |
| Entrepreneurial Support Scheme | 103 <sub>(206)</sub>        | 72 <sub>(72)</sub>            | 278   | 1.59          | IV   |
| Grievance Monitoring System    | 88 <sub>(176)</sub>         | 87 <sub>(87)</sub>            | 263   | 1.50          | V    |
| Incubation                     | 60 <sub>(120)</sub>         | 115 <sub>(115)</sub>          | 235   | 1.34          | VII  |
| Women Entrepreneurship         | 170 <sub>(340)</sub>        | 5 <sub>(5)</sub>              | 345   | 1.98          | I    |
| MSMEloan scheme                | 150 <sub>(300)</sub>        | 25 <sub>(25)</sub>            | 325   | 1.86          | II   |

(Source: Primary data)

From the above table it reveals that the scheme which is most familiar to the respondents are the scheme for women entrepreneurs so it gives the rank 1<sup>st</sup>. MSME loan scheme is get the second rank position and the Udyog Aadhar Memorandum which is one of the scheme related to the registration of MSME comes in third rank also.

#### FINDINGS

- 1) There are lots of scheme for the improvement of the MSMEs, which was introduced by both Central and State Government.
- 2) Most of the information about the scheme is known from the newspapers.
- 3) The Government representatives give only less amount of information about the scheme.
- 4) Most of the respondents are familiar with the schemes like women entrepreneurship, MSME loan scheme and Udyog Aadhar Memorandum

#### SUGGETIONS AND CONCLUSIONS

It should be suggested that the government should take necessary steps to improve the awareness about the MSME schemes. They can arrange awareness program by dividing the district into small clusters. Through this clusters they can pass information regarding the scheme and make familiar with the scheme also. They can also arrange for the training sessions.

In India, many programs didn't reach the target small and medium enterprises (SMEs), as they lack the enthusiasm to innovate their product and services. A lot of officials and managers feel the waste of time and money for getting the scheme passed by the government. Various other factors such as bureaucratic apathy, corruption, red-tapism, inefficiency and lackluster attitude of government officials create hindrances in SMEs growth. A slew of schemes and sops for SMEs offered by the government, a majority didn't utilize them due

to lack of awareness and education about the schemes. The study made use of secondary data from different authenticated sources to draw meaningful conclusions. The effectiveness of schemes is scarcely been invented. The MSME ministry can play a crucial role in enhancing the management competencies of the MSME's. The MSME development institutes and other departments of MSME ministry should provide value added services and consultancy rather than just conducting training sessions. So it can be concluded that by giving adequate awareness program we can create a good entrepreneurs who are able to run the future very efficiently and effectively.

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